Zacks Small-Cap Research

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The First Marblehead Corporation

(FMD-NYSE)

FMD: FMD Acquisition by FP Resources USA Inc. Completed

FMD was acquired yesterday at the agreed-upon share price of $5.05 by FP Resources USA Inc.

OUTLOOK

The First Marblehead Corporation (FMD) was acquired yesterday at the agreed-upon share price of $5.05 by FP Resources USA Inc. following approval by the Company's stockholders at a special meeting of stockholders held on August 22, 2016. First Marblehead's common stock has been delisted from the New York Stock Exchange.

Current Price (08/22/16)	$5.05
Valuation	**$5.05**

SUMMARY DATA

52-Week High	**$5.05**
52-Week Low	**$3.11**
One-Year Return (%)	**46.38**
Beta	**0.96**
Average Daily Volume (sh)	**26,431**
Shares Outstanding (mil)	**12**
Market Capitalization ($mil)	**$59**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**39**
Insider Ownership (%)	**15**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2016 Estimate	**N/A**
P/E using 2017 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**Fin-Cons Loans**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Net Revenue*
(in millions of $)

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2014	12.7A	10.7A	13.3A	7.5A	44.2A
2015	14.1A	11.2A	13.2A	7.7A	46.2A
2016	16.5A	12.9A	14.7A	8.7E	52.8E
2017					60.4E

Earnings per Share*
(EPS is operating earnings before nonrecurring items)

	Q1 (Sep)	Q2 (Dec)	Q3 (Mar)	Q4 (Jun)	Year (Jun)
2014	$(1.07)A	$(0.77)A	$(0.61)A	$(1.11)A	$(3.55)A
2015	$(0.92)A	$(0.69)A	$(0.68)A	$(1.03)A	$(3.31)A
2016	$(0.53)A	$(0.41)A	$(0.45)A	$(0.86)E	$(2.25)E
2017					$(1.50)E

* From continuing operations.
Quarterly EPS may not add to total dues to changes in shares outstanding.
EPS has been adjusted for 1-for-10 reverse stock split in December 2013.

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UPDATE

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OVERVIEW

The First Marblehead Corporation (FMD) provides student loan services to financial and education institutions throughout the United States. These services are comprised of an integrated suite of private student loan design, implementation, and credit risk management services that help these institutions meet their risk, strategic and financial goals while maintaining regulatory compliance.

FMD offers these services under the Monogram® platform (Monogram), a product for FMD that was developed over the last few years. Monogram utilizes FMD’s proprietary credit risk analytics models, which are based upon data gathered by FMD over 20 years and among the most sophisticated in the industry. Through the partnered lending program based upon Monogram, FMD receives service fees, as well as a portion of the net interest income generated by the portfolio of program loans for which they provide credit enhancement

Currently, FMD has three clients using Monogram though its partnered lending program: SunTrust Bank, headquartered in Atlanta and serving the Southeast and mid-Atlantic regions, with more than $190 billion in assets; Kinecta Federal Credit Union, a California-based federal credit union with over $3.6 billion in assets; and Higher Education Servicing Corporation, a Texas-based loan servicing agency for federal and private student loans, currently servicing more than $1.6 billion in education loans. Program capacity is approximately $1 billion for SunTrust and $75 million for Kinecta, with a maturity of September 30, 2017 for SunTrust (the Kinecta program, which originally had a mid-2013 maturity date, remains a client).

With the December 2010 purchase of Tuition Management Systems (TMS) for $47 million, FMD has added a complementary fee-for-service business to its line-up. TMS, one of the nation's largest providers of outsourced tuition planning, billing, counseling, refund management and payment technology services for colleges, universities, and elementary and secondary schools, now serves about 670 school clients, including such prestigious institutions as Duke University, Boston College, University of Chicago, MIT, and Carnegie Mellon. TMS added $29.6 million of total revenues in fiscal 2015, and is expected to add about $32 million (our estimate) in fiscal 2016.

On October 19, 2012, FMD completed the $4.7 million cash acquisition of certain assets and liabilities of Cology, Inc., a provider of processing, disbursement, and life-of-loan servicing to about 270 credit unions and lending institutions nationally. Cology now serves about 340 lender clients and provides services for more than 830 distinct loan programs. For the 12 months ended June 30, 2015, Cology disbursed more than $669 million in private student loans.

FMD completed the dissolution of its banking subsidiary, Union Federal Savings Bank (UFSB) on June 5, 2015 when Union Federal Savings Bank sold to BofI Federal Bank all of its FDIC-insured cash deposits maintained by Union Federal, including individual checking, money market savings, and CD accounts. On June 12, 2015, Union Federal Savings Bank paid a liquidating distribution in the form of a $21.5 million cash dividend to FMD, and the OCC approved the dissolution of Union Federal and terminated Union Federal’s charter. On June 30, 2015, the Board of Governors of the Federal Reserve System terminated the Corporation’s status as a savings and loan holding company.

HISTORICAL STOCK PRICE



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