

August 13, 2013

# SN VALUATION [Stocks, Real Estate, Bonds]

## Google (GOOG)

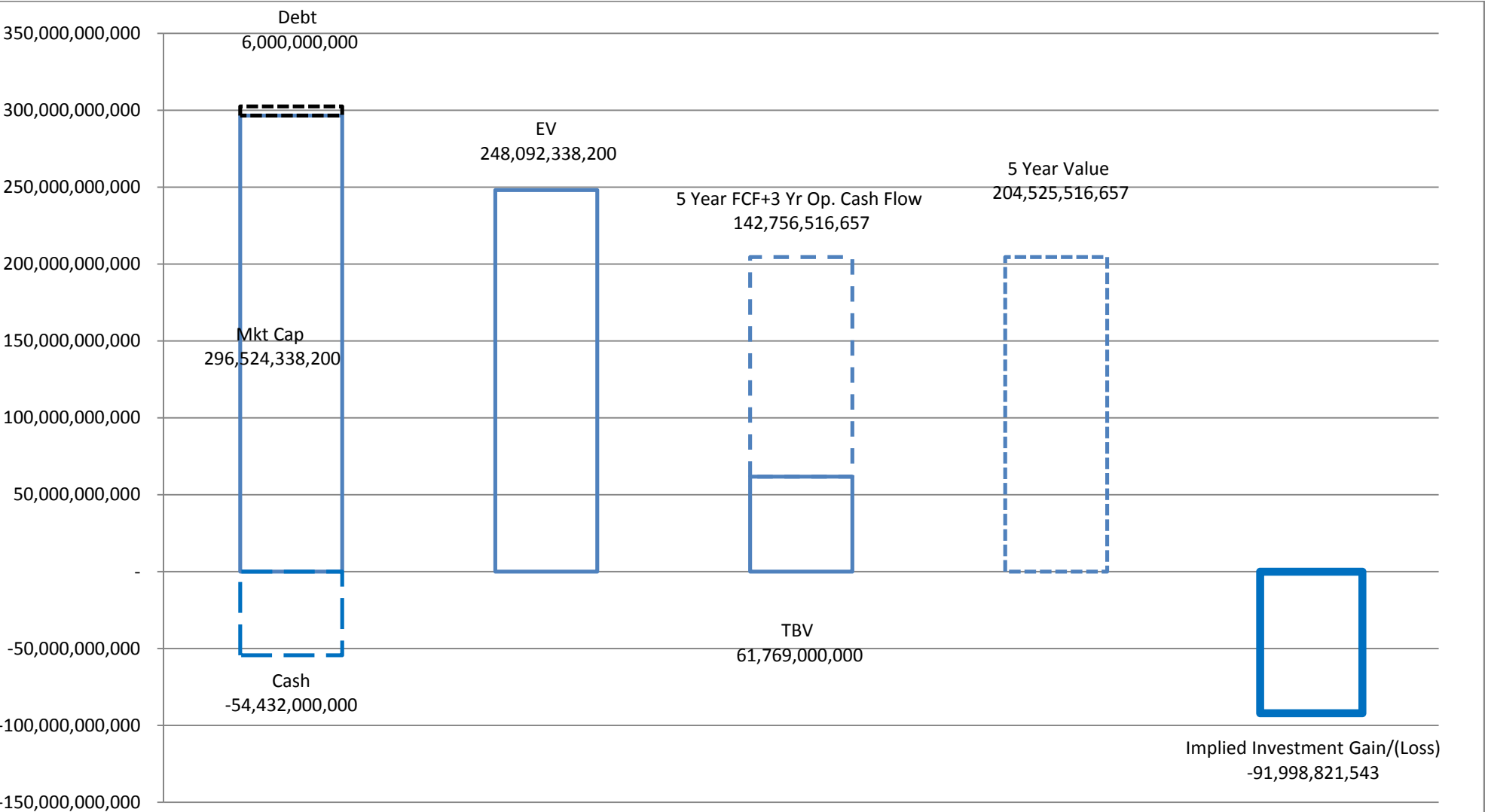
|                     |                   |                                      |                     |                                   |                      |
|---------------------|-------------------|--------------------------------------|---------------------|-----------------------------------|----------------------|
| Price:              | \$890.41          | Net Tang. Bk Value Incl. Cash, Excl. | \$61,769,000,000.00 | Net Tang. Book Yr. 5 (Inc. Cash): | \$152,012,659,365.23 |
| Market Cap:         | \$296,524,338,200 | Goodwill (NTBVIC):                   |                     | Avg. Year Op. Cash:               | \$24,060,979,450.72  |
| Cash:               | \$54,432,000,000  | NTBVIC/Market Downside Recovery:     | 20.83%              | Year 5 Disposition FCF Multiple:  | 3.0                  |
| Debt:               | \$6,000,000,000   | Op. Cash Flow:                       | \$14,114,715,661    | Year 5 Disposition Price:         | \$224,195,597,717.40 |
| Net Cash:           | \$48,432,000,000  | Implied Years to Fill Gap:           | 16.63               |                                   |                      |
| Enterprise Value:   | \$248,092,338,200 | Today's Equity if 5x Op. CF:         | \$104,113,146,983   |                                   |                      |
|                     |                   | Net Tang. Book+ Gain Disposition:    |                     |                                   | \$224,195,597,717.40 |
| Shares Outstanding: | 333,020,000       | IRR:                                 |                     |                                   | -5.44%               |
|                     |                   | Price:                               |                     |                                   | \$673.22             |
|                     |                   | Target Market Cap:                   |                     |                                   | \$224,195,597,717    |
|                     |                   | Target Enterprise Value:             |                     |                                   | \$175,763,597,717    |

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

Google is a freakin monster. Generates roughly \$10-15 billion in operation cash flow annually, and has tangible equity value of \$60BB. So we have 5 year price target near \$225BB with growth rate at 30% annually. We are skeptical whether the market could accommodate an additional \$100BB in revenue for Google in 5 years. Whereas the market cap is \$300BB, but aside from a valuation study, it is incredible to see the monster growth this Co. has seen in less than 15 years.

The Co. is sitting on net cash of \$48BB. That's bigger than most asset management firms in Korea. This is why Google, an internet search engine company, is making gadgets like the Google Glass, and other innovative, yet unrelated products.

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Google, Inc., was incorporated in California in September 1998 and reincorporated in Delaware in August 2003. The Company is a global technology company engaged in improving the ways people connect with information. The Company's business is mainly focused around the following key areas: search, advertising, operating systems and platforms, enterprise and hardware products. The Company's search technologies sort through an ever-growing amount of information to deliver relevant and useful search results in response to user queries. It integrates innovative features into its search service and offer specialized search services to help users tailor their search. In January 2012, the Company launched Search plus Your World. When a user performs a signed-in search on Google, the user's results page may include Google+ content from people that the user is close to. Relevant Google+ profiles and Google+ pages related to a specific topic or area of interest may also appear on a user's results page. Advertising includes Google Search, Google Display, Google Mobile and Google Local. AdWords is the Company's auction-based advertising program, which delivers advertisements that are relevant to search queries or Web content that they are a form of information in their own right. With AdWords, advertisers create text-based advertisements that then appear beside related search results or Web content on its Websites and on partner Websites in its Google Network, which is the network of third parties that use the Company's advertising programs to deliver relevant advertisements with their search results and content. The Company, along with Open Handset Alliance has developed Android mobile software platform that any developer can use to create applications for mobile devices and any handset manufacturer can install on a device. Google Chrome OS is an open source operating system with the Google Chrome Web browser as its foundation. The Chrome browser runs on Windows, Mac, and Linux computers. Google TV is a platform that enables the consumers to experience television and the Internet on a single screen, with the ability to search and find the content they want to watch. The Google TV platform is based on the Android operating system and runs the Google Chrome browser. Google's enterprise products provide Google technology for business settings. Through Google Apps, which includes Gmail, Google Docs, Google Calendar, and Google Sites, among other features, the Company provides hosted, Web-based applications that people can use on any device with a browser and an Internet connection. In addition, the Company y provides its search technology for use within enterprises through the Google Search Appliance, on their public-facing sites with Google Site Search, and Google Commerce Search. The Company also provides versions of its Google Maps Application Programming Interface (API) for businesses, as well as Google Earth Enterprise (a behind-the-company-firewall software solution for imagery and data visualization). The Company's competitors are Yahoo! Inc., Microsoft Corporation's Bing, YouTube, Facebook, Twitter, WebMD for health queries, Kayak for travel queries, Monster.com for job queries, and Amazon.com and eBay for e-commerce. The Company is subject to numerous domestic and foreign laws and regulations covering a wide variety of subject matter.

|                          |                                |
|--------------------------|--------------------------------|
| <b>Company Name:</b>     | <b>Google</b>                  |
| Ticker Symbol:           | GOOG                           |
| <b>Last Price:</b>       | <b>\$890.41</b>                |
| Net Cash/Share:          | \$145.43                       |
| Net Cash to Last Price:  | 16.33%                         |
| Shares Outstanding:      | 333,020,000                    |
| Industry:                | Internet Content & Information |
| Sector:                  | Technology                     |
| Institutional Ownership: | 72.20%                         |
| Mutual Fund Ownership:   | 38.50%                         |
| Insider Ownership:       | 0.89%                          |
| Float:                   | 100.00%                        |

|   |                      |
|---|----------------------|
| Market Capitalization:                                    | \$296,524,338,200.00 |
| Total Debt:   | \$6,000,000,000.00   |
| Total Cash:   | \$54,432,000,000.00  |
| Net Cash/(Debt):  | \$48,432,000,000.00  |
| Enterprise Value:   | \$248,092,338,200.00 |
| Current EV/Share:   | \$744.98             |
| EBITDA:   | \$15,722,000,000.00  |
| EV/EBITDA Multiple:                                       | 15.78                |
| EV/EBITDA Multiple Average Year 1-5:                      | 7.73                 |
| EV/FCF Multiple (excluding acquisition):                  | 18.59                |
| EV/FCF Multiple Average Year 1-5 (excluding acquisition): | 11.78                |

|                         |                     |        |
|-------------------------|---------------------|--------|
| <b>Income Statement</b> |                     |        |
| Revenue:                | \$55,800,000,000.00 | 100.0% |
| Cost of Goods Sold:     | \$26,130,000,000.00 | 46.8%  |
| Gross Profit:           | \$29,670,000,000.00 | 53.2%  |
| EBITDA:                 | \$17,000,000,000.00 | 30.5%  |
| Net Income:             | \$10,940,000,000.00 | 19.6%  |

|                        |                      |
|------------------------|----------------------|
| <b>Balance Sheet</b>   |                      |
| Cash:                  | \$16,164,000,000.00  |
| Short Term Investment: | \$38,268,000,000.00  |
| A/R:                   | \$7,885,000,000.00   |
| PP&E:                  | \$13,600,000,000.00  |
| Assets:                | \$102,138,000,000.00 |

|                       |                     |
|-----------------------|---------------------|
| A/P:                  | \$2,012,000,000.00  |
| Deferred Tax:         | \$1,905,000,000.00  |
| Other Liabilities:    | \$12,413,000,000.00 |
| Short term Debt:      | \$3,000,000,000.00  |
| Long Term Debt:       | \$3,000,000,000.00  |
| Liabilities:          | \$22,330,000,000.00 |
| Retained Earnings:    | \$50,000,000,000.00 |
| Paid-In Capital:      | \$22,835,000,000.00 |
| Treasury Stock:       | \$0.00              |
| Stockholder's Equity: | \$72,769,000,000.00 |

|                                 |                    |
|---------------------------------|--------------------|
| <b>Cash Flow</b>                |                    |
| Net Income:                     | 10,737,000,000.00  |
| Depreciation/Amortization:      | 2,962,000,000.00   |
| Change in Working capital:      | 898,000,000.00     |
| Cash from Operating Activities: | 16,619,000,000.00  |
| Capital Expenditures:           | -3,273,000,000.00  |
| Cash from Investing Activities: | -13,056,000,000.00 |
| Total Cash Dividends Paid:      | 0.00               |
| Issuance (Retirement) of Stock: | -287,000,000.00    |
| Issuance (Retirement) of Debt:  | 1,328,000,000.00   |
| Cash from Financing Activities: | 1,229,000,000.00   |

|                              |        |
|------------------------------|--------|
| <b>Profitability Margins</b> |        |
| Debt to Equity:              | 8.25%  |
| Return on Assets:            | 10.56% |
| Return on Capital:           | 13.70% |
| Return on Equity:            | 14.82% |

|                          |          |
|--------------------------|----------|
| <b>Technicals</b>        |          |
| 52 week low:             | \$636.00 |
| Today from 52 week low:  | 40.00%   |
| 52 week high:            | \$928.00 |
| Today from 52 week high: | 4.22%    |

|                            |        |
|----------------------------|--------|
| <b>Analyst/Consensus</b>   |        |
| Analyst Sales Growth FY1:  | 39.60% |
| Analyst Sales Growth FY2:  | 17.00% |
| SN Valuation Estimate FY1: | 30.00% |
| SN Valuation Estimate FY2: | 30.00% |

|                                 |         |
|---------------------------------|---------|
| Analyst Earnings Estimate FY1:  | \$43.54 |
| Analyst Earnings Estimate FY2:  | \$51.34 |
| SN Valuation Earnings Est. FY1: | \$31.95 |
| SN Valuation Earnings Est. FY2: | \$41.50 |

|                                      |              |
|--------------------------------------|--------------|
| <b>Multiples</b>                     |              |
| <b>Market Value to Book:</b>         | <b>4.07</b>  |
| EV to Book:                          | 3.41         |
| Market Value to Tangible Net Assets: | 49.63        |
| P/E Ratio:                           | 27.10        |
| Trailing P/E Ratio:                  | 25.62        |
| Forward P/E Ratio:                   | 17.25        |
| Beta:                                | 0.91         |
| Dividend:                            | 0.00         |
| <b>Dividend Yield:</b>               | <b>0.00%</b> |
| Dividend Date:                       | N/A          |
| Ex-Dividend Date:                    | N/A          |

|                       |       |
|-----------------------|-------|
| <b>Competitors</b>    |       |
| Average EV to EBITDA: | N/A   |
| Company EV to EBITDA: | 15.78 |
| Average EV to EBIT:   | N/A   |
| Company EV to EBITA:  | 19.44 |

**Upper Range**  
DCF: EV/EBITDA Terminal Value

|  |                      |
|--|----------------------|
| Implied TV from 3 X EV/EBITDA Multiple | \$124,212,524,414.06 |
| Enterprise Value                       | \$124,212,524,414.06 |
| Cash at Year 5:                        | \$159,736,897,253.61 |
| Debt at Year 5:                        | \$6,000,000,000.00   |
| Equity Value Year 5:                   | \$277,949,421,667.67 |
| <b>Equity/Share at Year 5:</b>         | <b>\$834.63</b>      |
| Annualized Return:                     | -1.29%               |

**Lower Range**  
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

|  |                      |
|--|----------------------|
| Year 5 Net Tangible Assets excluding cash and debt | \$11,512,000,000.00  |
| Enterprise Value                                   | \$11,512,000,000.00  |
| Cash at Year 5:                                    | \$159,736,897,253.61 |
| Debt at Year 5:                                    | \$6,000,000,000.00   |
| Equity Value Year 5:                               | \$165,248,897,253.61 |
| <b>Equity/Share at Year 5:</b>                     | <b>\$496.21</b>      |
| Annualized Return:                                 | -11.04%              |

**EVA**

|                                |                      |
|--------------------------------|----------------------|
| EVA today:                     | \$74,486,090,846.78  |
| EVA in 5 Years:                | \$121,484,946,492.03 |
| EVA/Share:                     | \$364.80             |
| Cash at Year 5:                | \$159,736,897,253.61 |
| Debt at Year 5:                | \$6,000,000,000.00   |
| Equity Value Year 5:           | \$275,221,843,745.64 |
| <b>Equity/Share at Year 5:</b> | <b>\$826.44</b>      |
| Annualized return              | <b>10.28%</b>        |

**Current Net Tangible Asset**

|  |                 |
|--|-----------------|
| <b>Net Tangible Asset/Share:</b>           | <b>\$184.10</b> |
| <b>Net Tangible Asset/Share in Year 5:</b> | <b>\$479.42</b> |
| Annualized return                          | 21.10%          |

|                         |          |
|-------------------------|----------|
| Current Equity Price:   | \$890.41 |
| Selling at Discount?    | Premium  |
| Appreciation Potential: | -79.32%  |

SN VALUATION

LBO Pro Forma Income Statement

Name:

Google

Ticker:

GOOG

|  | Historical                  |                             |                             |                             | Forecasted |           |            |            |            |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------|-----------|------------|------------|------------|
|  | 12 months ending 2009-12-31 | 12 months ending 2010-12-31 | 12 months ending 2011-12-31 | 12 months ending 2012-12-31 | 2013       | 2014      | 2015       | 2016       | 2017       |
| Revenue  | 23,650.56                   | 29,321.00                   | 37,905.00                   | 50,175.00                   | 65,227.50  | 84,795.75 | 105,994.69 | 132,493.36 | 165,616.70 |
| COGS   | 8,844.11                    | 10,417.00                   | 13,188.00                   | 20,505.00                   | 26,743.28  | 34,766.26 | 43,457.82  | 54,322.28  | 67,902.85  |
| Gross margin   | 14,806.45                   | 18,904.00                   | 24,717.00                   | 29,670.00                   | 38,484.23  | 50,029.49 | 62,536.87  | 78,171.08  | 97,713.85  |
| SG&A   | 3,651.24                    | 4,761.00                    | 7,313.00                    | 9,741.00                    | 13,045.50  | 16,359.15 | 21,193.94  | 26,498.87  | 33,123.34  |
| R&D  | 2,843.03                    | 3,752.00                    | 5,162.00                    | 6,593.00                    | 9,131.85   | 11,871.41 | 14,839.26  | 18,549.07  | 23,186.34  |
| Unusual expense  | 0.00                        | 0.00                        | 610.00                      | 576.00                      | 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                        |                             |                             |                             |                             | 0.00       | 0.00      | 0.00       | 0.00       | 0.00       |
| Operating Income (EBITA)                                   | 8,312.18                    | 10,381.00                   | 11,632.00                   | 12,760.00                   | 16,306.88  | 21,198.94 | 26,498.67  | 33,123.34  | 41,404.17  |
| Interest income/(expense)                                  | 66.63                       | 404.00                      | 629.00                      | 380.00                      | 60.88      | 60.88     | 60.88      | 60.88      | 60.88      |
| Gain (loss) on sale of asset                               | 0.00                        | 0.00                        | 0.00                        | 188.00                      | 0.00       | 0.00      | 0.00       | 0.00       | 0.00       |
| Other  | 2.37                        | 11.00                       | 65.00                       | 58.00                       | 0.00       | 0.00      | 0.00       | 0.00       | 0.00       |
| Income before tax  | 8,381.19                    | 10,796.00                   | 12,326.00                   | 13,386.00                   | 16,367.76  | 21,259.82 | 26,559.55  | 33,184.22  | 41,465.05  |
| Tax  | 1,860.74                    | 2,291.00                    | 2,598.00                    | 2,598.00                    | 5,728.71   | 7,440.94  | 9,295.84   | 11,614.48  | 14,512.77  |
| Income after tax   | 6,520.45                    | 8,505.00                    | 9,737.00                    | 10,788.00                   | 10,639.04  | 13,818.88 | 17,263.71  | 21,569.74  | 26,952.29  |
| 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   | 6,520.45                    | 8,505.00                    | 9,737.00                    | 10,788.00                   | 10,639.04  | 13,818.88 | 17,263.71  | 21,569.74  | 26,952.29  |
| * Figures are in millions (\$)                             |                             |                             |                             |                             |            |           |            |            |            |
| EPS (based off today's share count)                        | \$19.58                     | \$25.54                     | \$29.24                     | \$32.39                     | \$31.95    | \$41.50   | \$51.84    | \$64.77    | \$80.93    |
| P/E (historical today's price; forecasted intrinsic price) | 45.48                       | 34.86                       | 30.45                       | 27.49                       | 26.36      | 19.19     | 14.52      | 10.99      | 8.32       |
| Revenue Growth   | N/A                         | 23.98%                      | 29.28%                      | 32.37%                      | 30.00%     | 30.00%    | 25.00%     | 25.00%     | 25.00%     |
| Tax Rate   | 22.20%                      | 21.22%                      | 21.00%                      | 19.41%                      | 35.00%     | 35.00%    | 35.00%     | 35.00%     | 35.00%     |
| Implied Debt Interest Rate                                 | 0.00%                       | 11.66%                      | 14.96%                      | 6.86%                       | 2.03%      | 2.03%     | 2.03%      | 2.03%      | 2.03%      |
| Margins  |                             |                             |                             |                             |            |           |            |            |            |
| COGS   | 37.39%                      | 35.53%                      | 34.79%                      | 40.87%                      | 41.00%     | 41.00%    | 41.00%     | 41.00%     | 41.00%     |
| Gross margin   | 62.61%                      | 64.47%                      | 65.21%                      | 59.13%                      | 59.00%     | 59.00%    | 59.00%     | 59.00%     | 59.00%     |
| SG&A   | 15.44%                      | 16.24%                      | 19.29%                      | 19.41%                      | 20.00%     | 20.00%    | 20.00%     | 20.00%     | 20.00%     |
| R&D  | 12.02%                      | 12.83%                      | 13.62%                      | 13.14%                      | 14.00%     | 14.00%    | 14.00%     | 14.00%     | 14.00%     |
| Unusual expense  | 0.00%                       | 0.00%                       | 1.61%                       | 1.15%                       | 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                        | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%      | 0.00%     | 0.00%      | 0.00%      | 0.00%      |
| Operating Income (EBITA)                                   | 35.15%                      | 35.40%                      | 30.69%                      | 25.43%                      | 25.00%     | 25.00%    | 25.00%     | 25.00%     | 25.00%     |
| Interest income/(expense)                                  | 0.28%                       | 1.38%                       | 1.66%                       | 0.76%                       | 0.09%      | 0.07%     | 0.06%      | 0.05%      | 0.04%      |
| Gain (loss) on sale of asset                               | 0.00%                       | 0.00%                       | 0.00%                       | 0.37%                       | 0.00%      | 0.00%     | 0.00%      | 0.00%      | 0.00%      |
| Other  | 0.01%                       | 0.04%                       | 0.17%                       | 0.12%                       | 0.00%      | 0.00%     | 0.00%      | 0.00%      | 0.00%      |
| Income before tax  | 35.44%                      | 36.82%                      | 32.52%                      | 26.68%                      | 25.09%     | 25.07%    | 25.06%     | 25.05%     | 25.04%     |
| Tax  | 7.87%                       | 7.81%                       | 6.83%                       | 5.18%                       | 8.78%      | 8.78%     | 8.77%      | 8.77%      | 8.76%      |
| Income after tax   | 27.57%                      | 29.01%                      | 25.69%                      | 21.50%                      | 16.31%     | 16.29%    | 16.29%     | 16.28%     | 16.27%     |
| 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   | 27.57%                      | 29.01%                      | 25.69%                      | 21.50%                      | 16.31%     | 16.30%    | 16.29%     | 16.28%     | 16.27%     |

|   | As of 2009-12-31 | As of 2010-12-31 | As of 2011-12-31 | As of 2012-12-31 | Adjustment        |             | Adjusted Proforma | 2011              | 2012              | 2013              | 2014              | 2015              |
|---|------------------|------------------|------------------|------------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   |                  |                  |                  |                  | +                 | -           |                   |                   |                   |                   |                   |                   |
| Cash                                    | 10,197.59        | 13,630.00        | 9,983.00         | 14,778.00        | 16,164.00         |             | 16,164.00         | 27,278.72         | 42,650.83         | 62,681.71         | 88,552.68         | 121,468.90        |
| Short term investment                   | 14,287.19        | 21,345.00        | 34,643.00        | 33,310.00        | 38,268.00         |             | 38,268.00         | 38,268.00         | 38,268.00         | 38,268.00         | 38,268.00         | 38,268.00         |
| <b>Cash and Short term</b>              | <b>24,484.78</b> | <b>34,975.00</b> | <b>44,626.00</b> | <b>48,088.00</b> | <b>54,432.00</b>  |             | <b>54,432.00</b>  | <b>65,546.72</b>  | <b>80,918.83</b>  | <b>100,949.71</b> | <b>126,820.68</b> | <b>159,736.90</b> |
| Accounts Receivable                     | 3,178.47         | 4,252.00         | 5,427.00         | 7,885.00         | 7,885.00          |             | 7,885.00          | 7,885.00          | 7,885.00          | 7,885.00          | 7,885.00          | 7,885.00          |
| Other receivables                       | 0.00             | 0.00             | 0.00             | 0.00             | 0.00              |             | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              |
| <b>Total Receivables</b>                | <b>3,178.47</b>  | <b>4,252.00</b>  | <b>5,427.00</b>  | <b>7,885.00</b>  | <b>7,885.00</b>   |             | <b>7,885.00</b>   | <b>7,885.00</b>   | <b>7,885.00</b>   | <b>7,885.00</b>   | <b>7,885.00</b>   | <b>7,885.00</b>   |
| Total Inventory                         | 0.00             | 0.00             | 35.00            | 505.00           | 342.00            |             | 342.00            | 342.00            | 342.00            | 342.00            | 342.00            | 342.00            |
| Prepaid Expenses                        | 836.06           | 1,326.00         | 1,710.00         | 2,132.00         | 2,483.00          |             | 2,483.00          | 2,483.00          | 2,483.00          | 2,483.00          | 2,483.00          | 2,483.00          |
| Other Current Assets                    | 644.41           | 259.00           | 215.00           | 1,144.00         | 1,441.00          |             | 1,441.00          | 1,441.00          | 1,441.00          | 1,441.00          | 1,441.00          | 1,441.00          |
| <b>Current Assets</b>                   | <b>29,143.72</b> | <b>40,812.00</b> | <b>52,013.00</b> | <b>59,754.00</b> | <b>66,583.00</b>  | <b>0.00</b> | <b>66,583.00</b>  | <b>77,697.72</b>  | <b>93,069.83</b>  | <b>113,100.71</b> | <b>138,971.68</b> | <b>171,887.90</b> |
| PP&E, Gross                             | 8,130.13         | 11,771.00        | 14,400.00        | 19,255.00        | 20,000.00         |             | 20,000.00         | 23,000.00         | 26,000.00         | 29,000.00         | 32,000.00         | 35,000.00         |
| Change in Depreciation                  | 1,240.03         | 1,067.00         | 1,396.00         | 1,988.00         | 1,988.00          |             | 1,988.00          | 2,584.40          | 3,359.72          | 4,199.65          | 5,249.56          | 6,561.95          |
| Accumulated Depreciation                | 3,285.52         | 4,012.00         | 4,797.00         | 6,343.00         | 6,400.00          |             | 6,400.00          | 8,984.40          | 12,344.12         | 16,543.77         | 21,793.33         | 28,355.29         |
| <b>PP&amp;E, Net</b>                    | <b>4,844.61</b>  | <b>7,759.00</b>  | <b>9,603.00</b>  | <b>12,912.00</b> | <b>13,600.00</b>  |             | <b>13,600.00</b>  | <b>14,015.60</b>  | <b>13,655.88</b>  | <b>12,456.23</b>  | <b>10,206.67</b>  | <b>6,644.71</b>   |
| Goodwill                                | 4,902.56         | 6,256.00         | 7,346.00         | 10,537.00        | 11,000.00         | 0.00        | 11,000.00         | 11,000.00         | 11,000.00         | 11,000.00         | 11,000.00         | 11,000.00         |
| Intangibles                             | 774.94           | 1,044.00         | 1,578.00         | 7,473.00         | 7,500.00          |             | 7,500.00          | 6,608.73          | 5,415.21          | 3,847.69          | 1,796.03          | -605.95           |
| Long term investments                   | 128.98           | 523.00           | 790.00           | 1,469.00         | 1,564.00          |             | 1,564.00          | 1,564.00          | 1,564.00          | 1,564.00          | 1,564.00          | 1,564.00          |
| Other long term assets                  | 678.73           | 707.00           | 499.00           | 2,011.00         | 1,891.00          |             | 1,891.00          | 1,891.00          | 1,891.00          | 1,891.00          | 1,891.00          | 1,891.00          |
| <b>Long Term Assets</b>                 | <b>11,329.82</b> | <b>16,289.00</b> | <b>19,816.00</b> | <b>34,402.00</b> | <b>35,555.00</b>  |             | <b>35,555.00</b>  | <b>35,079.33</b>  | <b>33,526.09</b>  | <b>30,758.92</b>  | <b>26,457.69</b>  | <b>20,493.76</b>  |
| <b>Total Assets</b>                     | <b>40,473.54</b> | <b>57,101.00</b> | <b>71,829.00</b> | <b>94,156.00</b> | <b>102,138.00</b> | <b>0.00</b> | <b>102,138.00</b> | <b>112,777.04</b> | <b>126,595.92</b> | <b>143,859.63</b> | <b>165,429.37</b> | <b>192,381.66</b> |
| Accounts Payable                        | 215.87           | 483.00           | 588.00           | 2,012.00         | 2,012.00          |             | 2,012.00          | 2,012.00          | 2,012.00          | 2,012.00          | 2,012.00          | 2,012.00          |
| Accrued Expense                         | 2,246.52         | 3,256.00         | 4,356.00         | 6,968.00         | 7,000.00          |             | 7,000.00          | 7,000.00          | 7,000.00          | 7,000.00          | 7,000.00          | 7,000.00          |
| Other current Liabilities               | 285.08           | 2,792.00         | 2,751.00         | 2,808.00         | 4,010.00          |             | 4,010.00          | 4,010.00          | 4,010.00          | 4,010.00          | 4,010.00          | 4,010.00          |
| <b>Total Current Liabilities</b>        | <b>2,747.47</b>  | <b>6,531.00</b>  | <b>7,695.00</b>  | <b>11,788.00</b> | <b>13,022.00</b>  | <b>0.00</b> | <b>13,022.00</b>  | <b>13,022.00</b>  | <b>13,022.00</b>  | <b>13,022.00</b>  | <b>13,022.00</b>  | <b>13,022.00</b>  |
| Notes Payables/Short Term Debt          | 0.00             | 3,465.00         | 1,218.00         | 2,549.00         | 3,000.00          |             | 3,000.00          | 3,000.00          | 3,000.00          | 3,000.00          | 3,000.00          | 3,000.00          |
| 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             | 2,986.00         | 2,988.00         | 3,000.00          | 0.00        | 3,000.00          | 3,000.00          | 3,000.00          | 3,000.00          | 3,000.00          | 3,000.00          |
| 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              |
| <b>Total Interest Earning Debt</b>      | <b>0.00</b>      | <b>3,465.00</b>  | <b>4,204.00</b>  | <b>5,537.00</b>  | <b>6,000.00</b>   | <b>0.00</b> | <b>6,000.00</b>   | <b>6,000.00</b>   | <b>6,000.00</b>   | <b>6,000.00</b>   | <b>6,000.00</b>   | <b>6,000.00</b>   |
| Deferred Income tax                     | 0.00             | 0.00             | 287.00           | 1,872.00         | 1,905.00          |             | 1,905.00          | 1,905.00          | 1,905.00          | 1,905.00          | 1,905.00          | 1,905.00          |
| 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                       | 1,745.09         | 1,614.00         | 2,243.00         | 2,886.00         | 1,403.00          |             | 1,403.00          | 1,403.00          | 1,403.00          | 1,403.00          | 1,403.00          | 1,403.00          |
| <b>Total Liabilities</b>                | <b>4,492.56</b>  | <b>11,610.00</b> | <b>14,429.00</b> | <b>22,083.00</b> | <b>22,330.00</b>  | <b>0.00</b> | <b>22,330.00</b>  | <b>22,330.00</b>  | <b>22,330.00</b>  | <b>22,330.00</b>  | <b>22,330.00</b>  | <b>22,330.00</b>  |
| 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                            | 0.32             | 18,235.00        | 20,264.00        | 22,835.00        | 22,835.00         | 0.00        | 22,835.00         | 22,835.00         | 22,835.00         | 22,835.00         | 22,835.00         | 22,835.00         |
| Additional Paid-in capital              | 15,816.74        | 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                       | 20,082.08        | 27,868.00        | 37,605.00        | 48,342.00        | 50,000.00         |             | 50,000.00         | 60,639.04         | 74,457.92         | 91,721.63         | 113,291.37        | 140,243.66        |
| Treasury Stock                          | 0.00             | 0.00             | 0.00             | 0.00             | 0.00              |             | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00              |
| Other Equity                            | 105.09           | 44.00            | -51.00           | -66.00           | -66.00            |             | -66.00            | -66.00            | -66.00            | -66.00            | -66.00            | -66.00            |
| <b>Total Equity</b>                     | <b>36,004.23</b> | <b>46,147.00</b> | <b>57,818.00</b> | <b>71,111.00</b> | <b>72,769.00</b>  | <b>0.00</b> | <b>72,769.00</b>  | <b>83,408.04</b>  | <b>97,226.92</b>  | <b>114,490.63</b> | <b>136,060.37</b> | <b>163,012.66</b> |
| <b>Liability + Equity</b>               | <b>40,496.79</b> | <b>57,757.00</b> | <b>72,247.00</b> | <b>93,194.00</b> | <b>95,099.00</b>  | <b>0.00</b> | <b>95,099.00</b>  | <b>105,738.04</b> | <b>119,556.92</b> | <b>136,820.63</b> | <b>158,390.37</b> | <b>185,342.66</b> |
| <b>Variance</b>                         | -23.25           | -656.00          | -418.00          | 962.00           | 7,039.00          |             | 7,039.00          | 7,039.00          | 7,039.00          | 7,039.00          | 7,039.00          | 7,039.00          |
| <b>Debt/Equity</b>                      | 0.00             | 0.08             | 0.07             | 0.08             | 0.08              |             | 0.08              | 0.07              | 0.06              | 0.05              | 0.04              | 0.04              |
| Inventory Turnover                      | #DIV/0!          | #DIV/0!          | 1,083.00         | 99.36            | 190.72            |             | 146.71            | 190.72            | 247.94            | 309.93            | 387.41            | 484.26            |
| Inventory Turnover Days                 | #DIV/0!          | #DIV/0!          | 0.34             | 3.67             | 1.91              |             | 2.49              | 1.91              | 1.47              | 1.18              | 0.94              | 0.75              |
| Days Inventory Outstanding              | 0.00             | 0.00             | 0.97             | 8.99             | 4.67              |             | 6.09              | 4.67              | 3.59              | 2.87              | 2.30              | 1.84              |
| Accounts Receivable Turnover            | 7.44             | 6.90             | 6.98             | 6.36             | 8.27              |             | 6.36              | 8.27              | 10.75             | 13.44             | 16.80             | 21.00             |
| Accounts Receivable Turnover Days       | 49.05            | 52.93            | 52.26            | 57.36            | 44.12             |             | 57.36             | 44.12             | 33.94             | 27.15             | 21.72             | 17.38             |
| Days Payable Outstanding                | 8.91             | 16.92            | 16.27            | 35.81            | 27.46             |             | 35.81             | 27.46             | 21.12             | 16.90             | 13.52             | 10.82             |
| Days Sales Outstanding                  | 49.05            | 52.93            | 52.26            | 57.36            | 44.12             |             | 57.36             | 57.36             | 44.12             | 33.94             | 27.15             | 21.72             |
| Cash Conversion Cycle                   | 40.14            | 36.01            | 36.95            | 30.53            | 21.33             |             | 27.63             | 34.57             | 26.59             | 19.91             | 15.93             | 12.75             |
| Net tangible assets/share               | \$91.07          | \$116.65         | \$146.82         | \$159.45         | \$162.96          |             | \$197.58          | \$242.66          | \$299.21          | \$370.14          | \$458.29          |                   |

|   | 12 months ending 2009-12-31 | 12 months ending 2010-12-31 | 12 months ending 2011-12-31 | 12 months ending 2012-12-31 | 2011             | 2012             | 2013             | 2014             | 2015             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------|------------------|------------------|------------------|------------------|
| Net Income                                    | 6,520.45                    | 8,505.00                    | 9,737.00                    | 10,737.00                   | 10,639.04        | 13,818.88        | 17,263.71        | 21,569.74        | 26,952.29        |
| Depreciation                                  | 1,240.03                    | 1,067.00                    | 1,396.00                    | 1,988.00                    | 2,584.40         | 3,359.72         | 4,199.65         | 5,249.56         | 6,561.95         |
| <b>Net Income + Depreciation</b>              | <b>7,760.48</b>             | <b>9,572.00</b>             | <b>11,133.00</b>            | <b>12,725.00</b>            | <b>13,223.44</b> | <b>17,178.60</b> | <b>21,463.36</b> | <b>26,819.31</b> | <b>33,514.24</b> |
| Amortization                                  | 284.28                      | 329.00                      | 455.00                      | 974.00                      | 891.27           | 1,193.51         | 1,567.53         | 2,051.66         | 2,401.98         |
| Deferred Taxes                                | -268.06                     | 9.00                        | 343.00                      | -266.00                     | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Non Cash Items                                | 1,053.52                    | 1,270.00                    | 2,004.00                    | 2,288.00                    | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Change in Working capital                     | 485.99                      | -99.00                      | 630.00                      | 898.00                      | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Accounts Receivable                           | 0.00                        | -1,073.53                   | -1,175.00                   | -2,458.00                   | 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                        | 0.00                        | -35.00                      | -470.00                     | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Prepaid Expenses                              | 0.00                        | -489.94                     | -384.00                     | -422.00                     | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Accounts Payable                              | 0.00                        | 267.13                      | 105.00                      | 1,424.00                    | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| <b>Cash from Operating Activities</b>         | <b>9,316.21</b>             | <b>11,081.00</b>            | <b>14,565.00</b>            | <b>16,619.00</b>            | <b>14,114.72</b> | <b>18,372.11</b> | <b>23,030.89</b> | <b>28,870.97</b> | <b>35,916.22</b> |
| Capital Expenditures Expenditures             | -809.89                     | -4,018.00                   | -3,438.00                   | -3,273.00                   | -3,000.00        | -3,000.00        | -3,000.00        | -3,000.00        | -3,000.00        |
| Long term investment                          | 0.00                        | 0.00                        | 0.00                        | 0.00                        | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Other Investing Activities                    | -7,209.32                   | -6,662.00                   | -15,603.00                  | -9,783.00                   | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| <b>Cash from Investing Activities</b>         | <b>-8,019.21</b>            | <b>-10,680.00</b>           | <b>-19,041.00</b>           | <b>-13,056.00</b>           | <b>-3,000.00</b> | <b>-3,000.00</b> | <b>-3,000.00</b> | <b>-3,000.00</b> | <b>-3,000.00</b> |
| Financing Cash flow items                     | 90.27                       | 94.00                       | 86.00                       | 188.00                      | 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                | 143.14                      | -507.00                     | -5.00                       | -287.00                     | 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       | 0.00                        | 3,463.00                    | 726.00                      | 1,328.00                    | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| <b>Cash from Financing Activities</b>         | <b>233.41</b>               | <b>3,050.00</b>             | <b>607.00</b>               | <b>1,229.00</b>             | <b>0.00</b>      | <b>0.00</b>      | <b>0.00</b>      | <b>0.00</b>      | <b>0.00</b>      |
| Foreign Exchange effect                       | 10.51                       | -19.00                      | 22.00                       | 3.00                        | 0.00             | 0.00             | 0.00             | 0.00             | 0.00             |
| Beginning Cash Balance                        | 4,354.09                    | 5,895.01                    | 8,978.00                    | 5,271.00                    | 16,164.00        | 27,278.72        | 42,650.83        | 62,681.71        | 88,552.68        |
| <b>Net Change in Cash</b>                     | <b>1,540.92</b>             | <b>3,432.00</b>             | <b>-3,647.00</b>            | <b>4,795.00</b>             | <b>11,114.72</b> | <b>15,372.11</b> | <b>20,030.89</b> | <b>25,870.97</b> | <b>32,916.22</b> |
| Ending Cash Balance                           | 5,895.01                    | 8,978.00                    | 5,331.00                    | 10,066.00                   | 27,278.72        | 42,650.83        | 62,681.71        | 88,552.68        | 121,468.90       |
| Capex to Revenue                              | 3.42%                       | 13.70%                      | 9.07%                       | 6.52%                       | 4.60%            | 3.54%            | 2.83%            | 2.26%            | 1.81%            |
| Depreciation to Sales                         | 5.24%                       | 3.64%                       | 3.68%                       | 3.96%                       | 3.96%            | 3.96%            | 3.96%            | 3.96%            | 3.96%            |
| Amortization to Sales                         | 1.20%                       | 1.12%                       | 1.20%                       | 1.37%                       | 1.37%            | 1.41%            | 1.48%            | 1.55%            | 1.45%            |
| A/R to Sales                                  | 13.44%                      | 14.50%                      | 14.32%                      | 15.71%                      | 12.09%           | 9.30%            | 7.44%            | 5.95%            | 4.76%            |
| Distributable FCF/EV Yield                    | 0.52%                       | 0.16%                       | -1.80%                      | 1.44%                       | 4.48%            | 6.20%            | 8.07%            | 10.43%           | 13.27%           |
| Dividend Yield                                | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%            | 0.00%            | 0.00%            | 0.00%            | 0.00%            |
| FCF (Ops-Investing)                           | <b>8,506.32</b>             | <b>7,063.00</b>             | <b>11,127.00</b>            | <b>13,346.00</b>            | <b>11,114.72</b> | <b>15,372.11</b> | <b>20,030.89</b> | <b>25,870.97</b> | <b>32,916.22</b> |

# SN VALUATION

# LBO Debt Schedule

Ticker:

GOOG

|   | Proforma        | 2013             | 2014             | 2015             | 2016             | 2017             |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|
| <b>Net Change in Cash</b>               | <b>4,795.00</b> | <b>11,114.72</b> | <b>15,372.11</b> | <b>20,030.89</b> | <b>25,870.97</b> | <b>32,916.22</b> |
| Current Portion Debt Repayment          |                 |                  |                  |                  |                  |                  |
| Long Term Debt Repayment                |                 |                  |                  |                  |                  |                  |
| <b>Outstanding Debt</b>                 | <b>6,000.00</b> | <b>6,000.00</b>  | <b>6,000.00</b>  | <b>6,000.00</b>  | <b>6,000.00</b>  | <b>6,000.00</b>  |
| Current Portion Debt Balance            | 3,000.00        | 3,000.00         | 3,000.00         | 3,000.00         | 3,000.00         | 3,000.00         |
| Long Term Debt Balance                  | 3,000.00        | 3,000.00         | 3,000.00         | 3,000.00         | 3,000.00         | 3,000.00         |
| Forward Libor Curve                     |                 | 3.00%            | 3.00%            | 3.00%            | 3.00%            | 3.00%            |
| Spread                                  |                 | 4.00%            | 4.00%            | 4.00%            | 4.00%            | 4.00%            |
| <b>Interest Rate</b>                    |                 | <b>7.00%</b>     | <b>7.00%</b>     | <b>7.00%</b>     | <b>7.00%</b>     | <b>7.00%</b>     |
| <b>Interest Expense</b>                 |                 | <b>420.00</b>    | <b>420.00</b>    | <b>420.00</b>    | <b>420.00</b>    | <b>420.00</b>    |
| Cash Balance                            |                 | 48,088.00        |                  |                  |                  |                  |
| Interest @ 1.0%                         |                 | 480.88           | 480.88           | 480.88           | 480.88           | 480.88           |
| <b>Net Interest Expense/(Income)</b>    |                 | <b>(60.88)</b>   | <b>(60.88)</b>   | <b>(60.88)</b>   | <b>(60.88)</b>   | <b>(60.88)</b>   |
| <b>Net Interest Rate</b>                |                 | <b>-2.03%</b>    | <b>-2.03%</b>    | <b>-2.03%</b>    | <b>-2.03%</b>    | <b>-2.03%</b>    |
| EBITDA                                  |                 | 16,306.88        | 21,198.94        | 26,498.67        | 33,123.34        | 41,404.17        |
| <b>EBITDA/Interest Expense Coverage</b> |                 | <b>38.83</b>     | <b>50.47</b>     | <b>63.09</b>     | <b>78.87</b>     | <b>98.58</b>     |

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:

Google

Ticker:

GOOG

| Period                 | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Working Capital        | 26,396.25    | 34,281.00    | 44,318.00    | 53,561.00    | 64,675.72    | 80,047.83    | 100,078.71   | 125,949.68   | 158,865.90   |
| Total Assets           | 40,473.54    | 57,101.00    | 71,829.00    | 102,138.00   | 112,777.04   | 126,595.92   | 143,859.63   | 165,429.37   | 192,381.66   |
| <b>X1</b>              | <b>0.65</b>  | <b>0.60</b>  | <b>0.62</b>  | <b>0.52</b>  | <b>0.57</b>  | <b>0.63</b>  | <b>0.70</b>  | <b>0.76</b>  | <b>0.83</b>  |
| Retained Earnings      | 20,082.08    | 27,868.00    | 37,605.00    | 50,000.00    | 60,639.04    | 74,457.92    | 91,721.63    | 113,291.37   | 140,243.66   |
| Total Assets           | 40,473.54    | 57,101.00    | 71,829.00    | 102,138.00   | 112,777.04   | 126,595.92   | 143,859.63   | 165,429.37   | 192,381.66   |
| <b>X2</b>              | <b>0.50</b>  | <b>0.49</b>  | <b>0.52</b>  | <b>0.49</b>  | <b>0.54</b>  | <b>0.59</b>  | <b>0.64</b>  | <b>0.68</b>  | <b>0.73</b>  |
| EBITDA                 | 8,312.18     | 10,381.00    | 11,632.00    | 12,760.00    | 16,306.88    | 21,198.94    | 26,498.67    | 33,123.34    | 41,404.17    |
| Total Assets           | 40,473.54    | 57,101.00    | 71,829.00    | 102,138.00   | 112,777.04   | 126,595.92   | 143,859.63   | 165,429.37   | 192,381.66   |
| <b>X3</b>              | <b>0.21</b>  | <b>0.18</b>  | <b>0.16</b>  | <b>0.12</b>  | <b>0.14</b>  | <b>0.17</b>  | <b>0.18</b>  | <b>0.20</b>  | <b>0.22</b>  |
| Market Value of Equity | 296,524.34   | 296,524.34   | 296,524.34   | 296,524.34   | 280,397.21   | 265,147.20   | 250,726.59   | 237,090.27   | 224,195.60   |
| Total Liabilities      | 4,492.56     | 11,610.00    | 14,429.00    | 22,330.00    | 22,330.00    | 22,330.00    | 22,330.00    | 22,330.00    | 22,330.00    |
| <b>X4</b>              | <b>66.00</b> | <b>25.54</b> | <b>20.55</b> | <b>13.28</b> | <b>12.56</b> | <b>11.87</b> | <b>11.23</b> | <b>10.62</b> | <b>10.04</b> |
| Net Sales              | 23,650.56    | 29,321.00    | 37,905.00    | 50,175.00    | 65,227.50    | 84,795.75    | 105,994.69   | 132,493.36   | 165,616.70   |
| Total Assets           | 40,473.54    | 57,101.00    | 71,829.00    | 102,138.00   | 112,777.04   | 126,595.92   | 143,859.63   | 165,429.37   | 192,381.66   |
| <b>X5</b>              | <b>0.58</b>  | <b>0.51</b>  | <b>0.53</b>  | <b>0.49</b>  | <b>0.58</b>  | <b>0.67</b>  | <b>0.74</b>  | <b>0.80</b>  | <b>0.86</b>  |
| <b>Altman Z Score</b>  | <b>42.34</b> | <b>17.84</b> | <b>14.87</b> | <b>10.19</b> | <b>10.03</b> | <b>9.93</b>  | <b>9.81</b>  | <b>9.70</b>  | <b>9.61</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



| 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 |
| <b>Tangible Book Value</b>         | <b>61,769.00</b>  | <b>72,408.04</b>  | <b>86,226.92</b>  | <b>103,490.63</b> | <b>125,060.37</b> | <b>152,012.66</b> |                  |                  |                  | <b>152,012.66</b>           |
| Annual Change                      |                   | 10,639.04         | 13,818.88         | 17,263.71         | 21,569.74         | 26,952.29         |                  |                  |                  |                             |
| <b>Annual FCF</b>                  | <b>13,346.00</b>  | <b>11,114.72</b>  | <b>15,372.11</b>  | <b>20,030.89</b>  | <b>25,870.97</b>  | <b>32,916.22</b>  | <b>21,060.98</b> | <b>21,060.98</b> | <b>21,060.98</b> | <b>63,182.94</b>            |
| Annual Op. Cash Flow               | 16,619.00         | 14,114.72         | 18,372.11         | 23,030.89         | 28,870.97         | 35,916.22         | 24,060.98        | 24,060.98        | 24,060.98        |                             |
| Annual PP&E Investment             | (3,273.00)        | (3,000.00)        | (3,000.00)        | (3,000.00)        | (3,000.00)        | (3,000.00)        | (3,000.00)       | (3,000.00)       | (3,000.00)       |                             |
| <b>Today's Tangible Book Value</b> | <b>61,769.00</b>  | <b>73,959.23</b>  | <b>88,555.24</b>  | <b>106,031.79</b> | <b>126,957.37</b> | <b>152,012.66</b> |                  |                  |                  | <b>215,195.60</b>           |
| Intrinsic Value IRR                | 19.74%            |                   |                   |                   |                   |                   |                  |                  |                  |                             |
| <b>Market Price</b>                | <b>296,524.34</b> | <b>278,108.94</b> | <b>260,837.22</b> | <b>244,638.14</b> | <b>229,445.09</b> | <b>215,195.60</b> |                  |                  |                  | <b>215,195.60</b>           |
| Market Price IRR                   | -6.21%            |                   |                   |                   |                   |                   |                  |                  |                  |                             |

|              |                |                   |
|--------------|----------------|-------------------|
| Debt         | 50.00%         | 148,262.17        |
| Equity       | 50.00%         | 148,262.17        |
| <b>Total</b> | <b>100.00%</b> | <b>296,524.34</b> |

|                                   | Present Value     | Holding Period    |                   |                   |                   |                   | Terminal Value    |                   |                   | Sale Price        |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                   | Historic          | ProForma          | 1                 | 2                 | 3                 | 4                 | 5                 | 6                 | 7                 | 8                 |                   |
| Book Equity                       | 72769             | 148,262.17        | 151,979.21        | 158,876.09        | 169,217.80        | 183,865.54        | 203,895.82        |                   |                   |                   |                   |
| Goodwill                          | 11000             | 234,755.34        | 234,755.34        | 234,755.34        | 234,755.34        | 234,755.34        | 234,755.34        |                   |                   |                   |                   |
| Debt                              | <b>3000</b>       | <b>151,262.17</b> | <b>151,262.17</b> | <b>151,262.17</b> | <b>151,262.17</b> | <b>151,262.17</b> | <b>151,262.17</b> |                   |                   |                   | <b>151,262.17</b> |
| Debt Interest Rate                |                   | 7.00%             | 7.00%             | 7.00%             | 7.00%             | 7.00%             | 7.00%             |                   |                   |                   |                   |
| Additional Interest Expense       |                   | 10,649.23         | 10,649.23         | 10,649.23         | 10,649.23         | 10,649.23         | 10,649.23         |                   |                   |                   |                   |
| <b>Tangible Book Value</b>        | <b>61769</b>      | <b>-86,493.17</b> | <b>-82,776.13</b> | <b>-75,879.25</b> | <b>-65,537.54</b> | <b>-50,889.80</b> | <b>-30,859.51</b> |                   |                   |                   | <b>-30,859.51</b> |
| Annual Change                     |                   | 3,717.04          | 6,896.88          | 10,341.71         | 14,647.74         | 20,030.28         | 20,030.28         |                   |                   |                   |                   |
| <b>Annual FCF</b>                 | <b>13,346.00</b>  | <b>4,192.71</b>   | <b>8,450.11</b>   | <b>13,108.89</b>  | <b>18,948.96</b>  | <b>25,994.22</b>  | <b>25,994.22</b>  | <b>25,994.22</b>  | <b>25,994.22</b>  | <b>25,994.22</b>  | <b>77,982.65</b>  |
| Annual Net Income                 | 10,788.00         | 3,717.04          | 6,896.88          | 10,341.71         | 14,647.74         | 20,030.28         | 20,030.28         | 20,030.28         | 20,030.28         | 20,030.28         |                   |
| <b>Annual Op. Cash Flow</b>       | <b>16,619.00</b>  | <b>7,192.71</b>   | <b>11,450.11</b>  | <b>16,108.89</b>  | <b>21,948.96</b>  | <b>28,994.22</b>  | <b>28,994.22</b>  | <b>28,994.22</b>  | <b>28,994.22</b>  | <b>28,994.22</b>  |                   |
| Dividend Payments                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Annual PP&amp;E Investment</b> | <b>(3,273.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> | <b>(3,000.00)</b> |                   |
| Debt Paydown                      | 0.00              |                   |                   |                   |                   |                   | 0.00              | 0.00              | 0.00              |                   |                   |

Sale Price in Year 5 **47,123.14**

Capital Left for Equity Investor **47,123.14**  
 Dividend Payments **0.00**  
 Total Cash In Flow **47,123.14**

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.

Invested Equity **148,262.17**  
 IRR **-20.49%**

Value Creation  
 TBV Growth (equals sum of NI Year 1-5) 55,633.66  
 Cash Flow (Year 6-8) 77,982.65  
**133,616.31**

Value Dilution  
 Debt 148,262.17  
 Goodwill 223,755.34  
 Additional Interest 53,246.16  
**425,263.67**