

## AOL Inc (AOL)

Price:	\$35.13	Net Tang. Bk Value Incl. Cash, Excl.	\$1,069,900,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$1,286,925,250.00
Market Cap:	\$2,720,818,500	Goodwill (NTBVIC):		Avg. Year FCF/Share:	\$150,305,050.00
Cash:	\$467,800,000	NTBVIC/Market Downside Recovery:	39.32%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$104,200,000	Op. Cash Flow:	\$220,305,050	Year 5 Disposition Price:	\$1,737,840,400.00
Net Cash:	\$363,600,000	Implied Years to Fill Gap:	7.49		
Enterprise Value:	\$2,357,218,500	Today's Equity if 5x Op. CF:	\$1,730,815,150		
		Net Tang. Book+ Gain Disposition:			\$1,737,840,400.00
Shares Outstanding:	77,450,000	IRR:			-8.58%
				Price:	\$22.44
				Target Market Cap:	\$1,737,840,400
				Target Enterprise Value:	\$1,374,240,400

\* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

You've got mail. AOL Cds in the mail. The notorious AOL-TimeWarner merger and the subsequent 2009 spin off of AOL. A long, messy history, but AOL has now taken on a new form with its' legacy subscription based business and now the new advertising/website development business. The latter business has put new life into the AOL name as the Co. reported its' first quarterly revenue growth in Q1 2013.

We honestly thought AOL went out of business, but surprisingly, there are still 2.3 MM loyal customers, who we presume to be elderly customers, who have grown acquainted with their format and refuse to move on. This business will become a marginal revenue generator for the Co. going forward.

They have a similar business model like Iconix, except AOL develops websites, not fashion brands.

The Co. has only \$50MM in debt, has 27% GM, and about \$200MM in op. cash flow.

We believe AOL is on track to post stronger revenue growth and earnings in the near future, but we will stay away until future performance becomes clearer.

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	<b>1,069.90</b>	<b>1,113.31</b>	<b>1,156.71</b>	<b>1,200.12</b>	<b>1,243.52</b>	<b>1,286.93</b>				<b>1,286.93</b>
Annual Change		43.41	43.41	43.41	43.41	43.41				
<b>Annual FCF</b>	<b>300.70</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>450.92</b>
Annual Op. Cash Flow	365.60	220.31	220.31	220.31	220.31	220.31	220.31	220.31	220.31	
Annual PP&E Investment	(64.90)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	
<b>Today's Tangible Book Value</b>	<b>1,069.90</b>	<b>1,110.16</b>	<b>1,151.93</b>	<b>1,195.28</b>	<b>1,240.26</b>	<b>1,286.93</b>				<b>1,737.84</b>
Intrinsic Value IRR	3.76%									
<b>Market Price</b>	<b>2,720.82</b>	<b>2,487.49</b>	<b>2,274.17</b>	<b>2,079.15</b>	<b>1,900.85</b>	<b>1,737.84</b>				<b>1,737.84</b>
Market Price IRR	-8.58%									

Debt	0.00%	0.00
Equity	100.00%	2,720.82
<b>Total</b>	<b>100.00%</b>	<b>2,720.82</b>

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	2154	2,720.82	2,764.22	2,807.63	2,851.03	2,894.44	2,937.84				
Goodwill	1084.1	1,650.92	1,650.92	1,650.92	1,650.92	1,650.92	1,650.92				
Debt	0	0.00	0.00	0.00	0.00	0.00	0.00				
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Additional Interest Expense		0.00	0.00	0.00	0.00	0.00	0.00				
<b>Tangible Book Value</b>	<b>1069.9</b>	<b>1,069.90</b>	<b>1,113.31</b>	<b>1,156.71</b>	<b>1,200.12</b>	<b>1,243.52</b>	<b>1,286.93</b>				<b>1,286.93</b>
Annual Change			43.41	43.41	43.41	43.41	43.41				
<b>Annual FCF</b>	<b>300.70</b>		<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>450.92</b>
Annual Net Income	1,048.40		43.41	43.41	43.41	43.41	43.41	43.41	43.41	43.41	
<b>Annual Op. Cash Flow</b>	<b>365.60</b>		<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	
Dividend Payments											
<b>Annual PP&amp;E Investment</b>	<b>(64.90)</b>		<b>(70.00)</b>	<b>(70.00)</b>	<b>(70.00)</b>	<b>(70.00)</b>	<b>(70.00)</b>	<b>(70.00)</b>	<b>(70.00)</b>	<b>(70.00)</b>	
Debt Paydown	0.00										
							<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		
<b>Sale Price in Year 5</b>											<b>1,737.84</b>
<b>Remaining Debt Balance</b>											<b>0.00</b>
<b>Capital Left for Equity Investor</b>											<b>1,737.84</b>
Dividend Payments											0.00
<b>Total Cash In Flow</b>											<b>1,737.84</b>
<b>Invested Equity</b>	<b>2,720.82</b>	<b>2,487.49</b>	<b>2,274.17</b>	<b>2,079.15</b>	<b>1,900.85</b>	<b>1,737.84</b>					
IRR	-8.58%										

#### Value Creation

TBV Growth (equals sum of NI Year 1-5)	217.03
Cash Flow (Year 6-8)	450.92
<b>667.94</b>	

#### Value Dilution

Debt	0.00
Goodwill	566.82
Additional Interest	0.00
<b>566.82</b>	



SN VALUATION

LBO Pro Forma Income Statement

Name:

AOL Inc

Ticker:

AOL

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	3,245.80	2,416.70	2,202.10	2,191.70	2,191.70	2,191.70	2,191.70	2,191.70	2,191.70
COGS	1,893.20	1,420.60	1,584.40	1,542.40	1,599.94	1,599.94	1,599.94	1,599.94	1,599.94
<b>Gross margin</b>	<b>1,352.60</b>	<b>996.10</b>	<b>617.70</b>	<b>649.30</b>	<b>591.76</b>	<b>591.76</b>	<b>591.76</b>	<b>591.76</b>	<b>591.76</b>
SG&A	535.00	491.20	440.00	413.20	482.17	482.17	482.17	482.17	482.17
R&D	0.00	0.00	0.00	44.80	43.83	43.83	43.83	43.83	43.83
Unusual expense	217.10	1,342.20	39.90	-952.80	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	-96.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS	137.90	145.30	92.00	38.20	0.00	0.00	0.00	0.00	0.00
<b>Operating Income (EBITA)</b>	<b>462.60</b>	<b>-982.60</b>	<b>45.80</b>	<b>1,201.90</b>	<b>65.75</b>	<b>65.75</b>	<b>65.75</b>	<b>65.75</b>	<b>65.75</b>
Interest income/(expense)	0.00	0.00	0.00	-5.90	1.03	1.03	1.03	1.03	1.03
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-2.50	13.40	-3.50	14.10	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>460.10</b>	<b>-969.20</b>	<b>42.30</b>	<b>1,210.10</b>	<b>66.78</b>	<b>66.78</b>	<b>66.78</b>	<b>66.78</b>	<b>66.78</b>
Tax	208.70	-178.50	29.20	162.40	23.37	23.37	23.37	23.37	23.37
<b>Income after tax</b>	<b>251.40</b>	<b>-790.70</b>	<b>13.10</b>	<b>1,047.70</b>	<b>43.41</b>	<b>43.41</b>	<b>43.41</b>	<b>43.41</b>	<b>43.41</b>
Minority Interest	0.30	0.00	0.00	0.70	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>251.70</b>	<b>-790.70</b>	<b>13.10</b>	<b>1,048.40</b>	<b>43.41</b>	<b>43.41</b>	<b>43.41</b>	<b>43.41</b>	<b>43.41</b>
*Figures are in millions (\$)									
EPS (based off today's share count)	\$3.25	-\$10.21	\$0.17	\$13.54	\$0.56	\$0.56	\$0.56	\$0.56	\$0.56
P/E (historical today's price; forecasted intrinsic price)	10.81	-3.44	207.70	2.60	57.31	52.39	47.90	43.79	40.04
<b>Revenue Growth</b>	<b>N/A</b>	<b>-25.54%</b>	<b>-8.8%</b>	<b>-0.47%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Tax Rate	45.36%	18.42%	69.03%	13.42%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	-5.57%	NA	NA	NA	NA	NA
<b>Margins</b>									
COGS	58.33%	58.78%	71.95%	70.37%	73.00%	73.00%	73.00%	73.00%	73.00%
<b>Gross margin</b>	<b>41.67%</b>	<b>41.22%</b>	<b>28.05%</b>	<b>29.63%</b>	<b>27.00%</b>	<b>27.00%</b>	<b>27.00%</b>	<b>27.00%</b>	<b>27.00%</b>
SG&A	16.48%	20.33%	19.98%	18.85%	22.00%	22.00%	22.00%	22.00%	22.00%
R&D	0.00%	0.00%	0.00%	2.04%	2.00%	2.00%	2.00%	2.00%	2.00%
Unusual expense	6.69%	55.54%	1.81%	-43.47%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	-4.36%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	4.25%	6.01%	4.18%	1.74%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Operating Income (EBITA)</b>	<b>14.25%</b>	<b>-40.66%</b>	<b>2.08%</b>	<b>54.84%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
Interest income/(expense)	0.00%	0.00%	0.00%	-0.27%	0.05%	0.05%	0.05%	0.05%	0.05%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.08%	0.55%	-0.16%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before tax</b>	<b>14.18%</b>	<b>-40.10%</b>	<b>1.92%</b>	<b>55.21%</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>	<b>3.05%</b>
Tax	6.43%	-7.39%	1.33%	7.41%	1.07%	1.07%	1.07%	1.07%	1.07%
<b>Income after tax</b>	<b>7.75%</b>	<b>-32.72%</b>	<b>0.59%</b>	<b>47.80%</b>	<b>1.98%</b>	<b>1.98%</b>	<b>1.98%</b>	<b>1.98%</b>	<b>1.98%</b>
Minority Interest	0.01%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Net income</b>	<b>7.75%</b>	<b>-32.72%</b>	<b>0.59%</b>	<b>47.84%</b>	<b>1.98%</b>	<b>1.98%</b>	<b>1.98%</b>	<b>1.98%</b>	<b>1.98%</b>

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
					+	-						
Cash	146.10	801.80	407.50	466.60	467.80		467.80	618.11	768.41	918.72	1,069.02	1,219.33
Short term investment	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>146.10</b>	<b>801.80</b>	<b>407.50</b>	<b>466.60</b>	<b>467.80</b>		<b>467.80</b>	<b>618.11</b>	<b>768.41</b>	<b>918.72</b>	<b>1,069.02</b>	<b>1,219.33</b>
Accounts Receivable	440.00	307.70	311.50	351.90	330.00		330.00	330.00	330.00	330.00	330.00	330.00
Other receivables	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>440.00</b>	<b>307.70</b>	<b>311.50</b>	<b>351.90</b>	<b>330.00</b>		<b>330.00</b>	<b>330.00</b>	<b>330.00</b>	<b>330.00</b>	<b>330.00</b>	<b>330.00</b>
Total Inventory	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	33.10	46.80	36.90	28.50	34.40		34.40	34.40	34.40	34.40	34.40	34.40
Other Current Assets	68.20	82.90	53.70	40.60	44.80		44.80	44.80	44.80	44.80	44.80	44.80
<b>Current Assets</b>	<b>687.40</b>	<b>1,239.20</b>	<b>809.60</b>	<b>887.60</b>	<b>877.00</b>	<b>0.00</b>	<b>877.00</b>	<b>1,027.31</b>	<b>1,177.61</b>	<b>1,327.92</b>	<b>1,478.22</b>	<b>1,628.53</b>
PP&E, Gross	2,289.60	1,765.70	1,523.60	0.00	1,525.00		1,525.00	1,595.00	1,665.00	1,735.00	1,805.00	1,875.00
Change in Depreciation	399.00	341.60	252.90	176.90	176.90		176.90	176.90	176.90	176.90	176.90	176.90
Accumulated Depreciation	1,584.90	1,236.50	1,018.40	0.00	1,000.00		1,000.00	1,176.90	1,353.80	1,530.70	1,707.60	1,884.50
<b>PP&amp;E, Net</b>	<b>704.70</b>	<b>529.20</b>	<b>505.20</b>	<b>0.00</b>	<b>525.00</b>		<b>525.00</b>	<b>418.10</b>	<b>311.20</b>	<b>204.30</b>	<b>97.40</b>	<b>-9.50</b>
Goodwill	2,171.60	810.90	1,064.00	1,084.10	1,084.10	0.00	1,084.10	1,084.10	1,084.10	1,084.10	1,084.10	1,084.10
Intangibles	210.40	99.60	135.20	133.20	122.00		122.00	122.00	122.00	122.00	122.00	122.00
Long term investments	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	189.00	283.40	311.00	214.10	208.60		208.60	208.60	208.60	208.60	208.60	208.60
<b>Long Term Assets</b>	<b>3,275.70</b>	<b>1,723.10</b>	<b>2,015.40</b>	<b>1,431.40</b>	<b>1,939.70</b>		<b>1,939.70</b>	<b>1,832.80</b>	<b>1,725.90</b>	<b>1,619.00</b>	<b>1,512.10</b>	<b>1,405.20</b>
<b>Total Assets</b>	<b>3,963.10</b>	<b>2,962.30</b>	<b>2,825.00</b>	<b>2,319.00</b>	<b>2,816.70</b>	<b>0.00</b>	<b>2,816.70</b>	<b>2,860.11</b>	<b>2,903.51</b>	<b>2,946.92</b>	<b>2,990.32</b>	<b>3,033.73</b>
Accounts Payable	100.40	80.00	74.90	76.10	77.00		77.00	77.00	77.00	77.00	77.00	77.00
Accrued Expense	491.10	350.80	324.40	309.10	310.00		310.00	310.00	310.00	310.00	310.00	310.00
Other current Liabilities	127.50	92.60	70.90	75.40	95.60		95.60	95.60	95.60	95.60	95.60	95.60
<b>Total Current Liabilities</b>	<b>719.00</b>	<b>523.40</b>	<b>470.20</b>	<b>460.60</b>	<b>482.60</b>	<b>0.00</b>	<b>482.60</b>	<b>482.60</b>	<b>482.60</b>	<b>482.60</b>	<b>482.60</b>	<b>482.60</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	32.40	35.20	44.60	49.60	52.00		52.00	52.00	52.00	52.00	52.00	52.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	41.50	50.90	66.20	56.30	52.20		52.20	52.20	52.20	52.20	52.20	52.20
<b>Total Interest Earning Debt</b>	<b>73.90</b>	<b>86.10</b>	<b>110.80</b>	<b>105.90</b>	<b>104.20</b>	<b>0.00</b>	<b>104.20</b>	<b>104.20</b>	<b>104.20</b>	<b>104.20</b>	<b>104.20</b>	<b>104.20</b>
Deferred Income tax	2.40	0.00	3.50	5.80	5.10		5.10	5.10	5.10	5.10	5.10	5.10
Minority Interest	1.80	0.00	0.00	13.10	11.20		11.20	11.20	11.20	11.20	11.20	11.20
Other liabilities	104.90	65.90	67.90	73.80	-18.20		-18.20	-18.20	-18.20	-18.20	-18.20	-18.20
<b>Total Liabilities</b>	<b>902.00</b>	<b>675.40</b>	<b>652.40</b>	<b>659.20</b>	<b>584.90</b>	<b>0.00</b>	<b>584.90</b>	<b>584.90</b>	<b>584.90</b>	<b>584.90</b>	<b>584.90</b>	<b>584.90</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	1.10	1.10	1.10	1.10	1.10	0.00	1.10	1.10	1.10	1.10	1.10	1.10
Additional Paid-in capital	3,355.50	3,376.60	3,422.40	3,457.50	3,475.00	0.00	3,475.00	3,475.00	3,475.00	3,475.00	3,475.00	3,475.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-20.40	-802.90	-789.80	-188.00	-188.00		-188.00	-144.59	-101.19	-57.78	-14.38	29.03
Treasury Stock	0.00	0.00	-173.60	-838.40	-840.00		-840.00	-840.00	-840.00	-840.00	-840.00	-840.00
Other Equity	-275.10	-287.90	-287.50	-294.10	-294.10		-294.10	-294.10	-294.10	-294.10	-294.10	-294.10
<b>Total Equity</b>	<b>3,061.10</b>	<b>2,286.90</b>	<b>2,172.60</b>	<b>2,138.10</b>	<b>2,154.00</b>	<b>0.00</b>	<b>2,154.00</b>	<b>2,197.41</b>	<b>2,240.81</b>	<b>2,284.22</b>	<b>2,327.62</b>	<b>2,371.03</b>
<b>Liability + Equity</b>	<b>3,963.10</b>	<b>2,962.30</b>	<b>2,825.00</b>	<b>2,797.30</b>	<b>2,738.90</b>	<b>0.00</b>	<b>2,738.90</b>	<b>2,782.31</b>	<b>2,825.71</b>	<b>2,869.12</b>	<b>2,912.52</b>	<b>2,955.93</b>
<b>Variance</b>	0.00	0.00	0.00	-478.30	77.80		77.80	77.80	77.80	77.80	77.80	77.80
<b>Debt/Equity</b>	0.02	0.04	0.05	0.05	0.05		0.05	0.05	0.05	0.05	0.04	0.04
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	7.38	7.85	7.07	6.23	6.64		6.64	6.64	6.64	6.64	6.64	6.64
Accounts Receivable Turnover Days	49.48	46.47	51.63	58.60	54.96		54.96	54.96	54.96	54.96	54.96	54.96
Days Payable Outstanding	19.36	20.55	17.25	18.01	17.57		18.22	17.57	17.57	17.57	17.57	17.57
Days Sales Outstanding	49.48	46.47	51.63	58.60	54.96		58.60	54.96	54.96	54.96	54.96	54.96
Cash Conversion Cycle	30.12	25.92	34.38	40.60	37.39		40.38	37.39	37.39	37.39	37.39	37.39
Net tangible assets/share	\$8.77	\$17.77	\$12.57	\$11.89	\$12.24		\$12.80	\$13.36	\$13.92	\$14.48	\$15.04	

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	248.50	-782.50	13.10	1,047.70	43.41	43.41	43.41	43.41	43.41
Depreciation	399.00	341.60	252.90	176.90	176.90	176.90	176.90	176.90	176.90
<b>Net Income + Depreciation</b>	<b>647.50</b>	<b>-440.90</b>	<b>266.00</b>	<b>1,224.60</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-4.70	-183.90	23.30	124.10	0.00	0.00	0.00	0.00	0.00
Non Cash Items	74.90	1,463.90	52.50	43.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	190.40	-246.70	-45.80	-1,026.10	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	132.30	-3.80	-40.40	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-13.70	9.90	8.40	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-20.40	-5.10	1.20	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>908.10</b>	<b>592.40</b>	<b>296.00</b>	<b>365.60</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>	<b>220.31</b>
Capital Expenditures Expenditures	-135.30	-95.90	-82.30	-64.90	-70.00	-70.00	-70.00	-70.00	-70.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-16.40	205.00	-373.20	920.30	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-151.70</b>	<b>109.10</b>	<b>-455.50</b>	<b>855.40</b>	<b>-70.00</b>	<b>-70.00</b>	<b>-70.00</b>	<b>-70.00</b>	<b>-70.00</b>
Financing Cash flow items	-718.50	-4.30	-13.20	-7.30	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-434.40	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	-172.60	-663.50	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-31.10	-37.50	-49.00	-55.60	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-749.60</b>	<b>-41.80</b>	<b>-234.80</b>	<b>-1,160.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	5.50	-4.90	0.00	-1.10	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	133.80	146.10	801.80	407.50	467.80	618.11	768.41	918.72	1,069.02
<b>Net Change in Cash</b>	<b>12.30</b>	<b>654.80</b>	<b>-394.30</b>	<b>59.10</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>
Ending Cash Balance	146.10	801.80	407.50	466.60	618.11	768.41	918.72	1,069.02	1,219.33
Capex to Revenue	4.17%	3.97%	3.74%	2.96%	3.19%	3.19%	3.19%	3.19%	3.19%
Depreciation to Sales	12.29%	14.13%	11.48%	8.07%	8.07%	8.07%	8.07%	8.07%	8.07%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	13.56%	12.73%	14.15%	16.06%	16.06%	16.06%	16.06%	16.06%	16.06%
Distributable FCF/EV Yield	32.09%	29.76%	-6.77%	51.80%	6.38%	6.38%	6.38%	6.38%	6.38%
Dividend Yield	0.00%	0.00%	0.00%	-15.97%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing)</b>	<b>772.80</b>	<b>496.50</b>	<b>213.70</b>	<b>735.10</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

AOL

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>59.10</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>	<b>150.31</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>52.00</b>	<b>52.00</b>	<b>52.00</b>	<b>52.00</b>	<b>52.00</b>	<b>52.00</b>
Current Portion Debt Balance	52.00	52.00	52.00	52.00	52.00	52.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Interest Expense</b>		<b>3.64</b>	<b>3.64</b>	<b>3.64</b>	<b>3.64</b>	<b>3.64</b>
Cash Balance		466.60				
Interest @ 1.0%		4.67	4.67	4.67	4.67	4.67
<b>Net Interest Expense/(Income)</b>		<b>(1.03)</b>	<b>(1.03)</b>	<b>(1.03)</b>	<b>(1.03)</b>	<b>(1.03)</b>
<b>Net Interest Rate</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
EBITDA		65.75	65.75	65.75	65.75	65.75
<b>EBITDA/Interest Expense Coverage</b>		<b>18.06</b>	<b>18.06</b>	<b>18.06</b>	<b>18.06</b>	<b>18.06</b>

Interest Rate Coverage Table

Debt Rating					
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

AOL Inc

Ticker:

AOL

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	-31.60	715.80	339.40	394.40	544.71	695.01	845.32	995.62	1,145.93
Total Assets	3,963.10	2,962.30	2,825.00	2,816.70	2,860.11	2,903.51	2,946.92	2,990.32	3,033.73
<b>X1</b>	<b>-0.01</b>	<b>0.24</b>	<b>0.12</b>	<b>0.14</b>	<b>0.19</b>	<b>0.24</b>	<b>0.29</b>	<b>0.33</b>	<b>0.38</b>
Retained Earnings	-20.40	-802.90	-789.80	-188.00	-144.59	-101.19	-57.78	-14.38	29.03
Total Assets	3,963.10	2,962.30	2,825.00	2,816.70	2,860.11	2,903.51	2,946.92	2,990.32	3,033.73
<b>X2</b>	<b>-0.01</b>	<b>-0.27</b>	<b>-0.28</b>	<b>-0.07</b>	<b>-0.05</b>	<b>-0.03</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.01</b>
EBITDA	600.50	-837.30	137.80	1,240.10	65.75	65.75	65.75	65.75	65.75
Total Assets	3,963.10	2,962.30	2,825.00	2,816.70	2,860.11	2,903.51	2,946.92	2,990.32	3,033.73
<b>X3</b>	<b>0.15</b>	<b>-0.28</b>	<b>0.05</b>	<b>0.44</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
Market Value of Equity	2,720.82	2,720.82	2,720.82	2,720.82	2,487.49	2,274.17	2,079.15	1,900.85	1,737.84
Total Liabilities	902.00	675.40	652.40	584.90	584.90	584.90	584.90	584.90	584.90
<b>X4</b>	<b>3.02</b>	<b>4.03</b>	<b>4.17</b>	<b>4.65</b>	<b>4.25</b>	<b>3.89</b>	<b>3.55</b>	<b>3.25</b>	<b>2.97</b>
Net Sales	3,245.80	2,416.70	2,202.10	2,191.70	2,191.70	2,191.70	2,191.70	2,191.70	2,191.70
Total Assets	3,963.10	2,962.30	2,825.00	2,816.70	2,860.11	2,903.51	2,946.92	2,990.32	3,033.73
<b>X5</b>	<b>0.82</b>	<b>0.82</b>	<b>0.78</b>	<b>0.78</b>	<b>0.77</b>	<b>0.75</b>	<b>0.74</b>	<b>0.73</b>	<b>0.72</b>
<b>Altman Z Score</b>	<b>3.11</b>	<b>2.21</b>	<b>3.20</b>	<b>5.10</b>	<b>3.55</b>	<b>3.40</b>	<b>3.27</b>	<b>3.15</b>	<b>3.04</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red