

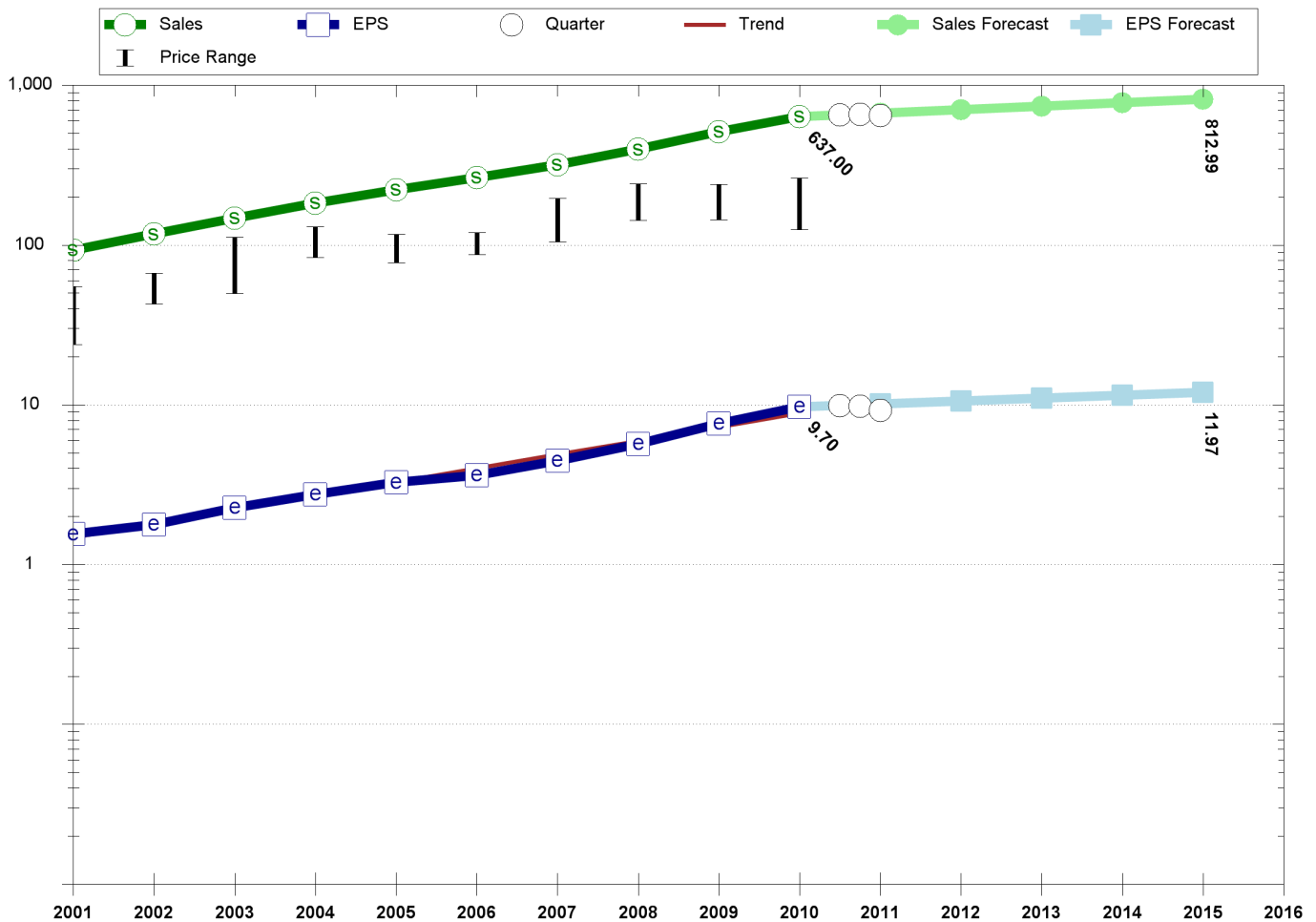
Company	Strayer Education, I		Date	11/21/2011	
Prepared by	Taylor IV		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Education & Training Services	
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	11.6	5.3	0.0		
Debt (\$M)	105.0	% to Tot Cap	70.6	% Pot Dil	0.2

## Stock Selection Guide

Symbol: STRA

### 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 Quarter Ending (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	135.9	1.20
Year Ago Quarter	147.6	1.72
Percentage Change	-7.95%	-30.23%



(1) Historical Sales Growth	23.2%	(3) Historical Earnings Per Share Growth	22.0%
(2) Estimated Future Sales Growth	5.00%	(4) Estimated Future Earnings Per Share Growth	4.30%

## 2 EVALUATING Management

Strayer Education, I

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	40.16%	36.43%	37.63%	36.62%	35.30%	31.89%	32.72%	33.15%	33.94%	34.08%	33.16%
% Earned on Equity (E/S / Book Value)	-19.22%	233.20%	73.90%	26.99%	30.82%	30.23%	34.38%	45.81%	55.88%	73.39%	47.94%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 96.1

HIGH THIS YEAR 165.73

LOW THIS YEAR 69.34

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2006	118.88	87.07	3.61	32.93	24.12	1.063	29.45	1.22
2 2007	195.91	104.62	4.47	43.83	23.41	1.313	29.37	1.25
3 2008	239.99	142.14	5.67	42.33	25.07	1.625	28.66	1.14
4 2009	237.70	143.53	7.60	31.28	18.89	2.250	29.61	1.57
5 2010	262.44	124.01	9.70	27.06	12.78	3.250	33.51	2.62
6 TOTAL		601.4		177.4	104.3		150.6	
7 AVERAGE		120.3		35.5	20.9		30.1	
8 AVERAGE PRICE EARNINGS RATIO 28.2					9 CURRENT PRICE EARNINGS RATIO 10.4			

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 20.00 X Estimate High Earnings/Share 12.00 = Forecasted High Price \$ 240.00

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 20.85 X Estimate Low Earnings/Share 9.70 = Forecasted Low Price \$ 202.25

(b) Avg. Low Price of Last 5 Years 120.27

(c) Recent Market Low Price 69.34

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{4.000}{2.60\%} = 153.85$

Selected Forecasted Low Price 69.34

### C ZONING using 25%-50%-25%

Forecasted High Price 240.00 Minus Forecasted Low Price 69.34 = 170.66 Range. 25% of Range 42.67

Buy Zone 69.34 to 112.01

Hold Zone 112.01 to 197.34

Sell Zone 197.34 to 240.00

Present Market Price of 96.12 is in the **Buy** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{240.00 - 96.12}{96.12 - 69.34} = \frac{143.88}{26.78} = 5.37$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{240.00}{96.12} = 2.50$  X 100 = 249.69 - 100 = 149.69 % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A  $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{4.000}{96.12} = 0.04 = 4.16\%$  Present Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{30.12\%}{20.00} = 1.51\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 20.08 %

Average Yield 1.51 %

Annualized Rate of Return 21.59 %