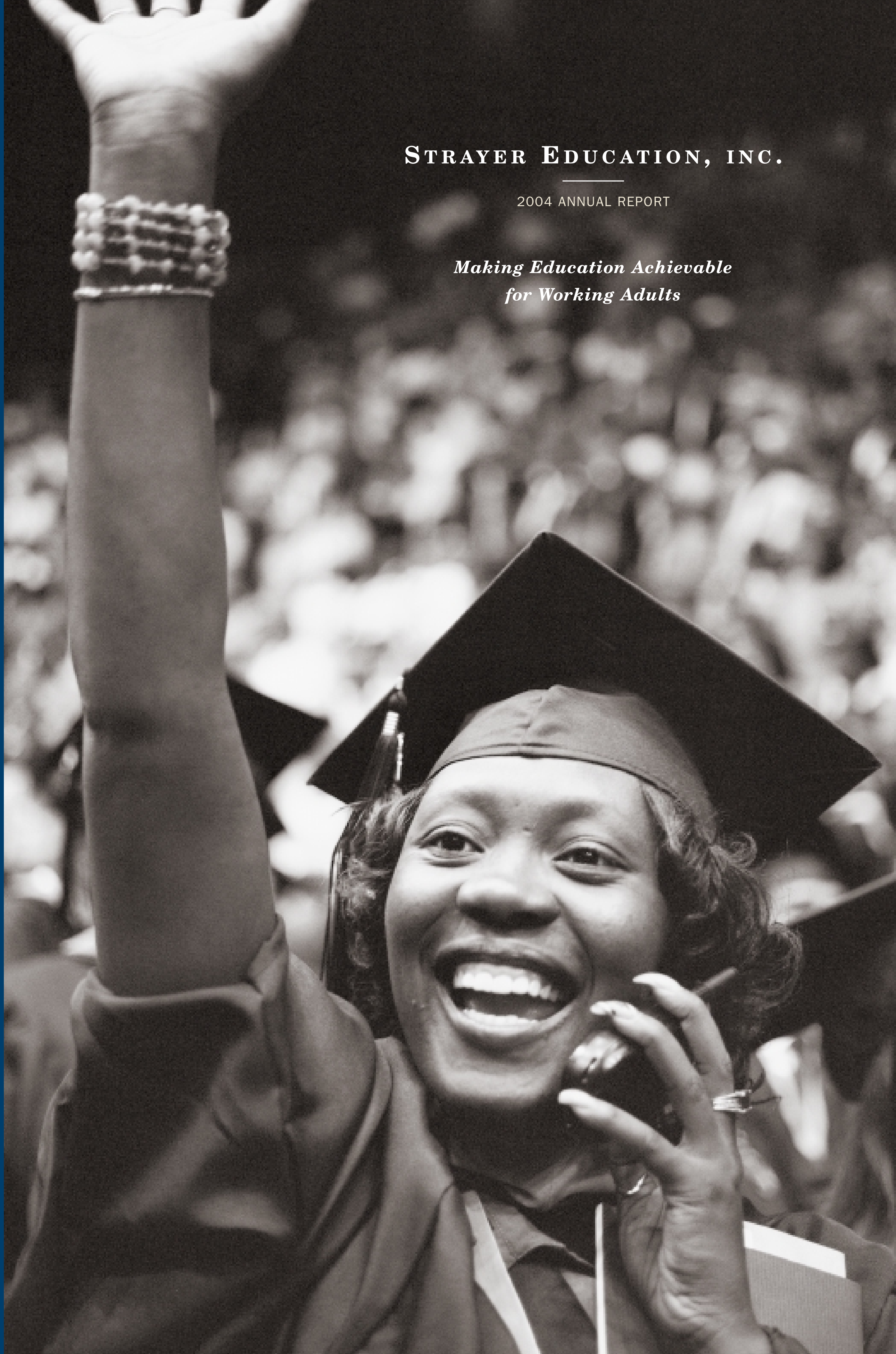
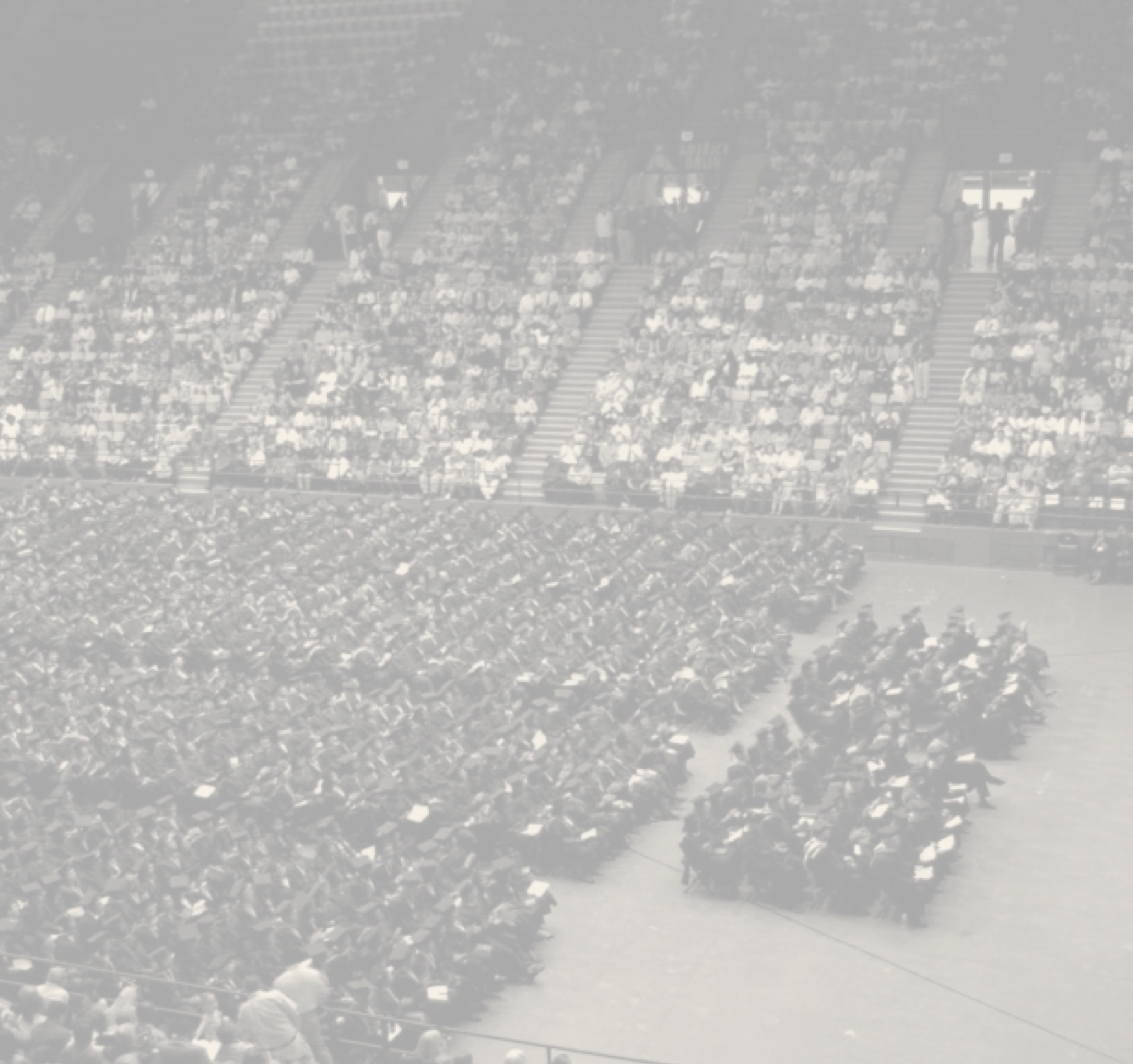
Strayer Education, inc.

2004 ANNUAL REPORT

Making Education Achievable for Working Adults





"I thank my Strayer University professors for pointing me in the direction of a successful marketing career. It was a professor who recognized my talents and encouraged me to pursue a concentration in marketing, which is now a critical element of my current position. My professors came from diverse professional backgrounds and were able to use their years of real-world experience to make course material relevant and interesting. They taught me the skills I needed to adapt to an ever-changing business environment. Strayer University has given me the credentials to move forward and be successful now and in the future."

ANTHONY WALKER

VICE PRESIDENT OF OPERATIONS, U.S. PREMIER FEDERAL CREDIT UNION
BACHELOR OF BUSINESS ADMINISTRATION '02
AND MASTER OF BUSINESS ADMINISTRATION '03

Our Mission

To make high quality post-secondary education achievable for working adults

Strayer Education, Inc. is a for-profit education services corporation. Our mission is to make high quality, post-secondary education achievable for working adults. We work to fulfill this mission by offering a variety of academic programs through Strayer University, an institution of higher learning founded in 1892. The University offers undergraduate and graduate degrees in business administration, accounting, information technology, education and public administration.

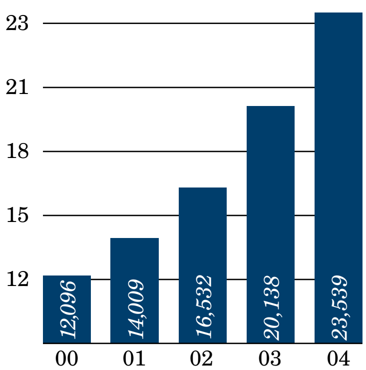
Strayer University educates more than 23,500 students at 32 physical campuses in Florida, Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, Washington, D.C., and worldwide over the Internet through Strayer University Online. The University's programs are designed to fit the lives of working adults who are pursuing college educations to advance their careers and personal goals. Strayer University offers students a unique educational environment that is supportive of working adults and offers the convenience and flexibility of attending evening, weekend or online classes.

Strayer University regularly reviews and updates its curricula to meet the needs of business, industry and government employers. Strayer University's faculty combines years of academic training with extensive professional work experience. This approach to education provides students with an enriched learning experience and exposure to real-world concepts and practices.

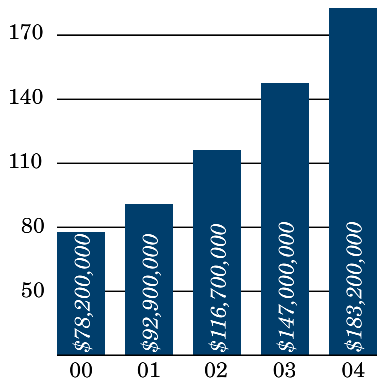
Strayer University is regionally accredited by the Middle States Commission on Higher Education, one of the six regional college accrediting agencies recognized by the U.S. Department of Education.

Selected Financial Data

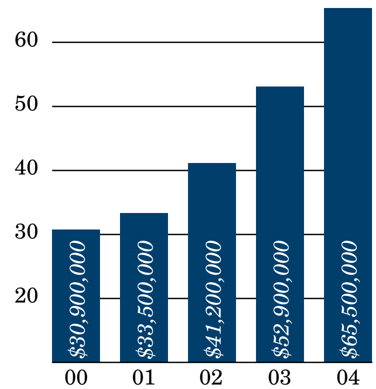
Student Enrollment
Fall Quarter



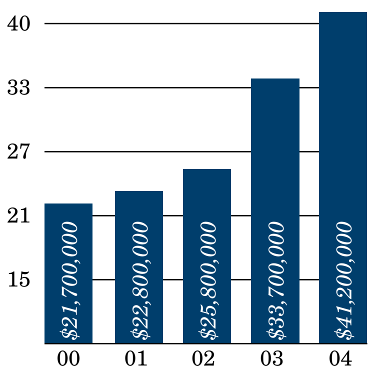
Revenues



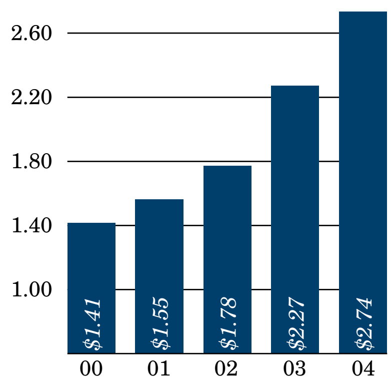
Operating Income



Net Income



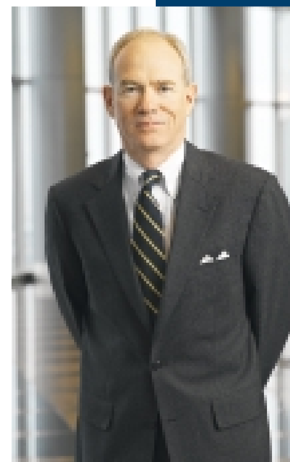
Earnings Per Share
(diluted)



"With my challenging management position and the demands of raising two children, I thought I would never have time to return to school. I decided to try Strayer University Online and found that the time-independent course format was perfectly suited to my busy schedule. The professors provided timely, insightful feedback that helped me gain a deeper understanding of the material, and my interactions with other online students enriched my learning experience. Most important, online classes allowed me to be available to my family while earning a higher education."

ALETA WILLIAMS
STAFF SPECIALIST, VERIZON
MASTER OF BUSINESS ADMINISTRATION '04

Letter to Shareholders



Robert S. Silberman

CHAIRMAN & CHIEF EXECUTIVE OFFICER

Dear Fellow Shareholder,

In this letter I would like to share my thoughts with you on Strayer Education, Inc.'s progress during 2004, update you on the status of our growth strategy, and detail our challenges and opportunities for 2005. Before I address the specifics of 2004, however, reprinted in the boxed area on page 8 is an excerpt from the 2001 letter to shareholders which describes what our company actually does, and how our business model generates both reported income and distributable cash flow for our shareholders. Factual updates in the excerpt are italicized and reflect positive developments since 2001. Shareholders who are new to Strayer, or those existing shareholders who wish to review our basic business model and strategy, should read the excerpt on page 8 before reading this letter. I should emphasize that, as both a manager and a shareholder, I find it a positive development that our strategy has not changed since it was introduced in 2001. As an author, however, it makes it difficult to say anything fresh. We began this dialogue four years ago, and if this letter sounds similar to the last three, I hope you will indulge me and consider its repetitiveness somewhat of a virtue.

In 2004, we continued the execution of our plan to build a nationwide university for working adults. During the year we successfully opened five new campuses. We began operations in two new states; opening a campus in Greenville, South Carolina in the spring term; as well as opening two in Atlanta, Georgia in the summer term. We expanded our presence to meet growing demand in two of our existing markets: adding a second campus in Memphis, Tennessee, and a third in Philadelphia, Pennsylvania. Finally, in 2004 we sought and obtained authority from the state of Florida to open campuses in that state in the future.

In last year's letter to shareholders, I discussed the fact that our successes in opening new campuses in new markets had given us increased confidence in the relative attractiveness of the Strayer University brand to students. Nothing in our performance in 2004 has diminished that confidence. Indeed, since embarking on this expansion strategy in 2001, we have now opened 16 campuses in nine new markets; all of which have performed at or above the historical growth rates we enjoyed at campuses which we had opened in the Washington, D.C. area, a market in which we have operated for over 100 years. We have both advantages and risks in executing our strategy of building a nationwide university. I am increasingly convinced that the attractiveness of the Strayer University brand in new markets brings more advantage than risk.

In 2004, roughly half of our students took some or all of their courses online. The number of our geographically remote students who cannot access any of our physical campuses, and who consequently solely interact with the university online (which we call an out-of-area online student), is now over 10% of our total student population and roughly three times as large as our most populous physical campus. In 2004, we continued to invest in and expand Strayer University Online (including building a new facility) to support the growing demand from both our campus based students who *choose* to take classes online, as well as serving our out-of-area students, who *must* take their classes online.

Clearly, Strayer University Online is an integral part of our institution, and we have benefited from its growth. We are sobered, however, by the fact that relative to the long history of academia, the provision of collegiate level education over the Internet is really still in its infancy. At Strayer, we have taught courses online since 1995, so we now have a 10 year track record to measure our learning outcomes. To date we have

not seen a discernable difference between the academic results of those of our students who take classes online versus those in a classroom. As educators, we are excited by the possibilities that advancements in Internet technology can bring to our students. That excitement, however, is tempered by our intuitive skepticism over how the physical separation of the professor and the student affects the learning outcome. In 2004 we introduced one important advancement in our online offering: two-way audio on our real-time synchronous classes. In this format, which uses voice over Internet protocol, not only are the professors and students online at the same time, but the professor has the capability to call on students throughout the lecture and the entire class can hear the students' oral responses. Particularly in our business administration curriculum, we believe this technically enabled Socratic method will enhance our learning outcomes.

In 2004 we successfully introduced three new academic programs; offering Master's degrees in Education, Public Administration, and Health Services Administration. Before the end of the year, those programs had grown to over 3% of our total student population. In 2004, we also accomplished the renovation of three more of our older campuses in the Washington, D.C. area. We have now fully renovated five of the eight original older campuses, and expect to complete the remaining three by the end of 2006.

Strayer's results in 2004, building on our experiences as a management team over the last four years, reaffirm for us two key concepts. First, as both shareholders and managers, we are the fortunate stewards of a very effective and profitable business model. But second, and more importantly, we will not ultimately be a successful company unless we are first a successful university.

We have three core values as a university which inform and guide our academic activities. They are: educational access, academic rigor, and student outcomes. The interesting aspect of these values is that achieving any two of them is relatively simple, but achieving all three simultaneously is very difficult. For instance, one can easily achieve high academic rigor and presumably high student outcomes, specifically by restricting educational access to only the most elite students. This is precisely the approach of most traditional prestigious universities. One can also have high educational access and maintain rigorous academic standards, but let student outcomes suffer. And finally, one can conceive of institutions which provide high educational access, but achieve their apparent student outcomes by lowering their academic rigor. Our challenge as a university, particularly one in the pursuit of such an ambitious growth strategy, is to achieve all three of these values simultaneously.

We made a number of investments in our educational assets during 2004 in order to meet that challenge. At each of our campuses we have added a layer of academic oversight in the form of Associate Campus Deans to assist the Campus Deans in their responsibilities. We have also added significant academic advising, tutoring, and remedial instructional capabilities in math and English to assist students in achieving their learning outcomes. In committing ourselves to serving working adult students returning to academic pressures after a long hiatus, we recognize that we must provide an extra layer of educational support beyond the classroom experience.

During 2004, approximately 7% of our students academically failed a course. While we are not pleased with this statistic, we understand that there are variations in human intelligence, commitment and capabilities, and that combining rigorous academic standards with open educational access will almost necessarily result in some amount of academic failure. It is important as shareholders to recognize that we at Strayer are not offering our students college degrees; but rather we are offering our students the opportunity to *earn* a college degree. The fact that our customers' hard work begins after the point of sale makes this a particularly interesting business to manage.

On the brighter side, in 2004 we increased the number of our graduates by 24%, in a year in which we increased our student population by only 20%. We will continue to focus on ways to enhance our students' academic performance; which we hope will lead to further increases in our graduation rates.

Another issue we wrestled with in 2004 was our bad debt expense. I would characterize our success in this bout as limited at best, since our bad debt expense for the year increased in 2004 to 2.3%, from 1.8% in 2003. Indeed, the company's bad debt expense rose as high as 2.9% in the fourth quarter of 2004. While a financial metric, we also view bad debt expense as a proxy for our academic performance, because those students unable to keep up with their tuition balances are often unable to make satisfactory academic progress as well. However, we began to take steps during the last half of the year to address this issue. Because of these steps, which I am obliged to point out may have a limiting effect on our enrollment growth, we hope to see improvement in our bad debt expense in 2005. Interestingly, those of our students who finance their education through government guaranteed (Title IV) loans showed a higher propensity to service their debt obligations, as our cohort default rate dropped from 4.3% in 2003 to 3.7% in 2004. That 3.7% default rate compares to a national average of 8.7%.

I am pleased to say that the Company was able to complete our Sarbanes-Oxley Section 404 attestations in 2004 with minimal cost and intrusion. The Board and I would have been surprised and disappointed if it were otherwise, but it is a testament to our Chief Financial Officer, Mark Brown, and his entire staff, that the process went as smoothly as it did.

Our successful expansion in 2004 further confirms for us another fact: the rate of expansion of this organic business model, at least over the mid-term horizon, does not appear to be limited by the availability of financial capital; nor is it limited by market availability, nor by pricing pressure. It is however, completely limited by the availability of human capital necessary to ensure our academic quality. The key positions are Campus Dean and Campus Director. We maintain a completely bifurcated management structure in our organization; faculty report up through Campus Deans to Regional Deans to the President of the University (who is also a Vice President of our company and our Chief Academic Officer). Administrative personnel report up through Campus Directors to Regional Directors to our Vice President of Campus Operations. As you can see, this structure significantly increases the complexity of our human resource challenge. Not only do we have to pick two campus leaders, but we have to pick two individuals who are both capable individually in their own roles, and who can work well together as a senior leadership team.

We feel this bifurcated management structure, while running counter to most management efficiency theories, is necessary in our organization due to our unique combination of cultures. We are striving to be both a successful university and a successful company, and they are two very different types of entities. The importance of selecting the right individuals for these top two positions at each campus is underscored by how quickly the effectiveness of our campuses (measured in terms of both academic and financial metrics) can either improve or deteriorate upon changing one of the positions.

We feel that the best method of selecting those campus leaders is to train, grow, and promote them from within our organization. We will occasionally hire talented individuals from outside of Strayer into a campus leadership position, but we do this reluctantly, and only in those circumstances where we have a high level of confidence that the individual, whether Dean or Director, truly understands our dual nature as both a company and a university.

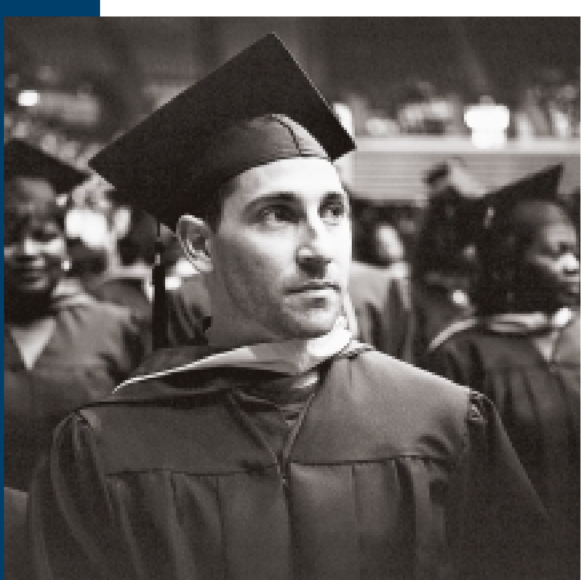
As our internal leadership development process is the limiting factor on our rate of expansion, I feel it is incumbent on me to comment on what exactly we are looking for in these individuals. What are the capabilities and qualities of character that make a successful Campus Director or Dean?

First, we find that our successful campus leaders start with a strong substantive knowledge and experience in their field, whether it is administrative or academic. Second, we look for high levels of infectious energy, and the ability to inspire other people. Third, our campus leaders must be passionately committed to education. They must take pure joy in helping our students achieve their academic objectives. And finally, above all, they must exhibit a high level of integrity. In 2003, we instituted an internal management training program, The Vision Leadership Seminar, to accelerate our development of these campus leaders. In this program, which was developed and is managed by our Senior Vice President of Marketing and Administration, Lysa Hlavinka, we semi-annually take our most promising junior academic and administrative personnel through an intensive offsite series of lectures and workshops designed to hone their leadership skills. The faculty for this program include members of our Board of Directors and senior management team, our university professors, and selected outside experts.

We feel confident that we developed enough campus leadership teams in 2004 that this year we will be able to once again open five new campuses. We intend to open two in the Tampa, Florida market in the spring term, and the remaining three in existing states through the latter half of the year. As this will be our third consecutive year opening five campuses, we do not expect this capital deployment to have a negative result on our operating margins. I should emphasize again, however, that we are managing this business for long term cash return on our owners' capital, and that we will accelerate the rate of investment of our owners' capital into new campuses as soon as our leadership development process allows us to, regardless of any predictable negative impact on our near term operating margins.

During 2004 the company generated $47 million in distributable cash flow from operations. (I define our distributable cash flow as our after-tax cash from ongoing operations of $58 million, minus our required maintenance capital expenditures, including those capital expenditures necessary to fund our growth, of $11 million.) That $11 million of capital expenditures included approximately $4 million to open our five new campuses in Atlanta, Memphis, Greenville, and Philadelphia; $3 million to accomplish the renovations of three of our Washington, D.C. campuses; $1 million to expand our online facility, and the remainder going to routine upkeep.

In addition to the $47 million of distributable cash from operations we generated in 2004, we also received $12 million in cash proceeds from option exercises during the year. We employed that $59 million of total distributable cash as follows: we returned $7 million to our shareholders in dividends (both common and preferred), and we used $37 million to repurchase 346,444 of our shares, at an average price of $106.13. The remaining $15 million we invested in either our cash accounts or short term marketable securities, bringing the total cash and marketable securities on our balance sheet as of year end to $123 million.



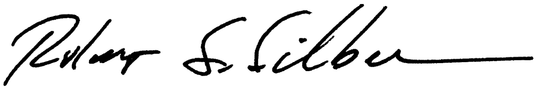
During 2004 we felt that we deployed as much of our financial capital as we could into our organic growth strategy, consistent with maintaining our academic quality. However, we were unable to find any acquisitions that we believed would be more compelling than our organic growth prospects, so we did not employ any of our financial capital for acquisitions.

We did accomplish during the year both the largest secondary offering on record in the publicly traded education sector, as well as the forced conversion into common shares of the remainder of our outstanding preferred shares from our 2001 recapitalization. Our balance sheet and capital structure are now quite simple, with approximately 15 million shares of common stock, $150 million of shareholder's equity, $123 million in cash and no debt. Given what we as a Board believe to be a rather predictable increase in distributable cash in the years ahead as we execute on our organic strategy, and with the elimination of our convertible preferred shares in 2004, we decided to roughly double our common dividend to $0.50/share in 2005. Please see my 2003 Letter to Shareholders (appearing on our website www.strayereducation.com) for a more detailed discussion of how we approach capital allocation.

On behalf of the Board of Directors and the entire Strayer management team, I must once again sincerely thank you for the opportunity to be the stewards of your capital. I hope to see all of you at our Annual Meeting on May 3, 2005, at 8:30 a.m. This year we will hold the Annual Meeting at our new Washington, D.C. campus, located at the intersection of 15th and M streets, directly across from The Washington Post building.

As is our custom, we have included in this 2004 Annual Report pictures from our 2004 graduation ceremonies. This year due, to the number of our graduates and the geographic scope of our operations, we have expanded the 2005 commencement exercises to three locations: the Patriot Center in Fairfax, Virginia on June 18th at 10:00 a.m. and 2:00 p.m.; the Baltimore Convention Center on August 13th at 2:00 p.m.; and the Richmond Convention Center on October 8th at 2:00 p.m. I urge all shareholders to attend at least one graduation ceremony. It is by far the most effective means of due diligence on the status of your investment. For those shareholders who will be unable to physically attend any of our commencements, the pictures in this Annual Report will have to suffice in providing powerful evidence of the value your capital is creating.

Sincerely,



Robert S. Silberman
Chairman of the Board of Directors
Chief Executive Officer

Our Business Model

(Reprinted from 2001 Annual Report)

Strayer Education, Inc. is an education services holding company whose primary asset is Strayer University, a 110 year old institution of higher learning focused on educating working adults. In this letter, when I use the term "Strayer", I am referring to the company, as opposed to the University. Strayer University, founded in 1892, offers associates, bachelors, and masters level degree programs in Business Administration, Accounting, and Computer Information Systems, *Education* and *Public Administration.* Strayer serves students at *32* physical campuses in Maryland, the District of Columbia, Virginia, *North Carolina, South Carolina, Tennessee, Pennsylvania, Georgia and Florida.* In addition, Strayer serves students in all 50 states and *60* foreign countries worldwide on the Internet through Strayer University Online.

Strayer's revenue comes from tuition payments and fees paid by, or on behalf of, Strayer University students. That revenue comes in essentially three forms. Roughly half is paid through federally insured student loans by banks, approximately 20% is paid directly to Strayer by corporations or institutions on behalf of their employees who attend Strayer, and the remainder is paid by students through their own sources of credit.

Strayer's expenses include salaries paid to the faculty at the University who perform the teaching duties, salaries paid to the administrative and admissions staff who manage the campuses and recruit the students, and salaries paid to the corporate staff who manage the company's affairs. Expenses also include lease payments for the campus buildings we lease and depreciation for the campus buildings we own, as well as advertising and marketing costs which serve to attract prospective students to Strayer. Finally, our expenses include supplies; such as books, paper, pencils, desks, chairs and computers necessary to support the educational process. Some of the furniture and electronic equipment is capitalized on our balance sheet and the expense is recorded as amortization over the period we expect the equipment to last, in accordance with generally accepted accounting principles.

The difference between the revenue we take in and the expenses we pay out is used to first pay taxes and is then added to the after-tax income generated by our financial assets (cash and marketable securities on our balance sheet) to make up our reported net income on a fully diluted basis.

Two of the attractive attributes of our business are that it generates significant after-tax free cash flow from operations, and has a high return on invested capital. The required capital expenditures to keep our existing assets functioning are roughly equal to our depreciation expenses. The investment capital required to fund our growth initiatives is not major. This investment capital includes traditional GAAP defined capitalized expenses, as well as increased spending which runs through our income statement. We are therefore in the enviable position of generating almost our entire net income as distributable free cash flow, even after investing in our growth. Some of this cash we do distribute back to our shareholders as dividends. The rest of the cash we intend to maintain as liquidity to either fund new opportunities, or ultimately return to our shareholders in a tax efficient manner. We understand that the redeployment of this cash is crucial to creating shareholder value.

As both shareholders and management, we are excited by this business model because we believe that the value of a college degree is rising with the transition to a knowledge economy, and that working adult students in search of an accredited college degree are underserved. We know that Strayer's academic quality and convenience make it ideally suited to meet this growing demand. We have the right product, at the right time for a growing market. Our product, a quality college degree, is valued highly both by students and employers.

In 2001, we developed and committed to a new strategic plan, geared to expanding beyond our current regional focus to serve unmet nationwide demand for working adult post-secondary education. This plan consists of five elements:

— Reversing what had been a decline in the enrollment in our core mature campuses.
— Accelerating the addition of new campuses, by opening two to three per year, particularly beyond our current geographic scope.
— Investing in our online university.
— Maintaining strong alliances and outreach to the major employers of our students.
— Carefully screening opportunities to reinvest capital back into the sector through acquisitions.

A Legacy of Commitment to Students

With more than 100 years in the field of adult education, Strayer University understands the challenges that adults face when returning to school to obtain a college degree. Adult students must balance the demands of full-time employment and family obligations with their academic commitments. They also face the natural fears of returning to school after many years.

Strayer University continually strives to improve its services and offerings to cater to the unique needs of these adult students. We routinely survey our students and alumni to gain a better understanding of what University-based services can best support them in their quest for higher education that imparts useful skills in today's ever-changing marketplace.

In response to survey results and direction from our superior faculty, Strayer University offers on-campus and online academic tutoring programs. Tutoring services, which are offered by members of our faculty, are available free to students on an "as needed" basis throughout the academic year. In the University's tutoring centers, professors help students master the required academic theory and skills by working with them one-on-one.

Strayer University also offers a robust academic advising program. Students in each discipline work closely with advisors who are experts in their field of study to determine course selection, education plans, and discuss real-world workplace trends. The purpose of the advising program is to guide the students through the most appropriate academic curricula for their chosen programs. These advising services are available to both on-campus and online students.

Proactive advising and tutoring are part of the commitment Strayer University makes to its students. From enrollment through graduation, Strayer students are savvy consumers, who expect the University to provide a service oriented environment. For over 100 years, our faculty and staff have met that expectation.

"As an undergraduate student at a traditional university, I was having difficulty fitting classes around my full-time job. I began looking for an accredited university that offered the same quality education but with flexible class scheduling. I chose Strayer University because of its long-standing reputation for excellence, and I stayed with Strayer because the faculty and staff treated me like an adult. Strayer University caters to the needs of working adult students with convenient, accessible class options. Strayer University made it easy to earn a degree without putting my career on hold."

EDWIN KHUU

NETWORK MANAGER, COMMODITY FUTURES TRADING COMMISSION

BACHELOR OF COMPUTER NETWORKING '01

Strategic Alliances Program

An Educated Approach to Workforce Development

Strayer University takes a direct interest in workforce development by assisting many of the nation's leading companies and largest government agencies by providing post-secondary education to their employees. Through the University's Strategic Alliances Program, organizations offer their employees the opportunity to further their education on-campus, on-site, or online by obtaining a Strayer University undergraduate or graduate degree.

The University is proud to offer services tailored to the needs of each organization, including customized courses and educational programs that meet their unique business requirements. With articulation agreements and careful review of outside curricula, certain employer in-house training courses may transfer to Strayer University credits and be used toward degree programs. Alliances can include employer reimbursement arrangements or direct sponsorships, whereby the organization remits payment directly to Strayer University.

Today Strayer University maintains alliances with many organizations, including: Federal Express, Lockheed Martin, MCI, Northrop Grumman, SAIC, Sodexho, UPS, Verizon and Wachovia. The University also has alliance programs with government agencies, such as the Department of Defense, the General Services Administration, the United States Coast Guard, and the United States Postal Service.

"As a single parent, I needed a university with the flexibility to accommodate my responsibilities as a full-time professional and full-time mother. One of the benefits of working for the FAA is a program in which Strayer University professors teach classes on-site, offering the convenience I need. I had such a positive experience earning my bachelor's degree at Strayer University that I decided to pursue an MBA as well. Having two degrees has advanced my career from secretary to senior manager, and I am now pursuing a doctorate in organizational leadership."

VERA EDWARDS

SENIOR MANAGEMENT AND PROGRAM ANALYST, FEDERAL AVIATION ADMINISTRATION
BACHELOR OF BUSINESS ADMINISTRATION '01
AND MASTER OF BUSINESS ADMINISTRATION '02

Strayer University Online

Education Anywhere at Anytime

Today's busy working adults are always looking for ways to accomplish more in less time, making online education an attractive option. Online classes mean education can be within reach of anyone with a personal computer and an Internet connection. Strayer University is committed to making education accessible for working adults, and Strayer University Online accomplishes this goal by making degree programs available to students anywhere at anytime.

In the 10 years since it was launched, Strayer University Online has grown to accommodate almost 11,000 students throughout the United States and around the world. Strayer University Online students are able to select from dozens of degree programs and more than 800 courses offered via the Internet.

Earning a degree online is convenient with two delivery platform options: synchronous and asynchronous. Synchronous courses are held on a specific day and time each week. Students log into a course at the same time as their classmates and listen to a professor give audio lectures while viewing materials on a virtual whiteboard. Class discussions between the professor and students are conducted online in an interactive, real-time environment. Asynchronous courses allow students to take online courses at any time that is convenient for them. Students can pause or play back lectures at their own pace. Students interact with the professor and each other by posting questions and comments on the course's online message board.

As a fully integrated part of Strayer University, Strayer University Online offers all of the same information literacy programs and academic advising opportunities that are offered on campus via the Internet. This approach furthers Strayer University's philosophy of cultivating a supportive learning environment for all students.

The global community becomes a reality when Strayer University Online students from across the United States and around the world participate in the annual Virtual Commencement Ceremony. With its cutting-edge technology, superior faculty, and tailored student support services, Strayer University Online continues the University's mission to make high quality post-secondary education accessible to working adults.

"I was one course away from earning an MBA from Strayer University's Washington Campus when I received an exceptional job opportunity in Oklahoma. Fortunately, I did not have to choose between my education and career advancement. I relocated with my family to Oklahoma and completed my degree through Strayer University Online. Having an MBA has opened doors and advanced my career. My employers were impressed with my desire and discipline to work toward higher goals, and I feel a sense of accomplishment each time I see my Strayer University diploma hanging on the wall."

MANUEL SANCHEZ

VICE PRESIDENT AND SENIOR PORTFOLIO MANAGER, BANK OF OKLAHOMA

MASTER OF BUSINESS ADMINISTRATION '03

Selected Financial Data

in thousands, except per share data

Income Statement Data	2001	2002	2003	2004
Revenues	$ 92,876	$ 116,710	$ 147,025	$ 183,194
Income from operations	$ 33,507	$ 41,229	$ 52,900	$ 65,483
Net income	$ 22,809	$ 25,784	$ 33,674	$ 41,240
Net income per share				
Basic	$ 1.62	$ 2.14	$ 2.67	$ 2.91
Diluted	$ 1.55	$ 1.78	$ 2.27	$ 2.74
Dividends per common share	$ 0.26	$ 0.26	$ 0.26	$ 0.41

Balance Sheet Data	2001	2002	2003	2004
Cash, cash equivalents and marketable securities	$ 58,705	$ 67,256	$ 108,040	$ 122,757
Working capital	49,846	55,901	94,760	112,726
Total assets	110,488	140,124	182,556	210,114
Long-term liabilities	763	2,055	2,894	5,784
Total liabilities	29,513	39,942	53,892	61,192
Series A convertible redeemable preferred stock	148,347	93,807	95,686	–
Total stockholders' equity (deficit)	(67,372)	6,375	32,978	148,922

Selected Quarterly Financial Data (Unaudited)

in thousands, except per share data

	Quarter			
2001	First	Second	Third	Fourth
Revenues	$ 23,644	$ 23,826	$ 18,222	$ 27,184
Income from operations	11,459	9,262	2,744	10,042
Net income	8,137	6,248	2,008	6,416
Net income per diluted share	$ 0.53	$ 0.42	$ 0.14	$ 0.45
2002	First	Second	Third	Fourth
Revenues	$ 29,698	$ 29,823	$ 23,026	$ 34,163
Income from operations	11,818	11,710	3,958	13,744
Net income	7,430	7,384	2,710	8,260
Net income per diluted share	$ 0.52	$ 0.51	$ 0.19	$ 0.57
2003	First	Second	Third	Fourth
Revenues	$ 36,694	$ 36,965	$ 29,993	$ 43,373
Income from operations	14,097	14,033	7,340	17,427
Net income	8,872	8,841	4,854	11,106
Net income per diluted share	$ 0.61	$ 0.60	$ 0.32	$ 0.74
2004	First	Second	Third	Fourth
Revenues	$ 46,106	$ 46,811	$ 38,009	$ 52,268
Income from operations	18,512	18,362	7,837	20,772
Net income	11,468	11,403	5,090	13,279
Net income per diluted share	$ 0.76	$ 0.75	$ 0.34	$ 0.89

Campus Locations

"My former company offered attractive promotions to employees with an advanced degree. I knew Strayer University offered high quality education tailored to the needs of working adults, so I enrolled and earned a master's degree. My classes gave me the knowledge I needed to enhance my job performance and improve my professional standing. After returning to Strayer University for a second master's degree, I developed such confidence in my business intellect and skills that I decided to start my own company. Strayer provided me with the educational foundation I needed to be a successful entrepreneur."

ERIC WILLIAMS
OWNER, SPECTRUM RESOURCES, AND NEW HOME SPECIALIST, RE/MAX
MASTER OF COMMUNICATIONS TECHNOLOGY '03
AND MASTER OF BUSINESS ADMINISTRATION '04

Corporate Information

Back row left to right:
James McCoy, Sonya Udler, Mark Brown, Robert Silberman, Kevin O'Reagan, Dr. J. Chris Toe, Pamela Bell
Front row left to right:
Lysa Hlavinka, Steven McArthur

Executive Officers

Robert S. Silberman
Chairman and
Chief Executive Officer

Mark C. Brown
Senior Vice President and
Chief Financial Officer

Lysa A. Hlavinka
Senior Vice President
Marketing and Administration

Steven A. McArthur
Senior Vice President and
General Counsel

Pamela S. Bell
Vice President
Online Operations

James F. McCoy
Vice President
Campus Operations

Kevin O'Reagan
Vice President and
Chief Technology Officer

Dr. J. Chris Toe
Strayer University President

Sonya G. Udler
Vice President
Corporate Communications

Corporate Office

1100 Wilson Boulevard
Suite 2500
Arlington, VA 22209
(703) 247-2500

Web Sites:

Strayer Education, Inc.
www.strayereducation.com
Strayer University
www.strayer.edu

Annual Meeting

The annual meeting of shareholders will be held on Tuesday, May 3, 2005, at 8:30 a.m. at Strayer University's Washington Campus
1133 15th Street, NW
Washington, DC 20005
Room # 322

Transfer Agent

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

Stock Listing

Strayer Education, Inc.'s common stock is traded on The NASDAQ Stock Market® under the symbol "STRA"

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
1751 Pinnacle Drive
McLean, VA 22102

Investor Relations

Information may be obtained by writing:
Strayer Education, Inc.
Investor Relations Department
1100 Wilson Boulevard
Suite 2500
Arlington, VA 22209

Or calling:
(703) 247-2500

Board of Directors

Robert S. Silberman
Chairman and Chief Executive Officer
Former President and COO, CalEnergy Company, Inc.
Former U.S. Assistant Secretary of the Army

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Education and Health Care Consultant
Former Chair, Commission on Collegiate Nursing Education

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Principal, New Mountain Capital, LLC
President, Wargo & Company, Inc.
Former Managing Director, The Putnam Companies

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