

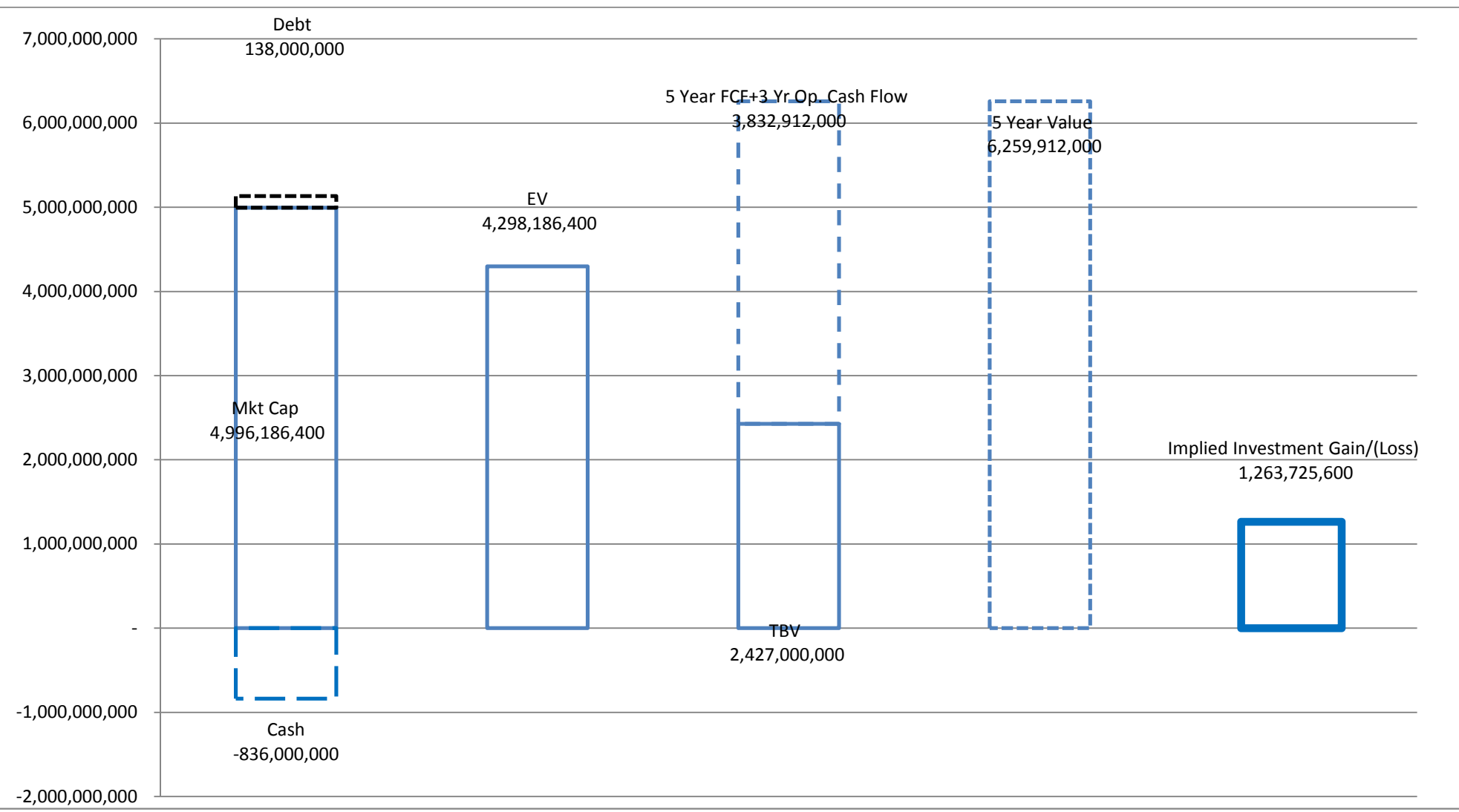
Foot Locker (FL)

Price:	\$33.14	Net Tang. Bk Value Incl. Cash, Excl.	\$2,427,000,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$4,232,570,000.00
Market Cap:	\$4,996,186,400	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$479,114,000.00
Cash:	\$836,000,000	NTBVIC/Market Downside Recovery:	48.58%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$138,000,000	Op. Cash Flow:	\$479,114,000	Year 5 Disposition Price:	\$5,669,912,000.00
Net Cash:	\$698,000,000	Implied Years to Fill Gap:	5.36		
Enterprise Value:	\$4,298,186,400	Today's Equity if 5x Op. CF:	\$3,864,342,000		
		Net Tang. Book+ Gain Disposition:			\$5,669,912,000.00
Shares Outstanding:	150,760,000	IRR:			2.56%
		Price:			\$37.61
		Target Market Cap:			\$5,669,912,000
		Target Enterprise Value:			\$4,971,912,000

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

I will admit, it is rare to see a Co., as large as Foot Locker, on sale at such attractive valuation, as we have seen in the past month. Also, the Co. pays out a 2.4% dividend yield, which isn't too shabby. The stock is at all time highs, but the 50% net tangible book support, along with near \$500MM in op. cash flow are supporting the stock price. Foot Locker has been around as far as I can remember, with their pin striped uniform and large, clean interior.

We will add to our portfolio. We realize there was reported weakness in the retail/consumer sector in the recent earnings period. The cheaper stocks only makes the investment more appealing.



SN VALUATION

LBO Pro Forma Income Statement

Name:

Foot Locker

Ticker:

FL

	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	4,854.00	5,049.00	5,623.00	6,182.00	6,182.00	6,182.00	6,182.00	6,182.00	6,182.00
COGS	3,522.00	3,533.00	3,827.00	4,148.00	4,203.76	4,203.76	4,203.76	4,203.76	4,203.76
Gross margin	1,332.00	1,516.00	1,796.00	2,034.00	1,978.24	1,978.24	1,978.24	1,978.24	1,978.24
SG&A	1,099.00	1,138.00	1,244.00	1,294.00	1,298.22	1,298.22	1,298.22	1,298.22	1,298.22
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	41.00	10.00	5.00	12.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	-3.00	-4.00	-4.00	-2.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					120.00	120.00	120.00	120.00	120.00
Operating Income (EBITA)	195.00	372.00	551.00	730.00	560.02	560.02	560.02	560.02	560.02
Interest income/(expense)	0.00	0.00	0.00	0.00	-4.46	-4.46	-4.46	-4.46	-4.46
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	73.00	257.00	435.00	607.00	555.56	555.56	555.56	555.56	555.56
Tax	26.00	88.00	157.00	210.00	194.45	194.45	194.45	194.45	194.45
Income after tax	47.00	169.00	278.00	397.00	361.11	361.11	361.11	361.11	361.11
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	47.00	169.00	278.00	397.00	361.11	361.11	361.11	361.11	361.11
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.31	\$1.12	\$1.84	\$2.63	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40
P/E (historical today's price; forecasted intrinsic price)	106.30	29.56	17.97	12.58	14.19	14.55	14.93	15.31	15.70
Revenue Growth	N/A	4.02%	11.37%	9.94%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	35.62%	34.24%	36.08%	34.60%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	-3.23%	-3.23%	-3.23%	-3.23%	-3.23%
Margins									
COGS	72.56%	69.97%	68.06%	67.10%	68.00%	68.00%	68.00%	68.00%	68.00%
Gross margin	27.44%	30.03%	31.94%	32.90%	32.00%	32.00%	32.00%	32.00%	32.00%
SG&A	22.64%	22.54%	22.12%	20.93%	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	0.84%	0.20%	0.09%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	-0.06%	-0.06%	-0.07%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	1.94%	1.94%	1.94%	1.94%	1.94%
Operating Income (EBITA)	4.02%	7.37%	9.80%	11.81%	9.06%	9.06%	9.06%	9.06%	9.06%
Interest income/(expense)	0.00%	0.00%	0.00%	0.00%	-0.07%	-0.07%	-0.07%	-0.07%	-0.07%
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	1.50%	5.09%	7.74%	9.82%	8.99%	8.99%	8.99%	8.99%	8.99%
Tax	0.54%	1.74%	2.79%	3.40%	3.15%	3.15%	3.15%	3.15%	3.15%
Income after tax	0.97%	3.35%	4.94%	6.42%	5.84%	5.84%	5.84%	5.84%	5.84%
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	0.97%	3.35%	4.94%	6.42%	5.84%	5.84%	5.84%	5.84%	5.84%

	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	582.00	696.00	851.00	880.00	836.00			836.00	1150.114	1,464.23	1,778.34	2,092.46	2,406.57
Short term investment	8.00	2.00	0.00	54.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	590.00	698.00	851.00	934.00	836.00			836.00	1,150.11	1,464.23	1,778.34	2,092.46	2,406.57
Accounts Receivable	37.00	41.00	49.00	68.00	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	37.00	41.00	49.00	68.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Inventory	1,037.00	1,059.00	1,069.00	1,167.00	1,306.00			1,306.00	1,306.00	1,306.00	1,306.00	1,306.00	1,306.00
Prepaid Expenses	86.00	76.00	96.00	180.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	17.00	13.00	13.00	14.00	243.00			243.00	243.00	243.00	243.00	243.00	243.00
Current Assets	1,767.00	1,887.00	2,078.00	2,363.00	2,385.00	0.00	0.00	2,385.00	2699.114	3,013.23	3,327.34	3,641.46	3,955.57
PP&E, Gross	1,527.00	1,525.00	1,562.00	0.00	1,700.00			1,700.00	1,865.00	2,030.00	2,195.00	2,360.00	2,525.00
Change in Depreciation	112.00	106.00	110.00	118.00	118.00			118.00	118.00	118.00	118.00	118.00	118.00
Accumulated Depreciation	1,140.00	1,139.00	1,135.00	0.00	1,140.00			1,140.00	1,258.00	1,376.00	1,494.00	1,612.00	1,730.00
PP&E, Net	387.00	386.00	427.00	0.00	560.00			560.00	607.00	654.00	701.00	748.00	795.00
Goodwill	145.00	145.00	144.00	145.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	99.00	72.00	54.00	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	5.00	5.00	5.00	6.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	400.00	353.00	340.00	318.00	574.00			574.00	574.00	574.00	574.00	574.00	574.00
Long Term Assets	1,036.00	961.00	970.00	509.00	1,134.00			1,134.00	1,181.00	1,228.00	1,275.00	1,322.00	1,369.00
Total Assets	2,803.00	2,848.00	3,048.00	2,872.00	3,519.00	0.00	0.00	3,519.00	3,880.11	4,241.23	4,602.34	4,963.46	5,324.57
Accounts Payable	215.00	223.00	240.00	298.00	418.00			418.00	418.00	418.00	418.00	418.00	418.00
Accrued Expense	175.00	205.00	245.00	266.00	314.00			314.00	314.00	314.00	314.00	314.00	314.00
Other current Liabilities	43.00	61.00	63.00	72.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	433.00	489.00	548.00	636.00	732.00	0.00	0.00	732.00	732.00	732.00	732.00	732.00	732.00
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	138.00	137.00	135.00	133.00	138.00	0.00	0.00	138.00	138.00	138.00	138.00	138.00	138.00
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	138.00	137.00	135.00	133.00	138.00	0.00	0.00	138.00	138.00	138.00	138.00	138.00	138.00
Deferred Income tax	0.00	0.00	5.00	5.00	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	0.00
Other liabilities	297.00	245.00	252.00	216.00	215.00			215.00	215.00	215.00	215.00	215.00	215.00
Total Liabilities	868.00	871.00	940.00	990.00	1,085.00	0.00	0.00	1,085.00	1,085.00	1,085.00	1,085.00	1,085.00	1,085.00
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	709.00	735.00	779.00	856.00	856.00		0.00	856.00	856.00	856.00	856.00	856.00	856.00
Additional Paid-in capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	1,535.00	1,611.00	1,788.00	2,076.00	2,125.00			2,125.00	2,486.11	2,847.23	3,208.34	3,569.46	3,930.57
Treasury Stock	-103.00	-152.00	-253.00	-384.00	-384.00		0.00	-384.00	-384.00	-384.00	-384.00	-384.00	-384.00
Other Equity	-191.00	-202.00	-202.00	-170.00	-170.00		0.00	-170.00	-170.00	-170.00	-170.00	-170.00	-170.00
Total Equity	1,950.00	2,027.00	2,112.00	2,378.00	2,427.00	0.00	0.00	2,427.00	2,788.11	3,149.23	3,510.34	3,871.46	4,232.57
Liability + Equity	2,818.00	2,898.00	3,052.00	3,368.00	3,512.00	0.00	0.00	3,512.00	3,873.11	4,234.23	4,595.34	4,956.46	5,317.57
Variance	-15.00	-50.00	-4.00	-496.00	7.00			7.00	7.00	7.00	7.00	7.00	7.00
Debt/Equity	0.07	0.07	0.06	0.06	0.06			0.06	0.05	0.04	0.04	0.04	0.03
Inventory Turnover	4.68	4.77	5.26	5.30	4.73			4.73	4.73	4.73	4.73	4.73	4.73
Inventory Turnover Days	77.98	76.56	69.39	68.90	77.11			77.11	77.11	77.11	77.11	77.11	77.11
Days Inventory Outstanding	107.47	109.41	101.96	102.69	113.40			113.40	113.40	113.40	113.40	113.40	113.40
Accounts Receivable Turnover	131.19	123.15	114.76	90.91	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Accounts Receivable Turnover Days	2.78	2.96	3.18	4.01	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Payable Outstanding	22.28	23.04	22.89	26.22	36.29			36.78	36.29	36.29	36.29	36.29	36.29
Days Sales Outstanding	2.78	2.96	3.18	4.01	0.00			4.01	0.00	0.00	0.00	0.00	0.00
Cash Conversion Cycle	87.97	89.33	82.25	80.48	77.10			82.15	77.10	77.10	77.10	77.10	77.10
Net tangible assets/share	\$11.32	\$12.01	\$12.70	\$14.55	\$16.10				\$18.49	\$20.89	\$23.28	\$25.68	\$28.07

	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	48.00	169.00	278.00	397.00	361.11	361.11	361.11	361.11	361.11
Depreciation	112.00	106.00	110.00	118.00	118.00	118.00	118.00	118.00	118.00
Net Income + Depreciation	160.00	275.00	388.00	515.00	479.11	479.11	479.11	479.11	479.11
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	2.00	84.00	29.00	20.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-35.00	-9.00	-5.00	15.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	218.00	-24.00	85.00	-134.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-4.00	-8.00	-19.00	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	-22.00	-10.00	-98.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	10.00	-20.00	-84.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	8.00	17.00	58.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	345.00	326.00	497.00	416.00	479.11	479.11	479.11	479.11	479.11
Capital Expenditures Expenditures	-89.00	-97.00	-152.00	-163.00	-165.00	-165.00	-165.00	-165.00	-165.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	17.00	10.00	3.00	-49.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-72.00	-87.00	-149.00	-212.00	-165.00	-165.00	-165.00	-165.00	-165.00
Financing Cash flow items	0.00	3.00	5.00	11.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-94.00	-93.00	-101.00	-109.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	3.00	-37.00	-82.00	-81.00	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	-3.00	0.00	0.00	-2.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-94.00	-127.00	-178.00	-181.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	18.00	2.00	-15.00	6.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	385.00	582.00	696.00	851.00	836.00	1,150.11	1,464.23	1,778.34	2,092.46
Net Change in Cash	197.00	114.00	155.00	29.00	314.11	314.11	314.11	314.11	314.11
Ending Cash Balance	582.00	696.00	851.00	880.00	1,150.11	1,464.23	1,778.34	2,092.46	2,406.57
Capex to Revenue	1.83%	1.92%	2.70%	2.64%	2.67%	2.67%	2.67%	2.67%	2.67%
Depreciation to Sales	2.31%	2.10%	1.96%	1.91%	1.91%	1.91%	1.91%	1.91%	1.91%
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	0.76%	0.81%	0.87%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Distributable FCF/EV Yield	6.35%	5.56%	8.10%	4.75%	7.31%	7.31%	7.31%	7.31%	7.31%
Dividend Yield	-1.88%	-1.86%	-2.02%	-2.18%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	350.00	322.00	446.00	362.00	314.11	314.11	314.11	314.11	314.11

SN VALUATION

LBO Debt Schedule

Ticker:

FL

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	29.00	314.11	314.11	314.11	314.11	314.11
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	138.00	138.00	138.00	138.00	138.00	138.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	138.00	138.00	138.00	138.00	138.00	138.00
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		13.80	13.80	13.80	13.80	13.80
Cash Balance		934.00				
Interest @ 1.0%		9.34	9.34	9.34	9.34	9.34
Net Interest Expense/(Income)		4.46	4.46	4.46	4.46	4.46
Net Interest Rate		3.23%	3.23%	3.23%	3.23%	3.23%
EBITDA		560.02	560.02	560.02	560.02	560.02
EBITDA/Interest Expense Coverage		40.58	40.58	40.58	40.58	40.58

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:

Foot Locker

Ticker:

FL

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	1,334.00	1,398.00	1,530.00	1,653.00	1,967.11	2,281.23	2,595.34	2,909.46	3,223.57
Total Assets	2,803.00	2,848.00	3,048.00	3,519.00	3,880.11	4,241.23	4,602.34	4,963.46	5,324.57
X1	0.48	0.49	0.50	0.47	0.51	0.54	0.56	0.59	0.61
Retained Earnings	1,535.00	1,611.00	1,788.00	2,125.00	2,486.11	2,847.23	3,208.34	3,569.46	3,930.57
Total Assets	2,803.00	2,848.00	3,048.00	3,519.00	3,880.11	4,241.23	4,602.34	4,963.46	5,324.57
X2	0.55	0.57	0.59	0.60	0.64	0.67	0.70	0.72	0.74
EBITDA	195.00	372.00	551.00	730.00	680.02	680.02	680.02	680.02	680.02
Total Assets	2,803.00	2,848.00	3,048.00	3,519.00	3,880.11	4,241.23	4,602.34	4,963.46	5,324.57
X3	0.07	0.13	0.18	0.21	0.18	0.16	0.15	0.14	0.13
Market Value of Equity	4,996.19	4,996.19	4,996.19	4,996.19	5,124.20	5,255.50	5,390.15	5,528.26	5,669.91
Total Liabilities	868.00	871.00	940.00	1,085.00	1,085.00	1,085.00	1,085.00	1,085.00	1,085.00
X4	5.76	5.74	5.32	4.60	4.72	4.84	4.97	5.10	5.23
Net Sales	4,854.00	5,049.00	5,623.00	6,182.00	6,182.00	6,182.00	6,182.00	6,182.00	6,182.00
Total Assets	2,803.00	2,848.00	3,048.00	3,519.00	3,880.11	4,241.23	4,602.34	4,963.46	5,324.57
X5	1.73	1.77	1.84	1.76	1.59	1.46	1.34	1.25	1.16
Altman Z Score	6.75	7.03	7.05	6.61	6.51	6.48	6.46	6.46	6.48

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

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	2,427.00	2,788.11	3,149.23	3,510.34	3,871.46	4,232.57				4,232.57
Annual Change		361.11	361.11	361.11	361.11	361.11				
Annual FCF	253.00	314.11	314.11	314.11	314.11	314.11	314.11	314.11	314.11	942.34
Annual Op. Cash Flow	416.00	479.11	479.11	479.11	479.11	479.11	479.11	479.11	479.11	
Annual PP&E Investment	(163.00)	(165.00)	(165.00)	(165.00)	(165.00)	(165.00)	(165.00)	(165.00)	(165.00)	
Today's Tangible Book Value	2,427.00	2,712.54	3,031.68	3,388.37	3,787.02	4,232.57				5,174.91
Intrinsic Value IRR	11.77%									
Market Price	4,996.19	5,031.43	5,066.92	5,102.67	5,138.66	5,174.91				5,174.91
Market Price IRR	0.71%									

Debt	50.00%	2,498.09
Equity	50.00%	2,498.09
Total	100.00%	4,996.19

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	2427	2,498.09	2,690.76	2,883.43	3,076.09	3,268.76	3,461.43			
Goodwill	0	2,569.19	2,569.19	2,569.19	2,569.19	2,569.19	2,569.19			
Debt	138	2,636.09	2,636.09	2,636.09	2,636.09	2,636.09	2,636.09			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		259.15	259.15	259.15	259.15	259.15				
Tangible Book Value	2427	-71.09	121.57	314.24	506.91	699.57	892.24			892.24
Annual Change			192.67	192.67	192.67	192.67	192.67			
Annual FCF	253.00		145.67	145.67	145.67	145.67	145.67	145.67	145.67	437.00
Annual Net Income	397.00		192.67	192.67	192.67	192.67	192.67	192.67	192.67	
Annual Op. Cash Flow	416.00		310.67	310.67	310.67	310.67	310.67	310.67	310.67	
Dividend Payments										
Annual PP&E Investment	(163.00)		(165.00)	(165.00)	(165.00)	(165.00)	(165.00)	(165.00)	(165.00)	
Debt Paydown	0.00						0.00	0.00	0.00	

Sale Price in Year 5 1,329.24

Capital Left for Equity Investor 1,329.24
 Dividend Payments 0.00
 Total Cash In Flow 1,329.24

Invested Equity 2,498.09
 IRR -11.85%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 963.33
 Cash Flow (Year 6-8) 437.00
1,400.34

Value Dilution
 Debt 2,498.09
 Goodwill 2,569.19
 Additional Interest 1,295.75
6,363.03