

January 18, 2012

# SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

## GeoEye Inc (GEOY)

<b>Price:</b>	<b>\$21.10</b>	<b>Price/Book:</b>	<b>1.06</b>	<b>EV/EBITDA 5x TV:</b>	<b>\$24.36</b>
<b>Market Cap:</b>	<b>\$468,209,008</b>	<b>Price/Earnings:</b>	<b>9.54</b>	<b>Net Tangible Asset TV:</b>	<b>\$22.69</b>
<b>Cash:</b>	<b>\$333,360,000</b>	<b>EV/EBITA:</b>	<b>2.82</b>	<b>SN Defined TV:</b>	<b>\$56.19</b>
<b>Debt:</b>	<b>\$508,160,000</b>	<b>EV/FCF:</b>	<b>-4.62</b>	<b>Economic Value Added:</b>	<b>\$50.25</b>
<b>Net Cash:</b>	<b>-\$174,800,000</b>	<b>Net Tang. Asset/Share:</b>	<b>\$16.85</b>	<b>Year 5 Target:</b>	<b>\$38.37</b>
<b>Enterprise Value:</b>	<b>\$643,009,008</b>	<b>FCF/Share:</b>	<b>-\$6.27</b>	<b>Appreciation:</b>	<b>81.857%</b>

### Overview

We will include on our watchlist.

### **Dividend?**

Dividend yield is 0.00%.

### **Price to Book**

Price to book is 1.06. Price to book excluding goodwill is 1.25.

### **Cashflow Generation**

Cashflows are \$125 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 \$25 MM.

29.4% EBITA margin and FCF yield is 4.0%.

The company has \$333 MM in cash/short term investment and \$508 MM in debt.

We are projecting a \$20.0 MM paydown annually.

### **Profitability**

ROA is 1.9%, and ROC is 5.6%.

### **Bankruptcy Risk**

Altman Z is at 1.39. CAUTION.

### **LBO?**

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

### **Price**

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# Altman Z Score

Company Name:

GeoEye Inc

Ticker:

GEOY

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	151.93	64.81	245.95	294.63	295.73	298.06	303.78	313.06	326.07
Total Assets	853.09	794.61	947.21	1,269.09	1,302.32	1,334.74	1,368.46	1,403.57	1,440.20
<b>X1</b>	<b>0.18</b>	<b>0.08</b>	<b>0.26</b>	<b>0.23</b>	<b>0.23</b>	<b>0.22</b>	<b>0.22</b>	<b>0.22</b>	<b>0.23</b>
Retained Earnings	-6.91	19.71	51.77	75.30	126.53	178.95	232.67	287.78	344.41
Total Assets	853.09	794.61	947.21	1,269.09	1,302.32	1,334.74	1,368.46	1,403.57	1,440.20
<b>X2</b>	<b>-0.01</b>	<b>0.02</b>	<b>0.05</b>	<b>0.06</b>	<b>0.10</b>	<b>0.13</b>	<b>0.17</b>	<b>0.21</b>	<b>0.24</b>
EBITDA	95.65	34.15	102.67	162.44	173.50	178.70	184.07	189.59	195.28
Total Assets	853.09	794.61	947.21	1,269.09	1,302.32	1,334.74	1,368.46	1,403.57	1,440.20
<b>X3</b>	<b>0.11</b>	<b>0.04</b>	<b>0.11</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.14</b>	<b>0.14</b>
Market Value of Equity	468.21	468.21	468.21	468.21	527.70	594.75	670.31	755.48	851.47
Total Liabilities	647.88	544.54	653.06	808.60	790.60	770.60	750.60	730.60	710.60
<b>X4</b>	<b>0.72</b>	<b>0.86</b>	<b>0.72</b>	<b>0.58</b>	<b>0.67</b>	<b>0.77</b>	<b>0.89</b>	<b>1.03</b>	<b>1.20</b>
Net Sales	183.02	146.66	271.10	330.35	343.56	353.87	364.49	375.42	386.68
Total Assets	853.09	794.61	947.21	1,269.09	1,302.32	1,334.74	1,368.46	1,403.57	1,440.20
<b>X5</b>	<b>0.21</b>	<b>0.18</b>	<b>0.29</b>	<b>0.26</b>	<b>0.26</b>	<b>0.27</b>	<b>0.27</b>	<b>0.27</b>	<b>0.27</b>
<b>Altman Z Score</b>	<b>1.22</b>	<b>0.97</b>	<b>1.46</b>	<b>1.39</b>	<b>1.51</b>	<b>1.63</b>	<b>1.75</b>	<b>1.89</b>	<b>2.04</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>38.37</b>	<b>Non-LBO Forecast</b>	<b>Year 1 Target</b>	<b>23.78</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 3X Multiple Terminal Value:	\$24.36	Market Price:	21.10		<b>Year 2 Target</b>	<b>26.80</b>		<b>Implied Today's Price</b>	<b>15.42</b>
Net Tangible Asset Terminal Value:	\$22.69	LBO Price:	<b>7.48</b>		<b>Year 3 Target</b>	<b>30.21</b>		Overvalued/(Undervalued)	36.83%
EV/EBITDA with Today's Multiple Terminal Value:	\$56.19	Premium to Market Price:	-64.55%		<b>Year 4 Target</b>	<b>34.05</b>			
EVA Enterprise Value:	\$50.25	LBO Price/Intrinsic Price Target:	38.68%		<b>Year 5 Target</b>	<b>38.37</b>			
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	13.09%		<b>Implied IRR (Market Price):</b>	<b>12.71%</b>			
Average (Excluding Dividend Discount):	<b>\$38.37</b>	Implied IRR at today's EV/EBITDA:	21.64%						
		5 Year Return:	81.86%						

Current Evaluation				Exit Evaluation			
Current Market Price:	21.10	LBO Price:	7.48	Exit Price:	38.37	Exit Price:	56.19
Outstanding Shares:	22,190,000	Outstanding Shares:	22,190,000	Outstanding Shares:	22,190,000	Outstanding Shares:	22,190,000
<b>Market Capitalization:</b>	<b>468,209,008</b>	<b>Market Capitalization:</b>	<b>165,981,200</b>	<b>Market Capitalization:</b>	<b>851,469,789</b>	<b>Market Capitalization:</b>	<b>1,246,849,383</b>
Available Cash:	333,360,000	Available Cash:	333,360,000	Available Cash:	364,800,322	Available Cash:	364,800,322
Debt:	508,160,000	Debt:	508,160,000	Debt:	410,160,000	Debt:	410,160,000
Net Cash:	<b>-174,800,000</b>	Net Cash:	<b>-174,800,000</b>	Net Cash:	<b>-45,359,678</b>	Net Cash:	<b>-45,359,678</b>
<b>Enterprise Value:</b>	<b>643,009,008</b>	<b>Enterprise Value:</b>	<b>340,781,200</b>	<b>Enterprise Value:</b>	<b>896,829,467</b>	<b>Enterprise Value:</b>	<b>1,292,209,061</b>
Original EV/EBITDA:	6.62	EV/EBITDA:	3.51	EV/EBITDA at 5 Years:	7.78	EV/EBITDA at 5 Years:	<b>6.62</b>
Original EV/EBITDA:	2.82	EV/EBITDA:	2.10	EV/EBITDA at 5 Years:	6.74	EV/EBITDA at 5 Years:	6.74
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:	7.48	7.48	10.37	14.39	19.95	27.67	38.37
Shares Outstanding:	22,190,000	22,190,000	22,190,000	22,190,000	22,190,000	22,190,000	22,190,000
<b>Market Capitalization:</b>	<b>165,981,200</b>	<b>165,981,200</b>	<b>230,187,093</b>	<b>319,229,515</b>	<b>442,715,886</b>	<b>613,970,034</b>	<b>851,469,789</b>
Available Cash:	333,360,000	333,360,000	334,460,009	336,787,427	342,506,395	351,785,981	364,800,322
Debt:	508,160,000	508,160,000	490,160,000	470,160,000	450,160,000	430,160,000	410,160,000
Net Cash:	-174,800,000	-174,800,000	-155,699,991	-133,372,573	-107,653,605	-78,374,019	-45,359,678
<b>Enterprise Value:</b>	<b>340,781,200</b>	<b>340,781,200</b>	<b>385,887,084</b>	<b>452,602,088</b>	<b>550,369,491</b>	<b>692,344,053</b>	<b>896,829,467</b>
EBIT	97,170,000	97,170,000	113,499,820	113,704,815	114,065,959	114,587,938	115,275,576
EV/EBIT:	3.51	3.51	3.40	3.98	4.83	6.04	7.78
EBITDA	162,430,000	162,430,000	181,370,220	183,611,327	186,069,666	188,751,756	191,664,309
EV/EBITDA:	2.10	2.10	2.13	2.47	2.96	3.67	4.68

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	7.48	7.48	10.92	11.96	13.18	14.58	16.17
Shares Outstanding:	22,190,000	22,190,000	22,190,000	22,190,000	22,190,000	22,190,000	22,190,000
<b>Market Capitalization:</b>	<b>165,981,200</b>	<b>165,981,200</b>	<b>242,350,898</b>	<b>265,397,244</b>	<b>292,382,769</b>	<b>323,492,966</b>	<b>358,918,897</b>
Available Cash:	333,360,000	333,360,000	334,460,009	336,787,427	342,506,395	351,785,981	364,800,322
Debt:	508,160,000	508,160,000	490,160,000	470,160,000	450,160,000	430,160,000	410,160,000
Net Cash:	-174,800,000	-174,800,000	-155,699,991	-133,372,573	-107,653,605	-78,374,019	-45,359,678
<b>Enterprise Value:</b>	<b>340,781,200</b>	<b>340,781,200</b>	<b>398,050,889</b>	<b>398,769,817</b>	<b>400,036,373</b>	<b>401,866,985</b>	<b>404,278,575</b>
EBIT	97,170,000	97,170,000	113,499,820	113,704,815	114,065,959	114,587,938	115,275,576
EV/EBIT:	3.51	3.51	3.51	3.51	3.51	3.51	3.51
EBITDA	162,430,000	162,430,000	181,370,220	183,611,327	186,069,666	188,751,756	191,664,309
EV/EBITDA:	2.10	2.10	2.19	2.17	2.15	2.13	2.11

LBO Price	7.48	Equity Partners:	674,141,200	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners: 13.09%</b>
Shares Outstanding	22,190,000	Debt Partners:	0		0.00%	
<b>Market Capitalization</b>	<b>165,981,200</b>	<b>Total Funds for LBO:</b>	<b>674,141,200</b>		<b>100.00%</b>	
Debt	508,160,000					
Cash	333,360,000					
<b>Enterprise Value</b>	<b>340,781,200</b>					
<b>Capital Investment</b>	<b>674,141,200</b>					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	443.24	Beginning Enterprise Value	340.78	Current Market Price	\$21.10	Starting Debt	508.16
Year 5 Book Value	712.35	Year 5 Enterprise Value	1,292.21	Year 5 Market Price	\$56.19	Debt Repayment	0.00
<b>Annualized Return</b>	<b>9.95%</b>	<b>Annualized Return</b>	<b>30.55%</b>	<b>Annualized Return</b>	<b>21.64%</b>	Year 5 Ending Debt	410.16
						<b>% of Starting Debt</b>	<b>80.71%</b>

SN VALUATION

LBO Pro Forma Income Statement

Name:

GeoEye Inc

Ticker:

GEOY

	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	183.02	146.66	271.10	330.35	343.56	353.87	364.49	375.42	386.68
COGS	64.63	72.22	94.69	104.01	109.94	113.24	116.64	120.13	123.74
Gross margin	118.39	74.44	176.41	226.34	233.62	240.63	247.85	255.29	262.95
SG&A	22.74	36.99	45.21	55.80	58.41	60.16	61.96	63.82	65.74
R&D	0.00	0.00	1.40	1.65	1.72	1.77	1.82	1.88	1.93
Unusual expense	0.00	3.30	27.13	6.45	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	16.47	11.35	57.16	65.27	60.00	65.00	70.00	75.00	80.00
Operating Income (EBITA)	79.18	22.80	45.51	97.17	113.50	113.70	114.07	114.59	115.28
Interest income/(expense)	51.09	-11.45	-31.02	-24.71	-35.88	-34.28	-32.68	-31.08	-29.48
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	3.01	-1.00	0.00	-24.47	0.00	0.00	0.00	0.00	0.00
Income before tax	133.28	10.35	14.49	47.99	77.62	79.43	81.39	83.51	85.80
Tax	39.53	-16.26	-17.57	23.35	26.39	27.00	27.67	28.39	29.17
Income after tax	93.75	26.61	32.06	24.64	51.23	52.42	53.72	55.12	56.63
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	93.75	26.61	32.06	24.64	51.23	52.42	53.72	55.12	56.63
*Figures are in millions (\$)									
EPS (based off today's share count)	\$4.22	\$1.20	\$1.44	\$1.11	\$2.31	\$2.36	\$2.42	\$2.48	\$2.55
P/E (historical today's price; forecasted intrinsic price)	4.99	17.60	14.60	19.00	10.30	11.35	12.48	13.71	15.04
Revenue Growth	N/A	-19.87%	84.85%	21.86%	4.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	29.66%	-157.10%	-121.26%	48.66%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	20.70%	-4.63%	-8.14%	-4.86%	-7.06%	-6.99%	-6.95%	-6.90%	-6.85%
<b>Margins</b>									
COGS	35.31%	49.24%	34.93%	31.48%	32.00%	32.00%	32.00%	32.00%	32.00%
Gross margin	64.69%	50.76%	68.07%	68.52%	68.00%	68.00%	68.00%	68.00%	68.00%
SG&A	12.42%	25.22%	16.68%	16.89%	17.00%	17.00%	17.00%	17.00%	17.00%
R&D	0.00%	0.00%	0.52%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Unusual expense	0.00%	2.25%	10.01%	1.95%	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	9.00%	7.74%	21.08%	19.76%	17.46%	18.37%	19.21%	19.98%	20.69%
Operating Income (EBITA)	43.26%	15.55%	16.79%	29.41%	33.04%	32.13%	31.29%	30.52%	29.81%
Interest income/(expense)	27.91%	-7.81%	-11.44%	-7.48%	-10.44%	-9.69%	-8.97%	-8.28%	-7.62%
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	1.64%	-0.68%	0.00%	-7.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	72.82%	7.06%	5.34%	14.53%	22.59%	22.44%	22.33%	22.24%	22.19%
Tax	21.60%	-11.09%	-6.48%	7.07%	7.68%	7.63%	7.59%	7.56%	7.54%
Income after tax	51.22%	18.14%	11.83%	7.46%	14.91%	15.26%	15.63%	16.04%	16.48%
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	51.22%	18.14%	11.83%	7.46%	14.91%	14.81%	14.74%	14.68%	14.64%

					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	226.76	106.74	208.87	283.24			283.24	284.34	286.67	292.39	301.67	314.68
Short term investment	7.56	3.81	0.00	50.12			50.12	50.12	50.12	50.12	50.12	50.12
<b>Cash and Short term</b>	<b>234.32</b>	<b>110.55</b>	<b>208.87</b>	<b>333.36</b>			<b>333.36</b>	<b>334.46</b>	<b>336.79</b>	<b>342.51</b>	<b>351.79</b>	<b>364.80</b>
Accounts Receivable	28.68	26.85	32.58	42.87			42.87	42.87	42.87	42.87	42.87	42.87
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>28.68</b>	<b>26.85</b>	<b>32.58</b>	<b>42.87</b>			<b>42.87</b>	<b>42.87</b>	<b>42.87</b>	<b>42.87</b>	<b>42.87</b>	<b>42.87</b>
Deferred Income Tax	-22.12	-10.59	12.16	9.15			9.15	9.15	9.15	9.15	9.15	9.15
Total Inventory	16.39	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	3.29	28.07	5.90	16.18			16.18	16.18	16.18	16.18	16.18	16.18
Other Current Assets	5.52	6.26	63.21	3.95			3.95	3.95	3.95	3.95	3.95	3.95
<b>Current Assets</b>	<b>266.08</b>	<b>161.14</b>	<b>322.72</b>	<b>405.51</b>	<b>0.00</b>	<b>0.00</b>	<b>405.51</b>	<b>406.61</b>	<b>408.94</b>	<b>414.66</b>	<b>423.94</b>	<b>436.95</b>
PP&E, Gross	441.96	541.62	615.66	880.72			880.72	980.72	1,080.72	1,180.72	1,280.72	1,380.72
Change in Depreciation	16.47	11.36	57.17	65.26			65.26	67.87	69.91	72.00	74.16	76.39
Accumulated Depreciation	0.00	0.00	57.17	122.43			122.43	190.30	260.21	332.21	406.37	482.76
PP&E, Net	441.96	541.62	558.49	758.29			758.29	790.42	820.51	848.51	874.35	897.96
Goodwill	34.26	34.26	34.26	71.57	0.00		71.57	71.57	71.57	71.57	71.57	71.57
Intangibles	17.07	14.34	11.69	14.94			14.94	14.94	14.94	14.94	14.94	14.94
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	93.72	43.25	20.05	18.78			18.78	18.78	18.78	18.78	18.78	18.78
<b>Long Term Assets</b>	<b>587.01</b>	<b>633.47</b>	<b>624.49</b>	<b>863.58</b>	<b>0.00</b>	<b>0.00</b>	<b>863.58</b>	<b>895.71</b>	<b>925.80</b>	<b>953.80</b>	<b>979.64</b>	<b>1,003.25</b>
<b>Total Assets</b>	<b>853.09</b>	<b>794.61</b>	<b>947.21</b>	<b>1,269.09</b>	<b>0.00</b>	<b>0.00</b>	<b>1,269.09</b>	<b>1,302.32</b>	<b>1,334.74</b>	<b>1,368.46</b>	<b>1,403.57</b>	<b>1,440.20</b>
Accounts Payable	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accrued Expense	79.38	50.11	19.80	52.68			52.68	52.68	52.68	52.68	52.68	52.68
Other current Liabilities	34.77	46.22	56.97	58.20			58.20	58.20	58.20	58.20	58.20	58.20
<b>Total Current Liabilities</b>	<b>114.15</b>	<b>96.33</b>	<b>76.77</b>	<b>110.88</b>	<b>0.00</b>	<b>0.00</b>	<b>110.88</b>	<b>110.88</b>	<b>110.88</b>	<b>110.88</b>	<b>110.88</b>	<b>110.88</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	0.50	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	246.79	247.50	380.59	508.16	0.00	0.00	508.16	490.16	470.16	450.16	430.16	410.16
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>246.79</b>	<b>247.50</b>	<b>381.09</b>	<b>508.16</b>	<b>0.00</b>	<b>0.00</b>	<b>508.16</b>	<b>490.16</b>	<b>470.16</b>	<b>450.16</b>	<b>430.16</b>	<b>410.16</b>
Deferred Income tax	0.00	0.00	2.08	21.34			21.34	21.34	21.34	21.34	21.34	21.34
Minority Interest	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	286.94	200.71	193.12	168.22			168.22	168.22	168.22	168.22	168.22	168.22
<b>Total Liabilities</b>	<b>647.88</b>	<b>544.54</b>	<b>653.06</b>	<b>808.60</b>	<b>0.00</b>	<b>0.00</b>	<b>808.60</b>	<b>790.60</b>	<b>770.60</b>	<b>750.60</b>	<b>730.60</b>	<b>710.60</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	0.18	0.18	0.20	0.22		0.00	0.22	0.22	0.22	0.22	0.22	0.22
Additional Paid-in capital	199.94	210.51	227.99	367.72	0.00	0.00	367.72	367.72	367.72	367.72	367.72	367.72
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-6.91	19.71	51.77	75.30		0.00	75.30	126.53	178.95	232.67	287.78	344.41
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>193.21</b>	<b>230.40</b>	<b>279.96</b>	<b>443.24</b>	<b>0.00</b>	<b>0.00</b>	<b>443.24</b>	<b>494.47</b>	<b>546.89</b>	<b>600.61</b>	<b>655.72</b>	<b>712.35</b>
<b>Liability + Equity</b>	<b>841.09</b>	<b>774.94</b>	<b>933.02</b>	<b>1,251.84</b>	<b>0.00</b>	<b>0.00</b>	<b>1,251.84</b>	<b>1,285.07</b>	<b>1,317.49</b>	<b>1,351.21</b>	<b>1,386.32</b>	<b>1,422.95</b>
<b>Variance</b>	12.00	19.67	14.19	17.25			17.25	17.25	17.25	17.25	17.25	17.25
<b>Debt/Equity</b>	1.28	1.07	1.36	1.15			1.15	0.99	0.86	0.75	0.66	0.58
Inventory Turnover	11.17	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	32.69	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	92.56	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	6.38	5.46	8.32	7.71			7.71	8.01	8.25	8.50	8.76	9.02
Accounts Receivable Turnover Days	57.20	66.82	43.86	47.37			47.37	45.54	44.22	42.93	41.88	40.47
Days Payable Outstanding	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Days Sales Outstanding	57.20	66.82	43.86	47.37			47.37	47.37	45.54	44.22	42.93	41.88
Cash Conversion Cycle	149.76	66.82	43.86	47.37			47.37	47.37	45.54	44.22	42.93	41.88

SN VALUATION

LBO Adjusted Proforma Cash Flow

	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
Net Income	28.47	26.61	32.06	24.64	51.23	52.42	53.72	55.12	56.63
Depreciation	16.47	11.36	57.17	65.26	67.87	69.91	72.00	74.16	76.39
<b>Net Income + Depreciation</b>	<b>44.94</b>	<b>37.97</b>	<b>89.23</b>	<b>89.90</b>	<b>119.10</b>	<b>122.33</b>	<b>125.72</b>	<b>129.28</b>	<b>133.01</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-10.27	-23.00	5.64	23.34	0.00	0.00	0.00	0.00	0.00
Non Cash Items	6.06	12.52	10.18	11.10	0.00	0.00	0.00	0.00	0.00
Change in Working capital	30.20	-29.36	-4.83	2.35	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	1.83	-5.73	-10.29	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	16.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-24.78	22.17	-10.28	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>70.93</b>	<b>-1.87</b>	<b>100.22</b>	<b>126.69</b>	<b>119.10</b>	<b>122.33</b>	<b>125.72</b>	<b>129.28</b>	<b>133.01</b>
Capital Expenditures	-60.16	-127.94	-79.09	-233.74	-100.00	-100.00	-100.00	-100.00	-100.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	27.72	3.75	-43.94	-32.19	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-32.44</b>	<b>-124.19</b>	<b>-123.03</b>	<b>-265.93</b>	<b>-100.00</b>	<b>-100.00</b>	<b>-100.00</b>	<b>-100.00</b>	<b>-100.00</b>
Financing Cash flow items	0.00	0.00	-0.56	-4.51	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-0.10	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	9.34	6.03	15.40	97.24	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	-15.44	0.00	110.13	120.96	-18.00	-20.00	-20.00	-20.00	-20.00
<b>Cash from Financing Activities</b>	<b>-6.10</b>	<b>6.03</b>	<b>124.97</b>	<b>213.59</b>	<b>-18.00</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	0.00	0.00	0.00
Beginning Cash Balance	194.38	226.76	106.73	208.87	283.24	284.34	286.67	292.39	301.67
<b>Net Change in Cash</b>	<b>32.38</b>	<b>-120.03</b>	<b>102.14</b>	<b>74.36</b>	<b>1.10</b>	<b>2.33</b>	<b>5.72</b>	<b>9.28</b>	<b>13.01</b>
Ending Cash Balance	226.76	106.73	208.87	283.23	284.34	286.67	292.39	301.67	314.68
Depreciation to Sales	9.00%	7.75%	21.09%	19.75%	19.75%	19.75%	19.75%	19.75%	19.75%
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	15.67%	18.31%	12.02%	12.98%	12.48%	12.11%	11.76%	11.42%	11.09%
Distributable FCF Yield	5.99%	-19.60%	-3.55%	-21.65%	2.97%	3.47%	4.00%	4.55%	5.13%
Dividend Yield	0.00%	0.00%	0.00%	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%

# SN VALUATION

# LBO Debt Schedule

	<b>Proforma</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net Change in Cash	74.36	1.10	2.33	5.72	9.28	13.01
Current Portion Debt Repayment						
Long Term Debt Repayment		18.00	20.00	20.00	20.00	20.00
<b>Outstanding Debt</b>	508.16	490.16	470.16	450.16	430.16	410.16
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	508.16	490.16	470.16	450.16	430.16	410.16
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>39.21</b>	<b>37.61</b>	<b>36.01</b>	<b>34.41</b>	<b>32.81</b>
Cash Balance		333.36				
Interest @ 1.0%		3.33	3.33	3.33	3.33	3.33
<b>Net Interest Expense/(Income)</b>		<b>35.88</b>	<b>34.28</b>	<b>32.68</b>	<b>31.08</b>	<b>29.48</b>
<b>Net Interest Rate</b>		<b>7.06%</b>	<b>6.99%</b>	<b>6.95%</b>	<b>6.90%</b>	<b>6.85%</b>
EBITDA		113.50	113.70	114.07	114.59	115.28
<b>EBITDA/Interest Expense Coverage</b>		<b>2.89</b>	<b>3.02</b>	<b>3.17</b>	<b>3.33</b>	<b>3.51</b>

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					BB+
BB			BB	BB	BB
B+	B+				
B					
B-					
CCC					
CC					
C					
D					

\*Source: NYU; Professor Damodaran