

Analyst: Sung Nam

**Digital Generation Inc (DGIT)**

<b>Market Price:</b>	<b>\$11.95</b>	<b>EBITDA/Share:</b>	<b>\$3.84</b>	<b>Net Asset/Share:</b>	<b>\$6.27</b>
<b>DCF: EV/EBITDA Terminal Value</b>	<b>22.073%</b>	<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>		<b>-0.975%</b>	
<b>EBITDA-Cap Ex/Share</b>	<b>\$3.29</b>	<b>EVA Analysis:</b>		<b>9.887%</b>	

**Overview**

Digital Generation is involved in advertisement development, distribution and management. It is advertisement specific, and will remain a Business to Business operations, with minimal attention by the general public.

The stock was crushed in the past year, after earnings disappointed and sales didn't meet up to the forecast. However, we have projected a lower end forecast.

**Dividend?**

Dividend yield is 0.0%.

**Cashflow Generation**

Cashflows are \$85MM from operating cashflow.

Capex is \$15 MM, minority interest payment is \$0 MM, intangibles are \$50 MM and dividend is \$0 MM.

Free cash flow is about \$20 MM.

30.6% EBITA margin and FCF yield is 17.0%.

The company has \$73 MM in cash/short term investment and \$0 MM in debt.

We are projecting a \$0 MM paydown annually.

**Profitability**

ROA is 8.0%, and ROC is 8.4%.

**LBO?**

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

**Price**

We are forecasting a \$26.80/share in Year 5, or a 124.0% holding return, or 17.50% annual return. Thus, the 1 year forecasted price is \$14.10.

Financial Times is showing 4 Buys, 2 Outperform, 1 Hold, 1 Underperform. High of \$40, median \$24, low \$11.



# SN VALUATION

# LBO Analysis

WACC Terminal Value:		<b>Intrinsic Price in 5 Years:</b>	<b>26.77</b>	<b>Non-LBO Forecast</b>	<b>14.04</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 5X Multiple Terminal Value:	\$32.39	Market Price:	11.95	Year 1 Target	16.50	Year 2 Target	Implied Today's Price	10.76
Net Tangible Asset Terminal Value:	\$11.38	LBO Price:	<b>11.95</b>	Year 3 Target	19.39	Year 4 Target	Overvalued/(Undervalued)	11.07%
EV/EBITDA with Today's Multiple Terminal Value:	\$23.14	Premium to Market Price:	0.00%	Year 5 Target	22.78			
EVA Enterprise Value:	\$40.18	LBO Price/Intrinsic Price Target:	17.51%		26.77			
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	14.13%	<b>Implied IRR (Market Price):</b>	<b>17.51%</b>			
Average (Excluding Dividend Discount):	<b>\$26.77</b>	Implied IRR at today's EV/EBITDA:	14.13%					
		5 Year Return:	124.03%					

Current Evaluation				Exit Evaluation			
Current Market Price:	11.95	LBO Price:	11.95	Exit Price:	26.77	Exit Price:	23.14
Outstanding Shares:	27,520,000	Outstanding Shares:	27,520,000	Outstanding Shares:	27,520,000	Outstanding Shares:	27,520,000
<b>Market Capitalization:</b>	<b>328,864,000</b>	<b>Market Capitalization:</b>	<b>328,864,000</b>	<b>Market Capitalization:</b>	<b>736,746,557</b>	<b>Market Capitalization:</b>	<b>636,706,404</b>
Available Cash:	73,410,000	Available Cash:	73,410,000	Available Cash:	254,537,963	Available Cash:	254,537,963
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	73,410,000	Net Cash:	73,410,000	Net Cash:	254,537,963	Net Cash:	254,537,963
<b>Enterprise Value:</b>	<b>255,454,000</b>	<b>Enterprise Value:</b>	<b>255,454,000</b>	<b>Enterprise Value:</b>	<b>482,208,594</b>	<b>Enterprise Value:</b>	<b>382,168,441</b>
Original EV/EBITDA:	3.38	EV/EBITDA:	3.38	EV/EBITDA at 5 Years:	4.95	EV/EBITDA at 5 Years:	<b>3.00</b>
Original EV/EBITDA:	2.42	EV/EBITDA:	2.75	EV/EBITDA at 5 Years:	5.20	EV/EBITDA at 5 Years:	3.15
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:	11.95	11.95	14.04	16.50	19.39	22.78	26.77
Shares Outstanding:	27,520,000	27,520,000	27,520,000	27,520,000	27,520,000	27,520,000	27,520,000
<b>Market Capitalization:</b>	<b>328,864,000</b>	<b>328,864,000</b>	<b>386,435,211</b>	<b>454,084,886</b>	<b>533,577,371</b>	<b>626,985,878</b>	<b>736,746,557</b>
Available Cash:	73,410,000	73,410,000	99,286,969	131,368,613	168,976,371	209,598,806	254,537,963
Debt:	0	0	0	0	0	0	0
Net Cash:	73,410,000	73,410,000	99,286,969	131,368,613	168,976,371	209,598,806	254,537,963
<b>Enterprise Value:</b>	<b>255,454,000</b>	<b>255,454,000</b>	<b>287,148,242</b>	<b>322,716,274</b>	<b>364,601,000</b>	<b>417,387,072</b>	<b>482,208,594</b>
EBIT	75,610,000	75,610,000	78,913,200	84,358,860	90,076,803	93,679,107	97,389,480
EV/EBIT:	3.38	3.38	3.64	3.83	4.05	4.46	4.95
EBITDA	93,010,000	93,010,000	99,681,719	106,165,805	112,611,638	116,707,659	121,442,003
EV/EBITDA:	2.75	2.75	2.88	3.04	3.24	3.58	3.97

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	11.95	11.95	13.30	15.13	17.20	19.12	21.21
Shares Outstanding:	27,520,000	27,520,000	27,520,000	27,520,000	27,520,000	27,520,000	27,520,000
<b>Market Capitalization:</b>	<b>328,864,000</b>	<b>328,864,000</b>	<b>365,901,075</b>	<b>416,381,286</b>	<b>473,307,539</b>	<b>526,100,626</b>	<b>583,575,554</b>
Available Cash:	73,410,000	73,410,000	99,286,969	131,368,613	168,976,371	209,598,806	254,537,963
Debt:	0	0	0	0	0	0	0
Net Cash:	73,410,000	73,410,000	99,286,969	131,368,613	168,976,371	209,598,806	254,537,963
<b>Enterprise Value:</b>	<b>255,454,000</b>	<b>255,454,000</b>	<b>266,614,107</b>	<b>285,012,673</b>	<b>304,331,168</b>	<b>316,501,820</b>	<b>329,037,592</b>
EBIT	75,610,000	75,610,000	78,913,200	84,358,860	90,076,803	93,679,107	97,389,480
EV/EBIT:	3.38	3.38	3.38	3.38	3.38	3.38	3.38
EBITDA	93,010,000	93,010,000	99,681,719	106,165,805	112,611,638	116,707,659	121,442,003
EV/EBITDA:	2.75	2.75	2.67	2.68	2.70	2.71	2.71

LBO Price	11.95	Equity Partners:	328,864,000	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners:</b>	<b>14.13%</b>
Shares Outstanding	27,520,000	Debt Partners:	0		0.00%		
<b>Market Capitalization</b>	<b>328,864,000</b>	<b>Total Funds for LBO:</b>	<b>328,864,000</b>		<b>100.00%</b>		
Debt	0						
Cash	73,410,000						
<b>Enterprise Value</b>	<b>255,454,000</b>						
<b>Capital Investment</b>	<b>328,864,000</b>						

<b>Book Value</b>		<b>Enterprise Value</b>		<b>Stock Valuation</b>		<b>Debt Reduction</b>	
Beginning Book Value	496.91	Beginning Enterprise Value	255.45	Current Market Price	\$11.95	Starting Debt	0.00
Year 5 Book Value	810.57	Year 5 Enterprise Value	382.17	Year 5 Market Price	\$23.14	Debt Repayment	0.00
<b>Annualized Return</b>	<b>10.28%</b>	<b>Annualized Return</b>	<b>8.39%</b>	<b>Annualized Return</b>	<b>14.13%</b>	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name: Digital Generation Inc

Ticker: DGIT

	Historical				Forecasted				
	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Revenue	97.68	157.08	190.89	247.53	272.28	285.90	300.19	309.20	318.47
COGS	41.59	64.44	71.70	78.16	95.30	100.06	105.07	108.22	111.47
<b>Gross margin</b>	<b>56.09</b>	<b>92.64</b>	<b>119.19</b>	<b>169.37</b>	<b>176.98</b>	<b>185.83</b>	<b>195.12</b>	<b>200.98</b>	<b>207.01</b>
SG&A	20.95	29.29	39.12	47.29	54.46	57.18	60.04	61.84	63.69
R&D	3.23	4.27	6.26	10.60	13.61	14.29	15.01	15.46	15.92
Unusual expense	0.00	0.00	0.00	5.87	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: Included within COGS	12.86	21.35	26.51	30.00	30.00	30.00	30.00	30.00	30.00
<b>Operating Income (EBITA)</b>	<b>19.05</b>	<b>37.73</b>	<b>47.30</b>	<b>75.61</b>	<b>78.91</b>	<b>84.36</b>	<b>90.08</b>	<b>93.68</b>	<b>97.29</b>
Interest income/(expense)	-0.68	-13.08	-11.86	-7.12	0.73	0.73	0.73	0.73	0.73
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
<b>Income before tax</b>	<b>18.37</b>	<b>24.65</b>	<b>35.44</b>	<b>68.49</b>	<b>79.65</b>	<b>85.09</b>	<b>90.81</b>	<b>94.41</b>	<b>98.12</b>
Tax	7.50	9.57	14.94	26.92	23.89	25.53	27.24	28.32	29.44
<b>Income after tax</b>	<b>10.87</b>	<b>15.08</b>	<b>20.50</b>	<b>41.57</b>	<b>55.75</b>	<b>59.57</b>	<b>63.57</b>	<b>66.09</b>	<b>68.69</b>
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
<b>Net income</b>	<b>10.87</b>	<b>15.08</b>	<b>20.50</b>	<b>41.57</b>	<b>55.75</b>	<b>59.57</b>	<b>63.57</b>	<b>66.09</b>	<b>68.69</b>
*Figures are in millions (\$)									
<b>Revenue Growth</b>	<b>N/A</b>	<b>60.81%</b>	<b>21.52%</b>	<b>29.67%</b>	<b>10.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>3.00%</b>	<b>3.00%</b>
Tax Rate	40.83%	38.82%	42.16%	39.31%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	-1.52%	-7.55%	-11.58%	0.00%	NA	NA	NA	NA	NA
<b>Margins</b>									
COGS	42.58%	41.02%	37.56%	31.59%	35.00%	35.00%	35.00%	35.00%	35.00%
<b>Gross margin</b>	<b>57.42%</b>	<b>58.98%</b>	<b>62.44%</b>	<b>68.41%</b>	<b>65.00%</b>	<b>65.00%</b>	<b>65.00%</b>	<b>65.00%</b>	<b>65.00%</b>
SG&A	21.45%	18.65%	20.49%	19.10%	20.00%	20.00%	20.00%	20.00%	20.00%
R&D	3.31%	2.72%	3.28%	4.28%	5.00%	5.00%	5.00%	5.00%	5.00%
Unusual expense	0.00%	0.00%	0.00%	2.37%	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: Included within COGS	13.17%	13.59%	13.89%	12.12%	11.02%	10.49%	9.99%	9.70%	9.42%
<b>Operating Income (EBITA)</b>	<b>19.50%</b>	<b>24.02%</b>	<b>24.78%</b>	<b>30.55%</b>	<b>28.98%</b>	<b>29.51%</b>	<b>30.01%</b>	<b>30.30%</b>	<b>30.58%</b>
Interest income/(expense)	-0.70%	-8.33%	-6.21%	-2.88%	0.27%	0.26%	0.24%	0.24%	0.23%
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%
<b>Income before tax</b>	<b>18.81%</b>	<b>15.69%</b>	<b>18.57%</b>	<b>27.67%</b>	<b>29.25%</b>	<b>29.76%</b>	<b>30.25%</b>	<b>30.53%</b>	<b>30.81%</b>
Tax	7.68%	6.09%	7.83%	10.88%	8.78%	8.93%	9.08%	9.16%	9.24%
<b>Income after tax</b>	<b>11.13%</b>	<b>9.60%</b>	<b>10.74%</b>	<b>16.79%</b>	<b>20.48%</b>	<b>21.88%</b>	<b>23.35%</b>	<b>24.27%</b>	<b>25.23%</b>
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%
<b>Net income</b>	<b>11.13%</b>	<b>9.60%</b>	<b>10.74%</b>	<b>16.79%</b>	<b>20.48%</b>	<b>20.63%</b>	<b>21.18%</b>	<b>21.37%</b>	<b>21.57%</b>

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2007-12-31	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	+	-						
Cash	10.10	17.18	33.87	73.41			73.41	99.29	131.37	168.98	209.60	254.54
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>10.10</b>	<b>17.18</b>	<b>33.87</b>	<b>73.41</b>			<b>73.41</b>	<b>99.29</b>	<b>131.37</b>	<b>168.98</b>	<b>209.60</b>	<b>254.54</b>
Accounts Receivable	26.52	42.97	51.31	64.10			64.10	64.10	64.10	64.10	64.10	64.10
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>26.52</b>	<b>42.97</b>	<b>51.31</b>	<b>64.10</b>			<b>64.10</b>	<b>64.10</b>	<b>64.10</b>	<b>64.10</b>	<b>64.10</b>	<b>64.10</b>
Deferred Income Tax	-0.01	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Inventory	0.00	0.00	0.00	0.00			0.00	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	0.00
Other Current Assets	3.87	3.38	4.53	4.58			4.58	4.58	4.58	4.58	4.58	4.58
<b>Current Assets</b>	<b>40.48</b>	<b>63.53</b>	<b>89.71</b>	<b>142.09</b>	<b>0.00</b>	<b>0.00</b>	<b>142.09</b>	<b>167.97</b>	<b>200.05</b>	<b>237.66</b>	<b>278.28</b>	<b>323.22</b>
PP&E, Gross	52.14	68.44	86.54	98.75			98.75	113.75	128.75	143.75	158.75	173.75
Change in Depreciation	8.58	12.74	14.78	17.40			17.40	20.77	21.81	22.53	23.03	24.05
Accumulated Depreciation	24.66	30.45	45.23	62.63			62.63	83.40	105.21	127.74	150.77	174.82
PP&E, Net	27.48	37.99	41.31	36.12			36.12	30.35	23.54	16.01	7.98	-1.07
Goodwill	111.95	246.73	214.78	226.26	0.00		226.26	226.26	226.26	226.26	226.26	226.26
Intangibles	51.36	115.03	102.41	98.10			98.10	133.74	168.04	201.53	235.03	267.82
Long term investments	15.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	6.23	10.52	29.88	14.10			14.10	14.10	14.10	14.10	14.10	14.10
<b>Long Term Assets</b>	<b>236.68</b>	<b>440.72</b>	<b>388.38</b>	<b>374.58</b>	<b>0.00</b>	<b>0.00</b>	<b>374.58</b>	<b>404.46</b>	<b>431.94</b>	<b>457.90</b>	<b>483.37</b>	<b>507.11</b>
<b>Total Assets</b>	<b>252.50</b>	<b>473.80</b>	<b>478.29</b>	<b>520.00</b>	<b>0.00</b>	<b>0.00</b>	<b>516.67</b>	<b>572.42</b>	<b>631.99</b>	<b>695.56</b>	<b>761.65</b>	<b>830.33</b>
Accounts Payable	5.46	13.01	8.41	6.55			6.55	6.55	6.55	6.55	6.55	6.55
Accrued Expense	6.62	9.12	13.46	11.14			11.14	11.14	11.14	11.14	11.14	11.14
Other current Liabilities	2.34	2.39	2.18	1.45			1.45	1.45	1.45	1.45	1.45	1.45
<b>Total Current Liabilities</b>	<b>14.42</b>	<b>24.52</b>	<b>24.05</b>	<b>19.14</b>	<b>0.00</b>	<b>0.00</b>	<b>19.14</b>	<b>19.14</b>	<b>19.14</b>	<b>19.14</b>	<b>19.14</b>	<b>19.14</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	0.45	18.15	21.50	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	44.33	154.99	80.96	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>44.78</b>	<b>173.14</b>	<b>102.46</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	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
Other liabilities	1.16	6.62	4.61	3.96			3.96	3.96	3.96	3.96	3.96	3.96
<b>Total Liabilities</b>	<b>60.36</b>	<b>204.28</b>	<b>131.12</b>	<b>23.10</b>	<b>0.00</b>	<b>0.00</b>	<b>23.10</b>	<b>23.10</b>	<b>23.10</b>	<b>23.10</b>	<b>23.10</b>	<b>23.10</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	0.02	0.02	0.02	0.03		0.00	0.03	0.03	0.03	0.03	0.03	0.03
Additional Paid-in capital	368.49	437.98	494.78	614.71	0.00	0.00	614.71	614.71	614.71	614.71	614.71	614.71
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-180.94	-165.87	-145.37	-103.80		0.00	-103.80	-48.05	11.52	75.09	141.18	209.86
Treasury Stock	-0.85	-0.85	-0.85	-14.00			-14.00	-14.00	-14.00	-14.00	-14.00	-14.00
Other Equity	5.42	-1.76	-1.42	-0.03		0.00	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03
<b>Total Equity</b>	<b>192.14</b>	<b>269.52</b>	<b>347.16</b>	<b>496.91</b>	<b>0.00</b>	<b>0.00</b>	<b>496.91</b>	<b>552.66</b>	<b>612.23</b>	<b>675.80</b>	<b>741.89</b>	<b>810.57</b>
<b>Liability + Equity</b>	<b>252.50</b>	<b>473.80</b>	<b>478.28</b>	<b>520.01</b>	<b>0.00</b>	<b>0.00</b>	<b>520.01</b>	<b>575.76</b>	<b>635.33</b>	<b>698.90</b>	<b>764.99</b>	<b>833.67</b>
<b>Variance</b>	0.00	0.00	0.01	-0.01			-3.34	-3.34	-3.34	-3.34	-3.34	-3.34
<b>Debt/Equity</b>	0.23	0.64	0.30	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	#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!
Days Inventory Outstanding	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	3.68	3.66	3.72	3.86			3.86	4.25	4.46	4.68	4.82	4.97
Accounts Receivable Turnover Days	99.10	99.85	98.11	94.52			94.52	85.93	81.84	77.94	75.67	73.46
Days Payable Outstanding	47.92	73.69	42.81	30.59			30.59	25.09	23.89	22.75	22.09	21.45
Days Sales Outstanding	99.10	99.85	98.11	94.52			94.52	94.52	85.93	81.84	77.94	75.67
Cash Conversion Cycle	51.18	26.16	55.30	63.93			63.93	69.43	62.03	59.08	55.85	54.22



# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	39.54	25.88	32.08	37.61	40.62	44.94
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	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		73.41				
Interest @ 1.0%		0.73	0.73	0.73	0.73	0.73
<b>Net Interest Expense/(Income)</b>		<b>(0.73)</b>	<b>(0.73)</b>	<b>(0.73)</b>	<b>(0.73)</b>	<b>(0.73)</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		78.91	84.36	90.08	93.68	97.39
<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					
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