

## Ingredion (INGR)

|                     |                  |                                      |                    |                                   |                    |
|---------------------|------------------|--------------------------------------|--------------------|-----------------------------------|--------------------|
| Price:              | \$61.70          | Net Tang. Bk Value Incl. Cash, Excl. | \$1,881,000,000.00 | Net Tang. Book Yr. 5 (Inc. Cash): | \$3,399,790,000.00 |
| Market Cap:         | \$4,779,899,000  | Goodwill (NTBVIC):                   |                    | Avg. Year Op. Cash:               | \$514,758,000.00   |
| Cash:               | \$526,000,000    | NTBVIC/Market Downside Recovery:     | 39.35%             | Year 5 Disposition FCF Multiple:  | 3.0                |
| Debt:               | \$1,812,000,000  | Op. Cash Flow:                       | \$514,758,000      | Year 5 Disposition Price:         | \$4,944,064,000.00 |
| Net Cash:           | -\$1,286,000,000 | Implied Years to Fill Gap:           | 5.63               |                                   |                    |
| Enterprise Value:   | \$6,065,899,000  | Today's Equity if 5x Op. CF:         | \$3,425,274,000    |                                   |                    |
|                     |                  | Net Tang. Book+ Gain Disposition:    |                    |                                   | \$4,944,064,000.00 |
| Shares Outstanding: | 77,470,000       | IRR:                                 |                    |                                   | 0.68%              |
|                     |                  |                                      |                    | Price:                            | \$63.82            |
|                     |                  |                                      |                    | Target Market Cap:                | \$4,944,064,000    |
|                     |                  |                                      |                    | Target Enterprise Value:          | \$6,230,064,000    |

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

The Co. makes starch and syrup from mainly corn, and other starch ingredients such as potato and rice. Mainly boil the corn, potato, rice in a solution, and the starch is filtered out to form industry specific starch, and the remainder is probably used as animal feed.

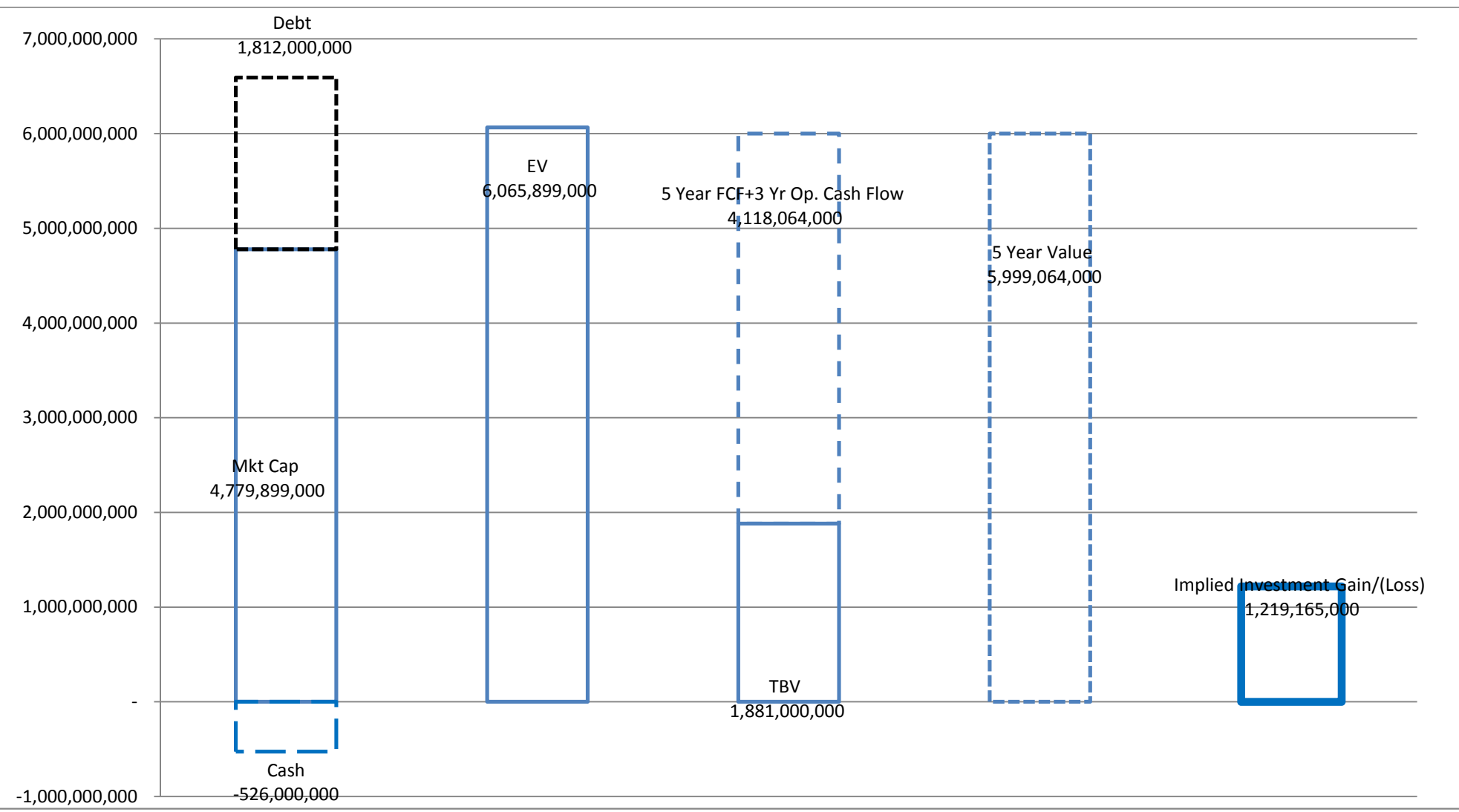
44% - sweetener (syrup)  
37% - starch (dried syrup)  
19% - corn oil, animal feed

They have a presence globally - mainly in US, Mexico, Brazil, Argentina, Korea, and APAC. Their products are used in a variety of industries and products. It is a fairly simple business to understand. We assume exposure to price movement in corn prices, but they said they hedge with futures contracts, so this is the tail risk. They have 30+ manufacturing facilities in countries where they grow corn/rice/potatoes i.e. US, Canada, Mexico, Argentina, Thailand

Ingredion has a lot of tangible book value, at 40% downside protection. Dividend yield is 2.5%, and operating cash flow is about \$500MM, with \$300MM going to capex, and remainder to dividend and cash balance. However, the Co. has a strategy that is focused on M&A and capex to drive growth. We are wary of M&A driven growth, which we believe helped the Co. out of the funk, after they were in the red in 2009. We are not sure how many stand out M&A candidates exist in the global syrup/starch business, so we hope they don't participate in any dilutive M&A activities.

The recent \$1BB addition to debt was related to an acquisition of National Starch in 2010. The acquisition helped to improve topline by 40% and margins improved as well.

We like the Co. as a whole. My initial impression was this could be a possible Berkshire candidate, but we are somewhat cautious of the simple nature of the business. We want to include this as a buy in our portfolio, but the current market price does not warrant a buy. We will monitor for entry point in the near future.



Ingredion Inc formerly, Corn Products International, Inc. was incorporated as a Delaware corporation in 1997. The Company together with its subsidiaries, manufactures and sells starch and sweetener ingredients. The Company's product line includes starches and sweeteners, animal feed products and edible corn oil. Its starch-based products include both food-grade and industrial starches and sweetener products include glucose syrups, high maltose syrups, high fructose corn syrup, caramel color, dextrose, polyols, maltodextrins and glucose and syrup solids. The Company's operations are in USA, Canada, Mexico, Argentina, Brazil, Chile, Colombia, Peru, South Korea, Australia, China, England, Germany and Pakistan. The Company faces competition from ADM Corn Processing Division, Cargill, Inc., Tate & Lyle Ingredients Americas, Inc., and others. The Company supplies to customers in various industries, including the food, beverage, brewing, pharmaceutical, paper and corrugated products, textile and personal care industries, as well as the animal feed and corn oil markets. As a manufacturer and maker of food items and items for use in the pharmaceutical industry, its operations and the use of many of its products are subject to various US, state, foreign and local statutes and regulations, including the Federal Food, Drug and Cosmetic Act and the Occupational Safety and Health Act.

|                                      |                    |   |                                      |                                 |                         |        |
|--------------------------------------|--------------------|---|--------------------------------------|---------------------------------|-------------------------|--------|
| <b>Company Name:</b>                 |                    | <b>Ingredion</b>  |                                      |                                 | <b>Income Statement</b> |        |
| Ticker Symbol:                       | INGR               | Market Capitalization:  | \$4,779,899,000.00                   | Revenue:                        | \$6,540,000,000.00      | 100.0% |
| Last Price:                          | \$61.70            | Total Debt:   | \$1,812,000,000.00                   | Cost of Goods Sold:             | \$5,302,000,000.00      | 81.1%  |
| Net Cash/Share:                      | -\$16.60           | Total Cash:   | \$526,000,000.00                     | Gross Profit:                   | \$1,238,000,000.00      | 18.9%  |
| Net Cash to Last Price:              | -26.90%            | Net Cash/(Debt):  | -\$1,286,000,000.00                  | EBITDA:                         | \$902,900,000.00        | 13.8%  |
| Shares Outstanding:                  | 77,470,000         | Enterprise Value:   | \$6,065,899,000.00                   | Net Income:                     | \$444,600,000.00        | 6.8%   |
| Industry:                            | Packaged Foods     | Current EV/Share:   | \$78.30                              |                                 |                         |        |
| Sector:                              | Consumer Defensive | EBITDA:   | \$879,000,000.00                     | <b>Balance Sheet</b>            |                         |        |
| Institutional Ownership:             | 88.22%             | EV/EBITDA Multiple:   | 6.90                                 | Cash:                           | \$526,000,000.00        |        |
| Mutual Fund Ownership:               | 40.47%             | EV/EBITDA Multiple Average Year 1-5:                              | 7.59                                 | Short Term Investment:          | \$0.00                  |        |
| Insider Ownership:                   | 1.58%              | EV/FCF Multiple (excluding acquisition):                          | 14.48                                | A/R:                            | \$815,000,000.00        |        |
| Float:                               | 99.00%             | EV/FCF Multiple Average Year 1-5 (excluding acquisition):         | 28.25                                | PP&E:                           | \$2,170,000,000.00      |        |
|                                      |                    |   | <b>Upper Range</b>                   |                                 |                         |        |
|                                      |                    |   | <b>DCF: EV/EBITDA Terminal Value</b> |                                 |                         |        |
| <b>Technicals</b>                    |                    | Implied TV from 3 X EV/EBITDA Multiple                            | \$1,763,640,000.00                   | A/P:                            | \$600,000,000.00        |        |
| 52 week low:                         | \$45.30            | Enterprise Value  | \$1,763,640,000.00                   | Deferred Tax:                   | \$165,000,000.00        |        |
| Today from 52 week low:              | 36.20%             | Cash at Year 5:   | \$1,599,790,000.00                   | Other Liabilities:              | \$524,000,000.00        |        |
| 52 week high:                        | \$74.31            | Debt at Year 5:   | \$1,812,000,000.00                   | Short term Debt:                | \$87,000,000.00         |        |
| Today from 52 week high:             | 20.44%             | Equity Value Year 5:  | \$1,551,430,000.00                   | Long Term Debt:                 | \$1,725,000,000.00      |        |
| <b>Analyst/Consensus</b>             |                    | <b>Equity/Share at Year 5:</b>                                    | <b>\$20.03</b>                       | Liabilities:                    | \$3,101,000,000.00      |        |
| Analyst Sales Growth FY1:            | 1.30%              | Annualized Return:  | -20.15%                              | Retained Earnings:              | \$1,770,000,000.00      |        |
| Analyst Sales Growth FY2:            | 2.60%              | <b>Lower Range</b>  |                                      |                                 |                         |        |
| SN Valuation Estimate FY1:           | 0.00%              | <b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b> |                                      |                                 |                         |        |
| SN Valuation Estimate FY2:           | 0.00%              | Year 5 Net Tangible Assets excluding cash and debt                | \$2,707,000,000.00                   | Paid-In Capital:                | \$1,149,000,000.00      |        |
| Analyst Earnings Estimate FY1:       | \$5.37             | Enterprise Value  | \$2,707,000,000.00                   | Treasury Stock:                 | -\$6,000,000.00         |        |
| Analyst Earnings Estimate FY2:       | \$6.05             | Cash at Year 5:   | \$1,599,790,000.00                   | Stockholder's Equity:           | \$2,438,000,000.00      |        |
| SN Valuation Earnings Est. FY1:      | \$3.92             | Debt at Year 5:   | \$1,812,000,000.00                   | <b>Cash Flow</b>                |                         |        |
| SN Valuation Earnings Est. FY2:      | \$3.92             | Equity Value Year 5:  | \$2,494,790,000.00                   | Net Income:                     | 434,000,000.00          |        |
| <b>Multiples</b>                     |                    | <b>Equity/Share at Year 5:</b>                                    | <b>\$32.20</b>                       | Depreciation/Amortization:      | 211,000,000.00          |        |
| Market Value to Book:                | 1.96               | Annualized Return:  | -12.19%                              | Change in Working capital:      | 71,000,000.00           |        |
| EV to Book:                          | 2.49               | <b>EVA</b>  |                                      |                                 |                         |        |
| Market Value to Tangible Net Assets: | 5.27               | EVA today:  | \$2,531,941,659.79                   | Cash from Operating Activities: | 732,000,000.00          |        |
| P/E Ratio:                           | 10.75              | EVA in 5 Years:   | \$4,281,849,836.22                   | Cash from Investing Activities: | -313,000,000.00         |        |
| Trailing P/E Ratio:                  | 11.13              | EVA/Share:  | \$55.27                              | Cash from Financing Activities: | -69,000,000.00          |        |
| Forward P/E Ratio:                   | 10.43              | Cash at Year 5:   | \$1,599,790,000.00                   | Issuance (Retirement) of Stock: | 16,000,000.00           |        |
| Beta:                                | 1.3                | Debt at Year 5:   | \$1,812,000,000.00                   | Issuance (Retirement) of Debt:  | -150,000,000.00         |        |
| Dividend:                            | 1.52               | Equity Value Year 5:  | \$4,069,639,836.22                   | Cash from Financing Activities: | -197,000,000.00         |        |
| Dividend Yield:                      | 2.41%              | <b>Equity/Share at Year 5:</b>                                    | <b>\$52.53</b>                       | <b>Profitability Margins</b>    |                         |        |
| Dividend Date:                       | Jul 24, 2013       | Annualized return:  | <b>11.08%</b>                        | Debt to Equity:                 | 74.32%                  |        |
| Ex-Dividend Date:                    | Jun 27, 2013       | <b>Current Net Tangible Asset</b>                                 |                                      |                                 |                         |        |
| <b>Competitors</b>                   |                    | <b>Net Tangible Asset/Share:</b>                                  | <b>\$20.20</b>                       | Return on Assets:               | 7.71%                   |        |
| Average EV to EBITDA:                | N/A                | <b>Net Tangible Asset/Share in Year 5:</b>                        | <b>\$39.81</b>                       | Return on Capital:              | 10.07%                  |        |
| Company EV to EBITDA:                | 6.90               | Annualized return:  | 14.53%                               | Return on Equity:               | 17.56%                  |        |
| Average EV to EBIT:                  | N/A                | Current Equity Price:   | \$61.70                              |                                 |                         |        |
| Company EV to EBITA:                 | 9.08               | Selling at Discount?  | Premium                              |                                 |                         |        |
|                                      |                    | Appreciation Potential:   | -67.26%                              |                                 |                         |        |

SN VALUATION

LBO Pro Forma Income Statement

Name:

Ingredion

Ticker:

INGR

|  | 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  | 3,672.00                    | 4,367.00                    | 6,219.00                    | 6,532.00                    | 6,532.00   | 6,532.00 | 6,532.00 | 6,532.00 | 6,532.00 |
| COGS   | 3,152.00                    | 3,643.00                    | 5,093.00                    | 5,294.00                    | 5,356.24   | 5,356.24 | 5,356.24 | 5,356.24 | 5,356.24 |
| Gross margin   | 520.00                      | 724.00                      | 1,126.00                    | 1,238.00                    | 1,175.76   | 1,175.76 | 1,175.76 | 1,175.76 | 1,175.76 |
| SG&A   | 247.00                      | 370.00                      | 543.00                      | 556.00                      | 587.88     | 587.88   | 587.88   | 587.88   | 587.88   |
| R&D  | 0.00                        | 0.00                        | 0.00                        | 0.00                        | 0.00       | 0.00     | 0.00     | 0.00     | 0.00     |
| Unusual expense  | 123.00                      | 25.00                       | -20.00                      | 34.00                       | 0.00       | 0.00     | 0.00     | 0.00     | 0.00     |
| Other operating expense                                    | -3.00                       | -8.00                       | -68.00                      | -20.00                      | 0.00       | 0.00     | 0.00     | 0.00     | 0.00     |
| Depreciation is: Included within COGS                      |                             |                             |                             |                             | 0.00       | 0.00     | 0.00     | 0.00     | 0.00     |
| Operating Income (EBITA)                                   | 153.00                      | 337.00                      | 671.00                      | 668.00                      | 587.88     | 587.88   | 587.88   | 587.88   | 587.88   |
| Interest income/(expense)                                  | -38.00                      | -64.00                      | -78.00                      | -67.00                      | -120.56    | -120.56  | -120.56  | -120.56  | -120.56  |
| 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  | 115.00                      | 275.00                      | 593.00                      | 601.00                      | 467.32     | 467.32   | 467.32   | 467.32   | 467.32   |
| Tax  | 68.00                       | 99.00                       | 170.00                      | 167.00                      | 163.56     | 163.56   | 163.56   | 163.56   | 163.56   |
| Income after tax   | 47.00                       | 176.00                      | 423.00                      | 434.00                      | 303.76     | 303.76   | 303.76   | 303.76   | 303.76   |
| Minority Interest  | -6.00                       | -7.00                       | -7.00                       | -6.00                       | 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   | 41.00                       | 169.00                      | 416.00                      | 428.00                      | 303.76     | 303.76   | 303.76   | 303.76   | 303.76   |
| *Figures are in millions (\$)                              |                             |                             |                             |                             |            |          |          |          |          |
| EPS (based off today's share count)                        | \$0.53                      | \$2.18                      | \$5.37                      | \$5.52                      | \$3.92     | \$3.92   | \$3.92   | \$3.92   | \$3.92   |
| P/E (historical today's price; forecasted intrinsic price) | 116.58                      | 28.28                       | 11.49                       | 11.17                       | 15.84      | 15.95    | 16.06    | 16.17    | 16.28    |
| Revenue Growth   | N/A                         | 18.93%                      | 42.41%                      | 5.03%                       | 0.00%      | 0.00%    | 0.00%    | 0.00%    | 0.00%    |
| Tax Rate   | 59.13%                      | 38.00%                      | 28.67%                      | 27.79%                      | 35.00%     | 35.00%   | 35.00%   | 35.00%   | 35.00%   |
| Implied Debt Interest Rate                                 | -6.99%                      | -3.62%                      | -4.00%                      | -3.72%                      | -6.99%     | -6.99%   | -6.99%   | -6.99%   | -6.99%   |
| Margins  |                             |                             |                             |                             |            |          |          |          |          |
| COGS   | 85.84%                      | 83.42%                      | 81.89%                      | 81.05%                      | 82.00%     | 82.00%   | 82.00%   | 82.00%   | 82.00%   |
| Gross margin   | 14.16%                      | 16.58%                      | 18.11%                      | 18.95%                      | 18.00%     | 18.00%   | 18.00%   | 18.00%   | 18.00%   |
| SG&A   | 6.73%                       | 8.47%                       | 8.73%                       | 8.51%                       | 9.00%      | 9.00%    | 9.00%    | 9.00%    | 9.00%    |
| R&D  | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%      | 0.00%    | 0.00%    | 0.00%    | 0.00%    |
| Unusual expense  | 3.35%                       | 0.57%                       | -0.32%                      | 0.52%                       | 0.00%      | 0.00%    | 0.00%    | 0.00%    | 0.00%    |
| Other operating expense                                    | -0.08%                      | -0.18%                      | -1.09%                      | -0.31%                      | 0.00%      | 0.00%    | 0.00%    | 0.00%    | 0.00%    |
| Depreciation is: Included within COGS                      | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%                       | 0.00%      | 0.00%    | 0.00%    | 0.00%    | 0.00%    |
| Operating Income (EBITA)                                   | 4.17%                       | 7.72%                       | 10.79%                      | 10.23%                      | 9.00%      | 9.00%    | 9.00%    | 9.00%    | 9.00%    |
| Interest income/(expense)                                  | -1.03%                      | -1.47%                      | -1.25%                      | -1.03%                      | -1.85%     | -1.85%   | -1.85%   | -1.85%   | -1.85%   |
| 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  | 3.13%                       | 6.30%                       | 9.54%                       | 9.20%                       | 7.15%      | 7.15%    | 7.15%    | 7.15%    | 7.15%    |
| Tax  | 1.85%                       | 2.27%                       | 2.73%                       | 2.56%                       | 2.50%      | 2.50%    | 2.50%    | 2.50%    | 2.50%    |
| Income after tax   | 1.28%                       | 4.03%                       | 6.80%                       | 6.64%                       | 4.65%      | 4.65%    | 4.65%    | 4.65%    | 4.65%    |
| Minority Interest  | -0.16%                      | -0.16%                      | -0.11%                      | -0.09%                      | 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   | 1.12%                       | 3.87%                       | 6.69%                       | 6.55%                       | 4.65%      | 4.65%    | 4.65%    | 4.65%    | 4.65%    |

|   | 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                                    | 175.00           | 302.00           | 401.00           | 609.00           | 526.00          |             | 526.00            | 740.76          | 955.52          | 1,170.27        | 1,385.03        | 1,599.79        |
| Short term investment                   | 0.00             | 0.00             | 0.00             | 19.00            | 0.00            |             | 0.00              | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| <b>Cash and Short term</b>              | <b>175.00</b>    | <b>302.00</b>    | <b>401.00</b>    | <b>628.00</b>    | <b>526.00</b>   |             | <b>526.00</b>     | <b>740.76</b>   | <b>955.52</b>   | <b>1,170.27</b> | <b>1,385.03</b> | <b>1,599.79</b> |
| Accounts Receivable                     | 440.00           | 763.00           | 837.00           | 814.00           | 815.00          |             | 815.00            | 815.00          | 815.00          | 815.00          | 815.00          | 815.00          |
| 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>440.00</b>    | <b>763.00</b>    | <b>837.00</b>    | <b>814.00</b>    | <b>815.00</b>   |             | <b>815.00</b>     | <b>815.00</b>   | <b>815.00</b>   | <b>815.00</b>   | <b>815.00</b>   | <b>815.00</b>   |
| Total Inventory                         | 394.00           | 645.00           | 769.00           | 834.00           | 908.00          |             | 908.00            | 908.00          | 908.00          | 908.00          | 908.00          | 908.00          |
| Prepaid Expenses                        | 13.00            | 20.00            | 24.00            | 19.00            | 21.00           |             | 21.00             | 21.00           | 21.00           | 21.00           | 21.00           | 21.00           |
| Other Current Assets                    | 23.00            | 24.00            | 71.00            | 65.00            | 78.00           |             | 78.00             | 78.00           | 78.00           | 78.00           | 78.00           | 78.00           |
| <b>Current Assets</b>                   | <b>1,045.00</b>  | <b>1,754.00</b>  | <b>2,102.00</b>  | <b>2,360.00</b>  | <b>2,348.00</b> | <b>0.00</b> | <b>2,348.00</b>   | <b>2,562.76</b> | <b>2,777.52</b> | <b>2,992.27</b> | <b>3,207.03</b> | <b>3,421.79</b> |
| PP&E, Gross                             | 3,858.00         | 4,598.00         | 4,710.00         | 4,918.00         | 4,920.00        |             | 4,920.00          | 5,220.00        | 5,520.00        | 5,820.00        | 6,120.00        | 6,420.00        |
| Change in Depreciation                  | 130.00           | 155.00           | 211.00           | 211.00           | 211.00          |             | 211.00            | 211.00          | 211.00          | 211.00          | 211.00          | 211.00          |
| Accumulated Depreciation                | 2,294.00         | 2,442.00         | 2,554.00         | 2,741.00         | 2,750.00        |             | 2,750.00          | 2,961.00        | 3,172.00        | 3,383.00        | 3,594.00        | 3,805.00        |
| <b>PP&amp;E, Net</b>                    | <b>1,564.00</b>  | <b>2,156.00</b>  | <b>2,156.00</b>  | <b>2,177.00</b>  | <b>2,170.00</b> |             | <b>2,170.00</b>   | <b>2,259.00</b> | <b>2,348.00</b> | <b>2,437.00</b> | <b>2,526.00</b> | <b>2,615.00</b> |
| Goodwill                                | 238.00           | 572.00           | 562.00           | 557.00           | 557.00          | 0.00        | 557.00            | 557.00          | 557.00          | 557.00          | 557.00          | 557.00          |
| Intangibles                             | 7.00             | 364.00           | 347.00           | 329.00           | 330.00          |             | 330.00            | 330.00          | 330.00          | 330.00          | 330.00          | 330.00          |
| Long term investments                   | 10.00            | 12.00            | 10.00            | 10.00            | 10.00           |             | 10.00             | 10.00           | 10.00           | 10.00           | 10.00           | 10.00           |
| Other long term assets                  | 88.00            | 182.00           | 140.00           | 143.00           | 138.00          |             | 138.00            | 138.00          | 138.00          | 138.00          | 138.00          | 138.00          |
| <b>Long Term Assets</b>                 | <b>1,907.00</b>  | <b>3,286.00</b>  | <b>3,215.00</b>  | <b>3,216.00</b>  | <b>3,205.00</b> |             | <b>3,205.00</b>   | <b>3,294.00</b> | <b>3,383.00</b> | <b>3,472.00</b> | <b>3,561.00</b> | <b>3,650.00</b> |
| <b>Total Assets</b>                     | <b>2,952.00</b>  | <b>5,040.00</b>  | <b>5,317.00</b>  | <b>5,576.00</b>  | <b>5,553.00</b> | <b>0.00</b> | <b>5,553.00</b>   | <b>5,856.76</b> | <b>6,160.52</b> | <b>6,464.27</b> | <b>6,768.03</b> | <b>7,071.79</b> |
| Accounts Payable                        | 319.00           | 516.00           | 529.00           | 590.00           | 600.00          |             | 600.00            | 600.00          | 600.00          | 600.00          | 600.00          | 600.00          |
| Accrued Expense                         | 90.00            | 208.00           | 198.00           | 220.00           | 220.00          |             | 220.00            | 220.00          | 220.00          | 220.00          | 220.00          | 220.00          |
| Other current Liabilities               | 20.00            | 61.00            | 51.00            | 47.00            | 47.00           |             | 47.00             | 47.00           | 47.00           | 47.00           | 47.00           | 47.00           |
| <b>Total Current Liabilities</b>        | <b>429.00</b>    | <b>785.00</b>    | <b>778.00</b>    | <b>857.00</b>    | <b>867.00</b>   | <b>0.00</b> | <b>867.00</b>     | <b>867.00</b>   | <b>867.00</b>   | <b>867.00</b>   | <b>867.00</b>   | <b>867.00</b>   |
| Notes Payables/Short Term Debt          | 136.00           | 88.00            | 148.00           | 76.00            | 87.00           |             | 87.00             | 87.00           | 87.00           | 87.00           | 87.00           | 87.00           |
| 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                          | 408.00           | 1,681.00         | 1,801.00         | 1,724.00         | 1,725.00        | 0.00        | 1,725.00          | 1,725.00        | 1,725.00        | 1,725.00        | 1,725.00        | 1,725.00        |
| 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>544.00</b>    | <b>1,769.00</b>  | <b>1,949.00</b>  | <b>1,800.00</b>  | <b>1,812.00</b> | <b>0.00</b> | <b>1,812.00</b>   | <b>1,812.00</b> | <b>1,812.00</b> | <b>1,812.00</b> | <b>1,812.00</b> | <b>1,812.00</b> |
| Deferred Income tax                     | 111.00           | 236.00           | 199.00           | 160.00           | 165.00          |             | 165.00            | 165.00          | 165.00          | 165.00          | 165.00          | 165.00          |
| Minority Interest                       | 23.00            | 26.00            | 29.00            | 22.00            | 21.00           |             | 21.00             | 21.00           | 21.00           | 21.00           | 21.00           | 21.00           |
| Other liabilities                       | 150.00           | 249.00           | 258.00           | 316.00           | 236.00          |             | 236.00            | 236.00          | 236.00          | 236.00          | 236.00          | 236.00          |
| <b>Total Liabilities</b>                | <b>1,257.00</b>  | <b>3,065.00</b>  | <b>3,213.00</b>  | <b>3,155.00</b>  | <b>3,101.00</b> | <b>0.00</b> | <b>3,101.00</b>   | <b>3,101.00</b> | <b>3,101.00</b> | <b>3,101.00</b> | <b>3,101.00</b> | <b>3,101.00</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                            | 15.00            | 1.00             | 1.00             | 1.00             | 1.00            |             | 1.00              | 1.00            | 1.00            | 1.00            | 1.00            | 1.00            |
| Additional Paid-in capital              | 1,082.00         | 1,119.00         | 1,146.00         | 1,148.00         | 1,148.00        | 0.00        | 1,148.00          | 1,148.00        | 1,148.00        | 1,148.00        | 1,148.00        | 1,148.00        |
| 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                       | 919.00           | 1,046.00         | 1,412.00         | 1,769.00         | 1,770.00        |             | 1,770.00          | 2,073.76        | 2,377.52        | 2,681.27        | 2,985.03        | 3,288.79        |
| Treasury Stock                          | -13.00           | -1.00            | -42.00           | -6.00            | -6.00           |             | -6.00             | -6.00           | -6.00           | -6.00           | -6.00           | -6.00           |
| Other Equity                            | -308.00          | -190.00          | -413.00          | -475.00          | -475.00         |             | -475.00           | -475.00         | -475.00         | -475.00         | -475.00         | -475.00         |
| <b>Total Equity</b>                     | <b>1,695.00</b>  | <b>1,975.00</b>  | <b>2,104.00</b>  | <b>2,437.00</b>  | <b>2,438.00</b> | <b>0.00</b> | <b>2,438.00</b>   | <b>2,741.76</b> | <b>3,045.52</b> | <b>3,349.27</b> | <b>3,653.03</b> | <b>3,956.79</b> |
| <b>Liability + Equity</b>               | <b>2,952.00</b>  | <b>5,040.00</b>  | <b>5,317.00</b>  | <b>5,592.00</b>  | <b>5,539.00</b> | <b>0.00</b> | <b>5,539.00</b>   | <b>5,842.76</b> | <b>6,146.52</b> | <b>6,450.27</b> | <b>6,754.03</b> | <b>7,057.79</b> |
| <b>Variance</b>                         | 0.00             | 0.00             | 0.00             | -16.00           | 14.00           |             | 14.00             | 14.00           | 14.00           | 14.00           | 14.00           | 14.00           |
| <b>Debt/Equity</b>                      | 0.32             | 0.90             | 0.93             | 0.74             | 0.74            |             | 0.74              | 0.66            | 0.59            | 0.54            | 0.50            | 0.46            |
| Inventory Turnover                      | 9.32             | 6.77             | 8.09             | 7.83             | 7.19            |             | 7.19              | 7.19            | 7.19            | 7.19            | 7.19            | 7.19            |
| Inventory Turnover Days                 | 39.16            | 53.91            | 45.13            | 46.60            | 50.74           |             | 50.74             | 50.74           | 50.74           | 50.74           | 50.74           | 50.74           |
| Days Inventory Outstanding              | 45.63            | 64.62            | 55.11            | 57.50            | 61.88           |             | 62.60             | 61.88           | 61.88           | 61.88           | 61.88           | 61.88           |
| Accounts Receivable Turnover            | 8.35             | 5.72             | 7.43             | 8.02             | 8.01            |             | 8.01              | 8.01            | 8.01            | 8.01            | 8.01            | 8.01            |
| Accounts Receivable Turnover Days       | 43.74            | 63.77            | 49.12            | 45.49            | 45.54           |             | 45.54             | 45.54           | 45.54           | 45.54           | 45.54           | 45.54           |
| Days Payable Outstanding                | 36.94            | 51.70            | 37.91            | 40.68            | 40.89           |             | 41.37             | 40.89           | 40.89           | 40.89           | 40.89           | 40.89           |
| Days Sales Outstanding                  | 43.74            | 63.77            | 49.12            | 45.49            | 45.54           |             | 45.49             | 45.54           | 45.54           | 45.54           | 45.54           | 45.54           |
| Cash Conversion Cycle                   | 52.42            | 76.70            | 66.32            | 62.31            | 66.53           |             | 66.72             | 66.53           | 66.53           | 66.53           | 66.53           | 66.53           |
| Net tangible assets/share               | \$18.72          | \$13.41          | \$15.43          | \$20.02          | \$20.02         |             | \$23.94           | \$27.86         | \$31.78         | \$35.70         | \$39.63         | \$39.63         |

|   | 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                                    | 47.00                       | 176.00                      | 423.00                      | 434.00                      | 303.76         | 303.76         | 303.76         | 303.76         | 303.76         |
| Depreciation                                  | 130.00                      | 155.00                      | 211.00                      | 211.00                      | 211.00         | 211.00         | 211.00         | 211.00         | 211.00         |
| <b>Net Income + Depreciation</b>              | <b>177.00</b>               | <b>331.00</b>               | <b>634.00</b>               | <b>645.00</b>               | <b>514.76</b>  | <b>514.76</b>  | <b>514.76</b>  | <b>514.76</b>  | <b>514.76</b>  |
| Amortization                                  | 0.00                        | 0.00                        | 0.00                        | 0.00                        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Deferred Taxes                                | 0.00                        | -30.00                      | 18.00                       | -3.00                       | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Non Cash Items                                | 135.00                      | 66.00                       | 19.00                       | 19.00                       | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Change in Working capital                     | 274.00                      | 27.00                       | -322.00                     | 71.00                       | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Accounts Receivable                           | 0.00                        | -323.00                     | -74.00                      | 23.00                       | 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                        | -251.00                     | -124.00                     | -65.00                      | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Prepaid Expenses                              | 0.00                        | -7.00                       | -4.00                       | 5.00                        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Accounts Payable                              | 0.00                        | 197.00                      | 13.00                       | 61.00                       | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| <b>Cash from Operating Activities</b>         | <b>586.00</b>               | <b>394.00</b>               | <b>300.00</b>               | <b>732.00</b>               | <b>514.76</b>  | <b>514.76</b>  | <b>514.76</b>  | <b>514.76</b>  | <b>514.76</b>  |
| Capital Expenditures Expenditures             | -146.00                     | -159.00                     | -263.00                     | -313.00                     | -300.00        | -300.00        | -300.00        | -300.00        | -300.00        |
| Long term investment                          | 0.00                        | 0.00                        | 0.00                        | 0.00                        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Other Investing Activities                    | 1.00                        | -1,269.00                   | -10.00                      | -9.00                       | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| <b>Cash from Investing Activities</b>         | <b>-145.00</b>              | <b>-1,428.00</b>            | <b>-273.00</b>              | <b>-322.00</b>              | <b>-300.00</b> | <b>-300.00</b> | <b>-300.00</b> | <b>-300.00</b> | <b>-300.00</b> |
| Financing Cash flow items                     | 1.00                        | -29.00                      | 6.00                        | 6.00                        | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Total Cash Dividends Paid                     | -45.00                      | -45.00                      | -50.00                      | -69.00                      | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Issuance (Retirement) of Stock                | 1.00                        | 17.00                       | -30.00                      | 16.00                       | 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       | -332.00                     | 1,212.00                    | 160.00                      | -150.00                     | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| <b>Cash from Financing Activities</b>         | <b>-375.00</b>              | <b>1,155.00</b>             | <b>86.00</b>                | <b>-197.00</b>              | <b>0.00</b>    | <b>0.00</b>    | <b>0.00</b>    | <b>0.00</b>    | <b>0.00</b>    |
| Foreign Exchange effect                       | 2.00                        | 6.00                        | -14.00                      | -5.00                       | 0.00           | 0.00           | 0.00           | 0.00           | 0.00           |
| Beginning Cash Balance                        | 107.00                      | 175.00                      | 302.00                      | 401.00                      | 526.00         | 740.76         | 955.52         | 1,170.27       | 1,385.03       |
| <b>Net Change in Cash</b>                     | <b>68.00</b>                | <b>127.00</b>               | <b>99.00</b>                | <b>208.00</b>               | <b>214.76</b>  | <b>214.76</b>  | <b>214.76</b>  | <b>214.76</b>  | <b>214.76</b>  |
| Ending Cash Balance                           | 175.00                      | 302.00                      | 401.00                      | 609.00                      | 740.76         | 955.52         | 1,170.27       | 1,385.03       | 1,599.79       |
| Capex to Revenue                              | 3.98%                       | 3.64%                       | 4.23%                       | 4.79%                       | 4.59%          | 4.59%          | 4.59%          | 4.59%          | 4.59%          |
| Depreciation to Sales                         | 3.54%                       | 3.55%                       | 3.39%                       | 3.23%                       | 3.23%          | 3.23%          | 3.23%          | 3.23%          | 3.23%          |
| 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                                  | 11.98%                      | 17.47%                      | 13.46%                      | 12.46%                      | 12.46%         | 12.46%         | 12.46%         | 12.46%         | 12.46%         |
| Distributable FCF/EV Yield                    | 7.27%                       | -17.05%                     | 0.45%                       | 6.76%                       | 3.54%          | 3.54%          | 3.54%          | 3.54%          | 3.54%          |
| Dividend Yield                                | -0.94%                      | -0.94%                      | -1.05%                      | -1.44%                      | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| <b>FCF (Ops-Investing)</b>                    | <b>485.00</b>               | <b>280.00</b>               | <b>87.00</b>                | <b>488.00</b>               | <b>214.76</b>  | <b>214.76</b>  | <b>214.76</b>  | <b>214.76</b>  | <b>214.76</b>  |

# SN VALUATION

# LBO Debt Schedule

Ticker:

INGR

|   | Proforma        | 2013            | 2014            | 2015            | 2016            | 2017            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net Change in Cash</b>               | <b>208.00</b>   | <b>214.76</b>   | <b>214.76</b>   | <b>214.76</b>   | <b>214.76</b>   | <b>214.76</b>   |
| Current Portion Debt Repayment          |                 |                 |                 |                 |                 |                 |
| Long Term Debt Repayment                |                 |                 |                 |                 |                 |                 |
| <b>Outstanding Debt</b>                 | <b>1,812.00</b> | <b>1,812.00</b> | <b>1,812.00</b> | <b>1,812.00</b> | <b>1,812.00</b> | <b>1,812.00</b> |
| Current Portion Debt Balance            | 87.00           | 87.00           | 87.00           | 87.00           | 87.00           | 87.00           |
| Long Term Debt Balance                  | 1,725.00        | 1,725.00        | 1,725.00        | 1,725.00        | 1,725.00        | 1,725.00        |
| 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>126.84</b>   | <b>126.84</b>   | <b>126.84</b>   | <b>126.84</b>   | <b>126.84</b>   |
| Cash Balance                            |                 | 628.00          |                 |                 |                 |                 |
| Interest @ 1.0%                         |                 | 6.28            | 6.28            | 6.28            | 6.28            | 6.28            |
| <b>Net Interest Expense/(Income)</b>    |                 | <b>120.56</b>   | <b>120.56</b>   | <b>120.56</b>   | <b>120.56</b>   | <b>120.56</b>   |
| <b>Net Interest Rate</b>                |                 | <b>6.99%</b>    | <b>6.99%</b>    | <b>6.99%</b>    | <b>6.99%</b>    | <b>6.99%</b>    |
| EBITDA                                  |                 | 587.88          | 587.88          | 587.88          | 587.88          | 587.88          |
| <b>EBITDA/Interest Expense Coverage</b> |                 | <b>4.63</b>     | <b>4.63</b>     | <b>4.63</b>     | <b>4.63</b>     | <b>4.63</b>     |

Interest Rate Coverage Table

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

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

Ingredion

Ticker:

INGR

| Period                 | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        | 2017        |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Working Capital        | 616.00      | 969.00      | 1,324.00    | 1,481.00    | 1,695.76    | 1,910.52    | 2,125.27    | 2,340.03    | 2,554.79    |
| Total Assets           | 2,952.00    | 5,040.00    | 5,317.00    | 5,553.00    | 5,856.76    | 6,160.52    | 6,464.27    | 6,768.03    | 7,071.79    |
| <b>X1</b>              | <b>0.21</b> | <b>0.19</b> | <b>0.25</b> | <b>0.27</b> | <b>0.29</b> | <b>0.31</b> | <b>0.33</b> | <b>0.35</b> | <b>0.36</b> |
| Retained Earnings      | 919.00      | 1,046.00    | 1,412.00    | 1,770.00    | 2,073.76    | 2,377.52    | 2,681.27    | 2,985.03    | 3,288.79    |
| Total Assets           | 2,952.00    | 5,040.00    | 5,317.00    | 5,553.00    | 5,856.76    | 6,160.52    | 6,464.27    | 6,768.03    | 7,071.79    |
| <b>X2</b>              | <b>0.31</b> | <b>0.21</b> | <b>0.27</b> | <b>0.32</b> | <b>0.35</b> | <b>0.39</b> | <b>0.41</b> | <b>0.44</b> | <b>0.47</b> |
| EBITDA                 | 153.00      | 337.00      | 671.00      | 668.00      | 587.88      | 587.88      | 587.88      | 587.88      | 587.88      |
| Total Assets           | 2,952.00    | 5,040.00    | 5,317.00    | 5,553.00    | 5,856.76    | 6,160.52    | 6,464.27    | 6,768.03    | 7,071.79    |
| <b>X3</b>              | <b>0.05</b> | <b>0.07</b> | <b>0.13</b> | <b>0.12</b> | <b>0.10</b> | <b>0.10</b> | <b>0.09</b> | <b>0.09</b> | <b>0.08</b> |
| Market Value of Equity | 4,779.90    | 4,779.90    | 4,779.90    | 4,779.90    | 4,812.29    | 4,844.90    | 4,877.73    | 4,910.79    | 4,944.06    |
| Total Liabilities      | 1,257.00    | 3,065.00    | 3,213.00    | 3,101.00    | 3,101.00    | 3,101.00    | 3,101.00    | 3,101.00    | 3,101.00    |
| <b>X4</b>              | <b>3.80</b> | <b>1.56</b> | <b>1.49</b> | <b>1.54</b> | <b>1.55</b> | <b>1.56</b> | <b>1.57</b> | <b>1.58</b> | <b>1.59</b> |
| Net Sales              | 3,672.00    | 4,367.00    | 6,219.00    | 6,532.00    | 6,532.00    | 6,532.00    | 6,532.00    | 6,532.00    | 6,532.00    |
| Total Assets           | 2,952.00    | 5,040.00    | 5,317.00    | 5,553.00    | 5,856.76    | 6,160.52    | 6,464.27    | 6,768.03    | 7,071.79    |
| <b>X5</b>              | <b>1.24</b> | <b>0.87</b> | <b>1.17</b> | <b>1.18</b> | <b>1.12</b> | <b>1.06</b> | <b>1.01</b> | <b>0.97</b> | <b>0.92</b> |
| <b>Altman Z Score</b>  | <b>4.38</b> | <b>2.54</b> | <b>3.15</b> | <b>3.26</b> | <b>3.22</b> | <b>3.23</b> | <b>3.23</b> | <b>3.23</b> | <b>3.24</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>1,881.00</b> | <b>2,184.76</b> | <b>2,488.52</b> | <b>2,792.27</b> | <b>3,096.03</b> | <b>3,399.79</b> |                |               |               | <b>3,399.79</b>             |
| Annual Change                      |                 | 303.76          | 303.76          | 303.76          | 303.76          | 303.76          |                |               |               |                             |
| <b>Annual FCF</b>                  | <b>419.00</b>   | <b>214.76</b>   | <b>214.76</b>   | <b>214.76</b>   | <b>214.76</b>   | <b>214.76</b>   | <b>214.76</b>  | <b>214.76</b> | <b>214.76</b> | <b>644.27</b>               |
| Annual Op. Cash Flow               | 732.00          | 514.76          | 514.76          | 514.76          | 514.76          | 514.76          | 514.76         | 514.76        | 514.76        |                             |
| Annual PP&E Investment             | (313.00)        | (300.00)        | (300.00)        | (300.00)        | (300.00)        | (300.00)        | (300.00)       | (300.00)      | (300.00)      |                             |
| <b>Today's Tangible Book Value</b> | <b>1,881.00</b> | <b>2,117.39</b> | <b>2,383.49</b> | <b>2,683.04</b> | <b>3,020.23</b> | <b>3,399.79</b> |                |               |               | <b>4,044.06</b>             |
| Intrinsic Value IRR                | 12.57%          |                 |                 |                 |                 |                 |                |               |               |                             |
| <b>Market Price</b>                | <b>4,779.90</b> | <b>4,622.73</b> | <b>4,470.73</b> | <b>4,323.73</b> | <b>4,181.56</b> | <b>4,044.06</b> |                |               |               | <b>4,044.06</b>             |
| Market Price IRR                   | -3.29%          |                 |                 |                 |                 |                 |                |               |               |                             |

|              |                |                 |
|--------------|----------------|-----------------|
| Debt         | 50.00%         | 2,389.95        |
| Equity       | 50.00%         | 2,389.95        |
| <b>Total</b> | <b>100.00%</b> | <b>4,779.90</b> |

|                             | Present Value | Holding Period |                |                |               |               | Terminal Value |               |               | Sale Price    |               |
|-----------------------------|---------------|----------------|----------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|
|                             | Historic      | ProForma       | 1              | 2              | 3             | 4             | 5              | 6             | 7             | 8             |               |
| Book Equity                 | 2438          | 2,389.95       | 2,584.84       | 2,779.73       | 2,974.62      | 3,169.52      | 3,364.41       |               |               |               |               |
| Goodwill                    | 557           | 2,898.90       | 2,898.90       | 2,898.90       | 2,898.90      | 2,898.90      | 2,898.90       |               |               |               |               |
| Debt                        | 1725          | 4,114.95       | 4,114.95       | 4,114.95       | 4,114.95      | 4,114.95      | 4,114.95       |               |               |               |               |
| Debt Interest Rate          |               | 7.00%          | 7.00%          | 7.00%          | 7.00%         | 7.00%         | 7.00%          |               |               |               |               |
| Additional Interest Expense |               | 167.49         | 167.49         | 167.49         | 167.49        | 167.49        | 167.49         |               |               |               |               |
| <b>Tangible Book Value</b>  | <b>1881</b>   | <b>-508.95</b> | <b>-314.06</b> | <b>-119.17</b> | <b>75.73</b>  | <b>270.62</b> | <b>465.51</b>  |               |               |               | <b>465.51</b> |
| Annual Change               |               |                | 194.89         | 194.89         | 194.89        | 194.89        | 194.89         |               |               |               |               |
| <b>Annual FCF</b>           | <b>419.00</b> | <b>105.89</b>  | <b>105.89</b>  | <b>105.89</b>  | <b>105.89</b> | <b>105.89</b> | <b>105.89</b>  | <b>105.89</b> | <b>105.89</b> | <b>105.89</b> | <b>317.68</b> |
| Annual Net Income           | 428.00        |                | 194.89         | 194.89         | 194.89        | 194.89        | 194.89         | 194.89        | 194.89        | 194.89        |               |
| Annual Op. Cash Flow        | 732.00        |                | 405.89         | 405.89         | 405.89        | 405.89        | 405.89         | 405.89        | 405.89        | 405.89        |               |
| Dividend Payments           |               |                |                |                |               |               |                |               |               |               |               |
| Annual PP&E Investment      | (313.00)      |                | (300.00)       | (300.00)       | (300.00)      | (300.00)      | (300.00)       | (300.00)      | (300.00)      | (300.00)      |               |
| Debt Paydown                | 0.00          |                |                |                |               |               |                | 0.00          | 0.00          | 0.00          |               |

|   |                 |                  |                 |                  |                 |                  |  |  |  |  |                   |
|---|-----------------|------------------|-----------------|------------------|-----------------|------------------|--|--|--|--|-------------------|
| Sale Price in Year 5                    |                 |                  |                 |                  |                 |                  |  |  |  |  | <b>783.18</b>     |
| Remaining Debt Balance                  |                 |                  |                 |                  |                 |                  |  |  |  |  | <b>2,389.95</b>   |
| <b>Capital Left for Equity Investor</b> |                 |                  |                 |                  |                 |                  |  |  |  |  | <b>(1,606.76)</b> |
| Dividend Payments                       |                 |                  |                 |                  |                 |                  |  |  |  |  | <b>0.00</b>       |
| Total Cash In Flow                      |                 |                  |                 |                  |                 |                  |  |  |  |  | <b>(1,606.76)</b> |
| <b>Invested Equity</b>                  | <b>2,389.95</b> | <b>-2,207.50</b> | <b>2,038.99</b> | <b>-1,883.33</b> | <b>1,739.56</b> | <b>-1,606.76</b> |  |  |  |  |                   |
| IRR                                     | -192.37%        |                  |                 |                  |                 |                  |  |  |  |  |                   |

| <u>Value Creation</u>                  |                 |
|--|-----------------|
| TBV Growth (equals sum of NI Year 1-5) | 974.46          |
| Cash Flow (Year 6-8)                   | 317.68          |
| <b>Total</b>                           | <b>1,292.13</b> |

| <u>Value Dilution</u> |                 |
|-----------------------|-----------------|
| Debt                  | 2,389.95        |
| Goodwill              | 2,341.90        |
| Additional Interest   | 837.43          |
| <b>Total</b>          | <b>5,569.28</b> |