

Star Gas Partners (SGU)

Price:	\$4.61	Net Tang. Bk Value Incl.	\$55,060,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$172,467,996.56
Market Cap:	\$276,139,000	Cash (NTBVIC):		Avg. Year FCF/Share:	\$36,059,765.62
Cash:	\$14,320,000	Market Price/NTBVIC:	5.02	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$160,700,000	Op. Cash Flow:	\$41,096,070	Year 5 Disposition Price:	\$280,647,293.42
Net Cash:	-\$146,380,000	Implied Years to Fill Gap:	5.38		
Enterprise Value:	\$422,519,000	Today's Equity if 5x Op. CF:	\$178,348,210		
		Net Tang. Book+5 FCF+ Gain Disposition:			\$280,647,293.42
Shares Outstanding:	59,900,000	IRR:			0.32%
		Price:			\$4.69
		Target Market Cap:			\$280,647,293
		Target Enterprise Value:			\$427,027,293

The co. primarily services the New England, Mid Atlantic region and is the largest retail distributor of home heating oil under the brands Meenan and Petro. It is a slim margin business (20% GM) that requires acquiring smaller distributors as a key strategy in their business model to offset the net loss in customers, which means a lot of junk on their balance sheet from goodwill. We remember reading an article about a co. that grew by acquiring a lot of independent branches and eventually required a consolidated business. We foresee SGU having to deal with integrating the acquired businesses, and we think operation results will reflect the inefficiency until this is addressed.

The debt is issued on the hold co level, while the cash flow from the OpCo, or subsidiaries, namely Petro, will finance the debt held by the hold co. The cost on debt is too expensive at 8.875%. Return on capital is only 6.7%, so it is a losing bet right now, as far as contribution to value creation. Important thing is that the co. is making enough to make the interest payments, while returning 6% as dividend. Should temperature get warmer, cost of natural gas increase, derivatives go awry, or fierce competition lead to further customer loss, then we will lose out on the dividend play as well as equity loss.

We don't feel comfortable with the investment right now so we will stay out.

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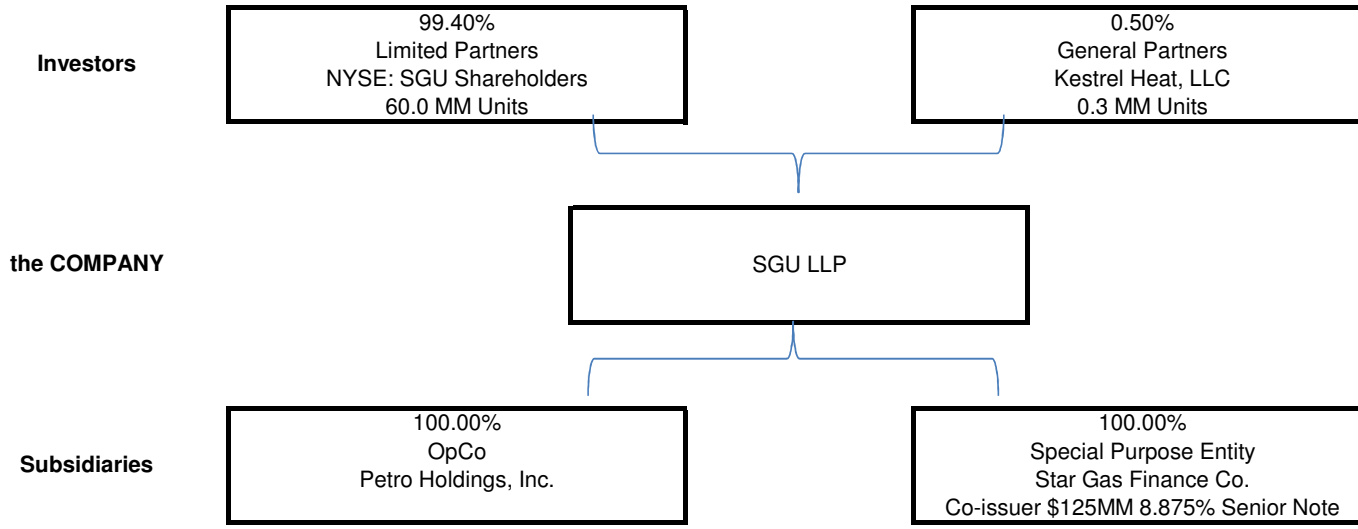
Star Gas Partners, L.P. ("Star Gas Partners," the "Partnership," "we," "us," or "our") is a home heating oil and propane distributor and services provider with one reportable operating segment that principally provides services to residential and commercial customers to heat their homes and buildings. Star Gas Partners is a master limited partnership, which at December 31, 2012, had outstanding 60.0 million common units (NYSE: "SGU"), representing the 99.46% limited partner interest in Star Gas Partners, and 0.3 million general partner units, representing the 0.54% general partner interest in Star Gas Partners.

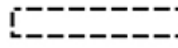
Company Name:		Star Gas Partners			Income Statement	
Ticker Symbol:	SGU	Market Capitalization:	\$276,139,000.00	Revenue:	\$1,550,000,000.00	100.0%
Last Price:	\$4.61	Total Debt:	\$160,700,000.00	Cost of Goods Sold:	\$1,469,600,000.00	94.8%
Net Cash/Share:	-\$2.44	Total Cash:	\$14,320,000.00	Gross Profit:	\$80,400,000.00	5.2%
Net Cash to Last Price:	-53.01%	Net Cash/(Debt):	-\$146,380,000.00	EBITDA:	\$72,500,000.00	4.7%
Shares Outstanding:	59,900,000	Enterprise Value:	\$422,519,000.00	Net Income:	\$32,500,000.00	2.1%
Industry:	Oil & Gas Midstream	Current EV/Share:	\$7.05			
Sector:	Energy	EBITDA:	\$79,750,000.00	Balance Sheet		
Institutional Ownership:	#VALUE!	EV/EBITDA Multiple:	5.30	Cash:	\$14,320,000.00	
Mutual Fund Ownership:	#VALUE!	EV/EBITDA Multiple Average Year 1-5:	6.51	Short Term Investment:	\$0.00	
Insider Ownership:	#VALUE!	EV/FCF Multiple (excluding acquisition):	4.22	A/R:	\$192,000,000.00	
Retail Ownership:	#VALUE!	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	11.72	PP&E:	\$47,000,000.00	
Float:	#VALUE!	Upper Range		Assets:	\$674,290,000.00	
		DCF: EV/EBITDA Terminal Value		A/P:	\$22,580,000.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$141,658,392.68	Deferred Tax:	\$7,040,000.00	
		Enterprise Value	\$141,658,392.68	Other Liabilities:	\$227,810,000.00	
		Cash at Year 5:	\$194,618,828.09	Short term Debt:	\$36,700,000.00	
		Debt at Year 5:	\$160,700,000.00	Long Term Debt:	\$124,000,000.00	
		Equity Value Year 5:	\$175,577,220.78	Liabilities:	\$418,130,000.00	
		Equity/Share at Year 5:	\$2.93	Retained Earnings:	\$0.00	
		Annualized Return:	-8.66%	Paid-In Capital:	\$286,820,000.00	
		Lower Range		Treasury Stock:	\$0.00	
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Stockholder's Equity:	\$260,140,000.00	
		Year 5 Net Tangible Assets excluding cash and debt	-\$5,010,000.00	Cash Flow		
		Enterprise Value	-\$5,010,000.00	Net Income:	25,990,000.00	
		Cash at Year 5:	\$194,618,828.09	Depreciation/Amortization:	18,030,000.00	
		Debt at Year 5:	\$160,700,000.00	Change in Working capital:	51,430,000.00	
		Equity Value Year 5:	\$28,908,828.09	Cash from Operating Activities:	105,830,000.00	
		Equity/Share at Year 5:	\$0.48	Capital Expenditures:	-5,800,000.00	
		Annualized Return:	-36.32%	Cash from Investing Activities:	-44,520,000.00	
		EVA		Total Cash Dividends Paid:	-19,520,000.00	
		EVA today:	\$260,423,962.69	Issuance (Retirement) of Stock:	0.00	
		EVA in 5 Years:	\$390,622,773.55	Issuance (Retirement) of Debt:	0.00	
		EVA/Share:	\$6.52	Cash from Financing Activities:	-40,010,000.00	
		Cash at Year 5:	\$194,618,828.09	Profitability Margins		
		Debt at Year 5:	\$160,700,000.00	Debt to Equity:	61.77%	
		Equity Value Year 5:	\$424,541,601.64	Return on Assets:	3.85%	
		Equity/Share at Year 5:	\$7.09	Return on Capital:	6.18%	
		Annualized return	8.45%	Return on Equity:	9.99%	
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	-\$0.29			
		Net Tangible Asset/Share in Year 5:	\$1.67			
		Annualized return	-241.93%			
		Average EV to EBIT:	N/A			
		Company EV to EBITA:	7.84			
		Average EV to EBITD:	N/A			
		Company EV to EBITDA:	5.30			
		Average EV to EBIT:	N/A			
		Company EV to EBITA:	7.84			
		Current Equity Price:	\$4.61			
		Selling at Discount?	Premium			
		Appreciation Potential:	-106.29%			
		Dividend Model				
		Next Year Dividend	\$19,364,218.71			
		WACC:	8.89%			
		Dividend:	\$18,569,000.00			
		Net Income:	\$32,500,000.00			


SN VALUATION

Holding Chart

Star Gas Partners (SGU)



 Denotes issuer of the Partnership's Senior Notes.

 Denotes borrower in the asset based lending facility, which is guaranteed by Star Gas Partners, L.P. and the other entities listed above.

SN VALUATION

LBO Pro Forma Income Statement

Name:

Star Gas Partners

Ticker:

SGU

	Historical				Forecasted				
	12 months ending 2009-09-30	12 months ending 2010-09-30	12 months ending 2011-09-30	12 months ending 2012-09-30	2013	2014	2015	2016	2017
Revenue	1,206.81	1,212.78	1,591.31	1,497.59	1,512.57	1,527.69	1,542.97	1,558.40	1,573.98
COGS	875.75	904.05	1,237.34	1,199.81	1,225.18	1,237.43	1,249.80	1,262.30	1,274.93
Gross margin	331.06	308.73	353.97	297.78	287.39	290.26	293.16	296.10	299.06
SG&A	245.22	240.02	271.47	236.06	242.01	244.43	246.87	249.34	251.84
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	-9.71	1.13	1.70	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	95.55	67.58	80.80	61.72	45.38	45.83	46.29	46.75	47.22
Interest income/(expense)	-16.39	-13.50	-13.28	-11.31	-10.17	-10.17	-10.17	-10.17	-10.17
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	73.44	43.95	47.07	42.56	35.21	35.66	36.12	36.58	37.05
Tax	-57.60	15.63	22.73	16.57	12.32	12.48	12.64	12.80	12.97
Income after tax	131.04	28.32	24.34	25.99	22.89	23.18	23.48	23.78	24.08
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	131.04	28.32	24.34	25.99	22.89	23.18	23.48	23.78	24.08
*Figures are in millions (\$)									
EPS (based off today's share count)	\$2.19	\$0.47	\$0.41	\$0.43	\$0.38	\$0.39	\$0.39	\$0.40	\$0.40
P/E (historical today's price; forecasted intrinsic price)	2.11	9.75	11.35	10.62	11.58	10.97	10.39	9.85	9.33
Revenue Growth	N/A	0.49%	31.21%	-5.89%	1.00%	1.00%	1.00%	1.00%	1.00%
Tax Rate	-78.43%	35.56%	48.28%	38.93%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-12.31%	-16.31%	-10.69%	-9.09%	-8.20%	-8.20%	-8.20%	-8.20%	-8.20%
Margins									
COGS	72.57%	74.54%	77.76%	80.12%	81.00%	81.00%	81.00%	81.00%	81.00%
Gross margin	27.43%	25.46%	22.24%	19.88%	19.00%	19.00%	19.00%	19.00%	19.00%
SG&A	20.32%	19.79%	17.06%	15.76%	16.00%	16.00%	16.00%	16.00%	16.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	-0.80%	0.09%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	7.92%	5.57%	5.08%	4.12%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest income/(expense)	-1.36%	-1.11%	-0.83%	-0.76%	-0.67%	-0.67%	-0.66%	-0.65%	-0.65%
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	6.09%	3.62%	2.96%	2.84%	2.33%	2.33%	2.34%	2.35%	2.35%
Tax	-4.77%	1.29%	1.43%	1.11%	0.81%	0.82%	0.82%	0.82%	0.82%
Income after tax	10.86%	2.34%	1.53%	1.74%	1.51%	1.53%	1.55%	1.57%	1.59%
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	10.86%	2.34%	1.53%	1.74%	1.51%	1.52%	1.52%	1.53%	1.53%

	As of 2009-09-30	As of 2010-09-30	As of 2011-09-30	As of 2012-09-30	As of 2012-12-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	195.16	61.06	86.79	108.09	14.32			14.32	49.42	84.99	121.04	157.59	194.62
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	195.16	61.06	86.79	108.09	14.32			14.32	49.42	84.99	121.04	157.59	194.62
Accounts Receivable	58.85	70.44	92.97	88.27	192.00			192.00	192.00	192.00	192.00	192.00	192.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	58.85	70.44	92.97	88.27	192.00			192.00	192.00	192.00	192.00	192.00	192.00
Total Inventory	62.64	66.73	80.54	47.47	83.15			83.15	83.15	83.15	83.15	83.15	83.15
Prepaid Expenses	15.44	21.22	22.30	26.85	30.89			30.89	30.89	30.89	30.89	30.89	30.89
Other Current Assets	44.81	27.41	16.83	30.85	24.29			24.29	24.29	24.29	24.29	24.29	24.29
Current Assets	376.90	246.86	299.43	301.53	344.65	0.00	0.00	344.65	379.75	415.32	451.37	487.92	524.95
PP&E, Gross	135.27	146.49	155.43	155.00	155.00			155.00	161.00	167.00	173.00	179.00	185.00
Change in Depreciation		18.43	20.32	18.03	18.03			18.03	18.21	18.39	18.58	18.76	18.95
Accumulated Depreciation	97.78	101.78	108.30	108.00	108.00			108.00	126.21	144.60	163.18	181.94	200.89
PP&E, Net	37.49	44.71	47.13	47.00	47.00			47.00	34.79	22.40	9.82	-2.94	-15.89
Goodwill	182.94	199.05	199.30	201.10	201.10	0.00		201.10	201.10	201.10	201.10	201.10	201.10
Intangibles	20.47	58.89	52.35	74.71	72.43			72.43	72.43	72.43	72.43	72.43	72.43
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	45.82	32.40	27.94	9.40	9.11			9.11	9.11	9.11	9.11	9.11	9.11
Long Term Assets	286.72	335.05	326.72	332.21	329.64			329.64	317.43	305.04	292.46	279.70	266.75
Total Assets	663.62	581.91	626.15	633.74	674.29	0.00	0.00	674.29	697.18	720.36	743.84	767.61	791.70
Accounts Payable	17.10	16.63	18.57	22.58	22.58			22.58	22.58	22.58	22.58	22.58	22.58
Accrued Expense	64.45	68.85	76.43	78.52	78.52			78.52	78.52	78.52	78.52	78.52	78.52
Other current Liabilities	111.94	110.46	111.44	127.23	118.29			118.29	118.29	118.29	118.29	118.29	118.29
Total Current Liabilities	193.49	195.94	206.44	228.33	219.39	0.00	0.00	219.39	219.39	219.39	219.39	219.39	219.39
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	36.70			36.70	36.70	36.70	36.70	36.70	36.70
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	133.11	82.77	124.26	124.36	124.00	0.00	0.00	124.00	124.00	124.00	124.00	124.00	124.00
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
Total Interest Earning Debt	133.11	82.77	124.26	124.36	160.70	0.00	0.00	160.70	160.70	160.70	160.70	160.70	160.70
Deferred Income tax	0.00	0.00	0.00	8.44	7.04			7.04	7.04	7.04	7.04	7.04	7.04
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	31.19	23.89	22.80	18.08	31.00			31.00	31.00	31.00	31.00	31.00	31.00
Total Liabilities	357.79	302.60	353.50	379.21	418.13	0.00	0.00	418.13	418.13	418.13	418.13	418.13	418.13
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	0.31	0.29	0.19	0.10	0.09			0.09	0.09	0.09	0.09	0.09	0.09
Common Stock	332.34	307.09	299.91	286.82	286.82		0.00	286.82	286.82	286.82	286.82	286.82	286.82
Additional Paid-in capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	0.00	0.00	0.00	0.00	0.00		0.00	0.00	22.89	46.07	69.55	93.32	117.41
Treasury Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-26.32	-27.47	-27.47	-26.77	-26.77		0.00	-26.77	-26.77	-26.77	-26.77	-26.77	-26.77
Total Equity	306.33	279.91	272.63	260.15	260.14	0.00	0.00	260.14	283.03	306.21	329.69	353.46	377.55
Liability + Equity	664.12	582.51	626.13	639.36	678.27	0.00	0.00	678.27	701.16	724.34	747.82	771.59	795.68
Variance	-0.50	-0.60	0.02	-5.62	-3.98			-3.98	-3.98	-3.98	-3.98	-3.98	-3.98
Debt/Equity	0.43	0.30	0.46	0.48	0.62			0.62	0.57	0.52	0.49	0.45	0.43
Inventory Turnover	19.27	18.17	19.76	31.55	18.19			18.01	18.19	18.37	18.56	18.74	18.93
Inventory Turnover Days	18.95	20.08	18.47	11.57	20.07			20.27	20.07	19.87	19.67	19.47	19.28
Days Inventory Outstanding	26.11	26.94	23.76	14.44	24.77			25.30	24.77	24.53	24.28	24.04	23.81
Accounts Receivable Turnover	20.51	17.22	17.12	16.97	7.88			7.80	7.88	7.96	8.04	8.12	8.20
Accounts Receivable Turnover Days	17.80	21.20	21.32	21.51	46.33			46.80	46.33	45.87	45.42	44.97	44.52
Days Payable Outstanding	7.13	6.71	5.48	6.87	6.73			6.87	6.73	6.66	6.59	6.53	6.46
Days Sales Outstanding	17.80	21.20	21.32	21.51	46.33			21.51	46.80	46.33	45.87	45.42	44.97
Cash Conversion Cycle	36.78	41.43	39.60	29.09	64.38			39.94	64.84	64.20	63.56	62.93	62.31
Net tangible assets/share	\$2.05	\$1.34	\$1.22	\$0.89	\$0.92				\$1.30	\$1.69	\$2.08	\$2.48	\$2.88

	12 months ending 2009-09-30	12 months ending 2010-09-30	12 months ending 2011-09-30	12 months ending 2012-09-30	2011	2012	2013	2014	2015
Net Income	131.04	28.32	24.34	25.99	22.89	23.18	23.48	23.78	24.08
Depreciation	22.16	18.43	20.32	18.03	18.21	18.39	18.58	18.76	18.95
Net Income + Depreciation	153.20	46.75	44.66	44.02	41.10	41.57	42.05	42.54	43.03
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-61.35	13.33	15.83	12.91	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-13.09	0.79	14.65	-2.53	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-0.30	-16.44	-35.75	51.43	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-11.59	-22.53	4.70	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	-4.09	-13.81	33.07	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-5.78	-1.08	-4.55	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-0.47	1.94	4.01	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	78.46	44.43	39.39	105.83	41.10	41.57	42.05	42.54	43.03
Capital Expenditures Expenditures	-4.33	-5.57	-6.36	-5.80	-6.00	-6.00	-6.00	-6.00	-6.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-3.23	-68.39	-9.57	-38.71	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-7.56	-73.96	-15.93	-44.51	-6.00	-6.00	-6.00	-6.00	-6.00
Financing Cash flow items	-8.89	-33.36	-18.76	-20.48	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-15.41	-20.35	-20.68	-19.52	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	0.00	0.00	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	-30.23	-50.85	41.69	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-54.53	-104.56	2.25	-40.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	178.81	195.16	61.06	86.79	14.32	49.42	84.99	121.04	157.59
Net Change in Cash	16.35	-134.10	25.73	21.30	35.10	35.57	36.05	36.54	37.03
Ending Cash Balance	195.16	61.06	86.79	108.09	49.42	84.99	121.04	157.59	194.62
Capex to Revenue	0.36%	0.46%	0.40%	0.39%	0.40%	0.39%	0.39%	0.39%	0.38%
Depreciation to Sales	1.84%	1.52%	1.28%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
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	4.88%	5.81%	5.84%	5.89%	5.84%	5.78%	5.72%	5.66%	5.61%
Distributable FCF Yield	16.78%	-6.99%	5.55%	14.51%	8.31%	8.42%	8.53%	8.65%	8.76%
Dividend Yield	-5.58%	-7.37%	-7.49%	-7.07%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	89.54	59.21	53.71	119.55	35.10	35.57	36.05	36.54	37.03

SN VALUATION

LBO Debt Schedule

Ticker:

SGU

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	21.30	35.10	35.57	36.05	36.54	37.03
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	160.70	160.70	160.70	160.70	160.70	160.70
Current Portion Debt Balance	36.70	36.70	36.70	36.70	36.70	36.70
Long Term Debt Balance	124.00	124.00	124.00	124.00	124.00	124.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Expense		11.25	11.25	11.25	11.25	11.25
Cash Balance		108.09				
Interest @ 1.0%		1.08	1.08	1.08	1.08	1.08
Net Interest Expense/(Income)		10.17	10.17	10.17	10.17	10.17
Net Interest Rate		8.20%	8.20%	8.20%	8.20%	8.20%
EBITDA		45.38	45.83	46.29	46.75	47.22
EBITDA/Interest Expense Coverage		4.03	4.07	4.11	4.16	4.20

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Star Gas Partners

Ticker:

SGU

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	183.41	50.92	92.99	125.26	160.36	195.93	231.98	268.53	305.56
Total Assets	663.62	581.91	626.15	674.29	697.18	720.36	743.84	767.61	791.70
X1	0.28	0.09	0.15	0.19	0.23	0.27	0.31	0.35	0.39
Retained Earnings	0.00	0.00	0.00	0.00	22.89	46.07	69.55	93.32	117.41
Total Assets	663.62	581.91	626.15	674.29	697.18	720.36	743.84	767.61	791.70
X2	0.00	0.00	0.00	0.00	0.03	0.06	0.09	0.12	0.15
EBITDA	95.55	67.58	80.80	61.72	45.38	45.83	46.29	46.75	47.22
Total Assets	663.62	581.91	626.15	674.29	697.18	720.36	743.84	767.61	791.70
X3	0.14	0.12	0.13	0.09	0.07	0.06	0.06	0.06	0.06
Market Value of Equity	276.14	276.14	276.14	276.14	265.00	254.31	244.05	234.21	224.76
Total Liabilities	357.79	302.60	353.50	418.13	418.13	418.13	418.13	418.13	418.13
X4	0.77	0.91	0.78	0.66	0.63	0.61	0.58	0.56	0.54
Net Sales	1,206.81	1,212.78	1,591.31	1,497.59	1,512.57	1,527.69	1,542.97	1,558.40	1,573.98
Total Assets	663.62	581.91	626.15	674.29	697.18	720.36	743.84	767.61	791.70
X5	1.82	2.08	2.54	2.22	2.17	2.12	2.07	2.03	1.99
Altman Z Score	3.09	3.12	3.61	3.14	3.09	3.11	3.14	3.16	3.18

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

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