

January 26, 2012

# SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

## Aeropostale Inc (ARO)

<b>Price:</b>	<b>\$16.86</b>	<b>Price/Book:</b>	<b>3.15</b>	<b>EV/EBITDA 5x TV:</b>	<b>\$18.81</b>
<b>Market Cap:</b>	<b>\$1,361,445,049</b>	<b>Price/Earnings:</b>	<b>10.70</b>	<b>Net Tangible Asset TV:</b>	<b>\$12.11</b>
<b>Cash:</b>	<b>\$265,550,000</b>	<b>EV/EBITA:</b>	<b>2.46</b>	<b>SN Defined TV:</b>	<b>\$24.65</b>
<b>Debt:</b>	<b>\$0</b>	<b>EV/FCF:</b>	<b>6.73</b>	<b>Economic Value Added:</b>	<b>\$21.37</b>
<b>Net Cash:</b>	<b>\$265,550,000</b>	<b>Net Tang. Asset/Share:</b>	<b>\$5.36</b>	<b>Year 5 Target:</b>	<b>\$19.24</b>
<b>Enterprise Value:</b>	<b>\$1,095,895,049</b>	<b>FCF/Share:</b>	<b>\$2.02</b>	<b>Appreciation:</b>	<b>14.088%</b>

### Overview

#### **Dividend?**

Dividend yield is 0.00%.

#### **Price to Book**

Price to book is 3.14. Price to book excluding goodwill is 3.15.

#### **Cashflow Generation**

Cashflows are \$202 MM from operating cashflow.

Capex is \$100 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$102 MM.

16.1% EBITA margin and FCF yield is 20.4%.

The company has \$265.6 MM in cash/short term investment and \$0.0 MM in debt.

We are projecting a \$0.0 MM paydown annually.

#### **Profitability**

ROA is 29.9%, and ROC is 53.5%.

#### **Bankruptcy Risk**

Altman Z is at 8.0.

#### **LBO?**

We don't believe a 60% debt/40% equity would be sustainable.

#### **Price**

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# SN VALUATION

# Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	Jan 20 2012	-0.2	-0.22	-7.29%	Error
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	-0.0395
Philly Fed Manufacturing Activity Index	Jan 2012	7.3	6.80	7.35%	-0.578
Philly Fed Manufacturing Future Activity Index	Jan 2012	49	40.00	22.50%	0.0294
US Average Claims for Unemployment Insurance	Jan 7 2012	3580	3613.971331	-0.94%	-0.1227
US Average Initial Claims for Unemployment Insurance	Jan 14 2012	379.00K	N/A	-0.92%	-0.0987
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Jan 14 2012	352.00K	N/A	-12.44%	-0.1945
US Producer Price Index	Dec 2011	192.6	192.79	-0.10%	0.0484
US Quits Rate: Total Nonfarm	Nov 2011	0.015	0.015	0.00%	0.1538
US Quits: Total Nonfarm	Nov 2011	1960	1919.12	2.13%	0.1185
US Retail Sales	Dec 2011	357980000	357,944,206	0.01%	0.0627
US Total Business Inventories	Nov 2011	1.55T	N/A	0.32%	0.0855
US Total Business Inventory/Sales Ratio	Nov 2011	1.27	1.27	0.00%	-0.0078
US Total Business Sales	Nov 2011	1.22T	N/A	0.31%	0.096
US Total Separations Rate: Total Nonfarm	Nov 2011	0.03	0.03	0.00%	0
US Total Separations: Total Nonfarm	Nov 2011	4000	3902.82	2.49%	0.0326

## U.S. Key Indicators

10 Year Treasury Rate	2.09%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	352.00K
US 30 Year Mortgage Rate	3.88%
US Average Claims for Unemployment Insurance	3,580
US Retail Sales	357,980,000
US Unemployment Rate	0.085
US Durable Goods Orders	207,070,000
US Purchasing Managers Index	53.9
US Personal Consumption Expenditures	10.87T
US Consumer Price Index	226.75
US Consumer Sentiment	69.8
US Housing Starts	657.00K

## Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Jan 20 2012	1,874,915	24.26%
Korea Change in Stocks	Sep 2011	3.3	230.00%
Korea Consumer Price Index	Dec 2011	122.13	4.16%
Korea Core Consumer Price Index	Dec 2011	117.45	2.68%
Korea Core Inflation Rate	Oct 2011	0.0315	68.28%
Korea GDP	Sep 2011	310.1	5.30%
Korea Inflation Rate	Oct 2011	0.039	-3.90%
Korea Manufacturing Producer Price Index	Nov 2011	125.69	6.71%
Korea Misery Index	Oct 2011	7	-7.39%
Korea Real GDP Growth	Sep 2011	0.0349	-20.14%
Korea Unemployment Rate	Nov 2011	0.031	-3.12%

Source: [Ycharts.com](http://Ycharts.com)

2012-01-26

# Altman Z Score

Company Name:

Aeropostale Inc

Ticker:

ARO

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	-37.85	52.72	134.93	115.77	212.79	315.67	424.58	539.70	661.23
Total Assets	514.17	657.92	792.31	773.20	913.26	1,057.47	1,205.95	1,358.84	1,516.26
<b>X1</b>	<b>-0.07</b>	<b>0.08</b>	<b>0.17</b>	<b>0.15</b>	<b>0.23</b>	<b>0.30</b>	<b>0.35</b>	<b>0.40</b>	<b>0.44</b>
Retained Earnings	543.91	693.33	922.79	389.76	529.82	674.03	822.51	975.40	1,132.82
Total Assets	514.17	657.92	792.31	773.20	913.26	1,057.47	1,205.95	1,358.84	1,516.26
<b>X2</b>	<b>1.06</b>	<b>1.05</b>	<b>1.16</b>	<b>0.50</b>	<b>0.58</b>	<b>0.64</b>	<b>0.68</b>	<b>0.72</b>	<b>0.75</b>
EBITDA	202.45	248.30	382.69	386.79	209.56	215.84	222.32	228.99	235.86
Total Assets	514.17	657.92	792.31	773.20	913.26	1,057.47	1,205.95	1,358.84	1,516.26
<b>X3</b>	<b>0.39</b>	<b>0.38</b>	<b>0.48</b>	<b>0.50</b>	<b>0.23</b>	<b>0.20</b>	<b>0.18</b>	<b>0.17</b>	<b>0.16</b>
Market Value of Equity	1,361.45	1,361.45	1,361.45	1,361.45	1,397.81	1,435.14	1,473.48	1,512.83	1,553.24
Total Liabilities	316.90	302.86	357.82	340.55	340.55	340.55	340.55	340.55	340.55
<b>X4</b>	<b>4.30</b>	<b>4.50</b>	<b>3.80</b>	<b>4.00</b>	<b>4.10</b>	<b>4.21</b>	<b>4.33</b>	<b>4.44</b>	<b>4.56</b>
Net Sales	1,590.88	1,885.53	2,230.11	2,400.43	2,328.42	2,398.27	2,470.22	2,544.32	2,620.65
Total Assets	514.17	657.92	792.31	773.20	913.26	1,057.47	1,205.95	1,358.84	1,516.26
<b>X5</b>	<b>3.09</b>	<b>2.87</b>	<b>2.81</b>	<b>3.10</b>	<b>2.55</b>	<b>2.27</b>	<b>2.05</b>	<b>1.87</b>	<b>1.73</b>
<b>Altman Z Score</b>	<b>8.36</b>	<b>8.38</b>	<b>8.53</b>	<b>8.04</b>	<b>6.86</b>	<b>6.72</b>	<b>6.63</b>	<b>6.58</b>	<b>6.55</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



# SN VALUATION

# LBO Analysis

WACC Terminal Value:		<b>Intrinsic Price in 5 Years:</b>	<b>19.24</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 3X Multiple Terminal Value:	\$18.81	Market Price:	16.86	Year 1 Target	17.31	<b>Implied Today's Price</b>	<b>7.73</b>
Net Tangible Asset Terminal Value:	\$12.11	LBO Price:	<b>16.86</b>	Year 2 Target	17.77	Overvalued/(Undervalued)	118.11%
EV/EBITDA with Today's Multiple Terminal Value:	\$24.65	Premium to Market Price:	0.00%	Year 3 Target	18.25		
EVA Enterprise Value:	\$21.37	LBO Price/Intrinsic Price Target:	2.67%	Year 4 Target	18.73		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	7.89%	Year 5 Target	19.24		
Average (Excluding Dividend Discount):	<b>\$19.24</b>	Implied IRR at today's EV/EBITDA:	7.89%	<b>Implied IRR (Market Price):</b>	<b>2.67%</b>		
		5 Year Return:	14.09%				

Current Evaluation				Exit Evaluation			
Current Market Price:	16.86	LBO Price:	16.86	Exit Price:	19.24	Exit Price:	24.65
Outstanding Shares:	80,750,000	Outstanding Shares:	80,750,000	Outstanding Shares:	80,750,000	Outstanding Shares:	80,750,000
<b>Market Capitalization:</b>	<b>1,361,445,049</b>	<b>Market Capitalization:</b>	<b>1,361,445,000</b>	<b>Market Capitalization:</b>	<b>1,553,241,261</b>	<b>Market Capitalization:</b>	<b>1,990,303,140</b>
Available Cash:	265,550,000	Available Cash:	265,550,000	Available Cash:	811,008,858	Available Cash:	811,008,858
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	265,550,000	Net Cash:	265,550,000	Net Cash:	811,008,858	Net Cash:	811,008,858
<b>Enterprise Value:</b>	<b>1,095,895,049</b>	<b>Enterprise Value:</b>	<b>1,095,895,000</b>	<b>Enterprise Value:</b>	<b>742,232,403</b>	<b>Enterprise Value:</b>	<b>1,179,294,282</b>
Original EV/EBITDA:	2.83	EV/EBITDA:	2.83	EV/EBITDA at 5 Years:	3.15	EV/EBITDA at 5 Years:	<b>5.00</b>
Original EV/EBITDA:	2.46	EV/EBITDA:	2.46	EV/EBITDA at 5 Years:	3.35	EV/EBITDA at 5 Years:	3.93
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	16.86	16.86	17.31	17.77	18.25	18.73	19.24
Shares Outstanding:	80,750,000	80,750,000	80,750,000	80,750,000	80,750,000	80,750,000	80,750,000
<b>Market Capitalization:</b>	<b>1,361,445,000</b>	<b>1,361,445,000</b>	<b>1,397,809,104</b>	<b>1,435,144,491</b>	<b>1,473,477,104</b>	<b>1,512,833,578</b>	<b>1,553,241,261</b>
Available Cash:	265,550,000	265,550,000	362,569,006	465,446,003	574,356,731	689,482,202	811,008,858
Debt:	0	0	0	0	0	0	0
Net Cash:	265,550,000	265,550,000	362,569,006	465,446,003	574,356,731	689,482,202	811,008,858
<b>Enterprise Value:</b>	<b>1,095,895,000</b>	<b>1,095,895,000</b>	<b>1,035,240,098</b>	<b>969,698,488</b>	<b>899,120,373</b>	<b>823,351,376</b>	<b>742,232,403</b>
EBIT	386,790,000	386,790,000	209,557,539	215,844,265	222,319,593	228,989,181	235,858,856
EV/EBIT:	2.83	2.83	4.94	4.49	4.04	3.60	3.15
EBITDA	445,510,000	445,510,000	266,515,939	274,511,417	282,746,760	291,229,162	299,966,037
EV/EBITDA:	2.46	2.46	3.88	3.53	3.18	2.83	2.47

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	16.86	16.86	11.84	13.34	14.91	16.57	18.32
Shares Outstanding:	80,750,000	80,750,000	80,750,000	80,750,000	80,750,000	80,750,000	80,750,000
<b>Market Capitalization:</b>	<b>1,361,445,000</b>	<b>1,361,445,000</b>	<b>956,309,948</b>	<b>1,076,999,174</b>	<b>1,204,256,497</b>	<b>1,338,278,961</b>	<b>1,479,269,520</b>
Available Cash:	265,550,000	265,550,000	362,569,006	465,446,003	574,356,731	689,482,202	811,008,858
Debt:	0	0	0	0	0	0	0
Net Cash:	265,550,000	265,550,000	362,569,006	465,446,003	574,356,731	689,482,202	811,008,858
<b>Enterprise Value:</b>	<b>1,095,895,000</b>	<b>1,095,895,000</b>	<b>593,740,943</b>	<b>611,553,171</b>	<b>629,899,766</b>	<b>648,796,759</b>	<b>668,260,662</b>
EBIT	386,790,000	386,790,000	209,557,539	215,844,265	222,319,593	228,989,181	235,858,856
EV/EBIT:	2.83	2.83	2.83	2.83	2.83	2.83	2.83
EBITDA	445,510,000	445,510,000	266,515,939	274,511,417	282,746,760	291,229,162	299,966,037
EV/EBITDA:	2.46	2.46	2.23	2.23	2.23	2.23	2.23

LBO Price	16.86	Equity Partners:	1,361,445,000	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners:</b>	<b>7.89%</b>
Shares Outstanding	80,750,000	Debt Partners:	0		0.00%		
<b>Market Capitalization</b>	<b>1,361,445,000</b>	<b>Total Funds for LBO:</b>	<b>1,361,445,000</b>		100.00%		
Debt	0						
Cash	265,550,000						
<b>Enterprise Value</b>	<b>1,095,895,000</b>						
<b>Capital Investment</b>	<b>1,361,445,000</b>						

<b>Book Value</b>		<b>Enterprise Value</b>		<b>Stock Valuation</b>		<b>Debt Reduction</b>	
Beginning Book Value	432.64	Beginning Enterprise Value	1,095.90	Current Market Price	\$16.86	Starting Debt	0.00
Year 5 Book Value	1,175.70	Year 5 Enterprise Value	1,179.29	Year 5 Market Price	\$24.65	Debt Repayment	0.00
<b>Annualized Return</b>	<b>22.13%</b>	<b>Annualized Return</b>	<b>1.48%</b>	<b>Annualized Return</b>	<b>7.89%</b>	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Aeropostale Inc

Ticker:

ARO

	Historical				Forecasted				
	52 weeks ending 2008-02-02	52 weeks ending 2009-01-31	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	2011	2012	2013	2014	2015
Revenue	1,590.88	1,885.53	2,230.11	2,400.43	2,328.42	2,398.27	2,470.22	2,544.32	2,620.65
COGS	1,037.68	1,231.35	1,382.96	1,514.27	1,629.89	1,678.79	1,729.15	1,781.03	1,834.46
Gross margin	553.20	654.18	847.15	886.16	698.53	719.48	741.07	763.30	786.20
SG&A	345.81	405.98	464.46	499.97	488.07	503.64	518.75	534.31	550.34
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	9.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	-4.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	202.45	248.30	382.69	386.79	209.56	215.84	222.32	228.99	235.86
Interest income/(expense)	6.55	0.51	0.12	-0.11	2.66	2.66	2.66	2.66	2.66
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	209.00	248.81	382.81	386.68	212.21	218.50	224.98	231.64	238.51
Tax	79.80	99.39	153.35	155.34	72.15	74.29	76.49	78.76	81.09
Income after tax	129.20	149.42	229.46	231.34	140.06	144.21	148.48	152.89	157.42
Minority Interest	0.00	0.00	0.00	0.00	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
Net income	129.20	149.42	229.46	231.34	140.06	144.21	148.48	152.89	157.42
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.60	\$1.85	\$2.84	\$2.86	\$1.73	\$1.79	\$1.84	\$1.89	\$1.95
P/E (historical today's price; forecasted intrinsic price)	10.54	9.11	5.93	5.89	9.98	9.95	9.92	9.90	9.87
Revenue Growth	N/A	18.52%	18.27%	7.64%	-3.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	38.18%	39.95%	40.06%	40.17%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	65.23%	65.31%	62.01%	63.08%	70.00%	70.00%	70.00%	70.00%	70.00%
Gross margin	34.77%	34.69%	37.99%	36.92%	30.00%	30.00%	30.00%	30.00%	30.00%
SG&A	21.74%	21.53%	20.83%	20.80%	21.00%	21.00%	21.00%	21.00%	21.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	-0.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS					0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	12.73%	13.17%	17.16%	16.11%	9.00%	9.00%	9.00%	9.00%	9.00%
Interest income/(expense)	0.41%	0.03%	0.01%	0.00%	0.11%	0.11%	0.11%	0.10%	0.10%
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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	13.14%	13.20%	17.17%	16.11%	9.11%	9.11%	9.11%	9.10%	9.10%
Tax	5.02%	5.27%	6.88%	6.47%	3.10%	3.10%	3.10%	3.10%	3.09%
Income after tax	8.12%	7.92%	10.29%	9.64%	6.02%	6.19%	6.38%	6.57%	6.76%
Minority Interest	0.00%	0.00%	0.00%	0.00%	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%
Net income	8.12%	7.92%	10.29%	9.64%	6.02%	6.01%	6.01%	6.01%	6.01%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-02-02	As of 2009-01-31	As of 2010-01-30	As of 2011-01-29	+	-						
Cash	111.93	228.53	346.98	265.55			265.55	362.57	465.45	574.36	689.48	811.01
Short term investment	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>111.93</b>	<b>228.53</b>	<b>346.98</b>	<b>265.55</b>			<b>265.55</b>	<b>362.57</b>	<b>465.45</b>	<b>574.36</b>	<b>689.48</b>	<b>811.01</b>
Accounts Receivable	0.00	0.00	0.00	0.00			0.00	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	0.00
<b>Total Receivables</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deferred Income Tax	-125.15	-165.72	-153.25	-137.69			-137.69	-137.69	-137.69	-137.69	-137.69	-137.69
Total Inventory	136.49	126.36	132.91	156.60			156.60	156.60	156.60	156.60	156.60	156.60
Prepaid Expenses	13.60	17.38	21.05	24.53			24.53	24.53	24.53	24.53	24.53	24.53
Other Current Assets	22.67	21.61	29.08	22.88			22.88	22.88	22.88	22.88	22.88	22.88
<b>Current Assets</b>	<b>159.54</b>	<b>228.16</b>	<b>376.77</b>	<b>331.87</b>	<b>0.00</b>	<b>0.00</b>	<b>331.87</b>	<b>428.89</b>	<b>531.77</b>	<b>640.68</b>	<b>755.80</b>	<b>877.33</b>
PP&E, Gross	338.98	414.72	457.66	548.51			548.51	648.51	748.51	848.51	948.51	1,048.51
Change in Depreciation	36.76	45.77	52.85	58.72			58.72	56.96	58.67	60.43	62.24	64.11
Accumulated Depreciation	0.00	0.00	52.85	111.57			111.57	168.53	227.20	287.62	349.86	413.97
<b>PP&amp;E, Net</b>	<b>338.98</b>	<b>414.72</b>	<b>404.81</b>	<b>436.94</b>			<b>436.94</b>	<b>479.98</b>	<b>521.31</b>	<b>560.89</b>	<b>598.65</b>	<b>634.54</b>
Goodwill	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	15.65	15.04	10.73	4.39			4.39	4.39	4.39	4.39	4.39	4.39
<b>Long Term Assets</b>	<b>354.63</b>	<b>429.76</b>	<b>415.54</b>	<b>441.33</b>	<b>0.00</b>	<b>0.00</b>	<b>441.33</b>	<b>484.37</b>	<b>525.70</b>	<b>565.28</b>	<b>603.04</b>	<b>638.93</b>
<b>Total Assets</b>	<b>514.17</b>	<b>657.92</b>	<b>792.31</b>	<b>773.20</b>	<b>0.00</b>	<b>0.00</b>	<b>773.20</b>	<b>913.26</b>	<b>1,057.47</b>	<b>1,205.95</b>	<b>1,358.84</b>	<b>1,516.26</b>
Accounts Payable	99.37	77.25	90.85	103.01			103.01	103.01	103.01	103.01	103.01	103.01
Accrued Expense	70.62	87.33	107.04	101.71			101.71	101.71	101.71	101.71	101.71	101.71
Other current Liabilities	27.40	10.86	43.95	11.38			11.38	11.38	11.38	11.38	11.38	11.38
<b>Total Current Liabilities</b>	<b>197.39</b>	<b>175.44</b>	<b>241.84</b>	<b>216.10</b>	<b>0.00</b>	<b>0.00</b>	<b>216.10</b>	<b>216.10</b>	<b>216.10</b>	<b>216.10</b>	<b>216.10</b>	<b>216.10</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
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deferred Income tax	0.00	0.00	0.00	7.46			7.46	7.46	7.46	7.46	7.46	7.46
Minority Interest	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	119.51	127.42	115.98	116.99			116.99	116.99	116.99	116.99	116.99	116.99
<b>Total Liabilities</b>	<b>316.90</b>	<b>302.86</b>	<b>357.82</b>	<b>340.55</b>	<b>0.00</b>	<b>0.00</b>	<b>340.55</b>	<b>340.55</b>	<b>340.55</b>	<b>340.55</b>	<b>340.55</b>	<b>340.55</b>
Redeemable Preferred Stock	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
Common Stock	0.90	1.36	1.37	0.91		0.00	0.91	0.91	0.91	0.91	0.91	0.91
Additional Paid-in capital	124.05	145.50	171.81	195.40	0.00	0.00	195.40	195.40	195.40	195.40	195.40	195.40
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	543.91	693.33	922.79	389.76		0.00	389.76	529.82	674.03	822.51	975.40	1,132.82
Treasury Stock	-466.94	-476.13	-654.49	-152.99			-152.99	-152.99	-152.99	-152.99	-152.99	-152.99
Other Equity	-4.65	-9.00	-6.99	-0.44		0.00	-0.44	-0.44	-0.44	-0.44	-0.44	-0.44
<b>Total Equity</b>	<b>197.27</b>	<b>355.06</b>	<b>434.49</b>	<b>432.64</b>	<b>0.00</b>	<b>0.00</b>	<b>432.64</b>	<b>572.70</b>	<b>716.91</b>	<b>865.39</b>	<b>1,018.28</b>	<b>1,175.70</b>
<b>Liability + Equity</b>	<b>514.17</b>	<b>657.92</b>	<b>792.31</b>	<b>773.19</b>	<b>0.00</b>	<b>0.00</b>	<b>773.19</b>	<b>913.25</b>	<b>1,057.46</b>	<b>1,205.94</b>	<b>1,358.83</b>	<b>1,516.25</b>
<b>Variance</b>	0.00	0.00	0.00	0.01			0.01	0.01	0.01	0.01	0.01	0.01
<b>Debt/Equity</b>	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	11.66	14.92	16.78	15.33			15.33	14.87	15.31	15.77	16.25	16.73
Inventory Turnover Days	31.32	24.46	21.75	23.81			23.81	24.55	23.83	23.14	22.47	21.81
Days Inventory Outstanding	48.01	37.46	35.08	37.75			37.75	35.07	34.05	33.06	32.09	31.16
Accounts Receivable Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Accounts Receivable Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Payable Outstanding	34.95	22.90	23.98	24.83			24.83	23.07	22.40	21.74	21.11	20.50
Days Sales Outstanding	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash Conversion Cycle	13.06	14.56	11.10	12.92			12.92	12.00	11.65	11.31	10.98	10.66





# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-81.42	97.02	102.88	108.91	115.13	121.53
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		265.55				
Interest @ 1.0%		2.66	2.66	2.66	2.66	2.66
<b>Net Interest Expense/(Income)</b>		<b>(2.66)</b>	<b>(2.66)</b>	<b>(2.66)</b>	<b>(2.66)</b>	<b>(2.66)</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		209.56	215.84	222.32	228.99	235.86
<b>EBITDA/Interest Expense Coverage</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

## Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
AAA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BBB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CCC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
C	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
D	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

\*Source: NYU; Professor Damodaran