
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934

For the quarterly period ended March 31, 2013

Commission File No. 0-21039

Strayer Education, Inc.

(Exact name of registrant as specified in this charter)

Maryland

(State or other jurisdiction of incorporation or
organization)

52-1975978

(I.R.S. Employer Identification No.)

2303 Dulles Station Boulevard
Herndon, VA

(Address of principal executive offices)

20171

(Zip Code)

Registrant's telephone number, including area code: **(703) 561-1600**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one)

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 19, 2013, there were outstanding 10,810,872 shares of Common Stock, par value \$0.01 per share, of the Registrant.

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

	<u>December 31,</u> <u>2012</u>	<u>March 31,</u> <u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47,517	\$ 50,762
Tuition receivable, net of allowances for doubtful accounts of \$6,596 and \$6,476 at December 31, 2012 and March 31, 2013, respectively	23,262	22,181
Income taxes receivable	4,454	—
Other current assets	<u>14,422</u>	<u>12,052</u>
Total current assets	89,655	84,995
Property and equipment, net	121,520	117,912
Deferred income taxes	3,279	—
Goodwill	6,800	6,800
Other assets	6,538	6,320
Total assets	<u>\$ 227,792</u>	<u>\$ 216,027</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 39,124	\$ 31,082
Income taxes payable	—	4,700
Unearned tuition	494	229
Other current liabilities	281	281
Current portion of term loan	<u>3,125</u>	<u>3,125</u>
Total current liabilities	43,024	39,417
Term loan, less current portion	121,875	121,094
Other long-term liabilities	<u>21,905</u>	<u>23,193</u>
Total liabilities	<u>186,804</u>	<u>183,704</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.01; 20,000,000 shares authorized; 11,387,299 and 10,810,872 shares issued and outstanding at December 31, 2012 and March 31, 2013, respectively	114	108
Additional paid-in capital	299	377
Retained earnings	41,311	32,435
Accumulated other comprehensive income (loss)	<u>(736)</u>	<u>(597)</u>
Total stockholders' equity	40,988	32,323
Total liabilities and stockholders' equity	<u>\$ 227,792</u>	<u>\$ 216,027</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	For the three months ended March 31,	
	2012	2013
Revenues	\$ 149,532	\$ 137,506
Costs and expenses:		
Instruction and educational support	73,764	73,427
Marketing	15,469	17,721
Admissions advisory	6,793	5,351
General and administration	12,648	11,088
Total costs and expenses	<u>108,674</u>	<u>107,587</u>
Income from operations	40,858	29,919
Investment income	1	—
Interest expense	1,208	1,296
Income before income taxes	39,651	28,623
Provision for income taxes	15,662	11,392
Net income	<u>\$ 23,989</u>	<u>\$ 17,231</u>
Earnings per share:		
Basic	\$ 2.10	\$ 1.59
Diluted	\$ 2.09	\$ 1.59
Weighted average shares outstanding:		
Basic	11,419	10,813
Diluted	11,477	10,850

STRAYER EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the three months ended March 31,	
	2012	2013
Net income	\$ 23,989	\$ 17,231
Other comprehensive income:		
Change in fair value of derivative instrument, net of income tax	(41)	139
Comprehensive income	<u>\$ 23,948</u>	<u>\$ 17,370</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

STRAYER EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Par Value				
Balance at December 31, 2011	11,792,456	\$ 118	\$ 295	\$ 42,491	\$ (611)	\$ 42,293
Tax shortfall associated with stock-based compensation arrangements	—	—	(740)	—	—	(740)
Restricted stock grants, net of forfeitures	71,484	1	(1)	—	—	—
Stock-based compensation	—	—	2,390	—	—	2,390
Common stock dividends	—	—	—	(11,865)	—	(11,865)
Change in fair value of derivative instrument, net of income tax	—	—	—	—	(41)	(41)
Net income	—	—	—	23,989	—	23,989
Balance at March 31, 2012	<u>11,863,940</u>	<u>\$ 119</u>	<u>\$ 1,944</u>	<u>\$ 54,615</u>	<u>\$ (652)</u>	<u>\$ 56,026</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Par Value				
Balance at December 31, 2012	11,387,299	\$ 114	\$ 299	\$ 41,311	\$ (736)	\$ 40,988
Tax shortfall associated with stock-based compensation arrangements	—	—	(421)	(2,865)	—	(3,286)
Repurchase of common stock	(495,085)	(5)	(1,752)	(23,242)	—	(24,999)
Restricted stock grants, net of forfeitures and conversions	(81,342)	(1)	1	—	—	—
Stock-based compensation	—	—	2,250	—	—	2,250
Change in fair value of derivative instrument, net of income tax	—	—	—	—	139	139
Net income	—	—	—	17,231	—	17,231
Balance at March 31, 2013	<u>10,810,872</u>	<u>\$ 108</u>	<u>\$ 377</u>	<u>\$ 32,435</u>	<u>\$ (597)</u>	<u>\$ 32,323</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	For the three months ended March 31,	
	2012	2013
Cash flows from operating activities:		
Net income	\$ 23,989	\$ 17,231
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of gain on sale of assets	(70)	(70)
Amortization of deferred rent	147	27
Amortization of deferred financing costs	200	195
Depreciation and amortization	5,817	6,190
Deferred income taxes	(317)	(661)
Stock-based compensation	2,390	2,250
Changes in assets and liabilities:		
Tuition receivable, net	1,686	1,081
Other current assets	(957)	1,645
Other assets	(154)	(4)
Accounts payable and accrued expenses	2,369	(8,220)
Income taxes payable and income taxes receivable	15,443	11,847
Unearned tuition	(14,061)	(265)
Other long-term liabilities	—	147
Net cash provided by operating activities	36,482	31,393
Cash flows from investing activities:		
Purchases of property and equipment	(4,050)	(2,368)
Net cash used in investing activities	(4,050)	(2,368)
Cash flows from financing activities:		
Repurchase of common stock	—	(24,999)
Payments on term loan	(5,000)	(781)
Payments on revolving credit facility	(20,000)	—
Common dividends paid	(11,865)	—
Net cash used in financing activities	(36,865)	(25,780)
Net (decrease) increase in cash and cash equivalents	(4,433)	3,245
Cash and cash equivalents – beginning of period	57,137	47,517
Cash and cash equivalents – end of period	\$ 52,704	\$ 50,762
Non-cash transactions:		
Purchases of property and equipment included in accounts payable	\$ 1,225	\$ 706

The accompanying notes are an integral part of these condensed consolidated financial statements.

STRAYER EDUCATION, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Information as of March 31, 2012 and 2013 is unaudited

1. Nature of Operations

Strayer Education, Inc. (the “Company”), a Maryland corporation, conducts its operations through its wholly owned subsidiary, Strayer University (the “University”). The University is an accredited institution of higher education that provides undergraduate and graduate degrees in various fields of study through 100 campuses in Alabama, Arkansas, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin and Washington, D.C., and online. With the Company’s focus on the student, regardless of whether he or she chooses to take classes at a physical campus or online, it has only one reporting segment.

2. Significant Accounting Policies

Financial Statement Presentation

The consolidated financial statements include the accounts of the Company and its only subsidiary, the University. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

All information as of December 31, 2012 and March 31, 2012 and 2013, and for the three months ended March 31, 2012 and 2013 is unaudited but, in the opinion of management, contains all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the condensed consolidated financial position, results of operations and cash flows of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2012. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results to be expected for the full fiscal year.

Revenues

The Company’s educational programs are offered on a quarterly basis. Approximately 96% of the Company’s revenues during the three months ended March 31, 2013 consisted of tuition revenue. Tuition revenue is recognized in the quarter of instruction. Tuition revenue is shown net of any refunds, withdrawals, corporate discounts, scholarships and employee tuition discounts. At the start of each academic term, a liability (unearned tuition) is recorded for academic services to be provided and a tuition receivable is recorded for the portion of the tuition not paid upfront in cash. Any cash received prior to the start of an academic term is recorded as unearned tuition. Revenues also include textbook-related income, application fees, technology fees, placement test fees, withdrawal fees, certificate revenue, and other income, which are recognized when earned.

Fair Value

The Fair Value Measurement Topic, ASC 820-10 (“ASC 820-10”), establishes a framework for measuring fair value, establishes a fair value hierarchy based upon the observability of inputs used to measure fair value, and expands disclosures about fair value measurements. Assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. Under ASC 820-10, fair value of an investment is the price that would be received to sell an asset or to transfer a liability to an entity in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to assets and liabilities with readily available quoted prices in an active market and lowest priority to unobservable inputs which require a higher degree of judgment when measuring fair value, as follows:

- Level 1 assets or liabilities use quoted prices in active markets for identical assets or liabilities as of the measurement date;
- Level 2 assets or liabilities use observable inputs, other than quoted market prices, that are either directly or indirectly observable in the marketplace for identical or similar assets and liabilities; and
- Level 3 assets or liabilities use unobservable inputs that are supported by little or no market activity.

The Company's assets and liabilities that are subject to fair value measurement are categorized in one of the three levels above. Fair values are based on the inputs available at the measurement dates, and may rely on certain assumptions that may affect the valuation of fair value for certain assets or liabilities.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed. Indefinite-lived intangible assets, which include a trade name, are recorded at fair market value on their acquisition date. An indefinite life was assigned to the trade name because it has the continued ability to generate cash flows indefinitely.

Goodwill and the indefinite-lived intangible assets are assessed at least annually for impairment during the three-month period ending September 30, or more frequently if events occur or circumstances change between annual tests that would more likely than not reduce the fair value of the respective reporting unit below its carrying amount. No impairment occurred during the quarter ended March 31, 2013.

Accounting for Derivative Instruments and Hedging Activities

On the date that the Company enters into a derivative contract, it designates the derivative as a hedge of (a) a forecasted transaction or (b) the variability of cash flows that are to be received or paid in connection with a recognized asset or liability (a cash flow hedge). All derivatives are recognized in the balance sheet at their fair value.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge, to the extent that the hedge is effective, are recorded, net of income tax, in other comprehensive income, until earnings are affected by the variability of cash flows of the hedged transaction (e.g., until periodic settlements of a variable-rate asset or liability are recorded in earnings). Any hedge ineffectiveness (which represents the amount by which the changes in the fair value of the derivative exceed the variability in the cash flows of the forecasted transaction) is recorded in current-period earnings.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. The Company also formally assesses (both at the hedge's inception and on an ongoing basis) whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. When it is determined that a derivative is not (or has ceased to be) highly effective as a hedge, the Company discontinues hedge accounting prospectively.

Stock-based compensation

As required by the Stock Compensation Topic, ASC 718, the Company measures and recognizes compensation expense for all share-based payment awards, including employee stock options and employee stock purchases related to the Company's Employee Stock Purchase Plan, based on estimated fair values. Stock-based compensation expense recognized in the unaudited condensed consolidated statements of income for the three months ended March 31, 2012 and 2013, is based on awards ultimately expected to vest and, therefore, has been adjusted for estimated forfeitures. The Company is required to estimate forfeitures at the time of grant and revise, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The forfeiture rate used is based on historical experience. The Company also assesses the likelihood that performance criteria associated with performance-based awards will be met. If it is determined that it is more likely than not that performance criteria will not be achieved, the Company revises its estimate of the number of shares it believes will ultimately vest.

Net Income Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the periods. Diluted earnings per share reflects the potential dilution that could occur assuming conversion or exercise of all dilutive stock awards. The dilutive effect of stock awards was determined using the treasury stock method. Under the treasury stock method, all of the following are assumed to be used to repurchase shares of the Company's common stock: (1) the proceeds received from the exercise of stock options, (2) the amount of compensation cost associated with the stock awards for future service not yet recognized by the Company, and (3) the amount of tax benefits that would be recorded in additional paid-in capital when the stock awards become deductible for income tax purposes. Stock options are not included in the computation of diluted earnings per share when the stock option exercise price of an individual grant exceeds the average market price for the period. During the three months ended March 31, 2012 and 2013, the Company had no issued and outstanding stock options that were included in the calculation.

Set forth below is a reconciliation of shares used to calculate basic and diluted earnings per share (in thousands):

	For the three months ended March 31,	
	2012	2013
Weighted average shares outstanding used to compute basic earnings per share	11,419	10,813
Unvested restricted stock and restricted stock units	58	37
Shares used to compute diluted earnings per share	11,477	10,850

3. Term Loan and Revolving Credit Facility

On November 8, 2012, the Company entered into a Second Amended and Restated Revolving Credit and Term Loan Agreement (the “Amended Credit Facility”), providing for a \$100.0 million revolving credit facility and \$125.0 million term loan facility, with an option, subject to obtaining additional loan commitments and the satisfaction of certain conditions, to increase the commitments under the Credit Facility by up to \$50.0 million in the future. Each of the revolving portions of the Amended Credit Facility, which includes a letter of credit subfacility of \$50.0 million, and the term loan portion of the Amended Credit Facility matures on December 31, 2016, and amends and refinances the Company’s original Credit Facility. The term loan portion of the Amended Credit Facility also includes required quarterly amortization payments in the amount of \$781,250, or 0.625% of the aggregate original principal amount of the term loan facility, in the case of each payment made during calendar years 2013 and 2014, and \$1,562,500, or 1.25% of the aggregate original principal amount of the term loan facility, in the case of each payment made during calendar years 2015 and 2016. The Amended Credit Facility is guaranteed by the University and is secured by substantially all of the personal property and assets of the Company and the guarantor.

Borrowings under the Amended Credit Facility bear interest at LIBOR or a base rate plus a margin ranging from 2.00% to 2.50%, depending on the Company’s leverage ratio. For the \$125.0 million term loan facility, the Company entered into an additional interest rate swap arrangement that fixes its interest rate on the entire term loan facility at an effective rate ranging from 2.85% to 3.35%, depending on the Company’s leverage ratio. In addition, an unused commitment fee ranging from 0.30% to 0.40%, depending on the Company’s leverage ratio, accrues on unused amounts under the revolving portion of the Amended Credit Facility. The Amended Credit Facility contains customary affirmative and negative covenants, representations, warranties, events of default and remedies upon default, including acceleration and rights to foreclose on the collateral securing the Amended Credit Facility. In addition, the Amended Credit Facility requires that the Company satisfy certain financial maintenance covenants, including:

- a total leverage ratio of not greater than 2.00:1.00;
- a coverage ratio of not less than 1.75:1.00; and
- a Department of Education financial composite score of not less than 1.5.

The Company was in compliance with all the terms of the Amended Credit Facility at March 31, 2013.

During the quarter ended March 31, 2013, the Company paid cash interest of \$1.1 million.

As of March 31, 2013, the Company had outstanding \$124.2 million under the term loan facility and no balance outstanding under the revolving credit facility.

Debt and short-term borrowings consist of the following as of March 31, 2013 (in thousands):

Term loan	\$ 124,219
Revolving credit facility	—
Total debt	124,219
Less: Current portion of long-term debt	3,125
Long-term debt	<u>\$ 121,094</u>

Aggregate debt maturities as of March 31, 2013 are as follows:

2013	\$ 2,344
2014	3,125
2015	6,250
2016	112,500
	<u>\$ 124,219</u>

Interest Rate Swap

The Company was party to an interest rate swap on the outstanding balance of the Company's existing Credit Facility. On November 8, 2012, the Company entered into an additional interest rate swap arrangement in order to minimize the interest rate exposure on the entire balance of the term loan facility (the "Swaps," inclusive of the existing swap). The Swaps effectively fix the variable interest rate on the associated debt at an effective rate ranging from 2.85% to 3.35%, depending on the leverage ratio, rather than being subject to fluctuations in the LIBOR rate. The terms of the Swaps effectively match the term of the underlying term loan facility. The Swaps have been designated as a cash flow hedge and have been deemed effective in accordance with the Derivatives and Hedging Topic, ASC 815. The Company expects the Swaps to continue to be deemed effective for the duration of the Swaps. The fair value of the Swaps is included in other long-term liabilities in the Company's consolidated balance sheets.

4. Fair Value Measurement

Assets and liabilities measured at fair value on a recurring basis consist of the following as of March 31, 2013 (in thousands):

	<u>Fair Value Measurements at Reporting Date Using</u>			
	March 31, 2013	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Money market funds	\$ 1,381	\$ 1,381	\$ —	\$ —
Total assets at fair value on a recurring basis	<u>\$ 1,381</u>	<u>\$ 1,381</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:				
Other liabilities:				
Interest rate swaps	\$ 980	\$ —	\$ 980	\$ —
Deferred payments	2,115	—	—	2,115
Total liabilities at fair value on a recurring basis	<u>\$ 3,095</u>	<u>\$ —</u>	<u>\$ 980</u>	<u>\$ 2,115</u>

Assets and liabilities measured at fair value on a recurring basis consist of the following as of December 31, 2012 (in thousands):

	December 31, 2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Money market funds	\$ 1,380	\$ 1,380	\$ —	\$ —
Total assets at fair value on a recurring basis	<u>\$ 1,380</u>	<u>\$ 1,380</u>	<u>\$ —</u>	<u>\$ —</u>
Liabilities:				
Other liabilities:				
Interest rate swaps	\$ 1,211	\$ —	\$ 1,211	\$ —
Deferred payments	2,119	—	—	2,119
Total liabilities at fair value on a recurring basis	<u>\$ 3,330</u>	<u>\$ —</u>	<u>\$ 1,211</u>	<u>\$ 2,119</u>

The Company measures the above items on a recurring basis at fair value as follows:

- Money market funds — Classified in Level 1 is excess cash the Company may hold in both taxable and tax-exempt money market funds and are included in cash and cash equivalents in the accompanying unaudited condensed consolidated balance sheets. The Company records any net unrealized gains and losses for changes in fair value as a component of accumulated other comprehensive income in stockholders' equity. Realized gains and losses from the sale of marketable securities are based on the specific identification method. The Company's remaining cash and cash equivalents held at December 31, 2012 and March 31, 2013, approximate fair value and is not disclosed in the above tables because of the short-term nature of the financial instruments.
- Interest rate swaps — The Company has two interest rate swaps with a notional amount of \$124.2 million as of March 31, 2013, used to minimize the interest rate exposure and fix the variable interest rate on a portion of the Company's variable rate debt. The swaps are classified within Level 2 and are valued using readily available pricing sources which utilize market observable inputs including the current variable interest rate for similar types of instruments.
- Deferred payments — The Company acquired certain assets and entered into a deferred payment arrangement with one of the sellers, which are classified within Level 3 as there is no liquid market for similarly priced instruments. The deferred payments are valued using a discounted cash flow model that encompassed significant unobservable inputs to estimate the operating results of the acquired assets. The assumptions used to prepare the discounted cash flows include estimates for interest rates, enrollment growth, retention rates and pricing strategies. These assumptions are subject to change as the underlying data sources evolve and the program matures.

At March 31, 2013, the carrying value of the Company's debt was \$124.2 million. All of the Company's debt is variable interest rate debt and the carrying amount approximates fair value.

The Company did not change its valuation techniques associated with recurring fair value measurements from prior periods, and no assets or liabilities were transferred between levels of the fair value hierarchy during the three months ended March 31, 2012 or 2013. Assets measured at fair value on a non-recurring basis as of December 31, 2012 and March 31, 2013, include \$6.8 million of goodwill and \$1.6 million of other indefinite-lived intangible assets. The changes in the fair value of the Company's Level 3 liability during the three months ended March 31, 2013 are as follows (in thousands):

	Deferred Payments
Balance at December 31, 2012	\$ 2,119
Amounts earned	(65)
Adjustments to fair value	61
Transfers in or out of Level 3	—
Balance at March 31, 2013	<u>\$ 2,115</u>

5. Stockholders' Equity

Authorized stock

The Company has authorized 20,000,000 shares of common stock, par value \$0.01, of which 11,387,299 and 10,810,872 shares were issued and outstanding as of December 31, 2012 and March 31, 2013, respectively. The Company also has authorized 8,000,000 shares of preferred stock, none of which has been issued or outstanding since 2004. In 2012, the Company paid an annual cash dividend of \$4.00 per share, or \$1.00 per share quarterly. No dividend was paid in the first quarter of 2013.

Stock-based compensation plans

The Strayer Education Inc. 2011 Equity Compensation Plan (the "Plan") provides for the granting of restricted stock, restricted stock units, stock options intended to qualify as incentive stock options, stock options that do not qualify as incentive stock options, and other forms of equity compensation and performance-based awards to employees, officers and directors of the Company, or to a consultant or advisor to the Company, at the discretion of the Board of Directors. Vesting provisions are at the discretion of the Board of Directors. Options may be granted at option prices based at or above the fair market value of the shares at the date of grant. The maximum term of the awards granted under the Plan is ten years. Dividends paid on unvested restricted stock are reimbursed to the Company if the recipient forfeits his or her shares as a result of termination or employment, prior to vesting in the award.

Restricted Stock and Restricted Stock Units

In February 2013, the Company's Board of Directors approved grants of 165,712 shares of restricted stock to certain individuals. These shares, which vest over a three- to five-year period, were granted pursuant to the Plan. The Company's stock price closed at \$62.28 on the date of these restricted stock grants. In March 2013, outstanding awards of 200,000 restricted shares were converted to restricted stock units.

The table below sets forth the restricted stock and restricted stock units activity for the three months ended March 31, 2013:

	Number of shares or units	Weighted- average grant price
Balance, December 31, 2012	434,439	\$ 178.88
Grants	165,712	\$ 62.28
Vested shares	(32,568)	\$ 189.61
Forfeitures	(47,054)	\$ 215.71
Balance, March 31, 2013	<u>520,529</u>	<u>\$ 137.76</u>

Stock Options

In February 2013, the Company's Board of Directors granted an option to purchase 100,000 shares of the Company's common stock at an exercise price of \$51.95 per share. The award vests in its entirety two years from the date of grant and expires eight years from the date of grant. The weighted average fair value of the options granted in the three months ended March 31, 2013, is estimated at \$22.09 per share on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.877%; an expected life of five years; volatility of 48.49%; and dividend yield of 0% over the expected life of the option.

The table below sets forth the stock option activity for the three months ended March 31, 2013 and other stock option information at March 31, 2013:

	Number of shares	Weighted- average exercise price	Weighted- average remaining contractual life (yrs.)	Aggregate intrinsic value (¹) (in thousands)
Balance, December 31, 2012	100,000	\$ 107.28	0.1	\$ —
Grants	100,000	51.95		
Exercises	—	—		
Forfeitures/Expirations	(100,000)	107.28		
Balance, March 31, 2013	<u>100,000</u>	<u>\$ 51.95</u>	<u>7.8</u>	<u>\$ —</u>
Exercisable, March 31, 2013	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>—</u>

(1) The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the respective trading day and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holder had the options been exercised on the respective trading day. The amount of intrinsic value will change based on the fair market value of the Company's common stock.

Valuation and Expense Information under Stock Compensation Topic ASC 718

At March 31, 2013, total stock-based compensation cost which has not yet been recognized was \$44.4 million, all for unvested stock and stock option awards. This cost is expected to be recognized over the next 60 months on a weighted-average basis. Awards of approximately 344,000 shares of restricted stock and restricted stock units are subject to performance conditions. The accrual for stock-based compensation for performance awards is based on the Company's estimates that such performance criteria are probable of being achieved. Such a determination involves significant judgment surrounding future operating performance of the Company. If the performance targets are not reached during the vesting period, or it is determined it is more likely than not that the performance criteria will not be achieved, related compensation expense is adjusted.

The following table summarizes the stock-based compensation expense recorded for the three months ended March 31, 2012 and 2013 by expense line item (in thousands):

	For the three months ended March 31,	
	2012	2013
Instruction and educational support	\$ 671	\$ 1,097
Marketing	—	—
Admissions advisory	—	—
General and administration	1,719	1,153
Stock-based compensation expense included in operating expense	<u>2,390</u>	<u>2,250</u>
Tax benefit	944	895
Stock-based compensation expense, net of tax	<u>\$ 1,446</u>	<u>\$ 1,355</u>

During the three months ended March 31, 2012 and 2013, the Company recognized a tax shortfall related to share-based payment arrangements of \$0.7 million and \$3.3 million, respectively. No stock options were exercised during the three months ended March 31, 2012 or 2013.

6. Other Long-Term Liabilities

Other long-term liabilities consist of the following as of December 31, 2012 and March 31, 2013 (in thousands):

	2012	2013
Deferred rent and other facility costs	\$ 11,650	\$ 11,901
Deferred payments related to acquisition	4,919	4,915
Lease incentives	3,150	3,086
Deferred taxes	—	1,406
Fair value of interest rate swap (see Note 3)	1,211	980
Deferred gain on sale of campus building	975	905
	<u>\$ 21,905</u>	<u>\$ 23,193</u>

Deferred Rent and Other Facility Costs

In accordance with the Operating Leases Subtopic, ASC 840-20 (“ASC 840-20”), the Company records rent expense on a straight-line basis over the initial term of a lease. The difference between the rent payment and the straight-line rent expense is recorded as a liability. Other facility costs include lease costs of non-campus facilities that are not currently in use.

Lease Incentives

In conjunction with the opening of new campuses, the Company, in some instances, was reimbursed by the lessors for improvements made to the leased properties. In accordance with ASC 840-20, these improvements were capitalized as leasehold improvements and a long-term liability was established for the reimbursements. The leasehold improvements and the liability are amortized on a straight-line basis over the corresponding lease terms, which generally range from five to 10 years.

Deferred Gain on Sale of Campus Building

In June 2007, the Company sold one of its campus buildings for \$5.8 million. The Company is leasing back most of the campus building over a 10-year period. In conjunction with this sale and lease back transaction, the Company realized a gain of \$2.8 million before tax, which is deferred and recognized over the 10-year lease term.

7. Income Taxes

The Income Taxes Topic, ASC 740 (“ASC 740”), requires the Company to determine whether uncertain tax positions should be recognized within the Company’s financial statements. The amount of unrecognized tax benefits and liabilities at March 31, 2013 is immaterial. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of March 31, 2013, the amount of accrued interest related to uncertain tax positions was immaterial. The tax years 2011 and 2012 remain open for Federal tax examination, and the tax years 2009-2012 remain open to examination by the state and local taxing jurisdictions in which the Company is subject.

8. Litigation

From time to time, the Company is involved in litigation and other legal proceedings arising out of the ordinary course of its business. On October 15, 2010, a putative securities class action was filed in the United States District Court for the Middle District of Florida. On March 20, 2012, the District Court granted the Company’s motion to dismiss the complaint for failure to state a claim, and the Eleventh Circuit Court of Appeals upheld that dismissal on December 13, 2012. That dismissal became the final disposition of the case on March 13, 2013, when the deadline expired for plaintiffs to request further appeal. A shareholder derivative action alleging similar facts was filed in the Circuit Court of Fairfax County, Virginia, which action was voluntarily dismissed by nonsuit on June 12, 2012. There are no pending material legal proceedings to which we are subject or to which our property is subject.

9. Regulation

On June 13, 2011, the Department of Education published its final regulations defining the term “gainful employment.” Under the regulations, a particular program offered by an institution would become ineligible for Title IV funding if it could not pass at least one of three alternative measurements in three out of four consecutive years. The first year that a program could become ineligible is 2015. On June 21, 2012, the Department released illustrative data indicating that all of the University’s programs comply with the regulations. Although the regulations were scheduled to go into effect July 1, 2012, the U.S. District Court in *Association of Private Sector Colleges and Universities v. Duncan* , vacated most of the regulations on June 30, 2012. The Department filed a motion for reconsideration, which the Court denied on March 19, 2013, holding that the data collection required by the regulations was prohibited by statute. On April 16, 2013, the Department announced that it would add gainful employment, program integrity, Title IV cash management, and state authorization of distance education among others to a negotiated rulemaking previously initiated in May 2012. The first of three additional hearings to be held on these topics is scheduled for May 21, 2013. The Department has indicated that it anticipates negotiations will begin in September 2013.

Cautionary Notice Regarding Forward-Looking Statements

Certain of the statements included in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as elsewhere in this report on Form 10-Q are forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995 (“Reform Act”). Such statements may be identified by the use of words such as “expect,” “estimate,” “assume,” “believe,” “anticipate,” “will,” “forecast,” “plan,” “project,” or similar words. These statements are based on the Company’s current expectations and are subject to a number of assumptions, risks and uncertainties. In accordance with the Safe Harbor provisions of the Reform Act, the Company has identified important factors that could cause the actual results to differ materially from those expressed in or implied by such statements. The assumptions, risks and uncertainties 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 regional accreditation standards and state regulatory requirements, rulemaking by the Department of Education and increased focus by the U. S. Congress on for-profit education institutions, 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, risks associated with the ability of our students to finance their education in a timely manner, 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. The Company undertakes no obligation to update or revise forward-looking statements, except as may be required by law.

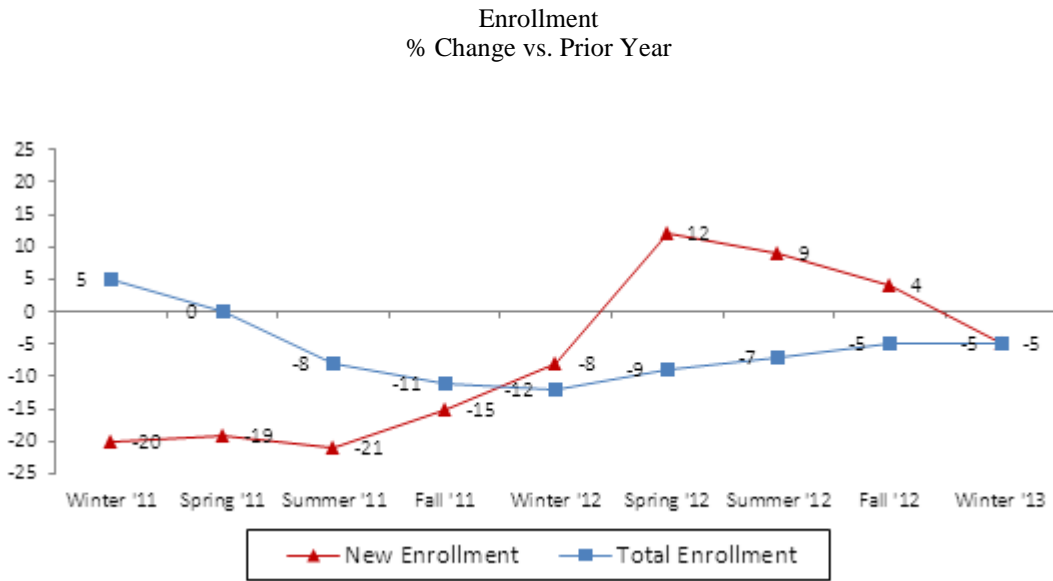
Additional Information

We maintain a website at <http://www.strayereducation.com>. The information on our website is not incorporated by reference in this Quarterly Report on Form 10-Q, and our web address is included as an inactive textual reference only. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Results of Operations

In the first quarter of 2013, we generated \$137.5 million in revenue, a decrease of 8% compared to the same period in 2012. Income from operations was \$29.9 million for the first quarter of 2013, a decrease of 27% compared to the same period in 2012. Net income was \$17.2 million in the first quarter of 2013, a decrease of 28%, compared to the same period in 2012. Diluted earnings per share was \$1.59 for the first quarter of 2013 compared to \$2.09 for the same period in 2012, a decrease of 24%.

Key enrollment trends by quarter were as follows:



Although we do not know for sure why our recent enrollment trends and that of the proprietary higher education sector generally have been negative, we believe that sustained levels of high unemployment and the resulting lower confidence in job prospects are contributing factors. The average 19% decline in our new students in 2011 had an adverse impact on 2012 enrollment since there were fewer students from 2011 continuing their education in 2012. We believe it will take several quarters of new student growth in order to achieve overall enrollment growth.

We cannot predict future enrollments or whether new student enrollment will decline further, stabilize or increase in response to the economy or other factors. We can describe what we think our business model may look like financially under different enrollment scenarios. We implemented a 3% tuition increase in 2013 but we expect roughly flat revenue per student in 2013 due to the University's continued mix shift towards graduate and corporate sponsored students, as well as continued targeted use of scholarships. At 2012 enrollment levels, we also would expect Strayer University's expenses to grow 1% to 2% in 2013, reflecting the annualization of operating costs at the eight new campuses opened during 2012, but that no additional campuses are currently planned for 2013. We expect that at the 2012 revenue level, anticipated 2013 expenses would lead to a 19-20% operating margin in 2013, and EPS in the \$5.40-\$5.60 range. Each 1% increase (or decrease) in revenue from 2012 levels in 2013 will have an approximate 50 basis points positive (or negative) impact on operating margin, and an approximate \$0.20 positive (or negative) impact on earnings per share. Finally, this model assumes an effective tax rate of 39.5% and 11,500,000 diluted shares outstanding.

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Enrollment. Enrollment at Strayer University for the 2013 winter term, which began January 7, 2013 and ended March 18, 2013, decreased 5% to 47,926 students compared to 50,432 students for the same term in 2012. New student enrollments decreased 5% and continuing student enrollments also decreased 5%. Global online students increased 9% while students taking 100% of their classes online (including campus based students) decreased 3%.

Revenues . Revenues decreased 8% to \$137.5 million in the first quarter of 2013 from \$149.5 million in the first quarter of 2012, principally due to 5% lower enrollments and 3% lower revenue per student.

Instruction and educational support expenses. Instruction and educational support expenses decreased slightly to \$73.4 million in the first quarter of 2013 from \$73.8 million in the first quarter of 2012. Instruction and educational support expenses as a percentage of revenues increased to 53.4% in the first quarter of 2013 from 49.3% in the first quarter of 2012, largely due to the decline in tuition revenues.

Marketing expenses. Marketing expenses increased by \$2.2 million, or 15%, to \$17.7 million in the first quarter of 2013 from \$15.5 million in the first quarter of 2012 largely due to our expansion into new markets. Marketing expenses as a percentage of revenues increased to 12.9% in the first quarter of 2013, from 10.3% in the third quarter of 2012, largely due to these expenses increasing while tuition revenues declined.

Admissions advisory expenses. Admissions advisory expenses decreased by \$1.4 million, or 21%, to \$5.4 million in the first quarter of 2013 from \$6.8 million in the first quarter of 2012. Admissions advisory expenses as a percentage of revenues decreased to 3.9% in the first quarter of 2013 from 4.5% in the first quarter of 2012, largely due to lower personnel costs.

General and administration expenses. General and administration expenses decreased \$1.5 million, or 12%, to \$11.1 million in the first quarter of 2013 from \$12.6 million in the first quarter of 2012, primarily due to a reduction in professional services and stock-based compensation expenses. General and administration expenses as a percentage of revenues decreased slightly to 8.1% in the first quarter of 2013 from 8.5% in the first quarter of 2012.

Income from operations. Income from operations decreased \$11.0 million, or 27%, to \$29.9 million in the first quarter of 2013 from \$40.9 million in the first quarter of 2012, due to the aforementioned factors.

Investment income. We had no investment income in the first quarter of 2013 compared to \$1,000 in the first quarter of 2012.

Interest expense. Interest expense increased slightly by \$0.1 million, or 7%, to \$1.3 million in the first quarter of 2013 compared to \$1.2 million in the first quarter of 2012, due to higher average debt outstanding in the quarter partly offset by a lower interest rate.

Provision for income taxes. Income tax expense decreased \$4.3 million, or 27%, to \$11.4 million in the first quarter of 2013 from \$15.7 million in the first quarter of 2012, primarily due to the decrease in income before taxes attributable to the factors discussed above. Our effective tax rate was 39.8% in the first quarter of 2013 compared to 39.5% in the first quarter of 2012.

Net income. Net income decreased \$6.8 million, or 28%, to \$17.2 million in the first quarter of 2013 from \$24.0 million in the first quarter of 2012 due to the factors discussed above.

Liquidity and Capital Resources

At March 31, 2013, we had cash and cash equivalents of \$50.8 million compared to \$47.5 million at December 31, 2012, and \$52.7 million at March 31, 2012. At March 31, 2013, most of our cash was invested in bank overnight deposits.

On November 8, 2012, we entered into a second amended and restated revolving credit and term loan agreement which is secured by our assets and provides for a \$100.0 million revolving credit facility and \$125.0 million term loan facility with a maturity date of December 31, 2016. Proceeds from the new term loan were used to pay off \$77.5 million outstanding under the original term loan facility. We had no outstanding balance under the prior revolving credit facility on the day of closing. At March 31, 2013, we had \$124.2 million outstanding under the new term loan and no balance outstanding under the revolving credit facility. In 2013, we are obligated to repay \$3.1 million of the term loan.

For the three months ended March 31, 2013, we generated \$31.4 million of net cash from operating activities compared to \$36.5 million for the same period in 2012. Capital expenditures were \$2.4 million for the three months ended March 31, 2013 compared to \$4.1 million for the same period in 2012. We do not plan to open any new campuses during 2013. We invested \$25.0 million to repurchase common shares in the open market during the three months ended March 31, 2013. We had \$70.0 million of share repurchase authorization remaining at March 31, 2013.

In the first quarter of 2013, bad debt expense as a percentage of revenues was 4.0% compared to 3.8% for the same period in 2012. Days sales outstanding was 15 days at the end of the first quarter of 2013 compared to 14 days at the end of the first quarter of 2012.

Currently, we maintain our cash in mostly FDIC-insured bank accounts and invest our excess cash in money market funds. We have available \$100 million under our revolving credit facility. We believe that existing cash and cash equivalents, cash generated from operating activities, and if necessary, cash borrowed under the revolving credit facility, will be sufficient to meet our requirements for at least the next 12 months.

The table below sets forth our contractual commitments associated with operating leases, and the revolving credit and term loan facilities as of March 31, 2013. Although they have been paid in the past, dividends are not a contractual commitment and, therefore, have been excluded from this table.

	Payments due by period (in thousands)				
	Total	Within 1 Year	2-3 Years	4-5 Years	After 5 Years
Operating leases	\$ 234,671	\$ 40,507	\$ 76,066	\$ 57,790	\$ 60,308
Term loan	124,219	3,125	10,156	110,938	—
Total	<u>\$ 358,890</u>	<u>\$ 43,632</u>	<u>\$ 86,222</u>	<u>\$ 168,728</u>	<u>\$ 60,308</u>

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to the impact of interest rate changes and may be subject to changes in the market values of its future investments. The Company invests its excess cash in bank overnight deposits, money market funds and marketable securities. The Company has not used derivative financial instruments in its investment portfolio. Earnings from investments in bank overnight deposits, money market mutual funds, and marketable securities may be adversely affected in the future should interest rates decline, although such a decline may reduce the interest rate payable on any borrowings by the Company under its revolving credit facility. The Company's future investment income may fall short of expectations due to changes in interest rates or the Company may suffer losses in principal if forced to sell securities that have declined in market value due to changes in interest rates. As of March 31, 2013, a 1% increase or decrease in interest rates would not have a material impact on the Company's future earnings, fair values, or cash flows related to investments in cash equivalents or interest-earning marketable securities.

Changing interest rates could also have a negative impact on the amount of interest expense the Company incurs. On November 8, 2012, the Company entered into a second amended and restated revolving credit and term loan agreement providing for a \$100 million revolving credit facility and a \$125 million term loan facility. Borrowings under the \$100 million revolving credit facility bear interest at LIBOR or a base rate plus a margin ranging from 2.00% to 2.50%, depending on the Company's leverage ratio. Also on November 8, 2012, the Company entered into an additional interest rate swap arrangement for the \$125 million term loan facility that fixes the Company's interest rate on the term loan facility at an effective rate ranging from 2.85% to 3.35%, depending on the Company's leverage ratio, for the duration of the term loan. Although an increase in LIBOR would not affect interest expense on the term loan, it would affect interest expense on any outstanding balance of the revolving credit facility and the fair value of the interest rate swap arrangement. For every 100 basis points increase in LIBOR, the Company would incur an incremental \$1.0 million in interest expense per year assuming the entire \$100 million revolving credit facility were utilized, but such an increase in LIBOR would not materially affect the value of the Company's interest rate swap.

ITEM 4: CONTROLS AND PROCEDURES

- a) *Disclosure Controls and Procedures.* The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2013. Based upon such review, the Chief Executive Officer and Chief Financial Officer have concluded that the Company has in place, as of March 31, 2013, effective controls and procedures designed to ensure that information required to be disclosed by the Company (including its consolidated subsidiary) in the reports it files or submits under the Securities Exchange Act of 1934, as amended, and the rules thereunder, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in reports it files or submits under the Securities Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.
- b) *Internal Control Over Financial Reporting.* There have not been any changes in the Company's internal control over financial reporting during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is involved in litigation and other legal proceedings arising out of the ordinary course of its business. On October 15, 2010, a putative securities class action was filed in the United States District Court for the Middle District of Florida. On March 20, 2012, the District Court granted the Company's motion to dismiss the complaint for failure to state a claim, and the Eleventh Circuit Court of Appeals upheld that dismissal on December 13, 2012. That dismissal became the final disposition of the case on March 13, 2013, when the deadline expired for plaintiffs to request further appeal. A shareholder derivative action alleging similar facts was filed in the Circuit Court of Fairfax County, Virginia, which action was voluntarily dismissed by nonsuit on June 12, 2012. There are no pending material legal proceedings to which we are subject or to which our property is subject.

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2012, which could materially affect our business. There have been no material changes to the risk factors previously described in Part I, Item 1A included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. Those risks are incorporated herein by this reference. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2013, the Company invested \$25.0 million to repurchase shares of common stock under its repurchase program. ⁽¹⁾ The Company's remaining authorization for common stock repurchases was \$70.0 million at March 31, 2013 for use during the remainder of 2013. A summary of the Company's share repurchases during the quarter is set forth below:

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (\$ mil)
Beginning Balance (at 12/31/12)				\$ 95.0
January	29,975	\$ 58.38	29,975	\$ 93.2
February	115,390	51.98	115,390	\$ 87.3
March	349,720	49.33	349,720	\$ 70.0
Total (at 3/31/13)	<u>495,085</u>	<u>\$ 50.49</u>	<u>495,085</u>	<u>\$ 70.0</u>

(1) The Company's repurchase program was announced on November 3, 2003 for repurchases up to an aggregate amount of \$15 million in value of common stock through December 31, 2004. The Board of Directors amended the program on various dates increasing the amount authorized and extending the expiration date, most recently on November 9, 2012 when the Board of Directors increased the amount authorized by an addition \$100.0 million for 2012 and 2013.

Item 3. Defaults Upon Senior Securities

None

Item 5. Other Information

Submission of Matters to a Vote of Security Holders

The Company held its 2013 Annual Meeting of Stockholders on May 2, 2013. There were 11,119,592 shares of common stock eligible to be voted at the Annual Meeting and 10,047,092 shares were presented in person or represented by proxy at the meeting which constituted a quorum to conduct business.

There were three proposals submitted to the Company's stockholders at the Annual Meeting. All proposals were passed. The final results of voting on each of the proposals are as follows:

Proposal 1: To elect ten directors to the Board of Directors from the nominees named in the attached proxy statement to serve for a term of one year or until their respective successors are elected and qualified.

Nominee	Votes For	Votes Against	Abstain	Broker Non-Vote
Robert S. Silberman	9,395,551	29,474	3,770	618,297
Robert R. Grusky	9,393,105	31,520	4,170	618,297
Dr. Charlotte F. Beason	9,393,077	31,697	4,021	618,297
William E. Brock	9,049,042	375,784	3,969	618,297
Dr. John T. Casteen, III	9,263,081	162,588	3,126	618,297
Robert L. Johnson	8,939,957	484,667	4,171	618,297
Karl McDonnell	9,389,368	35,803	3,624	618,297
Todd A. Milano	9,387,932	36,793	4,070	618,297
G. Thomas Waite, III	9,387,098	37,626	4,071	618,297
J. David Wargo	9,401,611	23,113	4,071	618,297

Proposal 2: To ratify the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2013.

Votes For	Votes Against	Abstain	Broker Non-Vote
10,015,261	28,430	3,401	0

Proposal 3: To conduct an advisory vote on the compensation of the named executive officers.

Votes For	Votes Against	Abstain	Broker Non-Vote
8,488,163	928,418	12,214	618,297

Entry into a Material Definitive Agreement

On May 2, 2013, the Company amended and restated the Employment Agreement of Robert S. Silberman, dated as of April 6, 2001 and as amended on March 11, 2005, in connection with his previously disclosed transition from Chief Executive Officer to Executive Chairman. Under the amended Employment Agreement, Mr. Silberman's term of employment is six years, and is renewable thereafter for one year terms unless the Company or Mr. Silberman provides notice otherwise. The amended agreement provides for a base salary of \$665,000 per annum (subject to annual increases for at least cost of living adjustments). Mr. Silberman is also eligible to receive a target profit share of at least 125% of base salary, for each of the fiscal years during which he is employed, upon meeting certain corporate and financial goals annually approved by the Board.

The Company also entered into an employment agreement on May 2, 2013 with Karl McDonnell, in connection with his promotion to Chief Executive Officer. Under the Employment Agreement, Mr. McDonnell's term of employment is six years and is renewable thereafter for one year terms unless the Company or Mr. McDonnell provides notice otherwise. Under the agreement Mr. McDonnell will receive a base salary of \$665,000 per annum (subject to annual increases for at least cost of living adjustments). Mr. McDonnell is also eligible to receive a target profit share of 125% of base salary, for each fiscal year during which he is employed, upon meeting certain corporate and financial goals annually approved by the Board, and an annual restricted share grant target equivalent to \$2,000,000, awarded at each annual meeting.

Item 6. Exhibits

The exhibits required to be filed as part of this Quarterly Report on Form 10-Q are listed in the Exhibit Index attached hereto and are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STRAYER EDUCATION, INC.

By: /s/ Mark C. Brown

Mark C. Brown

Executive Vice President and Chief Financial
Officer

Date: May 3, 2013

Exhibit Index

Exhibit	Description
10.1*†	Employment Agreement, dated as of May 2, 2013, between Strayer Education, Inc. and Robert S. Silberman.
10.2*†	Employment Agreement, dated as of May 2, 2013, between Strayer Education, Inc. and Karl McDonnell.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Act.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Act.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.	INS XBRL Instance Document
101.	SCH XBRL Schema Document
101.	CAL XBRL Calculation Linkbase Document
101.	DEF XBRL Definition Linkbase Document
101.	LAB XBRL Label Linkbase Document
101.	PRE XBRL Presentation Linkbase Document

* Filed herewith.

† Denotes management contract or compensation plan or arrangement.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of May 2, 2013 (the “Effective Date”), by and between STRAYER EDUCATION, INC., a Maryland corporation (the “Company”), and ROBERT S. SILBERMAN (the “Executive”).

WHEREAS, the Executive has been employed by the Company and currently serves as its Chief Executive Officer pursuant to an employment agreement dated as of April 6, 2001 and amended as of March 11, 2005; and

WHEREAS, the Company desires to continue to employ the Executive from and after the Effective Date in the capacity of its Executive Chairman and the Executive desires to continue to be employed by the Company in such new capacity pursuant to the terms set forth herein; and

WHEREAS, the Company and the Executive desire to amend and restate the Prior Employment Agreement in its entirety, in order to set forth the terms and conditions of the Executive’s employment with the Company as Executive Chairman, commencing as of the Effective Date;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. Employment. The Company hereby agrees to employ the Executive and the Executive hereby agrees to be employed by the Company as its Executive Chairman upon the terms and conditions set forth herein.

2. Term. The Executive’s employment shall be for a term (the “Employment Term”) commencing on the Effective Date and, subject to earlier termination under Section 8, expiring on May 2, 2019 ; provided, however, that commencing on May 2, 2019 and each May 2 thereafter, the Employment Term will automatically be extended for an additional year unless, not later than February 1 of the same year, the Company or the Executive shall have given written notice to the other that it or the Executive, as the case may be, does not wish to have the Employment Term extended.

3. Duties of the Executive. The Executive shall serve as the Company’s Executive Chairman with such responsibilities as are reasonably assigned to him in his capacity as Executive Chairman by the Company’s Board of Director’s (“Board”), as well as Chairing all Board and Shareholder meetings during the Employment Term. The Executive shall report solely to the Company’s Board of Directors (the “Board”) and shall be assigned only those executive policy and management duties that are consistent with the Executive’s position as Executive Chairman of the Company. The Executive shall devote substantially all of his working time and his best efforts, full attention and energies to the business of the Company; provided, however, that it shall not be a violation of this Agreement for Executive to (a) devote reasonable periods of time to charitable and community activities and engaging in industry or professional activities (including membership on the board of directors or governing body of other corporations or entities and participation on governmental panels and commissions), and/or (b) manage personal business interests and investments, in each case so long as such activities do not interfere with the performance of Executive’s responsibilities under this Agreement. The Company shall include the Executive in the management slate for election as a director (and Chairman of the Board) at every stockholders’ meeting during the Employment Term at which his term as a director would otherwise expire.

4. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay to the Executive a base salary of not less than \$ 665,000 per annum (the "Base Salary"). The Board shall review Executive's Base Salary annually (after approval of the forthcoming year's budget and receipt of the prior year's financial statements) and increase it by an amount no less than the increase in the consumer price index for the Washington, D.C. metropolitan area from the immediately preceding year.

(b) Annual Profit Share Award. In addition to the Base Salary, the Executive shall be eligible to receive an annual profit share award (the "Profit Share Award") for each fiscal year of the Company that ends during the Employment Term, under the profit sharing plan in effect for senior executives of the Company (the "Plan"), subject to the approval of the Company's shareholders as required for purposes of exemption from the limitations on deductibility imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and based upon the achievement of objective performance goals meeting the requirements for such exemption. The Executive's target Profit Share Award under the Plan for 2013 shall be \$835,000, and thereafter for each fiscal year during the Employment Term shall be such amount as shall be determined by the Board in accordance with the Plan, but shall be at least 125% of the Executive's Base Salary for the year involved, provided that the Company achieves the targeted level of performance under the Plan for the relevant fiscal year. The targeted level of performance required to earn the targeted Profit Share Award amount shall be as agreed by the Compensation Committee or the Executive Committee of the Board, on the one hand, and the Executive, on the other hand.

(c) Restricted Share Units and Options. The Executive currently holds 200,000 Restricted Stock Units ("Units") pursuant to an Amended and Restated Restricted Stock Agreement Converting Restricted Stock to Deferred Restricted Stock Units between Executive and the Company dated as of March 22, 2013 ("Restricted Stock Agreement"). The Restricted Stock so converted was originally issued as follows: 183,680 shares on February 10, 2009 (the "2009 Shares") under the Company's Amended 1996 Stock Option Plan ("1996 Plan") and 16,320 shares on February 14, 2012 (the "2012 Shares") under the Company's 2011 Equity Compensation Plan ("2011 Plan"). Notwithstanding any other term of this Agreement, the Restricted Stock Agreement, the 1996 Plan or the 2011 Plan, all Units shall vest in full on the earlier to occur of February 10, 2019 (provided the performance criteria therein are achieved as of such date), upon a COC Termination (as defined in Section 8(a) hereof) or upon any other termination of the Executive's employment without Cause under Section 8(a), upon Executive's death or Disability under Section 8(c) or 9(b)(ii) of this Agreement, or upon any direct or indirect termination by the Company of Executive's 409A Service without Cause (as defined in Section 8(a)) prior to February 10, 2019. The Executive currently holds options issued pursuant to the 2011 Plan ("Options") to purchase 100,000 shares of the Company's Common Stock under a stock option agreement dated February 15, 2013 ("Stock Option Agreement"). Notwithstanding any other term of this Agreement, the 2011 Plan or the Stock Option Agreement, and in addition to the other vesting events described in the Stock Option Agreement, all Options shall vest in full on any termination of the Executive's employment without Cause under Section 8(a) hereof (other than a COC Termination, as terminations in connection with a Change in Control event hereunder which are not otherwise covered by Section 8(a) shall instead be governed by the "Change in Control Resulting in Termination" provision of the Stock Option Agreement), upon Executive's death or disability under Section 8(c) or 9(b)(ii), or upon any direct or indirect termination by the Company of Executive's 409A Service without Cause (as defined in Section 8(a)) prior to February 10, 2019.

5. Executive Benefits.

(a) General. In addition to the compensation described in Section 4, during the Employment Term, the Company shall make available to the Executive, on the most favorable terms and conditions available to executive and management employees of the Company, (i) all Company sponsored employee benefit plans or arrangements and such other usual and customary benefits now or hereafter generally available to employees of the Company, and (ii) such benefits and perquisites as may be made available to senior executives of the Company as a group, including, without limitation, equity and cash incentive programs, director and officer insurance which includes coverage for service on other boards of directors at the request of the Company, governmental panels, etc., vacations, and retirement, deferred compensation and welfare plans.

(b) Attorneys' Fees. The Company shall pay or reimburse the Executive for all reasonable attorneys' fees and disbursements incurred by the Executive in connection with the negotiation and execution and enforcement of this Agreement.

6. Expenses. The Company shall also pay or reimburse the Executive for reasonable and necessary expenses incurred by the Executive in connection with his duties on behalf of the Company in accordance with the expense policy of the Company applicable to members of senior management of the Company.

7. Place of Performance. In connection with his employment by the Company, unless otherwise agreed by the Executive, the Executive shall be based at the principal executive offices of the Company in Herndon, Virginia, except for travel reasonably required for Company business and the Company shall provide the Executive with appropriate office facilities, support staff and resources to perform his duties at such location.

8. Termination.

(a) Termination By the Company without Cause. The Executive's employment hereunder and the Employment Term may be terminated by the Company for any reason by written notice as provided in Section 18. For purposes of this Agreement, the Executive will be treated as having been terminated by the Company without Cause if the Executive terminates his employment with the Company under the following circumstances: (i) the Company breaches any material provision of this Agreement and fails to cure such breach within thirty (30) calendar days after receiving notice thereof from the Executive; (ii) the Company directly or indirectly causes a material reduction in the Executive's title, authority, functions, duties or responsibilities as provided in Section 3 and the Company fails to restore to the Executive such authority, functions, duties or responsibilities within thirty (30) calendar days after receiving notice thereof from the Executive; or (iii) the Executive resigns for any reason, or without reason, during the thirty day period immediately following the six month anniversary of the first occurrence after the Effective Date hereof of a "Change in Control" of the Company (as defined in Section 11) (a "COC Termination"). In the event of such a termination without Cause pursuant to any of subsections 8(a) (i)-(iii) above or any other termination of the Executive's employment by the Company for any reason other than Cause (as defined in Section 9(d) herein), the Executive shall be entitled to the payments and benefits set forth in Section 9(a).

(b) Termination By the Company for Cause or Voluntary Termination By the Executive. The Executive may voluntarily terminate his employment under this Agreement at any time by notice to the Company as provided in Section 18. In the event of a termination of the Executive's employment by the Executive during the Employment Term other than pursuant to Section 8(a) hereof or a termination by the Company for Cause (as defined in Section 9(d) herein) during the Employment Term, the Executive shall be entitled to the payments and benefits set forth in Section 9(b).

(c) Termination Due to Death or Disability. In the event of a termination of the Executive's employment during the Employment Term due to death or Disability (as defined herein), the Executive shall be entitled to the payments and benefits set forth in Section 9(c).

9. Compensation and Benefits Upon Termination of Employment.

(a) Termination by Company Without Cause. If the Executive's employment hereunder is terminated by the Company (including within the meaning of any of subsections 8(a)(i)-(iii) herein) for any reason other than for Cause (as defined in Section 9(d) herein) during the Employment Term, the Company shall be obligated to pay to the Executive the following termination payments and make available the following benefits:

(i) Accrued Rights. The Company shall within ten (10) days of the date of termination pay the Executive a lump-sum amount equal to the sum of (A) his earned but unpaid Base Salary through the date of termination, (B) any earned but unpaid Profit Share Award under Section 4(b) above, and (C) any business expenses due to the Executive from the Company as of the date of termination. In addition, the Company shall provide to the Executive all payments, rights and benefits due as of the date of termination under the terms of the Company's employee and fringe benefit plans and programs (other than severance plans or programs) in which the Executive participated during the Employment Term (together with such lump-sum payment, the "Accrued Rights").

(ii) Severance Payment. The Company shall within thirty (30) days of the date of termination pay the Executive a lump sum payment in an amount equal to (A) three times the Base Salary (at the highest rate in effect for any period prior to the date of termination), plus (B) in the case of a COC Termination only, three times the latest previous Profit Share Award actually paid.

(iii) Medical Benefits. For a period of three (3) years following the date of termination, except as provided in Section 9(f), the Company will arrange to provide the Executive with medical benefits substantially similar to those that the Executive was receiving or entitled to receive immediately prior to the date of termination, provided that if and to the extent that any benefit described in this paragraph is not or cannot be paid or provided under any policy, plan, program or arrangement of the Company or any subsidiary, as the case may be, then the Company will itself pay or provide for the payment to the Executive, his dependents and beneficiaries, of such benefits.

(iv) Units and Options. As of the date of the Executive's termination hereunder for any reason, including under Section 8(a) hereof, (other than a voluntary resignation or termination for Cause covered by Section 9(b) below), any unvested Units and Options then held by the Executive shall immediately and fully vest.

(b) Voluntary Resignation or Termination for Cause or Change in Status of Employment. (i) If the Executive's employment hereunder is terminated during the Employment Term because of his voluntary resignation (other than pursuant to Section 8(a) or 9(b)(ii)) in order for the Executive to serve in a senior position (including elected official) in local, State or Federal government, or in any non-profit entity or tax-exempt organization which plays an advocacy role or is active in research or developing policy proposals related to the post-secondary education sector, as at least a part of its mission, and which does not constitute a "Non-Profit Competitor" as defined in Section 14(a) hereof, (1) the Company shall have no further obligations to the Executive under this section, except to pay or provide to the Executive any and all Accrued Rights, (2) Options shall immediately vest pro rata, in an amount equal to the percentage of time that has elapsed through the date of termination in the time period from February 15, 2013 through February 15, 2015, and (3) Units shall immediately vest pro rata, in an amount equal to the percentage of time that has elapsed through the date of termination in the time period from February 10, 2009 to February 10, 2019 (as to the Units converted from the 2009 Shares) and in the time period from February 14, 2012 through February 10, 2019 (as to Units converted from the 2012 Shares); provided that no failure to meet the performance criteria in the Restricted Stock Agreement then exist, and the balance of unvested Units and Options that has not vested on such a pro rata basis shall terminate immediately and be of no further force or effect. (ii) If the Executive elects to relinquish his title and duties as Executive Chairman (other than pursuant to Section 8(a) or 9(b)(i)) and agrees to remain employed by the Company in a capacity (and with title, duties and responsibilities acceptable to him) whereby he is providing bona fide services to the Company ("409A Service") so as to meet the service criteria required by Section 409A of the Internal Revenue Code ("Section 409A"), or to serve as a Director or consultant, if appropriate and satisfactory to both the Company and the Executive, all Units shall continue to vest during such 409A Service and shall vest in full on the earlier of February 10, 2019 (assuming the performance criteria therein are met as of such date) or upon a COC Termination or any other direct or indirect termination of such 409A Service without Cause (as defined under Section 8(a)) or upon Executive's death or Disability. In the event that Executive elects to relinquish his title as Executive Chairman and remain employed to provide 409A Service or other service as aforesaid, the Executive and Company shall negotiate and execute a mutually agreeable amendment to this Agreement which shall make appropriate changes to the title, duties, compensation and other terms specified herein to reflect such change in Executive's employment status. In such amendment, the provisions of Section (8)(a), related to a Termination by the Company without Cause, and the provisions of 9(d), related to a Termination by the Company for Cause, shall remain in full effect as related to Executive's employment in providing 409A Service or other service as aforesaid. (For the avoidance of doubt, to the extent any voluntary change in employment status may be characterized under either subsection 9(b)(i) or 9(b)(ii), Executive shall elect which subsection shall apply.) (iii) If the Executive's employment hereunder is terminated during the Employment Term by the Company for Cause (as defined in Section 9(d) hereof) (1) the Company shall have no further obligations to the Executive under this section, except to pay or provide to the Executive any and all Accrued Rights, and (2) all unvested Units and Options shall terminate immediately and be of no further force or effect.

(c) Disability; Death. If the Executive's employment hereunder is terminated during the Employment Term by reason of the Executive Disability (as defined herein) or death, the Company shall pay and provide the Executive (or his legal representative or estate) with the following:

(i) Accrued Rights. The Company shall pay and provide to the Executive (or his legal representative or estate) any and all Accrued Rights, including all disability or life insurance benefits as applicable;

(ii) Salary Continuation. The Company shall provide the Executive (or his legal representative or estate) with continued payment of the Executive's then-current Base Salary for a period of 12 months; provided, that such payments shall be reduced (but not below zero) by all amounts payable to the Executive (or his legal representative, estate, beneficiaries or dependents) under any Company-provided life insurance or disability benefit plans.

(iii) Units and Options. As of the date of the Executive's termination under this paragraph, any unvested Units and Options shall immediately and fully vest.

(d) Termination for Cause. For purposes of this Agreement, “Cause” shall mean:

(i) the willful and continued failure by the Executive substantially to perform his duties hereunder (other than any such failure resulting from the Executive’s Disability or the Company’s breach of this Agreement), which failure is not or cannot be cured within thirty (30) business days after the Company has given written notice thereof to the Executive specifying in detail the particulars of the acts or omissions deemed to constitute such failure,

(ii) the engaging by the Executive in willful misconduct which is materially injurious to the Company, monetarily or otherwise,

(iii) the Executive’s conviction of, or entry of a plea of nolo contendere with respect to, any felony, or

(iv) the Executive’s breach of any material provision of this Agreement, if the Executive fails to cure such breach within thirty (30) business days after the Company has given written notice thereof to the Executive.

For purposes of this definition, no act, or failure to act, on the Executive’s part shall be considered “willful” unless done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive’s action or omission was in the best interests of the Company. The Executive shall not be deemed to have been terminated for Cause unless and until the Board finds that the Executive’s termination for Cause is justified and has given the Executive written notice of termination, specifying in detail the particulars of the Executive’s conduct found by the Board to justify such termination for Cause.

(e) Disability Defined. “Disability” shall mean the Executive’s inability to perform the duties of his position with the Company by reason of a medically determined physical or mental impairment which has existed for a continuous period of at least 26 weeks and which, in the written judgment of a physician, is likely to be of indefinite duration or to result in death.

(f) No Obligation to Mitigate. The Executive is under no obligation to mitigate damages or the amount of any payment provided for hereunder by seeking other employment or otherwise; provided, however, that the Executive’s coverage under the Company’s medical benefit plans will terminate when the Executive becomes covered under any employee medical plan made available by another employer. The Executive shall notify the Company within thirty (30) days after the commencement of any such benefits.

10. Certain Additional Payments by the Company .

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Executive shall be entitled to receive an additional payment (the “Gross-Up Payment”) in an amount such that, after payment by the Executive of all taxes (and any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section 10(a), if it shall be determined that the Executive is entitled to the Gross-Up Payment, but that the Parachute Value of all Payments does not exceed 110% of the Safe Harbor Amount, then no Gross-Up Payment shall be made to the Executive and the amounts payable under this Agreement shall be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount; provided, that if the reduction of the amount payable under this Agreement would not result in a reduction of the Parachute Value of all Payments to the Safe Harbor Amount, no amounts payable under this Agreement shall be reduced pursuant to this Section 10(a), and the Gross-Up Payment shall be made. The reduction of the amounts payable hereunder, if applicable, shall be made by first reducing the payments under Section 9(a)(ii), unless an alternative method of reduction is elected by the Executive, and in any event shall be made in such a manner as to maximize the Value of all Payments actually made to the Executive. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced.

(b) Subject to the provisions of Section 10(c), all determinations required to be made under this Section 10, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by PriceWaterhouseCoopers, or such other nationally recognized certified public accounting firm as may be agreed to by the Company and the Executive (the “Accounting Firm”). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the “Underpayment”), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 10(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 10 business days after the Executive is informed in writing of such claim. The Executive shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 10(c), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that, if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the payment of any Gross-Up Payment or the receipt by the Executive of an amount advanced by the Company pursuant to Section 10(c), the Executive becomes entitled to receive any refund with respect to such Gross-Up Payment or claim, the Executive shall promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 10(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Notwithstanding any other provision of this Section 10, the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of any Gross-Up Payment, and the Executive hereby consents to such withholding.

(f) Definitions. The following terms shall have the following meanings for purposes of this Section 10.

(i) “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) “Parachute Value” of a Payment shall mean the present value as of the date of the Change of Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2), as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(iii) A “Payment” shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

(iv) The “Safe Harbor Amount” means 2.99 times the Executive’s “base amount,” within the meaning of Section 280G(b)(3) of the Code.

(v) “Value” of a Payment shall mean the economic present value of a Payment as of the date of the Change of Control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

11. Change in Control. As used herein, a “Change in Control” of the Company shall mean the occurrence of any of the following:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either: (i) the then- outstanding shares of the Company’s Common Stock or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (“Voting Stock”); provided, however, that for purposes of this subsection (a), the following shall not constitute a Change in Control: any acquisition by any Person pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 11; or

(b) Individuals who constitute the Board of Directors of the Company as of the date hereof (the “Incumbent Board”) cease for any reason (other than death or disability) to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board or any of the Investors; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company with or to any Person (a “Business Combination”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Common Stock and Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Common Stock and Voting Stock of the Company, as the case may be, (ii) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

12. Confidentiality Agreement.

(a) The Executive acknowledges that, in the course of his employment by the Company, he will or may have access to and become informed of confidential or proprietary information which is a competitive asset of the Company (“Confidential Information”), including, without limitation, (i) the terms of any agreement between the Company and any employee, customer or supplier, (ii) pricing strategy, (iii) merchandising and marketing methods, (iv) product or course development ideas and strategies, (v) university and Company personnel training and development programs, (vi) financial results, (vii) strategic plans and demographic analyses, (viii) proprietary computer and systems software, and (ix) any non-public information concerning the Company, its employees, suppliers or customers. The Executive agrees that he will keep all Confidential Information in strict confidence during his employment by the Company and thereafter, and will never directly or indirectly make known, divulge, reveal, furnish, make available, or use any Confidential Information (except in the course of his regular authorized duties or as otherwise authorized on behalf of the Company). The Executive agrees that the obligations of confidentiality hereunder shall be in effect at all times during the Employment Term and shall survive termination of his employment at the Company for a period of six (6) years thereafter regardless of any actual or alleged breach by the Company of this Agreement, unless and until any such Confidential Information shall have become, through no fault of the Executive, generally known to the public or the Executive is required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement). The Executive’s obligations under this Section 12 are in addition to, and not in limitation of or preemption of, all other obligations of confidentiality which the Executive may have to the Company under general legal or equitable principles.

(b) Except in the ordinary course of the Company’s business, or as otherwise authorized on behalf of the Company, the Executive may not make or cause to be made, any copies, pictures, duplicates, facsimiles or other reproductions or recordings or any abstracts or summaries including or reflecting Confidential Information. All such documents and other property furnished to the Executive by the Company or otherwise acquired or developed by the Company shall at all times be the property of the Company. Upon termination of the Executive’s employment with the Company, the Executive will return to the Company or destroy any such documents or other property of the Company which are in the possession, custody or control of the Executive; provided that the Executive may maintain a copy in his possession (to be treated confidentially under this Section 12) of any information necessary for the Executive to enforce his legal rights under this Agreement or to file applicable tax returns.

(c) Without the prior written consent of the Company, except in the ordinary course of the Company’s business, or to enforce his legal rights under this Agreement or support any tax filings referenced under subsection (b) above, or to comply with any legal disclosure requirement referenced in subsection (a) above, the Executive shall not at any time following the date of this Agreement use for the benefit or purposes of the Executive or for the benefit or purposes of any other person, firm, partnership, association, trust, venture, corporation or business organization, entity or enterprise or disclose in any manner to any person, firm, partnership, association, trust, venture, corporation or business organization, entity or enterprise any Confidential Information.

13. Investment in Company Common Stock. The Executive shall while the Executive's employment with the Company continues, hold Company Common Stock having a value at least equal to 70% of the amount of his Base Salary as in effect from time to time.

14. Covenant Not to Compete.

(a) For six (6) years after the date of termination of employment hereunder, the Executive shall not, directly or indirectly, individually or on behalf of any other person or entity, (A) engage or have an economic interest in (whether as owner, stockholder, partner, lender, consultant, employee, agent or otherwise) any business, activity or enterprise which is then directly competitive with a material portion of the business, taken as a whole, of the Company and of any division or operation of the Company and of the Company's subsidiaries (collectively, the "Company Group") in any region of the United States in which such business is then being conducted, it being understood that the Company Group currently is engaged primarily in the business of for-profit post-secondary education for working adults and non-traditional adult students, or (B) hire or employ any person who has been an employee of any member of the Company Group at any time within 12 months prior to the Executive's termination of employment or solicit, aid or induce such person to leave his or her employment with any member of the Company Group to accept employment with any other person or entity. It is agreed that (i) any education entity which is primarily engaged in the not for profit post-secondary education sector will not be deemed to be a direct competitor of the Company Group hereunder unless: (y) such entity meets the direct and material competition standard with the business of the Company Group in any particular region as set forth in subsection 14(a)(A) above, and (z) a material portion of such entity's tuition and fee revenue is derived from working adult and non-traditional adult students who have demographic characteristics consistent with the demographic profile of the Company's primary student body (any such entity meeting (y) and (z) above being referred to herein as a "Non-Profit Competitor"), (ii) the Executive's ownership of less than 1% of any class of stock in a publicly-traded corporation or his membership on any board of directors that is permissible under Section 3 hereof shall not be deemed a breach of this Section 14, and (iii) nothing herein shall be construed to prohibit general solicitation of employment by means of advertising.

(b) The Executive acknowledges and agrees that a violation of Section 12 and the foregoing provisions of this Section 14 (referred to collectively as the Confidentiality and Noncompetition Agreement) would cause irreparable harm to the Company, and that the Company's remedy at law for any such violation would be inadequate. In recognition of the foregoing, the Executive agrees that, in addition to any other relief afforded by law or this Agreement, including damages sustained by a breach of this Agreement, and without the necessity or proof of actual damages, the Company shall have the right to seek specific enforcement of this Agreement, which may include, among other things, temporary and permanent injunctions, it being the understanding of the undersigned parties hereto that seeking damages and injunctions shall all be proper modes of relief and are not to be considered as alternative remedies.

15. Agreement. This Agreement supersedes any and all prior and/or contemporaneous agreements, either oral or in writing, between the parties hereto, with respect to the subject matter hereof. Each party to this Agreement acknowledges that no representations, inducements, promises, or other agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, pertaining to the subject matter hereof, which are not embodied herein, and that no prior and/or contemporaneous agreement, statement or promise pertaining to the subject matter hereof that is not contained in this Agreement shall be valid or binding on either party.

16. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any law or government regulation or ruling.

17. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 17(a) and 17(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments and benefits hereunder will not be assignable, transferable or delegable by him, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 17(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

18. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof confirmed), or five (5) business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as Federal Express, UPS, or similar courier service, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive offices and to the Executive at his principal residence, or to such other address as either party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

19. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Maryland, without giving effect to the principles of conflict of laws of such State.

20. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

21. Survival of Provisions. Notwithstanding any other provision of this Agreement, the parties' respective rights and obligations hereunder, will survive any termination or expiration of this Agreement or the termination of the Executive's employment for any reason whatsoever.

22. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is in writing and signed by the party against whom such modification, waiver or discharge is sought to be enforced. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Unless otherwise noted, references to "Sections" are to sections of this Agreement. The captions used in this Agreement are designed for convenient reference only and are not to be used for the purpose of interpreting any provision of this Agreement.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

24. Board Membership.

(a) The Executive shall recuse himself from all decisions and actions taken by the Board with respect to this Agreement, including without limitation, decisions whether the Company will give any notice that the Employment Term shall not be extended pursuant to Section 2 and any decisions concerning the termination of the Executive's employment by the Company.

(b) Notwithstanding any other provision of this Agreement, upon the termination of the Executive's employment with the Company for any reason, unless otherwise requested by the Board he shall immediately resign from the Board and from all boards of directors of subsidiaries and affiliates of the Company of which he may be a member. The Executive hereby agrees to execute any and all reasonably requested documentation of such resignations upon request by the Company, but he shall be treated for all purposes as having so resigned upon termination of his employment, regardless of when or whether he executes any such documentation.

25. Indemnification under Company By-Laws. To the maximum extent provided in the Company's By-Laws and by law, during the term of this Agreement and thereafter, the Company shall indemnify and hold the Executive and his heirs, personal representatives, executors and administrators harmless, against any and all claims, damages liabilities, costs of investigation and reasonable legal expenses as a result of any threatened or actual third-party claim or proceeding (excluding claims and proceedings by the Company and any of its affiliates) against the Executive that arises by reason of the Executive having executed and performed under this Agreement (as it may be amended) or otherwise having provided service as an officer, director, employee of the Company, any affiliate of the Company or any other entity at the request of the Company.

26. Section 409A.

(a) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code and all regulations, guidance and other interpretive authority issued thereunder, including without limitation any such regulations or other guidance that may be issued in the future ("Section 409A") so as not to subject the Executive to payment of any additional tax, penalty or interest imposed under Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid imputation of any such additional tax, penalty or interest under Section 409A yet preserve the intended benefit payable to the Executive.

(b) Notwithstanding anything herein to the contrary, if the Executive is a Specified Employee at the time of the Executive's termination of employment with the Company and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of any such payments or benefits hereunder to the extent that such payments or benefits (after taking into account all exclusions applicable to such payment under Section 409A) constitute "deferred compensation" subject to Section 409A (without any reduction in such payments or benefits ultimately paid or provided to the Executive) until the earlier of (i) the first business day after the expiration of six (6) months following the Executive's termination of employment (ii) or the Executive's death or Disability (the "Delayed Payment Date").

(c) For purposes of this Agreement, any references herein to the Executive's "termination of employment" or words of similar meaning shall refer to the Executive's "separation from service" with the Company within the meaning of Section 409A and Treasury Regulation Section 1.409A-1(h) (after giving effect to the presumptions contained therein) and the term "Specified Employee" shall have the meaning given such term in Section 409A and Treasury Regulation Section 1.409A-1(i) as determined in accordance with the Company's policy for determining Specified Employees.

(d) (i) To the extent any reimbursements or in-kind benefits due to the Executive under this Agreement constitute “nonqualified deferred compensation” subject to Section 409A, any such reimbursements or in-kind benefits shall be paid to the Executive in a manner consistent with Treasury Regulation Section 1.409A-3(i)(1)(iv), and (ii) to the extent that the Executive’s receipt of any in-kind benefits from the Company or its affiliates must be delayed pursuant to this Section 26 due to the Executive’s status as a Specified Employee, the Executive may elect to instead purchase and receive such benefits during the period in which the provision of benefits would otherwise be delayed by paying the Company (or its affiliates) for the fair market value of such benefits (as determined by the Company in good faith) during such period. Any amounts paid by the Executive pursuant to the preceding sentence shall be reimbursed to the Executive as described above on the Delayed Payment Date.

(e) Each payment made under this Agreement shall be treated as a separate payment and any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) The Company shall consult with the Executive in good faith regarding and shall use all reasonable efforts to agree with Executive on the appropriate implementation of the provisions of this Section 26.

(g) Any Gross-Up Payment shall be paid promptly and in all events shall be paid no later than the end of the Executive’s taxable year next following the Executive’s taxable year in which the Excise Tax (and any income or other related taxes or interest or penalties thereon) on a Payment are remitted to the Internal Revenue Service or any other applicable taxing authority.

[signature page follows]

IN WITNESS WHEREOF, with the Company signatory listed below having been duly authorized by the Company to enter into this Agreement by the Company, the parties hereto have executed this Agreement as of the day and year first written.

STRAYER EDUCATION, INC.

By: /s/ Viet D. Dinh

Name: Viet D. Dinh

Title: General Counsel

/s/ Robert S. Silberman

Robert S. Silberman

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of May 2, 2013 (the “Effective Date”), by and between STRAYER EDUCATION, INC., a Maryland corporation (the “Company”), and KARL MCDONNELL (the “Executive”).

WHEREAS, the Executive has been employed by the Company and currently serves as its Chief Operating Officer; and

WHEREAS, the Company desires to continue to employ the Executive from and after the Effective Date in the capacity of its Chief Executive Officer and the Executive desires to continue to be employed by the Company in such new capacity pursuant to the terms set forth herein; and

WHEREAS, the Company and the Executive desire to enter into this Agreement in order to set forth the terms and conditions of the Executive’s employment with the Company as Chief Executive Officer, commencing as of the Effective Date;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. Employment. The Company hereby agrees to employ the Executive and the Executive hereby agrees to be employed by the Company as its Chief Executive Officer upon the terms and conditions set forth herein.

2. Term. The Executive’s employment shall be for a term (the “Employment Term”) commencing on the Effective Date and, subject to earlier termination under Section 8, expiring on May 2, 2019 ; provided, however, that commencing on May 2, 2019 and each May 2 thereafter, the Employment Term will automatically be extended for an additional year unless, not later than February 1 of the same year, the Company or the Executive shall have given written notice to the other that it or the Executive, as the case may be, does not wish to have the Employment Term extended.

3. Duties of the Executive. The Executive shall serve as the Company’s Chief Executive Officer, and as such shall have primary responsibility for the oversight, management and general operation of all of the operations of the Company. The Executive shall report solely to the Company’s Board of Directors (the “Board”) and shall be assigned only those executive policy and management duties that are consistent with the Executive’s position as Chief Executive Officer of the Company. The Executive shall devote substantially all of his working time and his best efforts, full attention and energies to the business of the Company; provided, however, that it shall not be a violation of this Agreement for Executive to (a) devote reasonable periods of time to charitable and community activities and engaging in industry or professional activities (including membership on the board of directors or governing body of other corporations or entities and participation on governmental panels and commissions), and/or (b) manage personal business interests and investments, in each case so long as such activities do not interfere with the performance of Executive’s responsibilities under this Agreement. The Company shall include the Executive in the management slate for election as a director at every stockholders’ meeting during the Employment Term at which his term as a director would otherwise expire.

4. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay to the Executive a base salary of not less than \$ 665,000 per annum (the "Base Salary"). The Board shall review Executive's Base Salary annually (after approval of the forthcoming year's budget and receipt of the prior year's financial statements) and increase it by an amount no less than the increase in the consumer price index for the Washington, D.C. metropolitan area from the immediately preceding year.

(b) Annual Profit Share Award Target. In addition to the Base Salary, the Executive shall be eligible to receive an annual profit share award (the "Profit Share Award") for each fiscal year of the Company that ends during the Employment Term, under the profit sharing plan in effect for senior executives of the Company (the "Plan"), subject to the approval of the Company's shareholders as required for purposes of exemption from the limitations on deductibility imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and based upon the achievement of objective performance goals meeting the requirements for such exemption. The Executive's target Profit Share Award under the Plan for 2013 shall be \$835,000, and thereafter for each fiscal year during the Employment Term shall be such amount as shall be determined by the Board in accordance with the Plan, but shall be at least 125% of the Executive's Base Salary for the year involved, provided that the Company achieves the targeted level of performance under the Plan for the relevant fiscal year. The targeted level of performance required to earn the targeted Profit Share Award amount shall be as agreed by the Compensation Committee or the Executive Committee of the Board, on the one hand, and the Executive, on the other hand.

(c) Annual Restricted Share Grant Target. Executive shall be entitled to a target share grant equivalent to \$2,000,000 ("Restricted Shares"), awarded at the time of each annual shareholder meeting, with a four-year cliff vesting schedule and applicable performance criteria as may be established by the Compensation Committee of the Board of Directors. All Restricted Shares shall vest in full on the earlier to occur of the vesting date contained in each award agreement, or the Term hereof on May 2, 2019 (or such later date of extension of the Employment Term pursuant to Section 2 hereof), upon a Change in Control Resulting in Termination (as defined in any award agreement) or upon any other termination of the Executive's employment without Cause under Section 8(a)(i) or 8(a)(ii), or upon Executive's death or Disability under Section 8(c) of this Agreement.

5. Executive Benefits.

(a) General. In addition to the compensation described in Section 4, during the Employment Term, the Company shall make available to the Executive, on the most favorable terms and conditions available to executive and management employees of the Company, (i) all Company sponsored employee benefit plans or arrangements and such other usual and customary benefits now or hereafter generally available to employees of the Company, and (ii) such benefits and perquisites as may be made available to senior executives of the Company as a group, including, without limitation, equity and cash incentive programs, director and officer insurance which includes coverage for service on other boards of directors at the request of the Company, governmental panels, etc., vacations, and retirement, deferred compensation and welfare plans.

(b) Attorneys' Fees. The Company shall pay or reimburse the Executive for all reasonable attorneys' fees and disbursements incurred by the Executive in connection with the negotiation and execution and enforcement of this Agreement.

6. Expenses. The Company shall also pay or reimburse the Executive for reasonable and necessary expenses incurred by the Executive in connection with his duties on behalf of the Company in accordance with the expense policy of the Company applicable to members of senior management of the Company.

7. Place of Performance. In connection with his employment by the Company, unless otherwise agreed by the Executive, the Executive shall be based at the principal executive offices of the Company in Herndon, Virginia, except for travel reasonably required for Company business and the Company shall provide the Executive with appropriate office facilities, support staff and resources to perform his duties at such location.

8. Termination.

(a) Termination By the Company without Cause. The Executive's employment hereunder and the Employment Term may be terminated by the Company for any reason by written notice as provided in Section 17. For purposes of this Agreement, the Executive will be treated as having been terminated by the Company without Cause if the Executive terminates his employment with the Company under the following circumstances: (i) the Company breaches any material provision of this Agreement and fails to cure such breach within thirty (30) calendar days after receiving notice thereof from the Executive; (ii) there occurs a material reduction in the Executive's authority, functions, duties or responsibilities as provided in Section 3 and the Company fails to restore to the Executive such authority, functions, duties or responsibilities within thirty (30) calendar days after receiving notice thereof from the Executive; or (iii) the Executive resigns for any reason, or without reason, during the thirty day period immediately following the six month anniversary of the first occurrence after the Effective Date hereof of a "Change in Control" of the Company (as defined in Section 10) (a "CIC Termination"). In the event of such a termination without Cause pursuant to any of subsections 8(a) (i)-(iii) above or any other termination of the Executive's employment by the Company for any reason other than Cause (as defined in Section 9(d) herein), the Executive shall be entitled to the payments and benefits set forth in Section 9(a).

(b) Termination By the Company for Cause or Voluntary Termination By the Executive. The Executive may voluntarily terminate his employment and this Agreement at any time by notice to the Company as provided in Section 17. In the event of a termination of the Executive's employment by the Executive during the Employment Term other than pursuant to Section 8(a) hereof or a termination by the Company for Cause (as defined in Section 9(d) herein) during the Employment Term, the Executive shall be entitled to the payments and benefits set forth in Section 9(b).

(c) Termination Due to Death or Disability. In the event of a termination of the Executive's employment during the Employment Term due to death or Disability (as defined herein), the Executive shall be entitled to the payments and benefits set forth in Section 9(c).

9. Compensation and Benefits Upon Termination of Employment.

(a) Termination by Company Without Cause. If the Executive's employment hereunder is terminated by the Company (including within the meaning of any of subsections 8(a)(i)-(iii) herein) for any reason other than for Cause (as defined in Section 9(d) herein) during the Employment Term, the Company shall be obligated to pay to the Executive the following termination payments and make available the following benefits:

(i) Accrued Rights. The Company shall within ten (10) days of the date of termination pay the Executive a lump-sum amount equal to the sum of (A) his earned but unpaid Base Salary through the date of termination, (B) any earned but unpaid Profit Share Award under Section 4(b) above, and (C) any business expenses due to the Executive from the Company as of the date of termination. In addition, the Company shall provide to the Executive all payments, rights and benefits due as of the date of termination under the terms of the Company's employee and fringe benefit plans and programs (other than severance plans or programs) in which the Executive participated during the Employment Term (together with such lump-sum payment, the "Accrued Rights").

(ii) Severance Payment. The Company shall within thirty (30) days of the date of termination pay the Executive a lump sum payment in an amount equal to (A) three times the Base Salary (at the highest rate in effect for any period prior to the date of termination), plus (B) in the case of a COC Termination only, three times the latest previous Profit Share Award actually paid.

(iii) Medical Benefits. For a period of three (3) years following the date of termination, except as provided in Section 9(f), the Company will arrange to provide the Executive with medical benefits substantially similar to those that the Executive was receiving or entitled to receive immediately prior to the date of termination, provided that if and to the extent that any benefit described in this paragraph is not or cannot be paid or provided under any policy, plan, program or arrangement of the Company or any subsidiary, as the case may be, then the Company will itself pay or provide for the payment to the Executive, his dependents and beneficiaries, of such benefits.

(iv) Restricted Shares. As of the date of the Executive's termination hereunder for any reason, including under Section 8(a)(i) and 8(a)(ii) hereof, (other than a voluntary resignation or termination for Cause covered by Section 9(b) below), any unvested Restricted Shares then held by the Executive shall immediately and fully vest, unless provided otherwise in the agreement applicable to such restricted shares. Notwithstanding any other provision in this Agreement, the Change in Control Resulting in Termination provisions of any restricted stock award agreement and not the Change in Control provision in Section 8(a)(iii) hereof shall control the vesting of shares.

(b) Termination for Cause or Voluntary Termination By the Executive. If the Executive's employment hereunder is terminated during the Employment Term by the Company for Cause (as defined in Section 9(d) hereof), or voluntarily terminated by the Executive other than pursuant to Section 8(a), (1) the Company shall have no further obligations to the Executive hereunder, except to pay or provide to the Executive any and all Accrued Rights, and (2) all unvested Restricted Shares shall terminate immediately and be of no further force or effect.

(c) Disability; Death. If the Executive's employment hereunder is terminated during the Employment Term by reason of the Executive's Disability (as defined herein) or death, the Company shall pay and provide the Executive (or his legal representative or estate) with the following:

(i) Accrued Rights. The Company shall pay and provide to the Executive (or his legal representative or estate) any and all Accrued Rights, including all disability or life insurance benefits as applicable;

(ii) Salary Continuation. The Company shall provide the Executive (or his legal representative or estate) with continued payment of the Executive's then-current Base Salary for a period of 12 months; provided, that such payments shall be reduced (but not below zero) by all amounts payable to the Executive (or his legal representative, estate, beneficiaries or dependents) under any Company-provided life insurance or disability benefit plans.

(iii) Restricted Shares. As of the date of the Executive's termination under this paragraph, any unvested Restricted Shares shall immediately and fully vest.

(d) Termination for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure by the Executive substantially to perform his duties hereunder (other than any such failure resulting from the Executive's Disability or the Company's breach of this Agreement), which failure is not or cannot be cured within thirty (30) business days after the Company has given written notice thereof to the Executive specifying in detail the particulars of the acts or omissions deemed to constitute such failure,

(ii) the engaging by the Executive in willful misconduct which is materially injurious to the Company, monetarily or otherwise,

(iii) the Executive's conviction of, or entry of a plea of nolo contendere with respect to, any felony, or

(iv) the Executive's breach of any material provision of this Agreement, if the Executive fails to cure such breach within thirty (30) business days after the Company has given written notice thereof to the Executive.

For purposes of this definition, no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by the Executive in bad faith and without reasonable belief that the Executive's action or omission was in the best interests of the Company. The Executive shall not be deemed to have been terminated for Cause unless and until the Board finds that the Executive's termination for Cause is justified and has given the Executive written notice of termination, specifying in detail the particulars of the Executive's conduct found by the Board to justify such termination for Cause.

(e) Disability Defined. "Disability" shall mean the Executive's inability to perform the duties of his position with the Company by reason of a medically determined physical or mental impairment which has existed for a continuous period of at least 26 weeks and which, in the written judgment of a physician, is likely to be of indefinite duration or to result in death.

(f) No Obligation to Mitigate. The Executive is under no obligation to mitigate damages or the amount of any payment provided for hereunder by seeking other employment or otherwise; provided, however, that the Executive's coverage under the Company's medical benefit plans will terminate when the Executive becomes covered under any employee medical plan made available by another employer. The Executive shall notify the Company within thirty (30) days after the commencement of any such benefits.

10. Change in Control. As used herein, a “ Change in Control ” of the Company shall mean the occurrence of any of the following:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “ Exchange Act ”)) (a “ Person ”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of either: (i) the then- outstanding shares of the Company’s Common Stock or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (“ Voting Stock ”); provided, however, that for purposes of this subsection (a), the following shall not constitute a Change in Control: any acquisition by any Person pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 10; or

(b) Individuals who constitute the Board of Directors of the Company as of the date hereof (the “ Incumbent Board ”) cease for any reason (other than death or disability) to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board or any of the Investors; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company with or to any Person (a “ Business Combination ”), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Common Stock and Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Common Stock and Voting Stock of the Company, as the case may be, (ii) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board providing for such Business Combination; or

- (d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

11. Confidentiality Agreement.

(a) The Executive acknowledges that, in the course of his employment by the Company, he will or may have access to and become informed of confidential or proprietary information which is a competitive asset of the Company (“Confidential Information”), including, without limitation, (i) the terms of any agreement between the Company and any employee, customer or supplier, (ii) pricing strategy, (iii) merchandising and marketing methods, (iv) product or course development ideas and strategies, (v) university and Company personnel training and development programs, (vi) financial results, (vii) strategic plans and demographic analyses, (viii) proprietary computer and systems software, and (ix) any non-public information concerning the Company, its employees, suppliers or customers. The Executive agrees that he will keep all Confidential Information in strict confidence during his employment by the Company and thereafter, and will never directly or indirectly make known, divulge, reveal, furnish, make available, or use any Confidential Information (except in the course of his regular authorized duties or as otherwise authorized on behalf of the Company). The Executive agrees that the obligations of confidentiality hereunder shall be in effect at all times during the Employment Term and shall survive termination of his employment at the Company for a period of six (6) years thereafter regardless of any actual or alleged breach by the Company of this Agreement, unless and until any such Confidential Information shall have become, through no fault of the Executive, generally known to the public or the Executive is required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement). The Executive’s obligations under this Section 11 are in addition to, and not in limitation of or preemption of, all other obligations of confidentiality which the Executive may have to the Company under general legal or equitable principles.

(b) Except in the ordinary course of the Company’s business, or as otherwise authorized on behalf of the Company, the Executive may not make or cause to be made, any copies, pictures, duplicates, facsimiles or other reproductions or recordings or any abstracts or summaries including or reflecting Confidential Information. All such documents and other property furnished to the Executive by the Company or otherwise acquired or developed by the Company shall at all times be the property of the Company. Upon termination of the Executive’s employment with the Company, the Executive will return to the Company or destroy any such documents or other property of the Company which are in the possession, custody or control of the Executive; provided that the Executive may maintain a copy in his possession (to be treated confidentially under this Section 11) of any information necessary for the Executive to enforce his legal rights under this Agreement or to file applicable tax returns.

(c) Without the prior written consent of the Company, except in the ordinary course of the Company's business, or to enforce his legal rights under this Agreement or support any tax filings referenced under subsection (b) above, or to comply with any legal disclosure requirement referenced in subsection (a) above, the Executive shall not at any time following the date of this Agreement use for the benefit or purposes of the Executive or for the benefit or purposes of any other person, firm, partnership, association, trust, venture, corporation or business organization, entity or enterprise or disclose in any manner to any person, firm, partnership, association, trust, venture, corporation or business organization, entity or enterprise any Confidential Information.

12. Investment in Company Common Stock. The Executive shall while the Executive's employment with the Company continues, hold Company Common Stock having a value at least equal to five (5) times, or such other amount as the Board of Directors or a committee thereof may determine, the amount of his Base Salary as in effect from time to time.

13. Covenant Not to Compete.

(a) For six (6) years after the date of termination of employment hereunder, the Executive shall not, directly or indirectly, individually or on behalf of any other person or entity, (A) engage or have an economic interest in (whether as owner, stockholder, partner, lender, consultant, employee, agent or otherwise) any business, activity or enterprise which is then directly and materially competitive with the business of any division or operation of the Company or the Company's subsidiaries (collectively, the "Company Group") in any region of the United States in which such business is then being conducted, it being understood that the Company Group currently is engaged primarily in the business of for-profit post-secondary education, or (B) hire or employ any person who has been an employee of any member of the Company Group at any time within 12 months prior to the Executive's termination of employment or solicit, aid or induce such person to leave his or her employment with any member of the Company Group to accept employment with any other person or entity. It is agreed that (i) not for profit educational entities that do not offer programs comparable to those of the Company will not be deemed to be a direct competitor of the Company Group hereunder, (ii) foundations or other non-profit organizations furthering the interests of higher education will not be deemed a direct competitor of the Company Group hereunder; (iii) the Executive's ownership of less than 1% of any class of stock in a publicly-traded corporation or his membership on any board of directors that is permissible under Section 3 hereof shall not be deemed a breach of this Section 13, and (iv) nothing herein shall be construed to prohibit general solicitation of employment by means of advertising.

(b) The Executive acknowledges and agrees that a violation of Section 11 and the foregoing provisions of this Section 13 (referred to collectively as the Confidentiality and Noncompetition Agreement) would cause irreparable harm to the Company, and that the Company's remedy at law for any such violation would be inadequate. In recognition of the foregoing, the Executive agrees that, in addition to any other relief afforded by law or this Agreement, including damages sustained by a breach of this Agreement, and without the necessity or proof of actual damages, the Company shall have the right to seek specific enforcement of this Agreement, which may include, among other things, temporary and permanent injunctions, it being the understanding of the undersigned parties hereto that seeking damages and injunctions shall all be proper modes of relief and are not to be considered as alternative remedies.

14. Agreement. This Agreement supersedes any and all prior and/or contemporaneous agreements, either oral or in writing, between the parties hereto, with respect to the subject matter hereof. Each party to this Agreement acknowledges that no representations, inducements, promises, or other agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, pertaining to the subject matter hereof, which are not embodied herein, and that no prior and/or contemporaneous agreement, statement or promise pertaining to the subject matter hereof that is not contained in this Agreement shall be valid or binding on either party.

15. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any law or government regulation or ruling.

16. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 16(a) and 16(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments and benefits hereunder will not be assignable, transferable or delegable by him, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 16(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

17. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof confirmed), or five (5) business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as Federal Express, UPS, or similar courier service, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive offices and to the Executive at his principal residence, or to such other address as either party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

18. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Maryland, without giving effect to the principles of conflict of laws of such State.

19. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

20. Survival of Provisions. Notwithstanding any other provision of this Agreement, the parties' respective rights and obligations hereunder, will survive any termination or expiration of this Agreement or the termination of the Executive's employment for any reason whatsoever.

21. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is in writing and signed by the party against whom such modification, waiver or discharge is sought to be enforced. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Unless otherwise noted, references to "Sections" are to sections of this Agreement. The captions used in this Agreement are designed for convenient reference only and are not to be used for the purpose of interpreting any provision of this Agreement.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

23. Board Membership.

(a) The Executive shall recuse himself from all decisions and actions taken by the Board with respect to this Agreement, including without limitation, decisions whether the Company will give any notice that the Employment Term shall not be extended pursuant to Section 2 and any decisions concerning the termination of the Executive's employment by the Company.

(b) Notwithstanding any other provision of this Agreement, upon the termination of the Executive's employment with the Company for any reason, unless otherwise requested by the Board he shall immediately resign from the Board and from all boards of directors of subsidiaries and affiliates of the Company of which he may be a member. The Executive hereby agrees to execute any and all reasonably requested documentation of such resignations upon request by the Company, but he shall be treated for all purposes as having so resigned upon termination of his employment, regardless of when or whether he executes any such documentation.

24. Indemnification under Company By-Laws. To the maximum extent provided in the Company's By-Laws and by law, during the term of this Agreement and thereafter, the Company shall indemnify and hold the Executive and his heirs, personal representatives, executors and administrators harmless, against any and all claims, damages liabilities, costs of investigation and reasonable legal expenses as a result of any threatened or actual third-party claim or proceeding (excluding claims and proceedings by the Company and any of its affiliates) against the Executive that arises by reason of the Executive having executed and performed under this Agreement (as it may be amended) or otherwise having provided service as an officer, director, or employee of the Company, any affiliate of the Company or any other entity at the request of the Company.

25. Section 409A.

(a) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code and all regulations, guidance and other interpretive authority issued thereunder, including without limitation any such regulations or other guidance that may be issued in the future ("Section 409A") so as not to subject the Executive to payment of any additional tax, penalty or interest imposed under Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid imputation of any such additional tax, penalty or interest under Section 409A yet preserve the intended benefit payable to the Executive.

(b) Notwithstanding anything herein to the contrary, if the Executive is a Specified Employee at the time of the Executive's termination of employment with the Company and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of any such payments or benefits hereunder to the extent that such payments or benefits (after taking into account all exclusions applicable to such payment under Section 409A) constitute "deferred compensation" subject to Section 409A (without any reduction in such payments or benefits ultimately paid or provided to the Executive) until the earlier of (i) the first business day after the expiration of six (6) months following the Executive's termination of employment (ii) or the Executive's death or Disability (the "Delayed Payment Date").

(c) For purposes of this Agreement, any references herein to the Executive's "termination of employment" or words of similar meaning shall refer to the Executive's "separation from service" with the Company within the meaning of Section 409A and Treasury Regulation Section 1.409A-1(h) (after giving effect to the presumptions contained therein) and the term "Specified Employee" shall have the meaning given such term in Section 409A and Treasury Regulation Section 1.409A-1(i) as determined in accordance with the Company's policy for determining Specified Employees.

(d) (i) To the extent any reimbursements or in-kind benefits due to the Executive under this Agreement constitute “nonqualified deferred compensation” subject to Section 409A, any such reimbursements or in-kind benefits shall be paid to the Executive in a manner consistent with Treasury Regulation Section 1.409A-3(i)(1)(iv), and (ii) to the extent that the Executive’s receipt of any in-kind benefits from the Company or its affiliates must be delayed pursuant to this Section 26 due to the Executive’s status as a Specified Employee, the Executive may elect to instead purchase and receive such benefits during the period in which the provision of benefits would otherwise be delayed by paying the Company (or its affiliates) for the fair market value of such benefits (as determined by the Company in good faith) during such period. Any amounts paid by the Executive pursuant to the preceding sentence shall be reimbursed to the Executive as described above on the Delayed Payment Date.

(e) Each payment made under this Agreement shall be treated as a separate payment and any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) The Company shall consult with the Executive in good faith regarding and shall use all reasonable efforts to agree with Executive on the appropriate implementation of the provisions of this Section 26.

[signature page follows]

IN WITNESS WHEREOF, with the Company signatory listed below having been duly authorized by the Company to enter into this Agreement by the Company, the parties hereto have executed this Agreement as of the day and year first written.

STRAYER EDUCATION, INC.

By: /s/ Viet D. Dinh

Name: Viet D. Dinh

Title: General Counsel

/s/ Karl McDonnell

Karl McDonnell

CERTIFICATIONS

I, Karl McDonnell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Strayer Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2013

/s/ Karl McDonnell

Karl McDonnell

Chief Executive Officer

CERTIFICATIONS

I, Mark C. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Strayer Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2013

/s/ Mark C. Brown

Mark C. Brown

Executive Vice President and Chief Financial
Officer

**CERTIFICATION PURSUANT TO RULE 13b – 14(b) OF THE SECURITIES EXCHANGE
ACT AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES – OXLEY ACT OF 2002**

In connection with the Quarterly Report of Strayer Education, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Karl McDonnell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Karl McDonnell

Karl McDonnell
Chief Executive Officer

May 3, 2013

**CERTIFICATION PURSUANT TO RULE 13b – 14(b) OF THE SECURITIES EXCHANGE
ACT AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES – OXLEY ACT OF 2002**

In connection with the Quarterly Report of Strayer Education, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark C. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark C. Brown

Mark C. Brown
Executive Vice President and Chief Financial
Officer

May 3, 2013