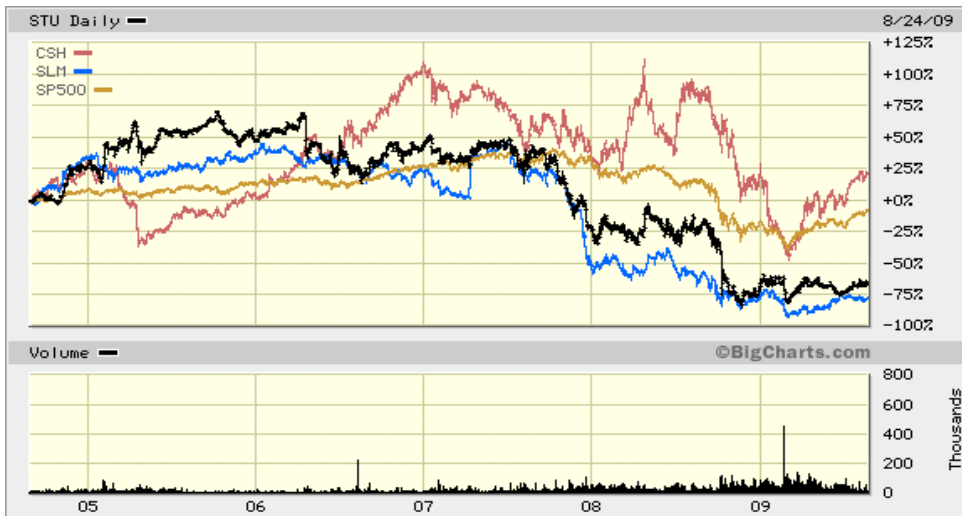


## Student Loan Corp. (STU) 8/24/09

The Student Loan Corporation, along with its subsidiaries, writes, manages, and services student loans which are in accordance with federally sponsored programs. The company offers subsidized Stafford loans, and other federal loans. STU also operates loans through the Federal Supplement Loans for Student and Health Education Assistance loans and also through its CitiAssist loan program. STU is a subsidiary of Citibank.

Current Price	\$48.24
52 Week High	\$121.43
52 Week Low	\$20.82
One Yr Target	n/a
Market Cap (in billions)	\$0.96
P/E (Trailing)	19.17
P/E(1 Yr Forward)	n/a
P/E/G	n/a
ROA	0.19%
ROE	3.13%
EPS	\$2.52
Beta	1.31
Annualized Dividend	\$1.40
Dividend Yield	2.90%
Analyst Consensus	n/a



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**Annual EPS**

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2005	\$15.17	
2006	\$14.34	-5.47%
2007	\$9.13	-36.33%
2008	\$3.74	-59.04%
2009E	\$2.52	-32.72%

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**Annual Revenue (in millions)**

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2005	\$1,300.85	
2006	\$1,624.56	24.88%
2007	\$1,563.81	-3.74%
2008	\$1,215.41	-22.28%

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**Annual Net Income (in millions)**

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2005	\$308.96	
2006	\$286.81	-7.17%
2007	\$182.69	-36.30%
2008	\$74.81	-59.05%

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**Required Rate of Return**

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12.27%

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**Dividend Growth Model**

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Present Value of 2013 Price	\$13.62
Holding Period Return (5 years)	-9.12%

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**Expected Annualized Return Model**

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Present Value of 2013 Price	\$32.60
Holding Period Return (5 years)	-8.61%

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**Residual Income Model**

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Intrinsic Stock Price	\$20.41
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# Analysis

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## Positives

Good dividend yield

## Negatives

Higher P/E ratios and Beta > 1 mean stock is expensive and risky

Negative growth ratios for Revenue, Net Income, and EPS over past several years

Overvalued according to all three valuation models

## Financial Statements

Balance Sheet is average, but has decreasing Equity in previous year

Income Statement is poor with company losing Revenues and Net Income over several years

Volatile changes in Cash Flows, sometimes into the negatives

## Industry Analysis

Company is average size for the industry

Stock price is a bit more expensive than most with a higher P/E ratio

Management has done a better job than most with a good ROE and good profit margins

## Summary

There isn't much to like about STU. The financial ratios point to the stock price being a little more expensive than most. All the valuation ratios have the stock price as overvalued, which is a huge red flag. Management is good but mediocre outside of the industry. Some even expect the next wave of bankruptcy claims to come in student loans due to recent graduates having trouble finding work, which is negative for STU. In light of this possibility and STU's poor financial ratios it earns a **sell** rating.