September 22, 2015

BRIDGEPOINT EDUCATION, INC (NYSE: BPI)

CURRENT PRICE:	$8.00
RATING:	N/A
PRICE TARGET:	N/A
CURRENT YIELD:	N/A

EPS Estimates - Non-GAAP

	DEC 14A	DEC 15E
1Q	($0.10)	($0.01)A
2Q	$0.28	($0.01)A
3Q	$0.14	N/A
4Q	($0.12)	N/A
	$0.21	**N/A**

Trading Data

52-WEEK PRICE RANGE:	$12.79 - $7.67
SHARES OUTSTANDING:	45.7(M)
MARKET CAP:	$365.6(M)
AVG. DAILY TRADING VOLUME:	0.12(M)
S&P 500:	1,942

Valuation Data

BOOK VALUE:	$7.84
PRICE TO BOOK:	1.02x
DIVIDEND:	N/A

Highlights

- Terminating coverage

Investment Thesis

We are terminating coverage of BPI due to increasing negative industry fundamentals. First, for-profit school's enrollment has declined during the past two years. Second, student loans, representing 90% of some for-profits' revenue streams are coming under government scrutiny. Third, increasing government regulation, and new guidelines, could cause for-profit schools to lose accredidation and revenues.

Company Summary

Bridgepoint Education, Inc. (BPI-$8.00), headquartered in the San Diego CA metropolitan area, is a for-profit education provider. The company offers postsecondary education services both online and through 2 college campuses. BPI's regionally accredited academic institutions provide associates, bachelors, masters, and doctoral programs in business, education, health sciences, psychology, and social sciences.

For Important Disclosure information regarding the Firm's rating system, valuation methods and potential conflicts of interest, please refer to the last two pages of this report.

Recent Earnings

BPI reported 2Q15 diluted earnings of ($0.01)/share vs. $0.28/share during 2Q15. The decline in results was due to lower revenues created by lower student enrollments. Revenues fell to $147.1 million from $171.5 million as student enrollment decreased to 51,049 from 61,117, when comparing the two quarters. Total costs/expenses were lower, $147.6 million vs. $149.1 million, due to recent cost cutting efforts by BPI. Operating income fell to a loss of $512,000 from an operating profit of $22.41 million and net income also was lower, -$650,000 vs. $13.0 million. Included in 2Q15's results were restructuring and impairment charges of $14.4 million. Income tax expense was $483,000 compared to $10.2 million.

Our Thougts

We are terminating coverage of BPI due to increasing negative industry fundamentals. First, for-profit school's enrollment has declined during the past two years. Second, student loans, representing 90% of some for-profits' revenue streams are coming under government scrutiny. Third, increasing government regulation, and new guidelines, could cause for-profit schools to lose accredidation and revenues. Our last rating on BPI was HOLD.

Risks

There are no guarantees BPI will be able to grow future earnings. Declining student enrollment, inability of students to access Federal loans, industry competition, and rising operating costs could negatively affect the company's profits. Additionally, new and future regulations could adversely impact the ability of the for-profit education industry's ability to grow earnings. Negative equity markets, rising interest rates, terrorist attacks, and failure to comply with the Sarbanes Oxley Act could cause a decline in BPI's share price. Another risk for BPI's shares is the volatility created by the wide swings of stock held in short positions.

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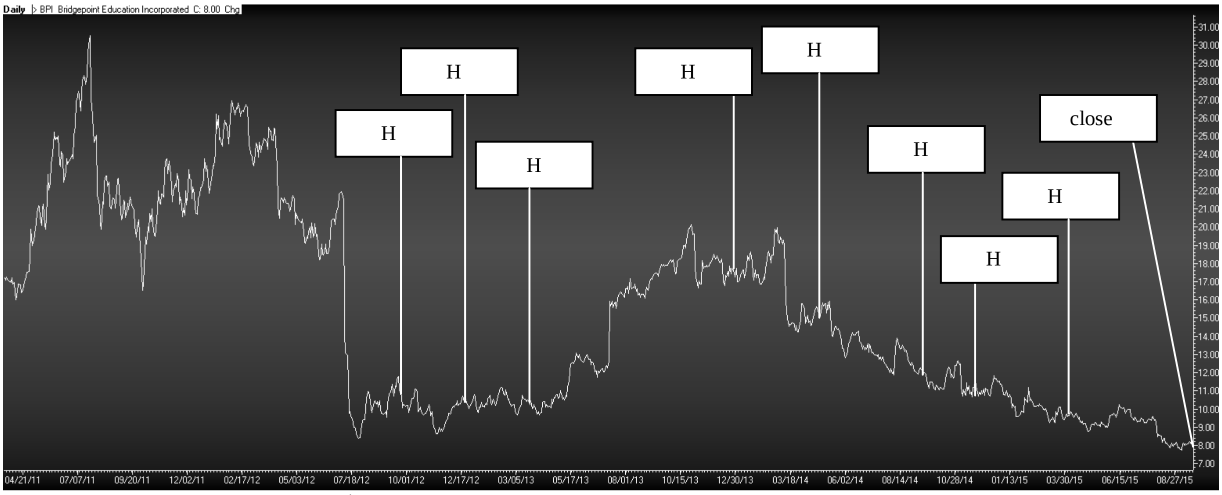
EQUITY RESEARCH

Important Disclosures



3/07/11 $24.94 Initiate HOLD
9/22/15 $8.00 Terminating Coverage

Ratings:
Buy: B
Hold: H
Sell: S

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(2) Hold – The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
(3) Sell – The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

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