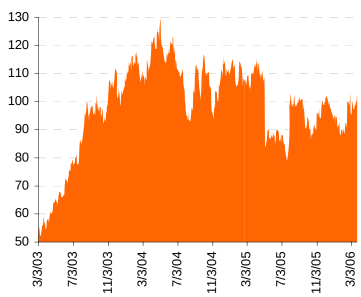
March 15, 2006

STRAYER EDUCATION, INC.

($98.50 / NASDAQ / STRA)

Three-Year Price History



PORTFOLIO.................... **INCOME**

Reference Statistics

Sector	*Consumer Staples*
Industry	*Education*
Market Cap	*$1,145 M*
Average Volume	*186,000 shares*
Float	*71.9 M shares*
P / E	*30.40*
ROE	*31.66%*
PE / ROE	*0.86x*
P / B	*9.63*
EV / FCF	*26.53*
Dividend Yield	*1.00%*
Screen Score	
Fiscal Year End	*December*
Next Report	*April 2006*
Contact	*Sonya G. Udler*
Title	*VP of Corporate Communications*
Number	*XXX-XXX-XXXX*
Fair Value Range	*$106 - $122*
Time Horizon	*3 years*
Expected CAGR	*7.58%*

Investment Summary

Strayer Education, Inc. is the owner of Strayer University, a 113-year-old academic institution committed to providing convenient but rigorous educational opportunities for working adults. Strayer offers both traditional academic degrees and technical degrees. Its courses are offered at physical campuses and over the Internet.

- ☑ **We like senior management's philosophy about the use of discretionary cash flows and the preservation of shareholder value.** Strayer's CEO, Robert Silberman, considers the company's stock to be a "precious" commodity. He believes that the Company's most important priority is to reinvest its discretionary cash flows carefully—an especially important consideration, since 90% of the Company's net income is discretionary cash flow.

- ☑ **STRA has recently been abandoned by myopic investors, creating an investment opportunity.** Largely because of valuation concerns, Strayer's stock price was pushed down by over 18% in 2005, despite its impressive financial results for that calendar year. As a result, we believe that taking a long position in this company's stock and coupling it with a covered call strategy will create a particularly attractive investment, from a risk-return perspective.

- ☑ **Revamped business plan is being executed competently.** Concerned about declining enrollment at its Washington, D.C. campuses, STRA revitalized its corporate strategy in 2001. The new strategy calls for opening 3-5 new campuses each year in new states and markets, and ratcheting up enrollment growth from 9-10% per year to 18-20% per year. With each passing year, senior management demonstrates its ability to execute this plan. The risk associated with this new business strategy has been decreasing, and we expect it to continue to do so.

- ☑ **The business model naturally lends itself to a high return on equity and high net margins.** Strayer is a well-managed business in an industry with high demand, high barriers to entry, high margins and low capital investment requirements.

- ☑ **Concerns about declining enrollments are overblown.** While it is likely that the growth rate in enrollments will vary, the medium- and long-term trends in this industry tremendously favor Strayer. Steep increases in tuition at traditional universities and the widening income gap between high school and college graduates ensure that Strayer offers a compelling proposition to a large portion of the potential marketplace in this industry—working adults who want to go back and get a bachelor's or master's degree.