

Analyst: Sung Nam

**Domtar Corp (UFS)**

<b>Market Price:</b>	<b>\$79.06</b>	<b>EBITDA/Share:</b>	<b>\$26.10</b>	<b>Net Asset/Share:</b>	<b>\$84.75</b>
<b>DCF: EV/EBITDA Terminal Value</b>	<b>8.531%</b>	<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>		<b>5.103%</b>	
<b>EBITDA-Cap Ex/Share</b>	<b>\$22.06</b>	<b>EVA Analysis:</b>		<b>-0.810%</b>	

**Overview**

Head scratcher. Why is this company so cheap right now? Net asset/share is worth more than the market price. The company is a huge cash cow, generating \$26 in EBITDA/share, or \$22 in EBITDA-capex/share.

**Dividend?**

Dividend yield is 1.7%.

**Cashflow Generation**

Cashflows are \$600 MM from operating cashflow. 5% EBITA margin, 12% EBITDA margin. Capex is \$150 MM. The company has \$530 MM in cash/short term investment and \$835 MM in debt.

**Profitability**

ROA is a 10.4%, and ROC is 14.9%.

**LBO?**

We believe a 60% debt/40% equity would be sustainable. We will look into a LBO scenario in the future. We will include the stock in the portfolio.

**Price**

We are forecasting a \$129.00/share in Year 5, or a 63.4% holding return, or 10.3% annual return.

Thus, the 1 year forecasted price is \$87.20. In Finviz, a major IB downgraded it to Hold with a target of \$80. Other ratings in 2011 has a range from \$80-\$120.

In Financial Times, showing 6 Buys, 3 Holds, 1 Underperform, 1 Sell. No price targets were available.

## Daily Market Figures

**2011-12-08**

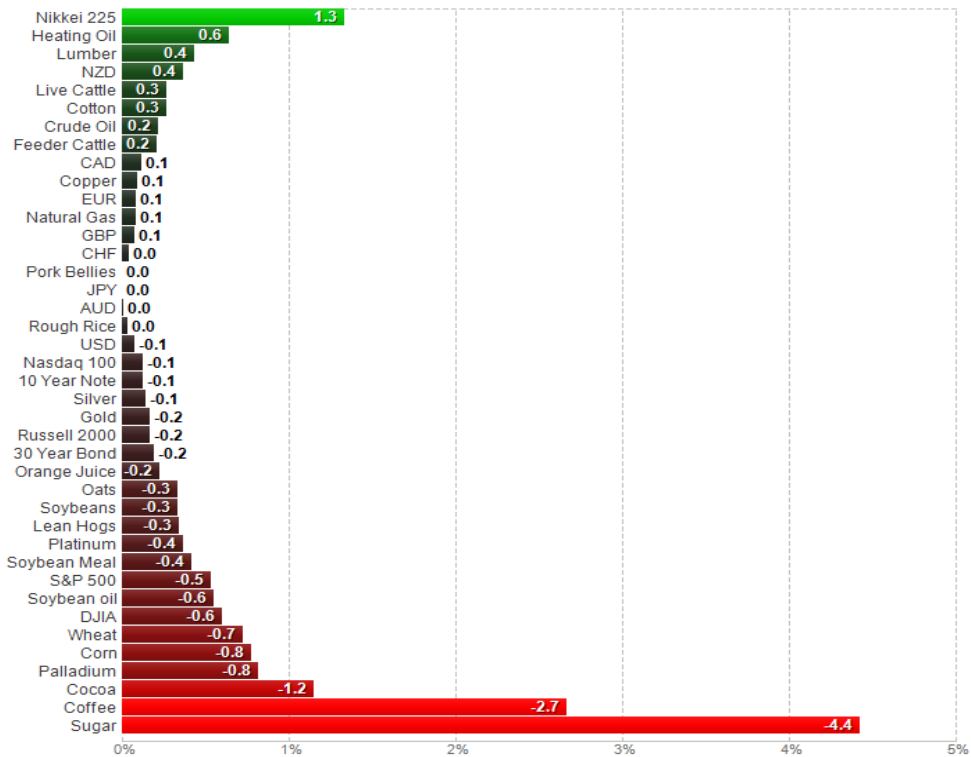
	<b>Last</b>	<b>Change</b>	<b>Change %</b>
Crude Oil	100.38	-0.11	-0.11%
Natural Gas	3.423	0.002	0.06%
Gold	1740.8	-4	-0.23%
S&P 500	1262	-2	-0.16%
Nasdaq 100	2322.75	1.25	0.05%
Kospi	1,905.7710:17PM EST	13.65(0.71%)	
Shanghai	2,312.3010:02PM EST	20.27(0.87%)	
Hang Seng	19,004.1910:02PM EST	236.39(1.23%)	
Nikkei 225	8,629.159:55PM EST	93.02(1.07%)	
5-Year Treasury	0.91	0.01	1.11%
10-Year Treasury	2.04	0.007	0.34%
30-Year Treasury	3.07	0.005	0.16%
EUR/USD	1.3398	-0.0016	-0.13%
USD/JPY	77.66	0.01	0.02%
GBP/USD	1.5702	-0.0009	-0.05%

	<b>Today</b>	<b>Last Week</b>	<b>Change %</b>
30 Year Fixed	3.98%	4.02%	-0.04%
15 Year Fixed	3.34%	3.39%	-0.05%
1 Year ARM	2.78%	2.78%	0.00%
30 Year Fixed Jumbo	4.72%	4.65%	0.07%
5/1 ARM	2.92%	2.94%	-0.02%
3/1 ARM	2.77%	2.85%	-0.08%

### 1 DAY RELATIVE PERFORMANCE

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\*Source: Finviz.com; Bankrate.com; Yahoo.com  
<http://finviz.com/futures.ashx>



# SN VALUATION

# LBO Analysis

WACC Terminal Value:		<b>Intrinsic Price in 5 Years:</b>	<b>129.16</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>
EV/EBITDA with 5X Multiple Terminal Value:	\$119.05	Market Price:	79.06	Year 1 Target	<b>87.21</b>
Net Tangible Asset Terminal Value:	\$101.40	LBO Price:	<b>79.06</b>	Year 2 Target	<b>96.21</b>
EV/EBITDA with Today's Multiple Terminal Value:	\$149.46	Premium to Market Price:	0.00%	Year 3 Target	<b>106.13</b>
<b>EVA Enterprise Value:</b>	<b>\$146.72</b>	LBO Price/Intrinsic Price Target:	10.31%	Year 4 Target	<b>117.08</b>
<b>Dividend Discount Model:</b>	<b>(\$383.54)</b>	LBO Price/EV/EBIT Exit Price:	13.58%	Year 5 Target	<b>129.16</b>
<b>Average (Excluding Dividend Discount):</b>	<b>\$129.16</b>	Implied IRR at today's EV/EBIT:	13.58%	<b>Implied IRR (Market Price):</b>	<b>10.31%</b>
		5 Year Return:	63.37%		

Current Evaluation				Exit Evaluation			
Current Market Price:	79.06	LBO Price:	79.06	Exit Price:	129.16	Exit Price:	149.46
Outstanding Shares:	37,120,000	Outstanding Shares:	37,120,000	Outstanding Shares:	37,120,000	Outstanding Shares:	37,120,000
<b>Market Capitalization:</b>	<b>2,934,707,200</b>	<b>Market Capitalization:</b>	<b>2,934,707,200</b>	<b>Market Capitalization:</b>	<b>4,794,301,746</b>	<b>Market Capitalization:</b>	<b>5,547,981,048</b>
Available Cash:	530,000,000	Available Cash:	530,000,000	Available Cash:	2,265,877,132	Available Cash:	2,265,877,132
Debt:	850,000,000	Debt:	850,000,000	Debt:	23,000,000	Debt:	23,000,000
Net Cash:	<b>-320,000,000</b>	Net Cash:	<b>-320,000,000</b>	Net Cash:	2,242,877,132	Net Cash:	2,242,877,132
<b>Enterprise Value:</b>	<b>3,254,707,200</b>	<b>Enterprise Value:</b>	<b>3,254,707,200</b>	<b>Enterprise Value:</b>	<b>2,551,424,614</b>	<b>Enterprise Value:</b>	<b>3,305,103,916</b>
Original EV/EBIT:	5.74	EV/EBIT:	5.73	EV/EBIT at 5 Years:	15.45	EV/EBIT at 5 Years:	<b>5.70</b>
Original EV/EBITDA:	3.36	EV/EBITDA:	3.36	EV/EBITDA at 5 Years:	4.81	EV/EBITDA at 5 Years:	5.70
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:	79.06	79.99	88.24	97.34	107.38	118.45	130.67
Shares Outstanding:	37,120,000	37,120,000	37,120,000	37,120,000	37,120,000	37,120,000	37,120,000
<b>Market Capitalization:</b>	<b>2,934,707,200</b>	<b>2,969,087,910</b>	<b>3,275,330,836</b>	<b>3,613,160,812</b>	<b>3,985,835,846</b>	<b>4,396,949,989</b>	<b>4,850,467,996</b>
Available Cash:	530,000,000	530,000,000	886,382,637	1,222,288,354	1,554,792,995	1,905,576,300	2,265,877,132
Debt:	850,000,000	850,000,000	648,000,000	448,000,000	248,000,000	48,000,000	23,000,000
Net Cash:	-320,000,000	-320,000,000	238,382,637	774,288,354	1,306,792,995	1,857,576,300	2,242,877,132
<b>Enterprise Value:</b>	<b>3,254,707,200</b>	<b>3,289,087,910</b>	<b>3,036,948,199</b>	<b>2,838,872,458</b>	<b>2,679,042,851</b>	<b>2,539,373,689</b>	<b>2,607,590,863</b>
EBIT	574,000,000	574,000,000	240,003,723	198,974,130	178,697,425	176,661,766	165,139,867
EV/EBIT:	5.67	5.73	12.65	14.27	14.99	14.37	15.79
EBITDA	969,000,000	969,000,000	640,688,406	591,645,120	569,903,543	575,314,021	579,842,792
EV/EBITDA:	3.36	3.36	4.74	4.80	4.70	4.41	4.50

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	79.06	79.99	43.47	51.57	62.79	77.31	85.91
Shares Outstanding:	37,120,000	37,120,000	37,120,000	37,120,000	37,120,000	37,120,000	37,120,000
<b>Market Capitalization:</b>	<b>2,934,707,200</b>	<b>2,969,087,910</b>	<b>1,613,632,363</b>	<b>1,914,433,662</b>	<b>2,330,750,380</b>	<b>2,869,869,118</b>	<b>3,189,148,110</b>
Available Cash:	530,000,000	530,000,000	886,382,637	1,222,288,354	1,554,792,995	1,905,576,300	2,265,877,132
Debt:	850,000,000	850,000,000	648,000,000	448,000,000	248,000,000	48,000,000	23,000,000
Net Cash:	-320,000,000	-320,000,000	238,382,637	774,288,354	1,306,792,995	1,857,576,300	2,242,877,132
<b>Enterprise Value:</b>	<b>3,254,707,200</b>	<b>3,289,087,910</b>	<b>1,375,249,726</b>	<b>1,140,145,308</b>	<b>1,023,957,384</b>	<b>1,012,292,818</b>	<b>946,270,978</b>
EBIT	574,000,000	574,000,000	240,003,723	198,974,130	178,697,425	176,661,766	165,139,867
EV/EBIT:	5.67	5.73	5.73	5.73	5.73	5.73	5.73
EBITDA	969,000,000	969,000,000	640,688,406	591,645,120	569,903,543	575,314,021	579,842,792
EV/EBITDA:	3.36	3.36	2.15	1.93	1.80	1.76	1.63

LBO Price	79.06	Equity Partners:	2,934,707,200	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners:</b>	<b>13.58%</b>
Shares Outstanding	37,120,000	Debt Partners:	0		0.00%		
<b>Market Capitalization</b>	<b>2,934,707,200</b>	<b>Total Funds for LBO:</b>	<b>2,934,707,200</b>		100.00%		

<b>Book Value</b>		<b>Enterprise Value</b>		<b>Stock Valuation</b>		<b>Debt Reduction</b>	
Beginning Book Value	3,202.00	Beginning Enterprise Value	3,254.71	Current Market Price	\$79.06	Starting Debt	825.00
Year 5 Book Value	3,693.96	Year 5 Enterprise Value	3,305.10	Year 5 Market Price	\$149.46	Debt Repayment	2.00
<b>Annualized Return</b>	<b>2.90%</b>	<b>Annualized Return</b>	<b>0.31%</b>	<b>Annualized Return</b>	<b>13.58%</b>	Year 5 Ending Debt	0.00
						<b>% of Starting Debt</b>	<b>0.00%</b>

## LBO Pro Forma Income Statement

Name: Domtar Corp

Ticker:

UFS

	Historical				Forecasted				
	52 weeks ending 2007-12-30	52 weeks ending 2008-12-31	52 weeks ending 2009-12-31	52 weeks ending 2010-12-31	2011	2012	2013	2014	2015
Revenue	5,947.00	6,394.00	5,465.00	5,850.00	5,616.00	5,503.68	5,503.68	5,668.79	5,838.85
COGS (excluding depreciation)	4,757.00	5,225.00	4,472.00	4,417.00	4,661.28	4,568.05	4,568.05	4,705.10	4,846.25
<b>Gross margin</b>	<b>1,190.00</b>	<b>1,169.00</b>	<b>993.00</b>	<b>1,433.00</b>	<b>954.72</b>	<b>935.63</b>	<b>935.63</b>	<b>963.69</b>	<b>992.61</b>
SG&A	408.00	400.00	345.00	338.00	336.96	357.74	368.75	396.82	420.40
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	59.00	734.00	121.00	145.00	140.40	137.59	137.59	141.72	145.97
Other operating expense	-13.00	6.00	-496.00	-19.00	-163.33	-151.35	-140.62	-150.15	-153.61
Depreciation	471.00	463.00	405.00	395.00	400.68	392.67	391.21	398.65	414.70
<b>Operating Income (EBITA)</b>	<b>265.00</b>	<b>434.00</b>	<b>618.00</b>	<b>574.00</b>	<b>240.00</b>	<b>198.97</b>	<b>178.70</b>	<b>176.66</b>	<b>165.14</b>
Interest income/(expense)	-171.00	-141.00	-122.00	-120.00	-54.72	-37.21	-19.70	-2.19	0.00
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>99.00</b>	<b>-570.00</b>	<b>490.00</b>	<b>448.00</b>	<b>185.28</b>	<b>161.76</b>	<b>159.00</b>	<b>174.47</b>	<b>165.14</b>
Tax	29.00	3.00	180.00	-157.00	55.58	48.53	47.70	52.34	49.54
<b>Income after tax</b>	<b>70.00</b>	<b>-573.00</b>	<b>310.00</b>	<b>605.00</b>	<b>129.70</b>	<b>113.23</b>	<b>111.30</b>	<b>122.13</b>	<b>115.60</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>70.00</b>	<b>-573.00</b>	<b>310.00</b>	<b>605.00</b>	<b>129.70</b>	<b>113.23</b>	<b>111.30</b>	<b>122.13</b>	<b>115.60</b>
*Figures are in millions (\$)									
Revenue Growth	N/A	7.52%	-14.53%	7.04%	-4.00%	-2.00%	0.00%	3.00%	3.00%
Tax Rate	29.29%	-0.53%	36.73%	-35.04%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	-7.46%	-6.49%	-6.95%	-14.12%	-8.76%	-8.76%	-8.76%	-8.76%	-8.76%
<b>Margins</b>									
COGS (excluding depreciation)	79.99%	81.72%	81.83%	75.50%	83.00%	83.00%	83.00%	83.00%	83.00%
<b>Gross margin</b>	<b>20.01%</b>	<b>18.28%</b>	<b>18.17%</b>	<b>24.50%</b>	<b>17.00%</b>	<b>17.00%</b>	<b>17.00%</b>	<b>17.00%</b>	<b>17.00%</b>
Depreciation	7.92%	7.24%	7.41%	6.75%	7.13%	7.13%	7.11%	7.03%	7.10%
SG&A	6.86%	6.26%	6.31%	5.78%	6.00%	6.50%	6.70%	7.00%	7.20%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.99%	11.48%	2.21%	2.48%	2.50%	2.50%	2.50%	2.50%	2.50%
Other operating expense	-0.22%	0.09%	-9.08%	-0.32%	-2.91%	-2.75%	-2.55%	-2.65%	-2.63%
<b>Operating Income (EBITA)</b>	<b>4.46%</b>	<b>-6.79%</b>	<b>11.31%</b>	<b>9.81%</b>	<b>4.27%</b>	<b>3.62%</b>	<b>3.25%</b>	<b>3.12%</b>	<b>2.83%</b>
Interest income/(expense)	-2.88%	-2.67%	-2.23%	-2.05%	-0.97%	-0.68%	-0.36%	-0.04%	0.00%
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>1.66%</b>	<b>-8.91%</b>	<b>8.97%</b>	<b>7.66%</b>	<b>3.30%</b>	<b>2.94%</b>	<b>2.89%</b>	<b>3.08%</b>	<b>2.83%</b>
Tax	0.49%	0.05%	3.29%	-2.68%	0.99%	0.88%	0.87%	0.92%	0.85%
<b>Income after tax</b>	<b>1.18%</b>	<b>-8.96%</b>	<b>5.67%</b>	<b>10.34%</b>	<b>2.31%</b>	<b>2.06%</b>	<b>1.98%</b>	<b>2.17%</b>	<b>2.06%</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>1.18%</b>	<b>-8.96%</b>	<b>5.67%</b>	<b>10.34%</b>	<b>2.31%</b>	<b>2.06%</b>	<b>2.02%</b>	<b>2.15%</b>	<b>1.98%</b>

# SN VALUATION

# LBO Adjusted Proforma Balance Sheet

	As of 2010-12-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
		+	-						
Cash	530.00			530.00	886.38	1,222.29	1,554.79	1,905.58	2,265.88
Short term investment	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>530.00</b>			<b>530.00</b>	<b>886.38</b>	<b>1,222.29</b>	<b>1,554.79</b>	<b>1,905.58</b>	<b>2,265.88</b>
Accounts Receivable	601.00			601.00	601.00	601.00	601.00	601.00	601.00
Other receivables	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>601.00</b>			<b>601.00</b>	<b>601.00</b>	<b>601.00</b>	<b>601.00</b>	<b>601.00</b>	<b>601.00</b>
Deferred Income Tax	78.00			78.00	78.00	78.00	78.00	78.00	78.00
Total Inventory	648.00			648.00	648.00	648.00	648.00	648.00	648.00
Prepaid Expenses	28.00			28.00	28.00	28.00	28.00	28.00	28.00
Other Current Assets	115.00			115.00	115.00	115.00	115.00	115.00	115.00
<b>Current Assets</b>	<b>2,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,000.00</b>	<b>2,356.38</b>	<b>2,692.29</b>	<b>3,024.79</b>	<b>3,375.58</b>	<b>3,735.88</b>
PP&E, Gross	9,255.00			9,255.00	9,405.00	9,555.00	9,705.00	9,855.00	10,005.00
Change in Depreciation	395.00			395.00	400.68	392.67	391.21	398.65	414.70
Accumulated Depreciation	5,462.00			5,462.00	5,862.68	6,255.36	6,646.56	7,045.21	7,459.92
PP&E, Net	3,793.00			3,793.00	3,542.32	3,299.64	3,058.44	2,809.79	2,545.08
Goodwill	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	56.00			56.00	56.00	56.00	56.00	56.00	56.00
Long term investments	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	203.00			203.00	203.00	203.00	203.00	203.00	203.00
<b>Long Term Assets</b>	<b>4,052.00</b>			<b>4,052.00</b>	<b>3,801.32</b>	<b>3,558.64</b>	<b>3,317.44</b>	<b>3,068.79</b>	<b>2,804.08</b>
<b>Total Assets</b>	<b>6,026.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,052.00</b>	<b>6,157.70</b>	<b>6,250.93</b>	<b>6,342.23</b>	<b>6,444.36</b>	<b>6,539.96</b>
Accounts Payable	409.00			409.00	409.00	409.00	409.00	409.00	409.00
Accrued Expense	200.00			200.00	200.00	200.00	200.00	200.00	200.00
Other current Liabilities	91.00			91.00	91.00	91.00	91.00	91.00	91.00
<b>Total Current Liabilities</b>	<b>700.00</b>	<b>0.00</b>	<b>0.00</b>	<b>700.00</b>	<b>700.00</b>	<b>700.00</b>	<b>700.00</b>	<b>700.00</b>	<b>700.00</b>
Notes Payables/Short Term Debt	23.00			23.00	23.00	23.00	23.00	23.00	23.00
Current port. Of LT Debt/Capital Leases	2.00			2.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	825.00	0.00		825.00	625.00	425.00	225.00	25.00	0.00
Capital Lease Obligations	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>850.00</b>	<b>0.00</b>	<b>0.00</b>	<b>850.00</b>	<b>648.00</b>	<b>448.00</b>	<b>248.00</b>	<b>48.00</b>	<b>23.00</b>
Deferred Income tax	924.00			924.00	924.00	924.00	924.00	924.00	924.00
Minority Interest	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	350.00			350.00	350.00	350.00	350.00	350.00	350.00
<b>Total Liabilities</b>	<b>2,824.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,824.00</b>	<b>2,622.00</b>	<b>2,422.00</b>	<b>2,222.00</b>	<b>2,022.00</b>	<b>1,997.00</b>
Redeemable Preferred Stock	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
Common Stock	64.00	0.00		64.00	64.00	64.00	64.00	64.00	64.00
Additional Paid-in capital	2,791.00	0.00		2,791.00	2,791.00	2,791.00	2,791.00	2,791.00	2,791.00
Dividends Paid	0.00	0.00		0.00	-20.00	-40.00	-60.00	-80.00	-100.00
Retained Earnings	357.00	0.00		357.00	486.70	599.93	711.23	833.36	948.96
Treasury Stock	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-10.00	0.00		-10.00	-10.00	-10.00	-10.00	-10.00	-10.00
<b>Total Equity</b>	<b>3,202.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,202.00</b>	<b>3,311.70</b>	<b>3,404.93</b>	<b>3,496.23</b>	<b>3,598.36</b>	<b>3,693.96</b>
<b>Liability + Equity</b>	<b>6,026.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,026.00</b>	<b>5,933.70</b>	<b>5,826.93</b>	<b>5,718.23</b>	<b>5,620.36</b>	<b>5,690.96</b>
<b>Variance</b>	0.00			26.00	224.00	424.00	624.00	824.00	849.00
<b>Debt/Equity</b>	0.27			0.27	0.20	0.13	0.07	0.01	0.01
Inventory Turnover	9.03			9.03	8.67	8.49	8.49	8.75	9.01
Inventory Turnover Days	40.43			40.43	42.12	42.97	42.97	41.72	40.51
Days Inventory Outstanding	53.55			53.55	50.74	51.78	51.78	50.27	48.80
Accounts Receivable Turnover	9.73			9.73	9.34	9.16	9.16	9.43	9.72
Accounts Receivable Turnover Days	37.50			37.50	39.06	39.86	39.86	38.70	37.57
Days Payable Outstanding	33.80			33.80	32.03	32.68	32.68	31.73	30.80

## SN VALUATION

## LBO Adjusted Proforma Cash Flow

	52 weeks ending 2010-12-31	2011	2012	2013	2014	2015
Net Income	605.00	129.70	113.23	111.30	122.13	115.60
Depreciation	395.00	400.68	392.67	391.21	398.65	414.70
Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-174.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	133.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	207.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	-89.00	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	97.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	18.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	14.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>1,166.00</b>	<b>530.38</b>	<b>505.91</b>	<b>502.50</b>	<b>520.78</b>	<b>530.30</b>
Capital Expenditures	-153.00	-150.00	-150.00	-150.00	-150.00	-150.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	211.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>58.00</b>	<b>-150.00</b>	<b>-150.00</b>	<b>-150.00</b>	<b>-150.00</b>	<b>-150.00</b>
Financing Cash flow items	-36.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-21.00	20.00	20.00	20.00	20.00	20.00
Issuance (Retirement) of Stock	-44.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-2.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-917.00	-2.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-1,018.00</b>	<b>-24.00</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	324.00	530.00	886.38	1,222.29	1,554.79	1,905.58
<b>Net Change in Cash</b>	<b>206.00</b>	<b>356.38</b>	<b>335.91</b>	<b>332.50</b>	<b>350.78</b>	<b>360.30</b>
Ending Cash Balance	530.00	886.38	1,222.29	1,554.79	1,905.58	2,265.88

Depreciation to Sales	6.75%	7.13%	7.13%	7.11%	7.03%	7.10%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	10.27%	10.70%	10.92%	10.92%	10.60%	10.29%

Appreciation Potential:

#DIV/0!

# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
CSS						
Net Change in Cash	206.00	356.38	335.91	332.50	350.78	360.30
Current Portion Debt Repayment		2.00				
Long Term Debt Repayment		200.00	200.00	200.00	200.00	25.00
<b>Outstanding Debt</b>	827.00	625.00	425.00	225.00	25.00	0.00
Current Portion Debt Balance	2	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	825.00	625.00	425.00	225.00	25.00	0.00
Forward Libor Curve		4.00%	4.50%	5.00%	5.50%	6.00%
Spread		4.76%	4.26%	3.76%	3.26%	2.76%
<b>Interest Rate</b>		<b>8.76%</b>	<b>8.76%</b>	<b>8.76%</b>	<b>8.76%</b>	<b>8.76%</b>
<b>Interest Expense</b>		<b>54.72</b>	<b>37.21</b>	<b>19.70</b>	<b>2.19</b>	<b>0.00</b>
EBITDA		240.00	198.97	178.70	176.66	165.14
<b>EBITDA/Interest Expense Coverage</b>		<b>4.39</b>	<b>5.35</b>	<b>9.07</b>	<b>80.71</b>	<b>#DIV/0!</b>

Interest Rate Coverage Table

Debt Rating					
AAA				AAA	#DIV/0!
AA					#DIV/0!
A+			A+		#DIV/0!
A					#DIV/0!
A-			A-		#DIV/0!
BBB	BBB				#DIV/0!
BB+					#DIV/0!
BB					#DIV/0!
B+					#DIV/0!
B					#DIV/0!
B-					#DIV/0!
CCC					#DIV/0!
CC					#DIV/0!
C					#DIV/0!
D					#DIV/0!

\*Source: NYU; Professor Damodaran