

STRAYER EDUCATION INC

Form DEF 14A

April 03, 2006

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Strayer Education, Inc.

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee paid previously with preliminary materials.

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- 1) Amount Previously Paid: _____
- 2) Form, Schedule or Registration Statement No.: _____
- 3) Filing Party: _____
- 4) Date Filed: _____

STRAYER EDUCATION, INC.
1100 Wilson Blvd., Suite 2500

Arlington, VA 22209
(703) 247-2500

Dear Fellow Stockholder:

You are cordially invited to attend the 2006 annual meeting of Stockholders of Strayer Education, Inc. (the "Corporation"), to be held at 8:30 a.m. local time on Wednesday, May 3, 2006, at the Twin Towers Conference Center, Mall Level, 1100 Wilson Boulevard, in Arlington, Virginia.

At this year's meeting, you will vote on (i) the election of ten directors, (ii) the ratification of the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm, (iii) amending the Corporation's Employee Stock Option Plan (the "Option Plan") to authorize a one-time exchange of stock options for restricted stock by employees (excluding the five highest compensated executive officers), (iv) amending the Option Plan to permit restricted stock and cash awards to qualify for favorable tax treatment under Section 162(m) of the Internal Revenue Code, and (v) any other matters that may properly come before the meeting. We have attached a notice of meeting and a proxy statement that contain more information about these items and the meeting.

Your vote is important. We encourage you to sign and return your proxy before the meeting so that your shares will be represented and voted at the meeting even if you cannot attend in person.

We look forward to seeing you at the 2006 Annual Meeting of Stockholders.

Sincerely,
/s/ ROBERT S. SILBERMAN
ROBERT S. SILBERMAN
Chairman of the Board
and Chief Executive Officer

April 3, 2006

STRAYER EDUCATION, INC.
1100 Wilson Blvd., Suite 2500
Arlington, VA 22209
(703) 247-2500

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2006 Annual Meeting of Stockholders of Strayer Education, Inc. (the "Corporation"), will be held at the Twin Towers Conference Center, Mall Level, 1100 Wilson Boulevard, in Arlington, Virginia, on Wednesday, May 3, 2006, at 8:30 a.m. for the following purposes:

1. To elect ten directors to the Board of Directors to serve for a term of one year or until their respective successors are elected and qualified.
- 2.

To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Corporation.

3. To amend the Corporation's Employee Stock Option Plan (the "Option Plan") to authorize a one-time exchange of stock options for restricted stock by employees (excluding the five highest compensated executive officers).
4. To amend the Option Plan to permit restricted stock and cash awards to qualify for favorable tax treatment under Section 162(m) of the Internal Revenue Code.
5. To consider and act upon such other business as may properly come before the meeting.

THIS NOTICE IS BEING SENT TO COMMON STOCKHOLDERS OF RECORD AS OF MARCH 17, 2006. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE REQUESTED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE ENCLOSED STAMPED ENVELOPE.

By Order of the Board of Directors
/s/ Steven A. McArthur
Steven A. McArthur
Secretary

Arlington, VA
April 3, 2006

STRAYER EDUCATION, INC.
1100 Wilson Blvd., Suite 2500
Arlington, VA 22209
(703) 247-2500

PROXY STATEMENT

Annual Meeting of Stockholders
May 3, 2006

This Proxy Statement is furnished on or about April 3, 2006, to holders of the common stock of Strayer Education, Inc. (the "Corporation"), 1100 Wilson Blvd., Suite 2500, Arlington, VA 22209, in connection with the solicitation on behalf of the Board of Directors of the Corporation of proxies to be voted at the 2006 Annual Meeting of Stockholders (the "Annual Meeting"). The Annual Meeting will be held at 8:30 a.m. local time on Wednesday, May 3, 2006, at the Twin Towers Conference Center, Mall Level, 1100 Wilson Boulevard, in Arlington, Virginia.

The cost of soliciting proxies will be borne by the Corporation. Copies of solicitation material may be furnished to brokers, custodians, nominees and other fiduciaries for forwarding to beneficial owners of shares of the Corporation's common stock, and normal handling charges may be paid for such forwarding service. Solicitation of proxies may be made by the Corporation by mail or by personal interview, telephone and facsimile by officers and other management employees of the Corporation, who will receive no additional compensation for their services. The Corporation has also retained MacKenzie Partners, Inc. to provide proxy solicitation services for a fee of \$5,000 plus reimbursement of its out-of-pocket expenses.

Any stockholders giving a proxy pursuant to this solicitation may revoke it at any time prior to exercise of the proxy by giving written notice of such revocation to the Secretary of the Corporation at the Corporation's executive offices at 1100 Wilson Blvd., Suite 2500, Arlington, VA 22209, providing a later dated proxy or by attending the meeting and voting in person.

At the close of business on March 17, 2006, there were 14,357,427 shares of the common stock of the Corporation outstanding and entitled to vote at the meeting. Only common stockholders of record on March 17, 2006 will be entitled to vote at the meeting, and each share will have one vote.

Voting Information

At the Annual Meeting votes will be counted by written ballot. A majority of the shares entitled to vote will constitute a quorum for purposes of the Annual Meeting. The election of the Board of Directors' nominees for ten directors will require the affirmative vote of a plurality of the common shares present in person or represented by proxy and entitled to vote in the election of directors. Ratification of the appointment of the Corporation's independent registered public accounting firm and approval of each of the two proposed amendments to the Option Plan, and approval of any other business which may properly come before the Annual Meeting, or any adjournments thereof, will require the affirmative vote of a majority of the common shares present in person or represented by proxy and entitled to vote thereon. Under Maryland law and the Corporation's Articles of Incorporation and By-laws, the aggregate number of votes entitled to be cast by all common stockholders present in person or represented by proxy at the Annual Meeting, whether those stockholders vote "For," "Against" or abstain from voting, will be counted for purposes of determining the minimum number of affirmative votes required for approval of such matters, and the total number of votes cast "For" each of these matters will be counted for purposes of determining whether sufficient affirmative votes have been cast. An abstention from voting on a matter by a common stockholder present in person or represented by proxy at the meeting, other than the election of directors, has the same legal effect as a vote "Against" the matter even though the stockholder or interested parties analyzing the results of the voting may interpret such a vote differently. Broker non-votes will have the effect of reducing the number of shares considered present and entitled to vote on the matter. Abstentions and broker non-votes will have no effect on the election of directors.

A common stockholder may, with respect to the election of directors, (1) vote for the election of all named director nominees, (2) withhold authority to vote for all named director nominees or (3) vote for

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the election of all named director nominees other than any nominee with respect to whom the stockholder withholds authority to vote by so indicating in the appropriate space on the proxy card. A form of proxy card is attached hereto as Exhibit A.

Proxies properly executed and received by the Corporation prior to the meeting and not revoked, will be voted as directed therein on all matters presented at the meeting. In the absence of specific direction from a common stockholder, proxies will be voted for the election of all named director nominees. If a proxy indicates that all or a portion of the shares represented by such proxy are not being voted with respect to a particular proposal, such non-voted shares will not be considered present and entitled to vote on such proposal, although such shares may be considered present and entitled to vote on other proposals and will count for the purpose of determining the presence of a quorum.

PROPOSAL 1

Election of Directors

The Corporation currently has a twelve member Board, all of whom are elected by the Corporation's common stockholders. There is currently one vacancy on the Board and one director has determined not to stand for reelection, thus ten nominees are being voted on at the Annual Meeting. The Nominating Committee of the Board is considering whether to conduct a search for qualified candidates to fill one or more of these two vacancies or to recommend to the Board a reduction in the size of the Board in order to eliminate one or both of these vacancies.

All ten of the directors which the common stockholders are currently entitled to elect are to be elected at the Annual Meeting. It is intended that the votes represented by the proxies will be cast for the election as directors, for a term of one year or until their successors are chosen and qualified, of the persons listed below. Each of the nominees is currently a director of the Corporation. The following table and text presents information as of the date of this proxy statement concerning persons nominated for election as directors of the Corporation including in each case their current membership on Committees of the Board of Directors, principal occupations or affiliations during the last five years and certain other directorships held.

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Nominees for Common Stock Directors

Name/Title	Age	Board Committees	Elected to Strayer Board	Common Stock	Restricted Stock	Vested Options ^(a)	Unvested Options
Robert S. Silberman, Chairman & CEO	48	—	2001	6,192 ^(b)	131,478 ^(b)	400,000	100,000
Dr. Charlotte F. Beason, Director	58	Nominating/ Governance	1996	3,450	0	0	0
William E. Brock, Director	75	Nominating/ Governance	2001	0	0	10,000	0
David A. Coulter, ^(c) Director	58	—	2002	0	0	10,000	0
Gary Gensler, Director	48	Audit	2001	3,000	0	10,000	0
Robert R. Grusky, Director	48	Audit	2001	500	0	0	0
Robert L. Johnson, Director	59	Compensation	2003	5,341	0	6,667	0
Todd A. Milano, Director	53	Compensation	1996	10,691	0	0	0
G. Thomas Waite, III, Director	54	Audit	1996	3,128	0	0	0
J. David Wargo, Director	52	Compensation	2001	0	0	0	0

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- (a) Or will vest within 60 days of the date of this proxy statement.
- (b) The 131,478 restricted shares were granted on February 14, 2006 (when the closing price of the Common Stock was \$91.27 per share), and which vest 100% on December 1, 2008, subject to the satisfaction of certain performance criteria relating to the achievement of cumulative annual growth rates in revenue, net income and earnings per share over the restriction period and maintenance of regional accreditation. Mr. Silberman has the right to vote these shares and receive cash dividends thereon during the restriction period. See description of Restricted Stock Awards granted in February 2006 below.
- (c) Mr. Coulter is presently serving as the Board's Presiding Independent Director.

Mr. Robert S. Silberman

has been Chairman of the Board since February 2003 and Chief Executive Officer since March 2001. From 1995 to 2000, Mr. Silberman served in a variety of senior management positions at CalEnergy Company, Inc., including as President and Chief Operating Officer. From 1993 to 1995, Mr. Silberman was Assistant to the Chairman and Chief Executive Officer of International Paper Company. From 1989 to 1993, Mr. Silberman served in several senior positions in the U.S. Department of Defense, including as Assistant Secretary of the Army. Mr. Silberman has been a Director of Strayer since March 2001. He serves on the Board of Directors of Covanta Holding Company, NewPage Holding Corporation and on the Management Advisory Board of New Mountain Capital, LLC. He also serves on the Board of Visitors of The Johns Hopkins University School of Advanced International Studies. Mr. Silberman is a member of the Council on Foreign Relations. Mr. Silberman holds a

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Dr. Charlotte F. Beason

bachelor's degree in history from Dartmouth College and a master's degree in international policy from The Johns Hopkins University.

is a former consultant in education and health care administration. From 1988 to 1996 she was Director of Health Professions Education Service and the Health Professional Scholarship Program at the Department of Veterans Affairs. From 2000 to 2003, Dr. Beason was Chair and Vice Chair of the Commission on Collegiate Nursing Education (an autonomous agency accrediting baccalaureate and graduate programs in nursing); she is a member of the Accreditation Review Committee of the American Nurses Credentialing Commission. Dr. Beason is a member of the Nominating/Governance Committee of the Board and also a member of the Strayer University Board of Trustees. Dr. Beason holds a bachelor's degree in nursing from Berea College, a master's degree in psychiatric nursing from Boston University and a

Mr. William E. Brock

doctorate in clinical psychology and public practice from Harvard University.

is the founder and Chairman of the Brock Offices, a firm specializing in international trade, investment and human resources. From 1985 to 1987, Mr. Brock served in the President's Cabinet as the U.S. Secretary of Labor, and from 1981 to 1985, as the U.S. Trade Representative. Elected Chairman of the Republican National Committee from 1977 to 1981, Mr. Brock previously served as a Member of Congress and, subsequently, as U.S. Senator for the State of Tennessee. Mr. Brock serves as a Counselor and Trustee of the Center for Strategic and International Studies, and as a member of the Board of Directors of On Assignment, Inc., and Health Extra, Inc. Mr. Brock is Chair of the Nominating/Governance Committee of the Board. He holds a bachelor's degree in commerce from Washington and Lee University. Mr. Brock has also received a number of honorary degrees.

Mr. David A. Coulter

is currently Managing Director and Senior Advisor at Warburg Pincus, LLC. He was Vice Chairman of J.P. Morgan Chase & Co. from December 2000 to December 2005. Mr. Coulter was Vice Chairman of The Chase Manhattan Corporation from July 2000 to December 2000. Prior to joining Chase, Mr. Coulter led the West Coast operations of the Beacon Group, a private investment and strategic advisory firm, and prior to that, Mr. Coulter served as the Chairman and Chief Executive Officer of the BankAmerica Corporation. Mr. Coulter is a member of the Board of Directors of PG&E Corporation, First Data Corporation and the Irvine Company. Mr. Coulter is currently serving as the Presiding Independent Director of the Strayer Education, Inc. Board of Directors on which he has served since 2002. Mr. Coulter holds a bachelor's degree in mathematics and economics and a master's degree in industrial administration, both from Carnegie Mellon University.

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Mr. Gary Gensler

served as Under Secretary of the U.S. Department of the Treasury from 1999 to 2001, and as Assistant Secretary of the Treasury from 1997 to 1999. From 1988 to 1997, Mr. Gensler was a partner of The Goldman Sachs Group, LP, where he served in various capacities including co-head of finance, responsible for controllers and treasury worldwide. He serves as a Trustee of the Baltimore Museum of Art, the Bryn Mawr School, and Enterprise Community Partners, and is a member of the Board of

Visitors of the University of Maryland, Baltimore County and the Board of The Johns Hopkins Center for Talented Youth as well as the Board of WageWorks, Inc. and the Washington Hospital Center. Mr. Gensler also serves on the Management Advisory Board of New Mountain Capital, LLC. Mr. Gensler has served on the Board since 2001 and is Chair of the Audit Committee of the Board. Mr. Gensler holds a bachelor's degree in economics and an MBA from the Wharton School of the University of Pennsylvania.

Mr. Robert R. Grusky

is the Founder and Managing Member of Hope Capital Management, LLC, an investment manager, since 2000. He co-founded New Mountain Capital, LLC, a private equity firm, in 2000 and was a Principal and Member from 2000 to 2005 and has been a Senior Advisor since then. From 1998 to 2000, Mr. Grusky served as President of RSL Investments Corporation. From 1985 to 1997, with the exception of 1990 to 1991 when he was on a leave of absence to serve as a White House Fellow and Assistant for Special Projects to the Secretary of Defense, Mr. Grusky served in a variety of capacities, including Vice President at Goldman, Sachs & Co., first in its Mergers & Acquisitions Department and then in its Principal Investment Area. He is also on the Board of Directors of Surgis, Inc. and National Medical Health Card Systems, Inc., as well as a member of the Board of Trustees of Hackley School and the Multiple Myeloma Research Foundation. Mr. Grusky has served on the Board since 2001, and is a member of the Audit Committee of the Board. He holds a bachelor's degree in history from Union College and an MBA from Harvard University.

Mr. Robert L. Johnson

is the Chairman and Chief Executive Officer of RLJ Companies where he owns or holds interests in companies operating in the professional sports, hospitality/restaurant, real estate, gaming and recording industries. Mr. Johnson is the founder of Black Entertainment Television (BET), a subsidiary of Viacom and the leading African-American operated media and entertainment company in the United States, and served as its Chief Executive Officer until January 2006. In 2002, Mr. Johnson became the first African-American majority owner of a major sports franchise, the Charlotte Bobcats of the NBA. He is also the owner of the Charlotte Sting of the WNBA. From 1976 to 1979, he served as vice president of governmental relations for the National Cable & Telecommunications Association (NCTA).

Mr. Johnson also served as press secretary for the Honorable Walter E. Fauntroy, Congressional Delegate from the District of Columbia. He also serves on the following boards: NBA Board of Governors, The Johns Hopkins University, Lowe's Companies, IMG and the American Film Institute. Mr. Johnson has served on the Board since 2003, and is a member of the Compensation Committee of the Board. He holds a bachelor's degree in social studies from the University of Illinois and a master's degree in international affairs from the Woodrow Wilson School of Public and International Affairs at Princeton University.

Mr. Todd A. Milano

has been President and Chief Executive Officer of Central Pennsylvania College since 1989. Mr. Milano has served on the Board since 1996, is a member of the Compensation Committee of the Board and is also a member of the Strayer University Board of Trustees. Mr. Milano holds a bachelor's degree in industrial management from Purdue University.

Mr. G. Thomas Waite, III

has been Treasurer and Chief Financial Officer of the Humane Society of the United States since 1993. In 1992, Mr. Waite was the Director of Commercial Management of The National Housing Partnership. Mr. Waite has served on the Board since 1996, is a member of the Audit Committee of the Board and is also a member of the Strayer University Board of Trustees. Mr. Waite holds a bachelor's degree in commerce from the University of Virginia and is a Certified Public Accountant.

Mr. J. David Wargo

is a co-founder and has been a Member of New Mountain Capital, LLC since January 2000. Since 1993, Mr. Wargo has also been President of Wargo and Company, Inc., an investment management company. From 1989 to 1992, Mr. Wargo was a Managing Director and Senior Analyst of The Putnam Companies, a Boston-based investment management company. From 1985 to 1989, Mr. Wargo was a partner and held other positions at Marble Arch Partners. Mr. Wargo is a Director of Liberty Global, Inc., Discovery Holding Company and OpenTV Corporation. Mr. Wargo has served on the Board since 2001 and is Chair of the Compensation Committee of the Board. Mr. Wargo holds a bachelor's degree in physics and a master's degree in nuclear engineering, both from the Massachusetts Institute of Technology. He also holds a master's degree in management from the Sloan School of Management, Massachusetts Institute of Technology.

Board Committees

The Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating/Governance Committee. The current Committee membership is as follows:

Director's Name	Audit	Compensation	Nominating/ Governance
Robert S. Silberman			
Charlotte F. Beason			X
William E. Brock			X
David A. Coulter			
Gary Gensler	X		
Robert R. Grusky	X		
Robert L. Johnson		X	
Steven B. Klinsky ^(a)			X
Todd A. Milano		X	
G. Thomas Waite, III	X		