

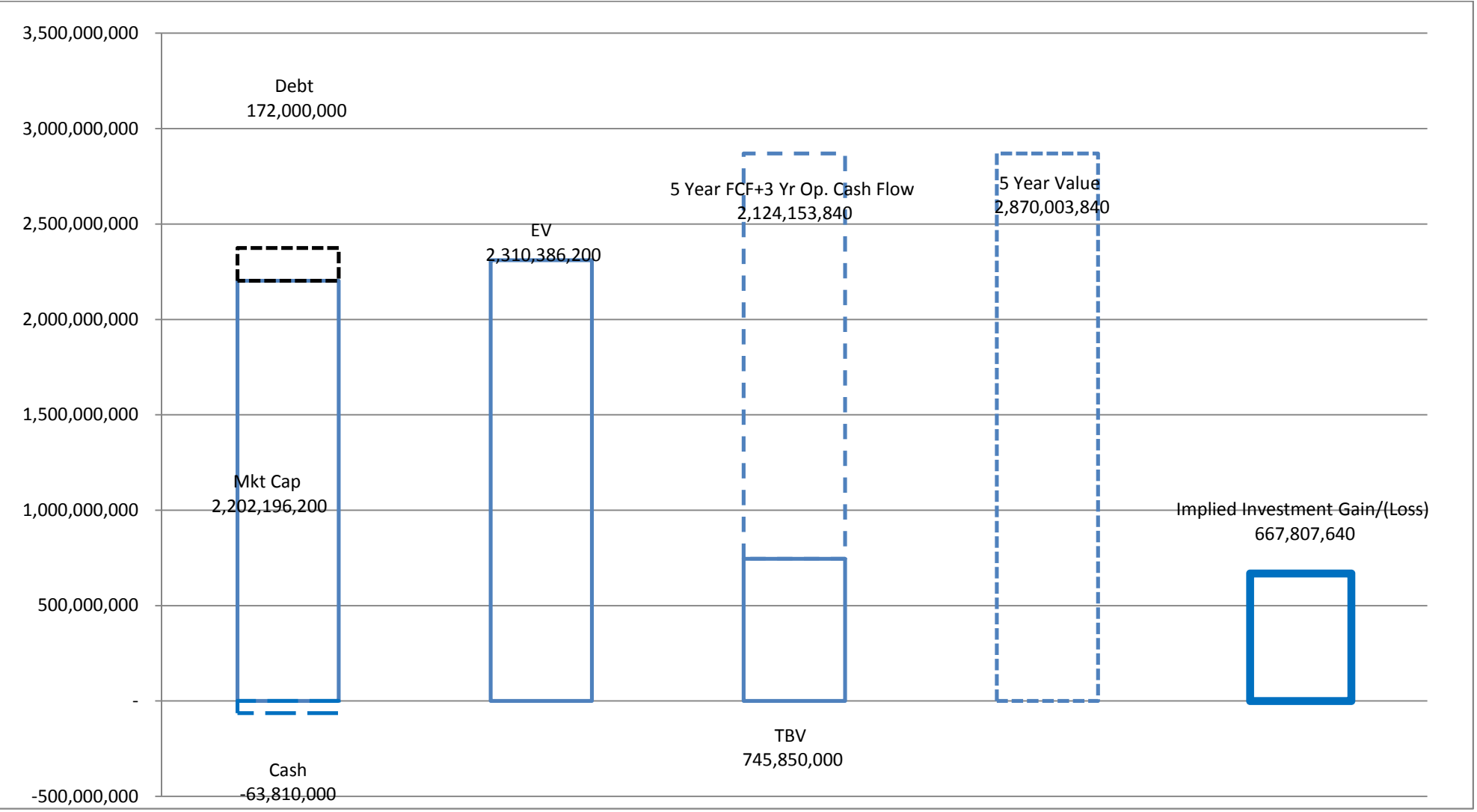
Big Lots (BIG)

Price:	\$37.78	Net Tang. Bk Value Incl. Cash, Excl.	\$745,850,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$1,595,446,150.00
Market Cap:	\$2,202,196,200	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$265,519,230.00
Cash:	\$63,810,000	NTBVIC/Market Downside Recovery:	33.87%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$172,000,000	Op. Cash Flow:	\$265,519,230	Year 5 Disposition Price:	\$2,392,003,840.00
Net Cash:	-\$108,190,000	Implied Years to Fill Gap:	5.48		
Enterprise Value:	\$2,310,386,200	Today's Equity if 5x Op. CF:	\$1,542,407,690		
		Net Tang. Book+ Gain Disposition:			\$2,392,003,840.00
Shares Outstanding:	58,290,000	IRR:			1.67%
				Price:	\$41.04
				Target Market Cap:	\$2,392,003,840
				Target Enterprise Value:	\$2,500,193,840

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

The Co. has tremendous earnings power in a fairly stable industry niche. Due to the discounted nature of the goods sold the business is much more resistant to changes in the economy.

Although the stock has remained flat over the past 2 years, we are encouraged by the Co.'s continued dedication to repurchasing shares, and generating profits for investors. In fact, seeing the strong operational results of the Co. is much more gratifying than seeing the market price move up for the stock.



SN VALUATION

LBO Pro Forma Income Statement

Name:

Big Lots

Ticker:

BIG

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	4,726.77	4,952.24	5,202.27	5,400.12	5,400.12	5,400.12	5,400.12	5,400.12	5,400.12
COGS	2,807.47	2,939.79	3,131.86	3,282.47	3,294.07	3,294.07	3,294.07	3,294.07	3,294.07
Gross margin	1,919.30	2,012.45	2,070.41	2,117.65	2,106.05	2,106.05	2,106.05	2,106.05	2,106.05
SG&A	1,532.36	1,571.90	1,634.53	1,712.91	1,728.04	1,728.04	1,728.04	1,728.04	1,728.04
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	-12.96	4.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					100.00	100.00	100.00	100.00	100.00
Operating Income (EBITA)	399.90	435.95	435.88	404.74	278.01	278.01	278.01	278.01	278.01
Interest income/(expense)	-1.66	-1.97	-3.94	-4.59	-16.59	-16.59	-16.59	-16.59	-16.59
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	0.23	0.45	0.00	0.00	0.00	0.00	0.00
Income before tax	323.35	355.38	341.89	294.31	261.41	261.41	261.41	261.41	261.41
Tax	121.98	132.83	134.65	117.15	91.49	91.49	91.49	91.49	91.49
Income after tax	201.37	222.55	207.24	177.16	169.92	169.92	169.92	169.92	169.92
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	201.37	222.55	207.24	177.16	169.92	169.92	169.92	169.92	169.92
*Figures are in millions (\$)									
EPS (based off today's share count)	\$3.45	\$3.82	\$3.56	\$3.04	\$2.92	\$2.92	\$2.92	\$2.92	\$2.92
P/E (historical today's price; forecasted intrinsic price)	10.94	9.90	10.63	12.43	13.18	13.40	13.62	13.85	14.08
Revenue Growth	N/A	4.77%	5.05%	3.80%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	37.72%	37.38%	39.38%	39.80%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	-5.98%	-2.68%	-9.65%	-9.65%	-9.65%	-9.65%	-9.65%
Margins									
COGS	59.40%	59.36%	60.20%	60.79%	61.00%	61.00%	61.00%	61.00%	61.00%
Gross margin	40.60%	40.64%	39.80%	39.21%	39.00%	39.00%	39.00%	39.00%	39.00%
SG&A	32.42%	31.74%	31.42%	31.72%	32.00%	32.00%	32.00%	32.00%	32.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	-0.27%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS					1.85%	1.85%	1.85%	1.85%	1.85%
Operating Income (EBITA)	8.46%	8.80%	8.38%	7.50%	5.15%	5.15%	5.15%	5.15%	5.15%
Interest income/(expense)	-0.04%	-0.04%	-0.08%	-0.31%	-0.31%	-0.31%	-0.31%	-0.31%	-0.31%
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%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	6.84%	7.18%	6.57%	5.45%	4.84%	4.84%	4.84%	4.84%	4.84%
Tax	2.58%	2.68%	2.59%	2.17%	1.69%	1.69%	1.69%	1.69%	1.69%
Income after tax	4.26%	4.49%	3.98%	3.28%	3.15%	3.15%	3.15%	3.15%	3.15%
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	4.26%	4.49%	3.98%	3.28%	3.15%	3.15%	3.15%	3.15%	3.15%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	283.73	177.54	68.55	60.58	63.81			63.81	189.32923	314.85	440.37	565.89	691.41
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
Cash and Short term	283.73	177.54	68.55	60.58	63.81			63.81	189.33	314.85	440.37	565.89	691.41
Accounts Receivable	0.00	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	0.00
Total Receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Inventory	731.34	762.15	825.20	918.02	913.69			913.69	913.69	913.69	913.69	913.69	913.69
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	107.90	112.03	112.91	112.03	153.87			153.87	153.87	153.87	153.87	153.87	153.87
Current Assets	1,122.97	1,051.72	1,006.66	1,090.63	1,131.37	0.00	0.00	1,131.37	1256.88923	1,382.41	1,507.93	1,633.45	1,758.97
PP&E, Gross	1,505.11	1,512.16	1,611.99	0.00	1,612.00			1,612.00	1,752.00	1,892.00	2,032.00	2,172.00	2,312.00
Change in Depreciation	71.50	74.04	82.85	95.60	95.60			95.60	95.60	95.60	95.60	95.60	95.60
Accumulated Depreciation	1,013.86	987.25	1,039.22	0.00	1,050.00			1,050.00	1,145.60	1,241.20	1,336.80	1,432.40	1,528.00
PP&E, Net	491.25	524.91	572.77	0.00	562.00			562.00	606.40	650.80	695.20	739.60	784.00
Goodwill	0.00	0.00	12.28	13.52	14.00	0.00		14.00	14.00	14.00	14.00	14.00	14.00
Intangibles	0.00	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	0.00
Other long term assets	55.27	42.97	49.60	55.91	64.01			64.01	64.01	64.01	64.01	64.01	64.01
Long Term Assets	546.52	567.88	634.65	69.43	640.01			640.01	684.41	728.81	773.21	817.61	862.01
Total Assets	1,669.49	1,619.60	1,641.31	1,160.06	1,771.38	0.00	0.00	1,771.38	1,941.30	2,111.22	2,281.14	2,451.06	2,620.98
Accounts Payable	309.86	302.82	350.12	393.65	394.00			394.00	394.00	394.00	394.00	394.00	394.00
Accrued Expense	169.31	172.60	159.65	155.51	155.00			155.00	155.00	155.00	155.00	155.00	155.00
Other current Liabilities	63.35	66.51	75.05	80.47	41.30			41.30	41.30	41.30	41.30	41.30	41.30
Total Current Liabilities	542.52	541.93	584.82	629.63	590.30	0.00	0.00	590.30	590.30	590.30	590.30	590.30	590.30
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	0.00	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	65.90	171.20	172.00	0.00	0.00	172.00	172.00	172.00	172.00	172.00	172.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	0.00	0.00	65.90	171.20	172.00	0.00	0.00	172.00	172.00	172.00	172.00	172.00	172.00
Deferred Income tax	0.00	0.00	0.00	2.69	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	125.56	130.88	167.36	191.96	221.39			221.39	221.39	221.39	221.39	221.39	221.39
Total Liabilities	668.08	672.81	818.08	995.48	983.69	0.00	0.00	983.69	983.69	983.69	983.69	983.69	983.69
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	1.18	1.18	1.18	1.18	1.18		0.00	1.18	1.18	1.18	1.18	1.18	1.18
Additional Paid-in capital	515.06	523.34	542.16	551.85	552.00	0.00	0.00	552.00	552.00	552.00	552.00	552.00	552.00
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	1,289.35	1,511.88	1,718.94	1,896.06	1,900.00			1,900.00	2,069.92	2,239.84	2,409.76	2,579.68	2,749.60
Treasury Stock	-791.04	-1,079.13	-1,423.52	-1,677.61	-1,680.00		0.00	-1,680.00	-1,680.00	-1,680.00	-1,680.00	-1,680.00	-1,680.00
Other Equity	-13.13	-10.47	-15.52	-13.33	-13.33			-13.33	-13.33	-13.33	-13.33	-13.33	-13.33
Total Equity	1,001.42	946.80	823.24	758.15	759.85	0.00	0.00	759.85	929.77	1,099.69	1,269.61	1,439.53	1,609.45
Liability + Equity	1,669.50	1,619.61	1,641.32	1,753.63	1,743.54	0.00	0.00	1,743.54	1,913.46	2,083.38	2,253.30	2,423.22	2,593.14
Variance	-0.01	-0.01	-0.01	-593.57	27.84			27.84	27.84	27.84	27.84	27.84	27.84
Debt/Equity	0.00	0.00	0.08	0.23	0.23			0.23	0.18	0.16	0.14	0.12	0.11
Inventory Turnover	6.46	6.50	6.30	5.88	5.91			5.91	5.91	5.91	5.91	5.91	5.91
Inventory Turnover Days	56.47	56.17	57.90	62.05	61.76			61.76	61.76	61.76	61.76	61.76	61.76
Days Inventory Outstanding	95.08	94.63	96.17	102.08	101.24			101.60	101.24	101.24	101.24	101.24	101.24
Accounts Receivable Turnover	#DIV/0!	#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!	#DIV/0!
Days Payable Outstanding	40.28	37.60	40.80	43.77	43.66			43.81	43.66	43.66	43.66	43.66	43.66
Days Sales Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash Conversion Cycle	54.80	57.03	55.37	58.31	57.58			57.79	57.58	57.58	57.58	57.58	57.58
Net tangible assets/share	\$17.18	\$16.24	\$13.91	\$12.77	\$12.80				\$15.71	\$18.63	\$21.54	\$24.46	\$27.37

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

BIG

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	200.37	222.52	207.06	177.12	169.92	169.92	169.92	169.92	169.92
Depreciation	71.50	74.04	82.85	95.60	95.60	95.60	95.60	95.60	95.60
Net Income + Depreciation	271.87	296.56	289.91	272.72	265.52	265.52	265.52	265.52	265.52
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	18.01	20.48	10.46	12.48	0.00	0.00	0.00	0.00	0.00
Non Cash Items	3.96	15.98	27.93	14.96	0.00	0.00	0.00	0.00	0.00
Change in Working capital	98.19	-17.78	-9.83	-19.03	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	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
Inventory	0.00	-30.81	-63.05	-92.82	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-7.04	47.30	43.53	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	392.03	315.24	318.47	281.13	265.52	265.52	265.52	265.52	265.52
Capital Expenditures Expenditures	-78.71	-107.56	-131.29	-131.27	-140.00	-140.00	-140.00	-140.00	-140.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.77	-6.99	10.58	0.92	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-77.94	-114.55	-120.71	-130.35	-140.00	-140.00	-140.00	-140.00	-140.00
Financing Cash flow items	1.57	13.88	2.70	8.14	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	3.19	-318.31	-353.27	-270.40	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	-69.89	-2.46	44.31	103.98	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-65.13	-306.89	-306.26	-158.28	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	-0.47	-0.47	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	34.77	283.73	177.54	68.55	63.81	189.33	314.85	440.37	565.89
Net Change in Cash	248.96	-106.19	-108.99	-7.97	125.52	125.52	125.52	125.52	125.52
Ending Cash Balance	283.73	177.54	68.55	60.58	189.33	314.85	440.37	565.89	691.41
Capex to Revenue	1.67%	2.17%	2.52%	2.43%	2.59%	2.59%	2.59%	2.59%	2.59%
Depreciation to Sales	1.51%	1.50%	1.59%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Distributable FCF/EV Yield	13.59%	8.69%	8.56%	6.53%	5.43%	5.43%	5.43%	5.43%	5.43%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	313.32	207.68	187.18	149.86	125.52	125.52	125.52	125.52	125.52

SN VALUATION

LBO Debt Schedule

Ticker:

BIG

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-7.97	125.52	125.52	125.52	125.52	125.52
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	172.00	172.00	172.00	172.00	172.00	172.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	172.00	172.00	172.00	172.00	172.00	172.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%
Interest Expense		17.20	17.20	17.20	17.20	17.20
Cash Balance		60.58				
Interest @ 1.0%		0.61	0.61	0.61	0.61	0.61
Net Interest Expense/(Income)		16.59	16.59	16.59	16.59	16.59
Net Interest Rate		9.65%	9.65%	9.65%	9.65%	9.65%
EBITDA		278.01	278.01	278.01	278.01	278.01
EBITDA/Interest Expense Coverage		16.16	16.16	16.16	16.16	16.16

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:

Big Lots

Ticker:

BIG

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	580.45	509.79	421.84	541.07	666.59	792.11	917.63	1,043.15	1,168.67
Total Assets	1,669.49	1,619.60	1,641.31	1,771.38	1,941.30	2,111.22	2,281.14	2,451.06	2,620.98
X1	0.35	0.31	0.26	0.31	0.34	0.38	0.40	0.43	0.45
Retained Earnings	1,289.35	1,511.88	1,718.94	1,900.00	2,069.92	2,239.84	2,409.76	2,579.68	2,749.60
Total Assets	1,669.49	1,619.60	1,641.31	1,771.38	1,941.30	2,111.22	2,281.14	2,451.06	2,620.98
X2	0.77	0.93	1.05	1.07	1.07	1.06	1.06	1.05	1.05
EBITDA	399.90	435.95	435.88	404.74	378.01	378.01	378.01	378.01	378.01
Total Assets	1,669.49	1,619.60	1,641.31	1,771.38	1,941.30	2,111.22	2,281.14	2,451.06	2,620.98
X3	0.24	0.27	0.27	0.23	0.19	0.18	0.17	0.15	0.14
Market Value of Equity	2,202.20	2,202.20	2,202.20	2,202.20	2,238.91	2,276.24	2,314.19	2,352.78	2,392.00
Total Liabilities	668.08	672.81	818.08	983.69	983.69	983.69	983.69	983.69	983.69
X4	3.30	3.27	2.69	2.24	2.28	2.31	2.35	2.39	2.43
Net Sales	4,726.77	4,952.24	5,202.27	5,400.12	5,400.12	5,400.12	5,400.12	5,400.12	5,400.12
Total Assets	1,669.49	1,619.60	1,641.31	1,771.38	1,941.30	2,111.22	2,281.14	2,451.06	2,620.98
X5	2.83	3.06	3.17	3.05	2.78	2.56	2.37	2.20	2.06
Altman Z Score	7.10	7.59	7.44	7.01	6.69	6.47	6.29	6.13	6.00

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

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

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
Tangible Book Value	745.85	915.77	1,085.69	1,255.61	1,425.53	1,595.45				1,595.45
Annual Change		169.92	169.92	169.92	169.92	169.92				
Annual FCF	149.86	125.52	125.52	125.52	125.52	125.52	125.52	125.52	125.52	376.56
Annual Op. Cash Flow	281.13	265.52	265.52	265.52	265.52	265.52	265.52	265.52	265.52	
Annual PP&E Investment	(131.27)	(140.00)	(140.00)	(140.00)	(140.00)	(140.00)	(140.00)	(140.00)	(140.00)	
Today's Tangible Book Value	745.85	868.36	1,010.98	1,177.04	1,370.36	1,595.45				1,972.00
Intrinsic Value IRR	16.42%									
Market Price	2,202.20	2,154.10	2,107.06	2,061.04	2,016.03	1,972.00				1,972.00
Market Price IRR	-2.18%									

Debt	50.00%	1,101.10
Equity	50.00%	1,101.10
Total	100.00%	2,202.20

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	759.85	1,101.10	1,199.05	1,297.01	1,394.96	1,492.91	1,590.87			
Goodwill	14	1,456.35	1,456.35	1,456.35	1,456.35	1,456.35	1,456.35			
Debt	172	1,273.10	1,273.10	1,273.10	1,273.10	1,273.10	1,273.10			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		110.72	110.72	110.72	110.72	110.72				
Tangible Book Value	745.85	-355.25	-257.29	-159.34	-61.39	36.57	134.52			134.52
Annual Change			97.95	97.95	97.95	97.95	97.95			
Annual FCF	149.86		53.55	53.55	53.55	53.55	53.55	53.55	53.55	160.66
Annual Net Income	177.16		97.95	97.95	97.95	97.95	97.95	97.95	97.95	
Annual Op. Cash Flow	281.13		193.55	193.55	193.55	193.55	193.55	193.55	193.55	
Dividend Payments										
Annual PP&E Investment	(131.27)		(140.00)	(140.00)	(140.00)	(140.00)	(140.00)	(140.00)	(140.00)	
Debt Paydown	0.00						0.00	0.00	0.00	
Sale Price in Year 5										295.18
Capital Left for Equity Investor										295.18
Dividend Payments										0.00
Total Cash In Flow										295.18
Invested Equity	1,101.10	846.21	650.33	499.79	384.10	295.18				
IRR	-23.15%									

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	489.77
Cash Flow (Year 6-8)	160.66
	650.43

<u>Value Dilution</u>	
Debt	1,101.10
Goodwill	1,442.35
Additional Interest	553.58
	3,097.02