

Proposed Leveraged Buyout of  
**Kulicke and Sofa Industries Inc. (KLIC)**  
for the Offer Price of  
**\$11.39/share,**  
Total Deal Offer for :  
**Nine Hundred Forty-Four Million U.S. Dollars**  
**(\$944,000,000.00)**

Material Prepared by Sung Nam,  
on behalf of **SN Capital**

December 16, 2011

## Company Overview

Kulicke and Soffa Industries, Inc. (K&S) designs, manufactures and sells capital equipment and expendable tools used to assemble semiconductor devices, including integrated circuits (IC), high and low powered discrete devices, light-emitting diodes (LEDs), and power modules. The Company also services, maintains, repairs and upgrades its equipment. Its customers primarily consist of semiconductor device manufacturers, outsourced semiconductor assembly and test providers (OSAT), other electronics manufacturers and automotive electronics suppliers. K&S operates in two main business segments: Equipment and Expendable Tools. K&S manufactures and sells a line of ball bonders, heavy wire wedge bonders, stud bumpers, and die bonders. The Company manufactures and sells a variety of expendable tools for a range of semiconductor packaging applications.

Source: Google Finance

## Noteworthy Related News

A recent \$3.3 BB buyout offer by a company in the same sector has revealed relevant valuations for semiconductor capital equipment companies. The valuation was near a 7.9 times EV/EBITA multiple.

## Considerations

For the Leveraged Buyout, we will consider the following factors:

- 1) Intrinsic value of the share and annualized return
  - A. Is the Terminal Value, or the Exit Sales Price, supported by the figures in Year 5?
  - B. Is the growth in increased value supported by the figures leading up to Year 5?
  - C. Would a rational buyer purchase the company from us in Year 5?
- 2) Liquidity and free cash flow to support the additional leverage and interest payments

Intrinsic Value of the Share and Annualized Return**Intrinsic Valuation**

WACC Terminal Value:	
EV/EBITDA with 5X Multiple Terminal Value:	\$25.42
Net Tangible Asset Terminal Value:	\$10.79
EV/EBITDA with Today's Multiple Terminal Value:	\$19.88
EVA Enterprise Value:	\$28.21
Dividend Discount Model:	N/A
Average (Excluding Dividend Discount):	<b>\$21.08</b>

**Offer Price**

We are proposing a **\$11.39** per share Leveraged Buyout, or an 30.00% premium over December 15, 2011's market price of \$8.76. At \$11.39 per share, the market capitalization is at \$838.8 MM and the implied Enterprise Value is a positive \$559.5 MM.

**Annual Return During Holding Period**

Although the market price based off the valuation models would increase 19.75% annually, for levered equity partners, the return after paying back \$755.3 MM in debt borrowed for the deal with the company's cash balance will be **32.88%**, assuming a 3.0 times EV/EBIT in Year 5 terminal value, which is lower than the recent 7.0 times EV/EBIT multiple in the proposed buyout of Novellus Systems by Lam Research. With an exit market price of \$10.62 at Year 5, the investors will see an EV/EBITDA multiple of 2.50 and EV/EBIT multiple of 3.00.

### Liquidity and Free Cash Flow to Support the Additional Leverage and Interest Payments

#### **Borrowed Debt Interest and Repayment**

80.0% of the offer price, or \$755.3 MM will be provided by our debt partners. The remaining 20.0%, or \$188.8 MM will be contributed by equity partners and SN Capital.

The special purpose entity (SPE), SN Capital Fund I, LLC, will be the sole owner of the company. As a subsidiary of the SPE, the company will bear the debt borrowed for the transaction.

Currently, the company has \$105.2 MM of current portion of long term debt outstanding. \$755.3 MM will be placed as debt outstanding, once we repay the \$105.2 MM, after the deal closes.

We based our debt interest expense at the forward LIBOR curve plus the corporate debt spread. NYU's Professor Damadoran provides an annually updated spread table. We have based our forecast of the company's debt rating based off the table.

To maintain a "B" debt rating, or SN Capital's standard, we believe the company should have at minimum, a 2.0x times EBITDA/interest coverage ratio. With projected interest rates at an average 8.00%, the company still maintains reliable coverage during the period.

#### **Liquidity and Solvency**

The company has net cash of \$279.3 MM, with a market capitalization is \$645.3MM. Thus, we see an enterprise value of \$365.9 MM. The company is forecasted to generate roughly \$180 MM in EBITA annually for the next 5 years. With an assumed 20/80 deal, the estimated interest cost is \$60 MM at an 8% interest rate. We are budgeting a \$100 MM annual pay down on the \$755.3 MM borrowed debt, financed mainly by the estimated \$130 MM annual cash flow from operating activities. Capital expenditures are forecasted at \$10 MM annually. Net change in cash annually will increase \$30 MM annually.

## Risks

The slowdown in the global economy will most likely drive down demand for semiconductors, which will decrease demands for the company's hardware. Unlike Novellus and Lam Research, the company's margins have not been as stable, due to the smaller market share. Fixed costs are relatively consistent, but the company has a higher chance revenues may fall below the total cost.

## Ownership Structure

SN Capital invests 1% of overall deal amount, gets equity partners to invest 19% of overall deal. Thus, equity is 20% of deal. The remaining 80% are debt partners. No prepay penalty needs to be included in loan covenant.

## Conclusion

Contributors to value:

- 1) Entry and Exit Multiples
  - A. Entry EV/EBITA multiple is 3.29.
  - B. Exit EV/EBITA multiple is 3.00.
- 2) EBITA
  - A. Entry EBITA is \$170.1 MM.
  - B. Exit EBITA is \$200.2 MM.
- 3) Change in Net Cash
  - A. Beginning net cash is \$279.3 MM.
  - B. Exit net cash is \$181.7 MM.

**Ending Equity Value is \$782.4 MM. The equity invested is \$188.9 MM. A 32.88% annualized return, or a 314.2% holding period return.**

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# SN VALUATION

# LBO Analysis

WACC Terminal Value:		<b>Intrinsic Price in 5 Years:</b>	<b>11.45</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 5X Multiple Terminal Value:	\$16.06	Market Price:	8.76	Year 1 Target	9.24	<b>Implied Today's Price</b>	<b>4.60</b>
Net Tangible Asset Terminal Value:	\$1.75	LBO Price:	<b>11.39</b>	Year 2 Target	9.75	Overvalued/(Undervalued)	90.34%
EV/EBITDA with Today's Multiple Terminal Value:	\$10.62	Premium to Market Price:	30.00%	Year 3 Target	10.29		
EVA Enterprise Value:	\$17.37	LBO Price/Intrinsic Price Target:	0.11%	Year 4 Target	10.85		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	32.89%	Year 5 Target	11.45		
Average (Excluding Dividend Discount):	<b>\$11.45</b>	Implied IRR at today's EV/EBIT:	3.93%	<b>Implied IRR (Market Price):</b>	<b>5.51%</b>		
		5 Year Return	0.56%				

Current Evaluation				Exit Evaluation			
Current Market Price:	8.76	LBO Price:	11.39	Exit Price:	11.45	Exit Price:	10.62
Outstanding Shares:	73,660,000	Outstanding Shares:	73,660,000	Outstanding Shares:	73,660,000	Outstanding Shares:	73,660,000
<b>Market Capitalization:</b>	<b>645,261,600</b>	<b>Market Capitalization:</b>	<b>838,840,080</b>	<b>Market Capitalization:</b>	<b>843,569,790</b>	<b>Market Capitalization:</b>	<b>782,514,624</b>
Available Cash:	384,550,000	Available Cash:	384,550,000	Available Cash:	537,174,260	Available Cash:	537,174,260
Debt:	105,220,000	Debt:	105,220,000	Debt:	355,248,064	Debt:	355,248,064
Net Cash:	279,330,000	Net Cash:	279,330,000	Net Cash:	181,926,196	Net Cash:	181,926,196
<b>Enterprise Value:</b>	<b>365,931,600</b>	<b>Enterprise Value:</b>	<b>559,510,080</b>	<b>Enterprise Value:</b>	<b>661,643,595</b>	<b>Enterprise Value:</b>	<b>600,588,429</b>
Original EV/EBIT:	2.15	EV/EBIT:	3.29	EV/EBIT at 5 Years:	3.30	EV/EBIT at 5 Years:	<b>3.00</b>
Original EV/EBITDA:	2.04	EV/EBITDA:	2.98	EV/EBITDA at 5 Years:	4.06	EV/EBITDA at 5 Years:	2.50
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	11.39	1.13	1.14	1.14	1.14	1.14	1.14
Shares Outstanding:	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000
<b>Market Capitalization:</b>	<b>838,840,080</b>	<b>83,592,016</b>	<b>83,686,069</b>	<b>83,780,228</b>	<b>83,874,493</b>	<b>83,968,864</b>	<b>84,063,341</b>
Available Cash:	384,550,000	384,550,000	394,527,821	420,269,638	445,592,660	484,098,654	537,174,260
Debt:	860,468,064	860,468,064	755,248,064	655,248,064	555,248,064	455,248,064	355,248,064
Net Cash:	-475,918,064	-475,918,064	-360,720,243	-234,978,426	-109,655,404	28,850,590	181,926,196
<b>Enterprise Value:</b>	<b>1,314,758,144</b>	<b>559,510,080</b>	<b>444,406,312</b>	<b>318,758,654</b>	<b>193,529,896</b>	<b>55,118,274</b>	<b>-97,862,855</b>
EBIT	170,060,000	170,060,000	177,871,680	183,207,830	188,704,065	194,365,187	200,196,143
EV/EBIT:	7.73	3.29	2.50	1.74	1.03	0.28	-0.49
EBITDA	187,820,000	187,820,000	218,161,367	224,706,208	220,336,284	229,617,591	240,336,491
EV/EBITDA:	7.00	2.98	2.04	1.42	0.88	0.24	-0.41

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	11.39	1.13	3.05	4.99	6.94	9.07	11.41
Shares Outstanding:	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000	73,660,000
<b>Market Capitalization:</b>	<b>838,840,080</b>	<b>224,490,847</b>	<b>367,788,996</b>	<b>511,195,041</b>	<b>668,326,548</b>	<b>840,586,433</b>	<b>840,586,433</b>
Available Cash:	384,550,000	384,550,000	394,527,821	420,269,638	445,592,660	484,098,654	537,174,260
Debt:	860,468,064	860,468,064	755,248,064	655,248,064	555,248,064	455,248,064	355,248,064
Net Cash:	-475,918,064	-475,918,064	-360,720,243	-234,978,426	-109,655,404	28,850,590	181,926,196
<b>Enterprise Value:</b>	<b>1,314,758,144</b>	<b>559,510,080</b>	<b>585,211,090</b>	<b>602,767,422</b>	<b>620,850,445</b>	<b>639,475,958</b>	<b>658,660,237</b>
EBIT	170,060,000	170,060,000	177,871,680	183,207,830	188,704,065	194,365,187	200,196,143
EV/EBIT:	7.73	3.29	3.29	3.29	3.29	3.29	3.29
EBITDA	187,820,000	187,820,000	218,161,367	224,706,208	220,336,284	229,617,591	240,336,491
EV/EBITDA:	7.00	2.98	2.68	2.68	2.82	2.78	2.74

LBO Price	11.39	Equity Partners:	188,812,016	Weighting	20.00%	<b>Annualized Return for Equity Partners: 32.89%</b>
Shares Outstanding	73,660,000	Debt Partners:	755,248,064	80.00%		
<b>Market Capitalization</b>	<b>838,840,080</b>	<b>Total Funds for LBO:</b>	<b>944,060,080</b>	100.00%		
Debt	105,220,000					
Cash	384,550,000					
<b>Enterprise Value</b>	<b>559,510,080</b>					
<b>Capital Investment</b>	<b>944,060,080</b>					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	142.45	Current Market Price	Starting Debt
Year 5 Book Value	661.48	Year 5 Market Price	Debt Repayment
<b>Annualized Return</b>	<b>35.95%</b>	<b>Annualized Return</b>	<b>3.93%</b>
			<b>% of Starting Debt</b>
			<b>47.04%</b>

## SN VALUATION

## LBO Pro Forma Income Statement

Name: Kulicke And Soffa Industries Inc

Ticker:

KLIC

	Historical				Forecasted				
	12 months ending 2008-09-27	12 months ending 2009-10-03	12 months ending 2010-10-02	12 months ending 2011-10-01	2011	2012	2013	2014	2015
Revenue	328.05	225.24	762.78	830.40	871.92	898.08	925.02	952.77	981.35
COGS	194.26	136.40	427.11	442.49	470.84	484.96	499.51	514.50	529.93
<b>Gross margin</b>	<b>133.79</b>	<b>88.84</b>	<b>335.67</b>	<b>387.91</b>	<b>401.08</b>	<b>413.12</b>	<b>425.51</b>	<b>438.27</b>	<b>451.42</b>
SG&A	89.36	95.22	128.58	138.27	148.23	152.67	157.25	161.97	166.83
R&D	59.92	53.48	56.66	65.14	69.75	71.85	74.00	76.22	78.51
Unusual expense	8.98	9.70	2.40	4.89	5.23	5.39	5.55	5.72	5.89
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				9.55					
<b>Operating Income (EBITA)</b>	<b>-24.47</b>	<b>-69.56</b>	<b>148.03</b>	<b>170.06</b>	<b>177.87</b>	<b>183.21</b>	<b>188.70</b>	<b>194.37</b>	<b>200.20</b>
Interest income/(expense)	-3.87	-7.08	-7.93	-7.63	-56.57	-48.57	-40.57	-32.57	-24.57
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>-28.33</b>	<b>-76.64</b>	<b>140.10</b>	<b>162.43</b>	<b>121.30</b>	<b>134.63</b>	<b>148.13</b>	<b>161.79</b>	<b>175.62</b>
Tax	-3.61	-13.03	-2.04	34.82	36.39	40.39	44.44	48.54	52.69
<b>Income after tax</b>	<b>-24.72</b>	<b>-63.61</b>	<b>142.14</b>	<b>127.61</b>	<b>84.91</b>	<b>94.24</b>	<b>103.69</b>	<b>113.25</b>	<b>122.94</b>
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>-24.72</b>	<b>-63.61</b>	<b>142.14</b>	<b>127.61</b>	<b>84.91</b>	<b>94.24</b>	<b>103.69</b>	<b>113.25</b>	<b>122.94</b>
*Figures are in millions (\$)									
<b>Revenue Growth</b>	<b>N/A</b>	<b>-31.34%</b>	<b>238.65%</b>	<b>8.86%</b>	<b>5.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
Tax Rate	12.74%	17.00%	-1.46%	21.44%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	-1.56%	-5.01%	-8.05%	-7.25%	-7.49%	-6.43%	-6.19%	-5.87%	-5.40%
<b>Margins</b>									
COGS	59.22%	60.56%	55.99%	53.29%	54.00%	54.00%	54.00%	54.00%	54.00%
<b>Gross margin</b>	<b>40.78%</b>	<b>39.44%</b>	<b>44.01%</b>	<b>46.71%</b>	<b>46.00%</b>	<b>46.00%</b>	<b>46.00%</b>	<b>46.00%</b>	<b>46.00%</b>
SG&A	27.24%	42.27%	16.86%	16.65%	17.00%	17.00%	17.00%	17.00%	17.00%
R&D	18.27%	23.74%	7.43%	7.84%	8.00%	8.00%	8.00%	8.00%	8.00%
Unusual expense	2.74%	4.31%	0.31%	0.59%	0.60%	0.60%	0.60%	0.60%	0.60%
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%	1.15%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Operating Income (EBITA)</b>	<b>-7.46%</b>	<b>-30.88%</b>	<b>19.41%</b>	<b>20.48%</b>	<b>20.40%</b>	<b>20.40%</b>	<b>20.40%</b>	<b>20.40%</b>	<b>20.40%</b>
Interest income/(expense)	-1.18%	-3.14%	-1.04%	-0.92%	-6.49%	-5.41%	-4.39%	-3.42%	-2.50%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before tax</b>	<b>-8.64%</b>	<b>-34.03%</b>	<b>18.37%</b>	<b>19.56%</b>	<b>13.91%</b>	<b>14.99%</b>	<b>16.01%</b>	<b>16.98%</b>	<b>17.90%</b>
Tax	-1.10%	-5.78%	-0.27%	4.19%	4.17%	4.50%	4.80%	5.09%	5.37%
<b>Income after tax</b>	<b>-7.54%</b>	<b>-28.24%</b>	<b>18.63%</b>	<b>15.37%</b>	<b>9.74%</b>	<b>10.81%</b>	<b>11.89%</b>	<b>12.99%</b>	<b>14.10%</b>
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Net income</b>	<b>-7.54%</b>	<b>-28.24%</b>	<b>18.63%</b>	<b>15.37%</b>	<b>9.74%</b>	<b>10.49%</b>	<b>11.21%</b>	<b>11.89%</b>	<b>12.53%</b>

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-09-27	As of 2009-10-03	As of 2010-10-02	As of 2011-10-01	+	-						
Cash	144.93	144.56	178.11	378.19			378.19	388.17	413.91	439.23	477.74	530.81
Short term investment	6.15	0.00	2.98	6.36			6.36	6.36	6.36	6.36	6.36	6.36
<b>Cash and Short term</b>	<b>151.08</b>	<b>144.56</b>	<b>181.09</b>	<b>384.55</b>			<b>384.55</b>	<b>394.53</b>	<b>420.27</b>	<b>445.59</b>	<b>484.10</b>	<b>537.17</b>
Accounts Receivable	56.64	95.78	196.03	138.65			138.65	138.65	138.65	138.65	138.65	138.65
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>56.64</b>	<b>95.78</b>	<b>196.03</b>	<b>138.65</b>			<b>138.65</b>	<b>138.65</b>	<b>138.65</b>	<b>138.65</b>	<b>138.65</b>	<b>138.65</b>
Deferred Income Tax	-0.01	-0.01	0.02	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Inventory	27.24	41.49	73.89	73.09			73.09	73.09	73.09	73.09	73.09	73.09
Prepaid Expenses	18.73	11.57	15.98	21.90			21.90	21.90	21.90	21.90	21.90	21.90
Other Current Assets	165.08	2.07	5.68	1.65			1.65	1.65	1.65	1.65	1.65	1.65
<b>Current Assets</b>	<b>418.76</b>	<b>295.46</b>	<b>472.69</b>	<b>619.84</b>	<b>0.00</b>	<b>0.00</b>	<b>619.84</b>	<b>629.82</b>	<b>655.56</b>	<b>680.88</b>	<b>719.39</b>	<b>772.46</b>
PP&E, Gross	86.47	91.20	82.94	83.63			83.63	93.63	103.63	113.63	123.63	133.63
Change in Depreciation	7.56	21.23	17.53	17.76			17.76	40.29	41.50	31.63	35.25	40.14
Accumulated Depreciation	49.57	55.16	72.69	90.45			90.45	130.74	172.24	203.87	239.12	279.26
<b>PP&amp;E, Net</b>	<b>36.90</b>	<b>36.04</b>	<b>10.25</b>	<b>-6.82</b>			<b>-6.82</b>	<b>-37.11</b>	<b>-68.61</b>	<b>-90.24</b>	<b>-115.49</b>	<b>-145.63</b>
Goodwill	2.71	26.70	26.70	41.55	368.97		410.52	410.52	410.52	410.52	410.52	410.52
Intangibles	0.39	48.66	39.11	29.57			29.57	29.57	29.57	29.57	29.57	29.57
Long term investments	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	38.38	5.77	11.61	10.94			10.94	10.94	10.94	10.94	10.94	10.94
<b>Long Term Assets</b>	<b>127.95</b>	<b>172.33</b>	<b>87.67</b>	<b>75.24</b>			<b>444.21</b>	<b>413.92</b>	<b>382.42</b>	<b>360.79</b>	<b>335.54</b>	<b>305.40</b>
<b>Total Assets</b>	<b>497.14</b>	<b>412.63</b>	<b>560.17</b>	<b>728.39</b>	<b>368.97</b>	<b>0.00</b>	<b>1,064.05</b>	<b>1,043.74</b>	<b>1,037.98</b>	<b>1,041.67</b>	<b>1,054.93</b>	<b>1,077.86</b>
Accounts Payable	25.03	39.91	82.35	36.32			36.32	36.32	36.32	36.32	36.32	36.32
Accrued Expense	25.71	15.76	23.69	23.69			23.69	23.69	23.69	23.69	23.69	23.69
Other current Liabilities	36.52	18.43	17.36	48.95			48.95	48.95	48.95	48.95	48.95	48.95
<b>Total Current Liabilities</b>	<b>87.26</b>	<b>74.10</b>	<b>125.13</b>	<b>108.96</b>	<b>0.00</b>	<b>0.00</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>	<b>108.96</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	72.41	48.96	0.00	105.22			105.22	0.00	0.00	0.00	0.00	0.00
Long term Debt	175.00	92.22	98.47	0.00	755.25	0.00	755.25	755.25	655.25	555.25	455.25	355.25
Capital Lease Obligations	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>247.41</b>	<b>141.18</b>	<b>98.47</b>	<b>105.22</b>	<b>755.25</b>	<b>0.00</b>	<b>860.47</b>	<b>755.25</b>	<b>655.25</b>	<b>555.25</b>	<b>455.25</b>	<b>355.25</b>
Deferred Income tax	21.59	16.28	20.36	32.06			32.06	32.06	32.06	32.06	32.06	32.06
Minority Interest	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	38.40	10.27	13.73	12.27			12.27	12.27	12.27	12.27	12.27	12.27
<b>Total Liabilities</b>	<b>394.66</b>	<b>241.83</b>	<b>257.69</b>	<b>258.51</b>	<b>0.00</b>	<b>0.00</b>	<b>1,013.76</b>	<b>908.54</b>	<b>808.54</b>	<b>708.54</b>	<b>608.54</b>	<b>508.54</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	295.84	413.09	423.71	441.75		441.75	0.00	0.00	0.00	0.00	0.00	0.00
Additional Paid-in capital	0.00	0.00	0.00	0.00	188.81	0.00	188.81	188.81	188.81	188.81	188.81	188.81
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-149.47	-197.81	-55.67	71.94		71.94	0.00	84.91	179.15	282.84	396.10	519.03
Treasury Stock	-46.12	-46.36	-46.36	-46.36			-46.36	-46.36	-46.36	-46.36	-46.36	-46.36
Other Equity	2.21	1.88	0.79	2.54		2.54	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>102.46</b>	<b>170.80</b>	<b>322.47</b>	<b>469.87</b>	<b>188.81</b>	<b>516.23</b>	<b>142.45</b>	<b>227.36</b>	<b>321.60</b>	<b>425.29</b>	<b>538.55</b>	<b>661.48</b>
<b>Liability + Equity</b>	<b>497.12</b>	<b>412.63</b>	<b>560.16</b>	<b>728.38</b>	<b>944.06</b>	<b>516.23</b>	<b>1,156.21</b>	<b>1,135.90</b>	<b>1,130.14</b>	<b>1,133.83</b>	<b>1,147.09</b>	<b>1,170.02</b>
<b>Variance</b>	0.02	0.00	0.01	0.01			-92.16	-92.16	-92.16	-92.16	-92.16	-92.16
<b>Debt/Equity</b>	2.41	0.83	0.31	0.22			6.04	3.32	2.04	1.31	0.85	0.54
Inventory Turnover	12.04	5.43	10.32	11.36			11.36	11.93	12.29	12.66	13.04	13.43
Inventory Turnover Days	30.31	67.23	35.36	32.13			32.13	30.60	29.71	28.84	28.00	27.18
Days Inventory Outstanding	51.18	111.03	63.14	60.29			60.29	56.66	55.01	53.41	51.85	50.34
Accounts Receivable Turnover	5.79	2.35	3.89	5.99			5.99	6.29	6.48	6.67	6.87	7.08
Accounts Receivable Turnover Days	63.02	155.21	93.80	60.94			60.94	58.04	56.35	54.71	53.12	51.57
Days Payable Outstanding	47.03	106.80	70.37	29.96			29.96	28.16	27.34	26.54	25.77	25.02

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-09-27	12 months ending 2009-10-03	12 months ending 2010-10-02	12 months ending 2011-10-01	2011	2012	2013	2014	2015
Net Income	-1.28	-41.60	142.14	127.61	84.91	94.24	103.69	113.25	122.94
Depreciation	7.56	21.23	17.53	17.76	40.29	41.50	31.63	35.25	40.14
<b>Net Income + Depreciation</b>	<b>6.28</b>	<b>-20.37</b>	<b>159.67</b>	<b>145.37</b>	<b>125.20</b>	<b>135.74</b>	<b>135.32</b>	<b>148.51</b>	<b>163.08</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-3.15	-6.81	-4.74	19.77	0.00	0.00	0.00	0.00	0.00
Non Cash Items	4.22	-9.59	15.64	23.87	0.00	0.00	0.00	0.00	0.00
Change in Working capital	20.71	-16.75	-84.78	11.38	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-39.14	-100.25	57.38	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	-14.25	-32.40	0.80	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	7.16	-4.41	-5.92	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	14.88	42.44	-46.03	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>28.06</b>	<b>-53.52</b>	<b>85.79</b>	<b>200.39</b>	<b>125.20</b>	<b>135.74</b>	<b>135.32</b>	<b>148.51</b>	<b>163.08</b>
Capital Expenditures	-7.85	-5.26	-6.27	-7.69	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-21.94	103.67	-0.16	-3.42	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-29.79</b>	<b>98.41</b>	<b>-6.43</b>	<b>-11.11</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>
Financing Cash flow items	0.00	0.00	0.00	0.00	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	0.55	38.92	2.84	9.30	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-105.22	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-3.83	-84.36	-48.96	0.00	0.00	-100.00	-100.00	-100.00	-100.00
<b>Cash from Financing Activities</b>	<b>-3.28</b>	<b>-45.44</b>	<b>-46.12</b>	<b>9.30</b>	<b>-105.22</b>	<b>-100.00</b>	<b>-100.00</b>	<b>-100.00</b>	<b>-100.00</b>
Foreign Exchange effect	-0.63	0.18	0.30	1.49	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	150.57	144.93	144.56	178.11	378.19	388.17	413.91	439.23	477.74
<b>Net Change in Cash</b>	<b>-5.64</b>	<b>-0.37</b>	<b>33.55</b>	<b>200.08</b>	<b>9.98</b>	<b>25.74</b>	<b>25.32</b>	<b>38.51</b>	<b>53.08</b>
Ending Cash Balance	144.93	144.56	178.11	378.19	388.17	413.91	439.23	477.74	530.81
Depreciation to Sales	2.30%	9.43%	2.30%	2.14%	4.62%	4.62%	3.42%	3.70%	4.09%
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	17.27%	42.52%	25.70%	16.70%	15.90%	15.44%	14.99%	14.55%	14.13%

# SN VALUATION

# LBO Debt Schedule

	<b>Proforma</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net Change in Cash	200.08	9.98	25.74	25.32	38.51	53.08
Current Portion Debt Repayment		105.22				
Long Term Debt Repayment			100.00	100.00	100.00	100.00
<b>Outstanding Debt</b>	860.47	755.25	655.25	555.25	455.25	355.25
Current Portion Debt Balance	105.22	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	755.25	755.25	655.25	555.25	455.25	355.25
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>60.42</b>	<b>52.42</b>	<b>44.42</b>	<b>36.42</b>	<b>28.42</b>
Cash Balance		384.55				
Interest @ 1.0%		3.85	3.85	3.85	3.85	3.85
<b>Net Interest Expense/(Income)</b>		<b>56.57</b>	<b>48.57</b>	<b>40.57</b>	<b>32.57</b>	<b>24.57</b>
<b>Net Interest Rate</b>		<b>7.49%</b>	<b>6.43%</b>	<b>6.19%</b>	<b>5.87%</b>	<b>5.40%</b>
EBITDA		177.87	183.21	188.70	194.37	200.20
<b>EBITDA/Interest Expense Coverage</b>		<b>2.94</b>	<b>3.50</b>	<b>4.25</b>	<b>5.34</b>	<b>7.04</b>

**Interest Rate Coverage Table**

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

\*Source: NYU; Professor Damodaran