December 5, 2011

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

L.B. Foster Corp (FSTR)

Market Price:	**$28.17**	**EBITDA/Share:**	**$4.74**	**Net Asset/Share:**	**$16.53**
DCF: EV/EBITDA Terminal Value	**2.227%**	**DCF: Net Tangible Asset excluding Cash/Debt Terminal Value**	**-2.722%**		
Current Net Tangible Asset	**8.395%**	**EVA Analysis:**	**4.919%**		

Overview

We love industrial companies. They create products for the users, which are tangible. The company manufactures an array of steel related products, namely rails for the railroad industry.

Dividend?
Dividend yield is negligible.

Cashflow Generation
Cashflows are $30 MM from operating cashflow. 4% EBITA margin. Capex is $7 MM. The company has zero financing debt.

Profitability
ROA is a respectable 5.4%, and ROC is 7.9%.

LBO?
We don't believe a 80% debt/20% equity would be sustainable. Therefore, we will not project a LBO scenario.

Price
We are forecasting a $36.62/share in Year 5, or a 30% holding return, or 5.4% annual return.

Thus, the 1 year forecasted price is $29.70.

SN VALUATION Automated Valuation Model Beta

Company Name: L.B. Foster Co **Ticker:** FSTR

L.B. Foster Company (Foster) is a manufacturer, fabricator and distributor of products and services for the rail, construction, energy and utility markets. Foster operates in three s: Rail products, Construction products, and Tubular products. For rail markets, the Company provides a new and used rail, trackwork, and accessories to railroads, mines and industry. It also designs and produces concrete railroad ties, insulated rail joints, power rail, track fasteners, coverboards and special accessories for mass transit and other rail systems worldwide. For the construction industry, it sells steel sheet piling, H-bearing piling, pipe piling and provides rental sheet piling for foundation requirements. It also supplies precast concrete buildings, fabricated structural steel, bridge decking, bridge railing, expansion joints and other products for highway construction and repair. For tubular markets, it supplies pipe coatings for natural gas pipelines and utilities.

Company Name:	**L.B. Foster Co**
Ticker Symbol:	FSTR
Last Price:	**$28.17**
Net Cash/Share:	$6.96
Net Cash to Last Price:	24.70%
Shares Outstanding:	10,060,000
Industry:	Industrial Distribution
Sector:	Industrials
Institutional Ownership:	78.62%
Mutual Fund Ownership:	0.56%
Insider Ownership:	3.02%
Retail Ownership:	14.78%
Float:	96.98%

Technicals

52 week low:	$16.48
Today from 52 week low:	70.93%
52 week high:	$44.06
Today from 52 week high:	56.41%
50 day Moving Average:	$25.71
200 day Moving Average:	$31.84

Analyst/Consensus

Analyst Sales Growth FY1:	26.50%
Analyst Sales Growth FY2:	-0.70%
SN Valuation Estimate FY1:	10.00%
SN Valuation Estimate FY2:	8.00%
Analyst Earnings Estimate FY1:	$2.29
Analyst Earnings Estimate FY2:	$2.77
SN Valuation Earnings Est. FY1:	$1.56
SN Valuation Earnings Est. FY2:	$1.69

Multiples

Market Value to Book:	1.11
EV to Book:	0.83
P/E Ratio:	12.30
Trailing P/E Ratio:	12.69
Forward P/E Ratio:	10.17
Beta:	1.24
Dividend:	0.1
Dividend Yield:	0.35%
Dividend Date:	Dec 22, 2011
Ex-Dividend Date:	Dec 7, 2011

Competitors

Average EV to EBITDA:	N/A
Company EV to EBITDA:	4.47
Average EV to EBIT:	N/A
Company EV to EBIT:	6.52

Market Capitalization:	$283,330,000.00
Total Debt:	$4,800,000.00
Total Cash:	$74,800,000.00
Net Cash/(Debt):	$70,000,000.00
Enterprise Value:	$213,330,000.00
Current EV/Share:	$21.21
EBITDA:	$47,720,000.00
EV/EBITDA Multiple:	4.47

Upper Range
DCF: EV/EBITDA Terminal Value

Implied TV from 5 X EV/EBITDA Multiple	$137,516,262.23
Enterprise Value	$137,516,262.23
Cash at Year 5:	$183,663,204.43
Debt at Year 5:	$4,800,000.00
Equity Value Year 5:	$316,379,466.66
Equity/Share at Year 5:	**$31.45**
Annualized Return:	2.23%

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

Year 5 Net Tangible Assets excluding cash and debt	$67,999,421.98
Enterprise Value	$67,999,421.98
Cash at Year 5:	$183,663,204.43
Debt at Year 5:	$4,800,000.00
Equity Value Year 5:	$246,862,626.42
Equity/Share at Year 5:	**$24.54**
Annualized Return:	-2.72%

EVA

EVA today:	$283,232,206.29
EVA in 5 Years:	$360,091,283.68
EVA/Share:	$35.79
Cash at Year 5:	$183,663,204.43
Debt at Year 5:	$4,800,000.00
Equity Value Year 5:	$538,954,488.11
Equity/Share at Year 5:	**$53.57**
Annualized return	**4.92%**

Current Net Tangible Asset

Net Tangible Asset/Share:	**$16.53**
Net Tangible Asset/Share in Year 5:	**$24.74**
Annualized return	8.40%
Current Equity Price:	$28.17
Selling at Discount?	Premium
Appreciation Potential:	-41.32%

Dividend Model

Next Year Dividend	**$1,083,077.31**
Required Rate of Return:	**20.00%**
Dividend:	$1,006,000.00
Net Income:	$23,030,000.00
Retention Ratio:	95.63%
Return on Equity:	8.01%
Dividend Growth Rate:	**7.66%**
Stock Value:	**$0.87**

Income Statement

Revenue:	$601,490,000.00	100.0%
Cost of Goods Sold:	$526,910,000.00	87.6%
Gross Profit:	$74,580,000.00	12.4%
EBITDA:	$47,720,000.00	7.9%
Net Income:	$23,030,000.00	3.8%

Balance Sheet

Cash:	$74,800,000.00
Short Term Investment:	$0.00
A/R:	$66,910,000.00
PP&E:	$119,740,000.00
Assets:	$378,720,000.00
A/P:	$45,530,000.00
Deferred Tax:	$11,860,000.00
Other Liabilities:	$60,780,000.00
Short term Debt:	$2,400,000.00
Long Term Debt:	$2,400,000.00
Liabilities:	$122,970,000.00
Retained Earnings:	$233,280,000.00
Paid-In Capital:	$47,290,000.00
Treasury Stock:	-$23,860,000.00
Stockholder's Equity:	$255,750,000.00

Cash Flow

Net Income:	20,490,000.00
Depreciation/Amortization:	9,490,000.00
Change in Working capital:	28,730,000.00
Cash from Operating Activities:	59,480,000.00
Capital Expenditures:	-6,160,000.00
Cash from Investing Activities:	-87,590,000.00
Total Cash Dividends Paid:	0.00
Issuance (Retirement) of Stock:	430,000.00
Issuance (Retirement) of Debt:	-23,380,000.00
Cash from Financing Activities:	-21,990,000.00

Profitability Margins

Debt to Equity:	1.88%
Return on Assets:	5.41%
Return on Capital:	7.86%
Return on Equity:	8.01%

2011-12-05

SN Valuation

LBO Analysis

					Non-LBO Forecast			Non-LBO Forecast	
		Intrinsic Price in 5 Years:	36.62	**Year 1 Target**	29.69		**Desired Return Rate**	20.00%	
WACC Terminal Value:		Market Price:	28.17	**Year 2 Target**	31.29		**Implied Today's Price**	14.72	
EV/EBITDA with 5X Multiple Terminal Value:	$31.45	LBO Price:	28.17	**Year 3 Target**	32.97		Overvalued/(Undervalued)	91.41%	
Net Tangible Asset Terminal Value:	$24.54	Premium to Market Price:	0.00%	**Year 4 Target**	34.75				
EV/EBITDA with Today's Multiple Terminal Value:	$36.92	LBO Price/Intrinsic Price Target:	5.39%	**Year 5 Target**	36.62				
EVA Enterprise Value:	$53.57	LBO Price/EV/EBIT Exit Price	5.56%						
Dividend Discount Model:	N/A	Implied IRR at today's EV/EBIT:	5.56%	**Implied IRR (Market Price):**	5.39%				
Average:	**$36.62**								

Current Evaluation				Exit Evaluation			
Current Market Price:	28.17	LBO Price:	28.17	Exit Price:	36.62	Exit Price:	36.92
Outstanding Shares:	10,060,000	Outstanding Shares:	10,060,000	Outstanding Shares:	10,060,000	Outstanding Shares:	10,060,000
Market Capitalization:	**283,390,200**	**Market Capitalization:**	**283,390,200**	**Market Capitalization:**	**368,398,138**	**Market Capitalization:**	**371,395,972**
Available Cash:	74,800,000	Available Cash:	74,800,000	Available Cash:	183,673,204	Available Cash:	183,673,204
Debt:	4,800,000	Debt:	4,800,000	Debt:	4,800,000	Debt:	4,800,000
Net Cash:	70,000,000	Net Cash:	70,000,000	Net Cash:	178,873,204	Net Cash:	178,873,204
Enterprise Value:	**213,390,200**	**Enterprise Value:**	**213,390,200**	**Enterprise Value:**	**189,524,934**	**Enterprise Value:**	**192,522,767**
Original EV/EBIT:	6.52	EV/EBIT:	6.52	EV/EBIT at 5 Years:	6.89	EV/EBIT at 5 Years:	7.00
Original EV/EBITDA:	4.47	EV/EBITDA:	6.36	EV/EBITDA at 5 Years:	5.89	EV/EBITDA at 5 Years:	4.73
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:	28.17	22.55	23.76	25.04	26.39	27.81	29.31
Shares Outstanding:	10,060,000	10,060,000	10,060,000	10,060,000	10,060,000	10,060,000	10,060,000
Market Capitalization:	**283,390,200**	**226,816,378**	**239,034,689**	**251,911,185**	**265,481,321**	**279,782,464**	**294,853,990**
Available Cash:	74,800,000	74,800,000	92,711,047	112,642,740	134,872,887	158,507,829	183,673,204
Debt:	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Net Cash:	70,000,000	70,000,000	87,911,047	107,842,740	130,072,887	153,707,829	178,873,204
Enterprise Value:	**213,390,200**	**156,816,378**	**151,123,642**	**144,068,445**	**135,408,434**	**126,074,634**	**115,980,786**
EBIT	24,060,000	24,060,000	21,522,652	23,253,405	24,668,126	26,147,744	27,503,252
EV/EBIT:	8.87	6.52	7.02	6.20	5.49	4.82	4.22
EBITDA	33,550,000	33,550,000	31,636,642	34,176,515	36,899,385	38,748,066	40,685,151
EV/EBITDA:	6.36	6.36	4.78	4.22	3.67	3.25	2.85

Enterprise Valuation Calculation During Holding Period

Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	28.17	22.55	22.68	25.79	28.91	32.22	35.60
Shares Outstanding:	10,060,000	10,060,000	10,060,000	10,060,000	10,060,000	10,060,000	10,060,000
Market Capitalization:	**283,390,200**	**226,816,378**	**228,189,698**	**259,401,959**	**290,852,863**	**324,131,543**	**358,131,743**
Available Cash:	74,800,000	74,800,000	92,711,047	112,642,740	134,872,887	158,507,829	183,673,204
Debt:	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Net Cash:	70,000,000	70,000,000	87,911,047	107,842,740	130,072,887	153,707,829	178,873,204
Enterprise Value:	**213,390,200**	**156,816,378**	**140,278,651**	**151,559,219**	**160,779,976**	**170,423,714**	**179,258,538**
EBIT	24,060,000	24,060,000	21,522,652	23,253,405	24,668,126	26,147,744	27,503,252
EV/EBIT:	8.87	6.52	6.52	6.52	6.52	6.52	6.52
EBITDA	33,550,000	33,550,000	31,636,642	34,176,515	36,899,385	38,748,066	40,685,151
EV/EBITDA:	6.36	6.36	4.43	4.43	4.36	4.40	4.41

				Weighting		
LBO Price	28.17	Equity Partners:	283,390,200	100.00%	**Annualized Return for Equity Partners:**	**5.56%**
Shares Outstanding	10,060,000	Debt Partners:	0	0.00%		
Market Capitalization	**283,390,200**	**Total Funds for LBO:**	**283,390,200**	**100.00%**		

Book Value		**Enterprise Value**		**Stock Valuation**		**Debt Reduction**	
Beginning Book Value	283.39	Beginning Enterprise Value	213.39	Current Market Price	$28.17	Starting Debt	2.40
Year 5 Book Value	368.21	Year 5 Enterprise Value	192.52	Year 5 Market Price	$36.92	Debt Repayment	0.00
Annualized Return	**5.38%**	**Annualized Return**	**-2.04%**	**Annualized Return**	**5.56%**	Year 5 Ending Debt	2.40
						% of Starting Debt	**100.00%**

SN VALUATION

LBO Pro Forma Income Statement

Name: L.B. Foster Co **Ticker:** FSTR

	Historical				Forecasted				
	12 months ending 2007-12-31	**12 months ending 2008-12-31**	**12 months ending 2009-12-31**	**12 months ending 2010-12-31**	**2011**	**2012**	**2013**	**2014**	**2015**
Revenue	**508.98**	**539.24**	**404.02**	**475.05**	**522.56**	**564.36**	**609.51**	**639.98**	**671.98**
COGS (excluding depreciation)	432.60	459.02	344.16	400.47	444.17	479.71	518.08	543.99	571.19
Gross margin	**76.38**	**80.22**	**59.86**	**74.58**	**78.38**	**84.65**	**91.43**	**96.00**	**100.80**
SG&A	37.40	40.97	35.50	42.59	47.03	50.79	54.86	57.60	60.48
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	-122.89	-3.51	-1.19	-1.36	0.00	0.00	0.00	0.00	0.00
Other operating expense	-0.27	0.16	-0.43	-0.20	-0.28	-0.31	-0.33	-0.35	-0.37
Depreciation	8.62	8.90	8.72	9.49	10.11	10.92	12.23	12.60	13.18
Operating Income (EBITA)	**153.52**	**33.70**	**17.26**	**24.06**	**21.52**	**23.25**	**24.67**	**26.15**	**27.50**
Interest income/(expense)	0.00	0.00	0.00	0.00	-0.38	-0.38	-0.38	-0.38	-0.38
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	**168.51**	**43.28**	**25.48**	**32.74**	**21.14**	**22.87**	**24.28**	**25.76**	**27.12**
Tax	57.79	15.53	9.75	12.25	6.34	6.86	7.29	7.73	8.14
Income after tax	**110.72**	**27.75**	**15.73**	**20.49**	**14.80**	**16.01**	**17.00**	**18.03**	**18.98**
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	**110.72**	**27.75**	**15.73**	**20.49**	**14.80**	**16.01**	**17.00**	**18.03**	**18.98**
*Figures are in millions ($)									
Revenue Growth	N/A	5.95%	-25.08%	17.58%	10.00%	8.00%	8.00%	5.00%	5.00%
Tax Rate	34.29%	35.88%	38.27%	37.42%	30.00%	30.00%	30.00%	30.00%	30.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	-8.00%	-8.00%	-8.00%	-8.00%	-8.00%
Margins									
COGS (excluding depreciation)	84.99%	85.12%	85.18%	84.30%	85.00%	85.00%	85.00%	85.00%	85.00%
Gross margin	**15.01%**	**14.88%**	**14.82%**	**15.70%**	**15.00%**	**15.00%**	**15.00%**	**15.00%**	**15.00%**
Depreciation	1.69%	1.65%	2.16%	2.00%	1.94%	1.94%	2.01%	1.97%	1.96%
SG&A	7.35%	7.60%	8.79%	8.97%	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	-24.14%	-0.65%	-0.29%	-0.29%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	-0.05%	0.03%	-0.11%	-0.04%	-0.05%	-0.06%	-0.05%	-0.05%	-0.05%
Operating Income (EBITA)	**30.16%**	**6.25%**	**4.27%**	**5.06%**	**4.12%**	**4.12%**	**4.05%**	**4.09%**	**4.09%**
Interest income/(expense)	0.00%	0.00%	0.00%	0.00%	-0.07%	-0.07%	-0.06%	-0.06%	-0.06%
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	**33.11%**	**8.03%**	**6.31%**	**6.89%**	**4.05%**	**4.05%**	**3.98%**	**4.03%**	**4.04%**
Tax	11.35%	2.88%	2.41%	2.58%	2.56%	2.55%	2.56%	2.55%	2.55%
Income after tax	**21.75%**	**5.15%**	**3.89%**	**4.31%**	**2.83%**	**3.06%**	**3.25%**	**3.45%**	**3.63%**
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	**21.75%**	**5.15%**	**3.89%**	**4.31%**	**2.83%**	**2.84%**	**2.79%**	**2.82%**	**2.82%**

LBO Adjusted Proforma Balance Sheet

	As of 2010-12-31	Adjustment +	Adjustment -	Adjusted Proforma	2011	2012	2013	2014	2015
Cash	74.80			74.80	92.71	112.64	134.87	158.51	183.67
Short term investment	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	74.80			74.80	**92.71**	**112.64**	**134.87**	**158.51**	**183.67**
Accounts Receivable	66.91			66.91	66.91	66.91	66.91	66.91	66.91
Other receivables	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	66.91			66.91	**66.91**	**66.91**	**66.91**	**66.91**	**66.91**
Deferred Income Tax	3.75			3.75	3.75	3.75	3.75	3.75	3.75
Total Inventory	90.37			90.37	90.37	90.37	90.37	90.37	90.37
Prepaid Expenses	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	3.45			3.45	3.45	3.45	3.45	3.45	3.45
Current Assets	**239.28**	**0.00**	**0.00**	**239.28**	**257.19**	**277.12**	**299.35**	**322.99**	**348.15**
PP&E, Gross	119.74			119.74	126.74	133.74	140.74	147.74	154.74
Change in Depreciation	9.49			9.49	10.11	10.92	12.23	12.60	13.18
Accumulated Depreciation	75.66			75.66	85.77	96.70	108.93	121.53	134.71
PP&E, Net	44.08			44.08	40.97	37.04	31.81	26.21	20.03
Goodwill	44.37	27.64		72.01	72.01	72.01	72.01	72.01	72.01
Intangibles	45.08			45.08	45.08	45.08	45.08	45.08	45.08
Long term investments	1.99			1.99	1.99	1.99	1.99	1.99	1.99
Other long term assets	1.66			1.66	1.66	1.66	1.66	1.66	1.66
Long Term Assets	**137.18**			**164.82**	**161.71**	**157.78**	**152.55**	**146.95**	**140.77**
Total Assets	**378.72**	**27.64**	**0.00**	**404.10**	**418.90**	**434.91**	**451.90**	**469.94**	**488.92**
Accounts Payable	45.53			45.53	45.53	45.53	45.53	45.53	45.53
Accrued Expense	32.02			32.02	32.02	32.02	32.02	32.02	32.02
Other current Liabilities	16.87			16.87	16.87	16.87	16.87	16.87	16.87
Total Current Liabilities	**94.42**	**0.00**	**0.00**	**94.42**	**94.42**	**94.42**	**94.42**	**94.42**	**94.42**
Notes Payables/Short Term Debt	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	2.40			2.40	2.40	2.40	2.40	2.40	2.40
Long term Debt	2.40	0.00		2.40	2.40	2.40	2.40	2.40	2.40
Capital Lease Obligations	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	**4.80**	**0.00**	**0.00**	**4.80**	**4.80**	**4.80**	**4.80**	**4.80**	**4.80**
Deferred Income tax	11.86			11.86	11.86	11.86	11.86	11.86	11.86
Minority Interest	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	11.89			11.89	11.89	11.89	11.89	11.89	11.89
Total Liabilities	**122.97**	**0.00**	**0.00**	122.97	**122.97**	**122.97**	**122.97**	**122.97**	**122.97**
Redeemable Preferred Stock	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
Common Stock	0.11		0.11	0.00	0.00	0.00	0.00	0.00	0.00
Additional Paid-in capital	47.29	283.39	47.29	283.39	283.39	283.39	283.39	283.39	283.39
Dividends Paid	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	233.28		233.28	0.00	14.80	30.81	47.80	65.84	84.82
Treasury Stock	-23.86		(23.86)	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-1.07		(1.07)	0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	**255.75**	**283.39**	**255.75**	**283.39**	**298.19**	**314.20**	**331.19**	**349.23**	**368.21**
Liability + Equity	**378.72**	**283.39**	**255.75**	**406.36**	**421.16**	**437.17**	**454.16**	**472.20**	**491.18**
Variance	0.00			-2.26	-2.26	-2.26	-2.26	-2.26	-2.26
Debt/Equity	0.02			0.02	0.02	0.02	0.01	0.01	0.01
					0.00	0.00	0.00	0.00	0.00

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Net Income	20.49	14.80	16.01	17.00	18.03	18.98
Depreciation	9.49	10.11	10.92	12.23	12.60	13.18
Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	1.13	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-0.36	0.00	0.00	0.00	0.00	0.00
Change in Working capital	28.73	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	-7.85	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	8.61	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	-2.32	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	**59.48**	**24.91**	**26.93**	**29.23**	**30.63**	**32.17**
Capital Expenditures	-6.16	-7.00	-7.00	-7.00	-7.00	-7.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-81.43	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	**-87.59**	**-7.00**	**-7.00**	**-7.00**	**-7.00**	**-7.00**
Financing Cash flow items	0.96	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
Issuance (Retirement) of Stock	0.43	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	-23.38	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	**-21.99**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Foreign Exchange effect	0.05	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	124.84	74.80	92.71	112.64	134.87	158.51
Net Change in Cash	**-50.05**	**17.91**	**19.93**	**22.23**	**23.63**	**25.17**
Ending Cash Balance	74.79	92.71	112.64	134.87	158.51	183.67
Depreciation to Sales	2.00%	1.94%	1.94%	2.01%	1.97%	1.96%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	14.08%	12.80%	11.86%	10.98%	10.45%	9.96%

Appreciation Potential: #DIV/0!

LBO Debt Schedule

CSS	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-50.05	17.91	19.93	22.23	23.63	25.17
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	4.80	4.80	4.80	4.80	4.80	4.80
Current Portion Debt Balance	2.4	2.40	2.40	2.40	2.40	2.40
Long Term Debt Balance	2.40	2.40	2.40	2.40	2.40	2.40
Forward Libor Curve		4.00%	4.50%	5.00%	5.50%	6.00%
Spread		4.00%	3.50%	3.00%	2.50%	2.00%
Interest Rate		**8.00%**	**8.00%**	**8.00%**	**8.00%**	**8.00%**
Interest Expense		**0.38**	**0.38**	**0.38**	**0.38**	**0.38**
EBITDA		21.52	23.25	24.67	26.15	27.50
EBITDA/Interest Expense Coverage		**56.05**	**60.56**	**64.24**	**68.09**	**71.62**

Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran