

Sung Nam
August 28, 2013

Teen Retailers: AEO, ANF, ARO, GPS, URBN

The trio of teenage retailers – Aeropostale, Abercrombie & Fitch, American Eagle were whacked last week, with stock prices falling 40% over weak results in the recent quarter and dim prospects in the back to school season. The back to school performance will be disappointing and we anticipate the stocks to fall further. However, we did see some value plays as a result of the price adjustment, in particular American Eagle. All three retailers have strong balance sheets, strong cash flow and dividends.

We included Gap and Urban Outfitters into the mix, but they are overpriced, and were not as negatively impacted as the Trio. They reported stronger results than the Trio, and are trading at levels which are out of our criteria.

With the market adjusting for the 1) tapering concerns, 2) Syrian geopolitical risk and impact on oil prices, 3) weakening retailer results i.e. Staples, 4) October budget concerns, 2nd half 2013 seems like there will be more volatility than in the 1st half. Volatility is great for traders, and is also great for value investors, who may be able to load up on shares for great businesses at reasonable prices.

Within the Trio, ANF has great margins, but too much SG&A and we don't see much merit at the current price, although it would be a good long term hold. We especially like AEO, due to the stable margins, and zero debt. We will be adding AEO in our portfolio.

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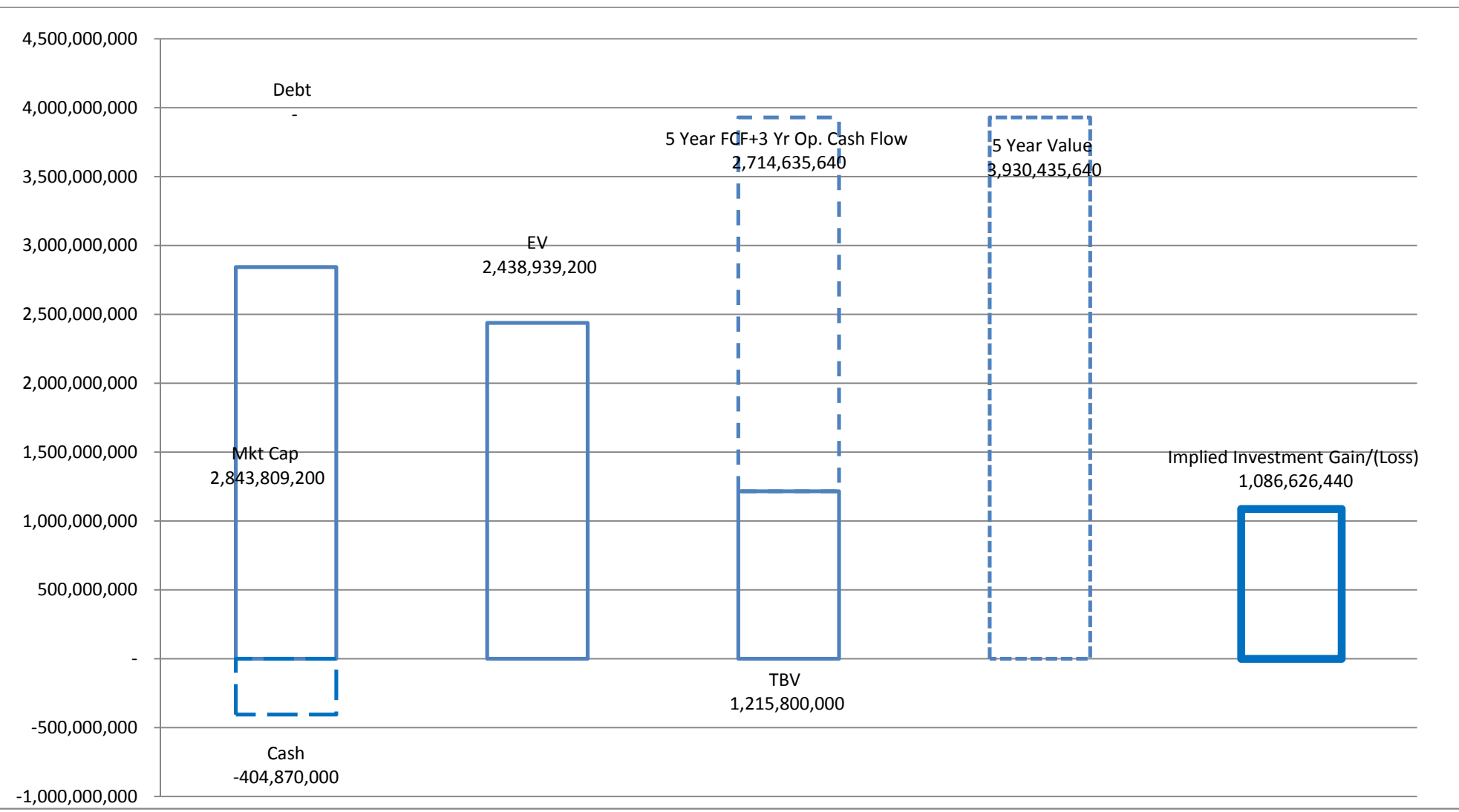
SN VALUATION [Stocks, Real Estate, Bonds]

American Eagle (AEO)

Price:	\$14.76	Net Tang. Bk Value Incl. Cash, Excl.	\$1,215,800,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$2,334,647,275.00
Market Cap:	\$2,843,809,200	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$339,329,455.00
Cash:	\$404,870,000	NTBVIC/Market Downside Recovery:	42.75%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Op. Cash Flow:	\$339,329,455	Year 5 Disposition Price:	\$3,352,635,640.00
Net Cash:	\$404,870,000	Implied Years to Fill Gap:	4.80		
Enterprise Value:	\$2,438,939,200	Today's Equity if 5x Op. CF:	\$2,233,788,365		
		Net Tang. Book+ Gain Disposition:			\$3,352,635,640.00
Shares Outstanding:	192,670,000	IRR:			3.35%
				Price:	\$17.40
				Target Market Cap:	\$3,352,635,640
				Target Enterprise Value:	\$2,947,765,640

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

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American Eagle Outfitters was founded in 1977 by brothers Jerry and Mark Silverman as a subsidiary of Retail Ventures, Inc. American eagle is the parent company of Aerie and formerly of 77 kids. American Eagle Outfitters offers a range of clothing, accessories and personal care products under the American Eagle Outfitters and aerie brands. The Company's retail stores offer denims, sweaters, fleece, outerwear, graphic T-shirts, footwear, and accessories for 15 to 25-year old men and women under the American Eagle Outfitters brand name; and intimates and personal care products for girls under the aerie brand name. As of February 2, 2013, it operated 893 American Eagle Outfitters stores and 151 aerie stand-alone stores, as well as 49 franchised stores in 13 countries. The Company also sells and ships merchandise through its e-commerce Websites, including ae.com and aerie.com to 81 countries worldwide. The Company primarily competes with various individual and chain specialty stores, as well as the casual apparel and footwear departments of department stores and discount retailers.

Company Name:	American Eagle	Market Capitalization:	\$2,843,809,200.00	Revenue:	\$3,430,000,000.00	100.0%
Ticker Symbol:	AEO	Total Debt:	\$0.00	Cost of Goods Sold:	\$2,038,790,000.00	59.4%
Last Price:	\$14.76	CH Total Cash:	\$404,870,000.00	Gross Profit:	\$1,391,210,000.00	40.6%
Net Cash/Share:	\$2.10	Net Cash/(Debt):	\$404,870,000.00	EBITDA:	\$521,760,000.00	15.2%
Net Cash to Last Price:	14.24%	Enterprise Value:	\$2,438,939,200.00	Net Income:	\$224,790,000.00	6.6%
Shares Outstanding:	192,670,000	Current EV/Share:	\$12.66			
Industry:	Apparel Stores	EBITDA:	\$648,540,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	3.76	Balance Sheet		
Institutional Ownership:	80.41%	EV/EBITDA Multiple Average Year 1-5:	5.38	Cash:	\$345,190,000.00	
Mutual Fund Ownership:	39.83%	EV/FCF Multiple (excluding acquisition):	6.42	Short Term Investment:	\$59,680,000.00	
Insider Ownership:	2.62%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	10.19	A/R:	\$32,000,000.00	
Float:	94.00%			PP&E:	\$580,000,000.00	
		Upper Range		Assets:	\$1,742,770,000.00	
		DCF: EV/EBITDA Terminal Value		A/P:	\$176,000,000.00	
				Deferred Tax:	\$0.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$1,313,852,400.00	Other Liabilities:	\$400,410,000.00	
				Short term Debt:	\$0.00	
Technicals		Enterprise Value	\$1,313,852,400.00	Long Term Debt:	\$0.00	
52 week low:	\$14.33	Cash at Year 5:	\$1,601,517,275.00	Liabilities:	\$576,410,000.00	
Today from 52 week low:	3.00%	Debt at Year 5:	\$0.00	Retained Earnings:	\$1,555,000,000.00	
52 week high:	\$23.94	Equity Value Year 5:	\$2,915,369,675.00	Paid-In Capital:	\$632,500,000.00	
Today from 52 week high:	62.20%	Equity/Share at Year 5:	\$15.13	Treasury Stock:	-\$990,000,000.00	
		Annualized Return:	0.50%	Stockholder's Equity:	\$1,226,800,000.00	
Analyst/Consensus		Lower Range				
Analyst Sales Growth FY1:	-3.40%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Cash Flow		
Analyst Sales Growth FY2:	5.70%			Net Income:	232,110,000.00	
SN Valuation Estimate FY1:	-10.00%	Year 5 Net Tangible Assets excluding cash and debt	\$16,040,000.00	Depreciation/Amortization:	128,400,000.00	
SN Valuation Estimate FY2:	0.00%			Change in Working capital:	36,510,000.00	
		Enterprise Value	\$16,040,000.00	Cash from Operating Activities:	475,060,000.00	
Analyst Earnings Estimate FY1:	\$0.89	Cash at Year 5:	\$1,601,517,275.00	Capital Expenditures:	-95,060,000.00	
Analyst Earnings Estimate FY2:	\$1.16	Debt at Year 5:	\$0.00	Cash from Investing Activities:	-191,430,000.00	
SN Valuation Earnings Est. FY1:	\$1.16	Equity Value Year 5:	\$1,617,557,275.00	Total Cash Dividends Paid:	-403,490,000.00	
SN Valuation Earnings Est. FY2:	\$1.16	Equity/Share at Year 5:	\$8.40	Issuance (Retirement) of Stock:	-101,280,000.00	
		Annualized Return:	-10.67%	Issuance (Retirement) of Debt:	-3,070,000.00	
Multiples		EVA		Cash from Financing Activities:	-494,560,000.00	
Market Value to Book:	2.32	EVA today:	\$1,433,531,867.67			
EV to Book:	1.99	EVA in 5 Years:	\$1,943,290,038.10	Profitability Margins		
Market Value to Tangible Net Assets:	177.29	EVA/Share:	\$10.09	Debt to Equity:	0.00%	
P/E Ratio:	12.65	Cash at Year 5:	\$1,601,517,275.00	Return on Assets:	15.15%	
Trailing P/E Ratio:	13.21	Debt at Year 5:	\$0.00	Return on Capital:	21.53%	
Forward P/E Ratio:	12.59	Equity Value Year 5:	\$3,544,807,313.10	Return on Equity:	21.53%	
Beta:	0.95	Equity/Share at Year 5:	\$18.40			
Dividend:	0.50	Annualized return	6.27%			
Dividend Yield:	3.42%					
Dividend Date:	Jul 11, 2013	Current Net Tangible Asset				
Ex-Dividend Date:	Jun 27, 2013	Net Tangible Asset/Share:	\$5.80			
		Net Tangible Asset/Share in Year 5:	\$11.61			
Competitors		Annualized return	14.89%			
Average EV to EBITDA:	N/A	Current Equity Price:	\$14.76			
Company EV to EBITDA:	3.76	Selling at Discount?	Premium			
Average EV to EBIT:	N/A	Appreciation Potential:	-60.71%			
Company EV to EBITA:	6.18					

SN VALUATION

LBO Pro Forma Income Statement

Name:

American Eagle

Ticker:

AEO

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	2,940.27	2,945.29	3,120.07	3,475.80	3,128.22	3,128.22	3,128.22	3,128.22	3,128.22
COGS	1,766.84	1,763.14	1,975.47	2,084.59	1,876.93	1,876.93	1,876.93	1,876.93	1,876.93
Gross margin	1,173.43	1,182.15	1,144.60	1,391.21	1,251.29	1,251.29	1,251.29	1,251.29	1,251.29
SG&A	725.28	702.92	712.59	828.55	813.34	813.34	813.34	813.34	813.34
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.00	25.39	42.52	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					100.00	100.00	100.00	100.00	100.00
Operating Income (EBITA)	448.15	479.23	406.62	520.14	337.95	337.95	337.95	337.95	337.95
Interest income/(expense)	0.01	0.01	0.00	0.00	6.31	6.31	6.31	6.31	6.31
Gain (loss) on sale of asset	-2.75	-24.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-3.27	2.25	6.55	7.43	0.00	0.00	0.00	0.00	0.00
Income before tax	304.38	317.38	275.21	402.04	344.26	344.26	344.26	344.26	344.26
Tax	90.98	121.65	99.93	137.94	120.49	120.49	120.49	120.49	120.49
Income after tax	213.40	195.73	175.28	264.10	223.77	223.77	223.77	223.77	223.77
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	213.40	195.73	175.28	264.10	223.77	223.77	223.77	223.77	223.77
* Figures are in millions (\$)									
EPS (based off today's share count)	\$1.11	\$1.02	\$0.91	\$1.37	\$1.16	\$1.16	\$1.16	\$1.16	\$1.16
P/E (historical today's price; forecasted intrinsic price)	13.33	14.53	16.22	10.77	13.13	13.57	14.03	14.50	14.98
Revenue Growth	N/A	0.17%	5.93%	11.40%	-10.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	29.89%	38.33%	36.31%	34.31%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.03%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	60.09%	59.86%	63.31%	59.97%	60.00%	60.00%	60.00%	60.00%	60.00%
Gross margin	39.91%	40.14%	36.69%	40.03%	40.00%	40.00%	40.00%	40.00%	40.00%
SG&A	24.67%	23.87%	22.84%	23.84%	26.00%	26.00%	26.00%	26.00%	26.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.81%	1.22%	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%	3.20%	3.20%	3.20%	3.20%	3.20%
Operating Income (EBITA)	15.24%	16.27%	13.03%	14.96%	10.80%	10.80%	10.80%	10.80%	10.80%
Interest income/(expense)	0.00%	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%	0.20%	0.20%
Gain (loss) on sale of asset	-0.09%	-0.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.11%	0.08%	0.21%	0.21%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	10.35%	10.78%	8.82%	11.57%	11.01%	11.01%	11.01%	11.01%	11.01%
Tax	3.09%	4.13%	3.20%	3.97%	3.85%	3.85%	3.85%	3.85%	3.85%
Income after tax	7.26%	6.65%	5.62%	7.60%	7.15%	7.15%	7.15%	7.15%	7.15%
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	7.26%	6.65%	5.62%	7.60%	7.15%	7.15%	7.15%	7.15%	7.15%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	144.39	122.58	548.72	257.19	345.19			345.19	584.52	823.85	1,063.18	1,302.51	1,541.84
Short term investment	554.24	612.12	196.32	373.80	59.68			59.68	59.68	59.68	59.68	59.68	59.68
Cash and Short term	698.63	734.70	745.04	630.99	404.87			404.87	644.20	883.53	1,122.86	1,362.19	1,601.52
Accounts Receivable	9.86	9.72	22.06	31.40	32.00			32.00	32.00	32.00	32.00	32.00	32.00
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	9.86	9.72	22.06	31.40	32.00			32.00	32.00	32.00	32.00	32.00	32.00
Total Inventory	326.45	301.21	367.51	332.45	461.08			461.08	461.08	461.08	461.08	461.08	461.08
Prepaid Expenses	47.04	53.73	74.95	73.81	115.59			115.59	115.59	115.59	115.59	115.59	115.59
Other Current Assets	60.16	48.06	59.67	58.23	46.48			46.48	46.48	46.48	46.48	46.48	46.48
Current Assets	1,142.14	1,147.42	1,269.23	1,126.88	1,060.02	0.00	0.00	1,060.02	1,299.35	1,538.68	1,778.01	2,017.34	2,256.67
PP&E, Gross	1,394.81	1,432.80	1,458.52	0.00	1,460.00			1,460.00	1,560.00	1,660.00	1,760.00	1,860.00	1,960.00
Change in Depreciation	139.83	141.66	140.50	128.40	128.40			128.40	115.56	115.56	115.56	115.56	115.56
Accumulated Depreciation	681.66	789.68	876.36	0.00	880.00			880.00	995.56	1,111.12	1,226.68	1,342.24	1,457.80
PP&E, Net	713.15	643.12	582.16	0.00	580.00			580.00	564.44	548.88	533.32	517.76	502.20
Goodwill	11.21	11.47	11.47	11.48	11.00	0.00		11.00	11.00	11.00	11.00	11.00	11.00
Intangibles	0.00	7.49	39.83	38.14	38.00			38.00	38.00	38.00	38.00	38.00	38.00
Long term investments	197.77	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	48.99	43.51	29.85	55.00	53.75			53.75	53.75	53.75	53.75	53.75	53.75
Long Term Assets	971.12	705.59	663.31	104.62	682.75	0.00	0.00	682.75	667.19	651.63	636.07	620.51	604.95
Total Assets	2,113.26	1,853.01	1,932.54	1,231.50	1,742.77	0.00	0.00	1,742.77	1,966.54	2,190.31	2,414.08	2,637.85	2,861.62
Accounts Payable	158.53	167.72	183.78	176.87	176.00			176.00	176.00	176.00	176.00	176.00	176.00
Accrued Expense	163.40	146.34	164.52	189.86	189.00			189.00	189.00	189.00	189.00	189.00	189.00
Other current Liabilities	57.03	73.77	57.10	69.16	51.74			51.74	51.74	51.74	51.74	51.74	51.74
Total Current Liabilities	378.96	387.83	405.40	435.89	416.74	0.00	0.00	416.74	416.74	416.74	416.74	416.74	416.74
Notes Payables/Short Term Debt	30.00	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	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	30.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	150.68	141.09	128.55	98.96	159.67			159.67	159.67	159.67	159.67	159.67	159.67
Total Liabilities	559.64	528.92	533.95	534.85	576.41	0.00	0.00	576.41	576.41	576.41	576.41	576.41	576.41
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	2.49	2.50	2.50	2.50	2.50		0.00	2.50	2.50	2.50	2.50	2.50	2.50
Additional Paid-in capital	554.40	546.60	552.80	627.07	630.00	0.00	0.00	630.00	630.00	630.00	630.00	630.00	630.00
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	1,764.05	1,711.93	1,771.46	1,553.06	1,555.00			1,555.00	1,778.77	2,002.54	2,226.31	2,450.08	2,673.85
Treasury Stock	-759.25	-938.02	-938.57	-990.73	-990.00		0.00	-990.00	-990.00	-990.00	-990.00	-990.00	-990.00
Other Equity	23.24	28.07	28.66	29.30	29.30		0.00	29.30	29.30	29.30	29.30	29.30	29.30
Total Equity	1,584.93	1,351.08	1,416.85	1,221.20	1,226.80	0.00	0.00	1,226.80	1,450.57	1,674.34	1,898.11	2,121.88	2,345.65
Liability + Equity	2,144.57	1,880.00	1,950.80	1,756.05	1,803.21	0.00	0.00	1,803.21	2,026.98	2,250.75	2,474.52	2,698.29	2,922.06
Variance	-31.31	-26.99	-18.26	-524.55	-60.44			-60.44	-60.44	-60.44	-60.44	-60.44	-60.44
Debt/Equity	0.02	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	9.01	9.78	8.49	10.46	6.78			7.54	6.78	6.78	6.78	6.78	6.78
Inventory Turnover Days	40.52	37.33	42.99	34.91	53.80			48.42	53.80	53.80	53.80	53.80	53.80
Days Inventory Outstanding	67.44	62.36	67.90	58.21	89.66			80.73	89.66	89.66	89.66	89.66	89.66
Accounts Receivable Turnover	298.20	303.01	141.44	110.69	97.76			108.62	97.76	97.76	97.76	97.76	97.76
Accounts Receivable Turnover Days	1.22	1.20	2.58	3.30	3.73			3.36	3.73	3.73	3.73	3.73	3.73
Days Payable Outstanding	32.75	34.72	33.96	30.97	34.23			30.82	34.23	34.23	34.23	34.23	34.23
Days Sales Outstanding	1.22	1.20	2.58	3.30	3.73			3.30	3.36	3.73	3.73	3.73	3.73
Cash Conversion Cycle	35.91	28.84	36.53	30.54	59.17			53.21	58.80	59.17	59.17	59.17	59.17
Net tangible assets/share	\$8.17	\$6.91	\$7.09	\$6.08	\$6.11				\$7.27	\$8.44	\$9.60	\$10.76	\$11.92

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

AEO

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	169.02	140.65	151.71	232.11	223.77	223.77	223.77	223.77	223.77
Depreciation	139.83	141.66	140.50	128.40	115.56	115.56	115.56	115.56	115.56
Net Income + Depreciation	308.85	282.31	292.21	360.51	339.33	339.33	339.33	339.33	339.33
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-36.03	11.88	4.21	-31.42	0.00	0.00	0.00	0.00	0.00
Non Cash Items	80.48	79.93	15.79	109.46	0.00	0.00	0.00	0.00	0.00
Change in Working capital	33.16	7.04	15.79	36.51	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.14	-12.34	-9.34	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	25.24	-66.30	35.06	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-6.69	-21.22	1.14	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	9.19	16.06	-6.91	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	386.46	381.16	239.26	475.06	339.33	339.33	339.33	339.33	339.33
Capital Expenditures Expenditures	-129.08	-78.70	-123.65	-95.06	-100.00	-100.00	-100.00	-100.00	-100.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	80.01	106.31	36.27	-96.37	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-49.07	27.61	-87.38	-191.43	-100.00	-100.00	-100.00	-100.00	-100.00
Financing Cash flow items	1.40	6.07	0.37	13.28	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-82.98	-183.17	-85.59	-403.49	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	8.80	-226.84	-12.25	-101.28	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	-47.02	-32.59	-3.26	-3.07	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-119.80	-436.53	-100.73	-494.56	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	3.03	1.39	0.80	0.50	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	-220.62	0.00	0.00	0.00	345.19	584.52	823.85	1,063.18	1,302.51
Net Change in Cash	220.62	-26.37	51.95	-210.43	239.33	239.33	239.33	239.33	239.33
Ending Cash Balance	0.00	0.00	51.95	-210.43	584.52	823.85	1,063.18	1,302.51	1,541.84
Capex to Revenue	4.39%	2.67%	3.96%	2.73%	3.20%	3.20%	3.20%	3.20%	3.20%
Depreciation to Sales	4.76%	4.81%	4.50%	3.69%	3.69%	3.69%	3.69%	3.69%	3.69%
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	0.34%	0.33%	0.71%	0.90%	1.00%	1.00%	1.00%	1.00%	1.00%
Distributable FCF/EV Yield	13.83%	16.76%	6.23%	11.63%	9.81%	9.81%	9.81%	9.81%	9.81%
Dividend Yield	-2.92%	-6.44%	-3.01%	-14.19%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	340.36	485.63	201.20	763.49	239.33	239.33	239.33	239.33	239.33

SN VALUATION

LBO Debt Schedule

Ticker:

AEO

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-210.43	239.33	239.33	239.33	239.33	239.33
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		630.99				
Interest @ 1.0%		6.31	6.31	6.31	6.31	6.31
Net Interest Expense/(Income)		(6.31)	(6.31)	(6.31)	(6.31)	(6.31)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		337.95	337.95	337.95	337.95	337.95
EBITDA/Interest Expense Coverage		N/A	N/A	N/A	N/A	N/A

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

American Eagle

Ticker:

AEO

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	763.18	759.59	863.83	643.28	882.61	1,121.94	1,361.27	1,600.60	1,839.93
Total Assets	2,113.26	1,853.01	1,932.54	1,742.77	1,966.54	2,190.31	2,414.08	2,637.85	2,861.62
X1	0.36	0.41	0.45	0.37	0.45	0.51	0.56	0.61	0.64
Retained Earnings	1,764.05	1,711.93	1,771.46	1,555.00	1,778.77	2,002.54	2,226.31	2,450.08	2,673.85
Total Assets	2,113.26	1,853.01	1,932.54	1,742.77	1,966.54	2,190.31	2,414.08	2,637.85	2,861.62
X2	0.83	0.92	0.92	0.89	0.90	0.91	0.92	0.93	0.93
EBITDA	448.15	479.23	406.62	520.14	437.95	437.95	437.95	437.95	437.95
Total Assets	2,113.26	1,853.01	1,932.54	1,742.77	1,966.54	2,190.31	2,414.08	2,637.85	2,861.62
X3	0.21	0.26	0.21	0.30	0.22	0.20	0.18	0.17	0.15
Market Value of Equity	2,843.81	2,843.81	2,843.81	2,843.81	2,938.99	3,037.35	3,139.00	3,244.06	3,352.64
Total Liabilities	559.64	528.92	533.95	576.41	576.41	576.41	576.41	576.41	576.41
X4	5.08	5.38	5.33	4.93	5.10	5.27	5.45	5.63	5.82
Net Sales	2,940.27	2,945.29	3,120.07	3,475.80	3,128.22	3,128.22	3,128.22	3,128.22	3,128.22
Total Assets	2,113.26	1,853.01	1,932.54	1,742.77	1,966.54	2,190.31	2,414.08	2,637.85	2,861.62
X5	1.39	1.59	1.61	1.99	1.59	1.43	1.30	1.19	1.09
Altman Z Score	6.74	7.45	7.32	7.63	7.19	7.14	7.13	7.14	7.17

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

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
Tangible Book Value	1,215.80	1,439.57	1,663.34	1,887.11	2,110.88	2,334.65				2,334.65
Annual Change		223.77	223.77	223.77	223.77	223.77				
Annual FCF	380.00	239.33	239.33	239.33	239.33	239.33	239.33	239.33	239.33	717.99
Annual Op. Cash Flow	475.06	339.33	339.33	339.33	339.33	339.33	339.33	339.33	339.33	
Annual PP&E Investment	(95.06)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	
Today's Tangible Book Value	1,215.80	1,385.27	1,578.36	1,798.36	2,049.04	2,334.65				3,052.64
Intrinsic Value IRR	13.94%									
Market Price	2,843.81	2,884.40	2,925.57	2,967.33	3,009.68	3,052.64				3,052.64
Market Price IRR	1.43%									

Debt	50.00%	1,421.90
Equity	50.00%	1,421.90
Total	100.00%	2,843.81

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	1226.8	1,421.90	1,613.85	1,805.79	1,997.73	2,189.67	2,381.61			
Goodwill	11	1,628.01	1,628.01	1,628.01	1,628.01	1,628.01	1,628.01			
Debt	0	1,421.90	1,421.90	1,421.90	1,421.90	1,421.90	1,421.90			
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%			
Additional Interest Expense		48.97	48.97	48.97	48.97	48.97				
Tangible Book Value	1215.8	-206.10	-14.16	177.78	369.72	561.66	753.60			753.60
Annual Change			191.94	191.94	191.94	191.94	191.94			
Annual FCF	380.00	207.50	207.50	207.50	207.50	207.50	207.50	207.50	207.50	622.50
Annual Net Income	264.10	191.94	191.94	191.94	191.94	191.94	191.94	191.94	191.94	
Annual Op. Cash Flow	475.06	307.50	307.50	307.50	307.50	307.50	307.50	307.50	307.50	
Dividend Payments										
Annual PP&E Investment	(95.06)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	
Debt Paydown	0.00						0.00	0.00	0.00	

Sale Price in Year 5 1,376.10

Capital Left for Equity Investor 1,376.10
 Dividend Payments 0.00
 Total Cash In Flow 1,376.10

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity 1,421.90
 IRR -0.65%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 959.70
 Cash Flow (Year 6-8) 622.50
1,582.21

Value Dilution
 Debt 1,421.90
 Goodwill 1,617.01
 Additional Interest 244.84
3,283.75

August 28, 2013

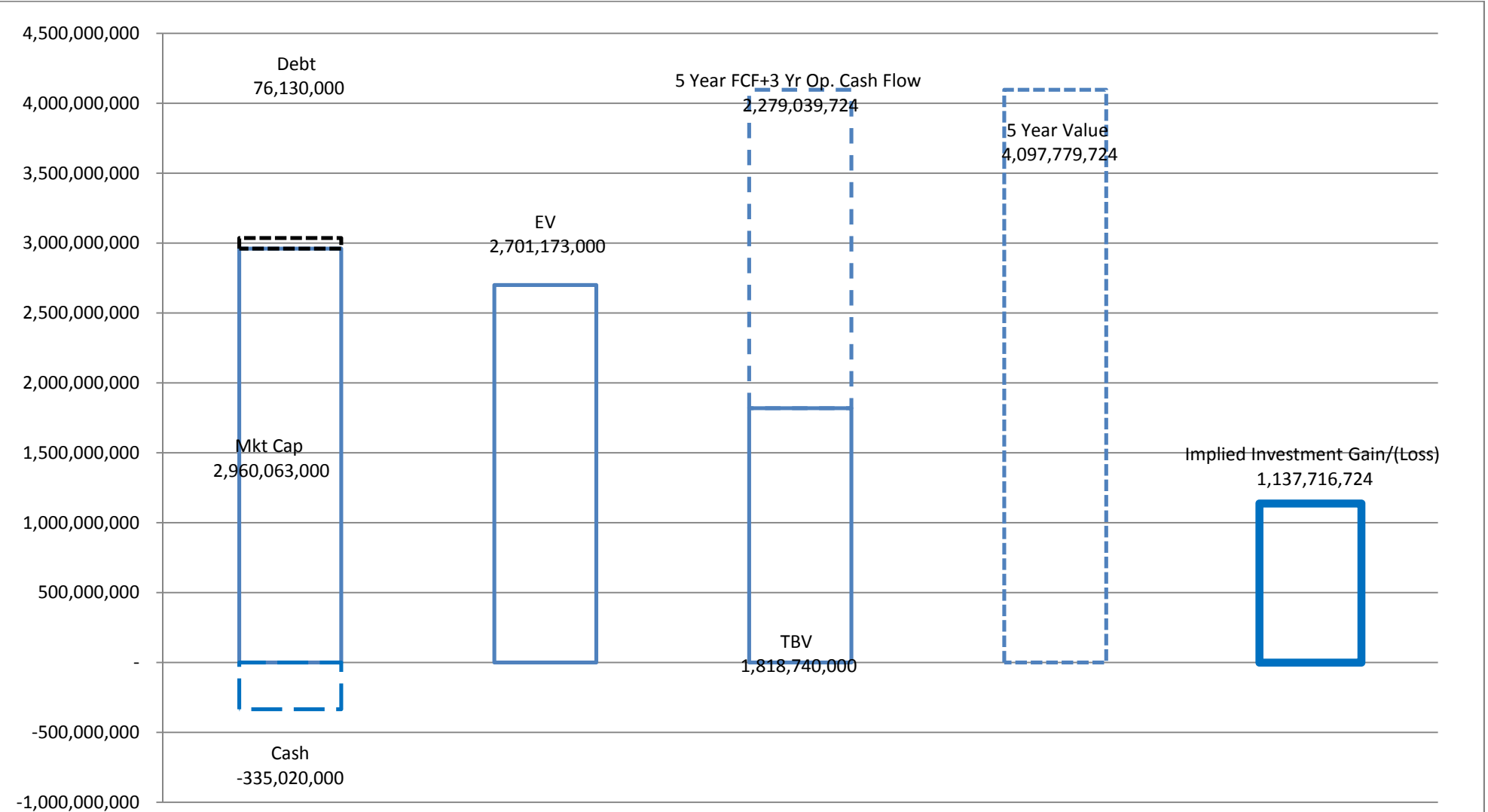
SN VALUATION [Stocks, Real Estate, Bonds]

Abercrombie & Fitch (ANF)

Price:	\$37.78	Net Tang. Bk Value Incl. Cash, Excl.	\$1,818,740,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$2,234,014,827.50
Market Cap:	\$2,960,063,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$284,879,965.50
Cash:	\$335,020,000	NTBVIC/Market Downside Recovery:	61.44%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$76,130,000	Op. Cash Flow:	\$284,879,966	Year 5 Disposition Price:	\$3,088,654,724.00
Net Cash:	\$258,890,000	Implied Years to Fill Gap:	4.01		
Enterprise Value:	\$2,701,173,000	Today's Equity if 5x Op. CF:	\$2,673,379,897		
		Net Tang. Book+ Gain Disposition:			\$3,088,654,724.00
Shares Outstanding:	78,350,000	IRR:			0.85%
				Price:	\$39.42
				Target Market Cap:	\$3,088,654,724
				Target Enterprise Value:	\$2,829,764,724

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

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Abercrombie & Fitch Company was incorporated in Delaware in 1996. The Company is a specialty retailer, which operates stores and direct-to-consumer operations. Through these channels it sells products, including casual sportswear apparel, including knit and woven shirts, graphic t-shirts, fleece, jeans and woven pants, shorts, sweaters, and outerwear; personal care products; and accessories for men, women and kids under the Abercrombie & Fitch, abercrombie kids, and Hollister brands. It also operates stores and direct-to-consumer operations offering bras, underwear, personal care products, sleepwear and at-home products for girls under the Gilly Hicks brand. As of February 2, 2013, the Company operated approximately 912 stores in the United States and 139 stores outside of the U.S. The Company operates in three reportable segments: U.S. Stores, International Stores and Direct-to-Consumer. Rooted in East Coast traditions and Ivy League heritage, Abercrombie & Fitch is the essence of privilege and casual luxury. The Adirondacks supply a clean and rugged inspiration to this youthful All-American lifestyle. Idolized and respected, Abercrombie & Fitch is timeless, and always cool. The essence of privilege and prestigious East Coast prep schools, abercrombie directly follows in the footsteps of Abercrombie & Fitch. With a flirtatious and energetic attitude, abercrombie is popular, wholesome and athletic. Rugged and casual with a vintage inspired style, abercrombie aspires to be like its older sibling, Abercrombie & Fitch. The perfect combination of maturity and mischief, abercrombie is the signature of All-American cool. Hollister is the fantasy of Southern California. Young, spirited, with a sense of humor, Hollister never takes itself too seriously. The laidback lifestyle and wholesome image combine to give Hollister an energy that's effortlessly cool. Hollister brings Southern California to the world. Gilly Hicks is the cheeky cousin of Abercrombie & Fitch, inspired by the free spirit of Sydney, Australia. Gilly makes cute bras and underwear for the young, naturally beautiful and always confident girl. Classic and vibrant with a little tomboy sexiness, Gilly never takes herself too seriously. Gilly Hicks is the All-American brand with a Sydney sensibility. Though each of the Company's brands embodies its own heritage and handwriting, they share common elements and characteristics. The brands are classic, casual, confident, intelligent, privileged and possess a sense of humor. A majority of the Company's merchandise is shipped to the Company's two distribution centers in New Albany, Ohio where they are received and inspected. The Abercrombie & Fitch, abercrombie, Hollister, Gilly Hicks, Moose and Seagull trademarks have been registered with the U.S. Patent and Trademark Office and the registries of countries where stores are located. It competes with individual and chain fashion specialty stores as well as regional and national department stores.

Company Name:		Abercrombie & Fitch		Market Capitalization:		\$2,960,063,000.00		Revenue:		\$4,420,000,000.00		100.0%	
Ticker Symbol:	ANF	Total Debt:	\$76,130,000.00	Cost of Goods Sold:	\$1,603,290,000.00	36.3%		Gross Profit:	\$2,816,710,000.00	63.7%		EBITDA:	
Last Price:	\$37.78	Enterprise Value:	\$2,701,173,000.00	Net Income:	\$245,430,000.00	5.6%		Net Income:					
Net Cash/Share:	\$3.30	Current EV/Share:	\$34.48	EBITDA:				Net Income:					
Net Cash to Last Price:	8.75%	EBITDA:	\$596,760,000.00	EBITDA:				Net Income:					
Shares Outstanding:	78,350,000	EV/EBITDA Multiple:	4.53	EBITDA:				Net Income:					
Industry:	Apparel Stores	EV/EBITDA Multiple Average Year 1-5:	8.35	EBITDA:				Net Income:					
Sector:	Consumer Cyclical	EV/FCF Multiple (excluding acquisition):	7.84	EBITDA:				Net Income:					
Institutional Ownership:	#VALUE!	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	77.44	EBITDA:				Net Income:					
Mutual Fund Ownership:	53.44%	Upper Range		DCF: EV/EBITDA Terminal Value				Net Income:					
Insider Ownership:	2.03%	Implied TV from 3 X EV/EBITDA Multiple		\$365,375,610.00				Net Income:					
Float:	83.00%	Enterprise Value		\$365,375,610.00				Net Income:					
Technicals		Cash at Year 5:		\$509,419,827.50				Net Income:					
52 week low:	\$30.06	Debt at Year 5:		\$76,130,000.00				Net Income:					
Today from 52 week low:	25.68%	Equity Value Year 5:		\$798,665,437.50				Net Income:					
52 week high:	\$55.23	Equity/Share at Year 5:		\$10.19				Net Income:					
Today from 52 week high:	46.19%	Annualized Return:		-23.05%				Net Income:					
Analyst/Consensus		Lower Range		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value				Net Income:					
Analyst Sales Growth FY1:	-3.40%	Year 5 Net Tangible Assets excluding cash and debt		-\$69,530,000.00				Net Income:					
Analyst Sales Growth FY2:	6.10%	Enterprise Value		-\$69,530,000.00				Net Income:					
SN Valuation Estimate FY1:	-10.00%	Cash at Year 5:		\$509,419,827.50				Net Income:					
SN Valuation Estimate FY2:	0.00%	Debt at Year 5:		\$76,130,000.00				Net Income:					
Analyst Earnings Estimate FY1:		Equity Value Year 5:		\$363,759,827.50				Net Income:					
Analyst Earnings Estimate FY2:	\$2.38	Equity/Share at Year 5:		\$4.64				Net Income:					
SN Valuation Earnings Est. FY1:	\$1.06	Annualized Return:		-34.25%				Net Income:					
SN Valuation Earnings Est. FY2:	\$1.06	EVA						Net Income:					
Multiples		EVA today:		\$1,853,636,464.83				Net Income:					
Market Value to Book:	1.63	EVA in 5 Years:		\$1,405,040,864.82				Net Income:					
EV to Book:	1.49	EVA/Share:		\$17.93				Net Income:					
Market Value to Tangible Net Assets:	-22.18	Cash at Year 5:		\$509,419,827.50				Net Income:					
P/E Ratio:	12.06	Debt at Year 5:		\$76,130,000.00				Net Income:					
Trailing P/E Ratio:	11.92	Equity Value Year 5:		\$1,838,330,692.32				Net Income:					
Forward P/E Ratio:	10.90	Equity/Share at Year 5:		\$23.46				Net Income:					
Beta:	1.73	Annualized return		-5.39%				Net Income:					
Dividend:	0.80	Current Net Tangible Asset						Net Income:					
Dividend Yield:	2.22%	Net Tangible Asset/Share:		\$20.87				Net Income:					
Dividend Date:	Jun 17, 2013	Net Tangible Asset/Share in Year 5:		\$26.17				Net Income:					
Ex-Dividend Date:	May 30, 2013	Annualized return		4.63%				Net Income:					
Competitors		Current Equity Price:		\$37.78				Net Income:					
Average EV to EBITDA:	N/A	Selling at Discount?		Premium				Net Income:					
Company EV to EBITDA:	4.53	Appreciation Potential:		-44.77%				Net Income:					
Average EV to EBIT:	N/A	Copyright SN Valuation All Rights Reserved		www.snvaluation.com				Net Income:					
Company EV to EBITA:	7.22							Net Income:					

Income Statement

Balance Sheet

Cash Flow

Profitability Margins

SN VALUATION

LBO Pro Forma Income Statement

Name:

Abercrombie & Fitch

Ticker:

ANF

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	2,928.63	3,468.78	4,158.06	4,510.81	4,059.73	4,059.73	4,059.73	4,059.73	4,059.73
COGS	1,045.03	1,251.35	1,607.83	1,694.10	1,542.70	1,542.70	1,542.70	1,542.70	1,542.70
Gross margin	1,883.60	2,217.43	2,550.23	2,816.71	2,517.03	2,517.03	2,517.03	2,517.03	2,517.03
SG&A	1,746.02	1,935.31	2,225.77	2,454.41	2,335.24	2,335.24	2,335.24	2,335.24	2,335.24
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	42.40	55.00	101.60	7.40	0.00	0.00	0.00	0.00	0.00
Other operating expense	-22.73	-10.06	6.17	-17.61	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)	117.91	237.18	218.69	372.51	121.79	121.79	121.79	121.79	121.79
Interest income/(expense)	1.60	-3.59	-3.59	-7.30	5.99	5.99	5.99	5.99	5.99
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	0.14	0.02	0.01	0.00	0.00	0.00	0.00	0.00
Income before tax	119.51	233.62	217.81	366.94	127.78	127.78	127.78	127.78	127.78
Tax	40.56	78.11	74.67	129.93	44.72	44.72	44.72	44.72	44.72
Income after tax	78.95	155.71	143.14	237.01	83.05	83.05	83.05	83.05	83.05
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	78.95	155.71	143.14	237.01	83.05	83.05	83.05	83.05	83.05
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.01	\$1.99	\$1.83	\$3.03	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06
P/E (historical today's price; forecasted intrinsic price)	37.49	19.01	20.68	12.49	35.94	36.25	36.56	36.87	37.19
Revenue Growth	N/A	18.44%	19.87%	8.48%	-10.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	33.94%	33.41%	34.28%	35.41%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	2.25%	-5.10%	-6.21%	-11.42%	NA	NA	NA	NA	NA
Margins									
COGS	35.68%	36.07%	38.67%	37.56%	38.00%	38.00%	38.00%	38.00%	38.00%
Gross margin	64.32%	63.93%	61.33%	62.44%	62.00%	62.00%	62.00%	62.00%	62.00%
SG&A	59.62%	55.79%	53.48%	54.41%	59.00%	59.00%	59.00%	59.00%	59.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	1.45%	1.59%	2.44%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	-0.78%	-0.29%	0.15%	-0.39%	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)	4.03%	6.84%	5.26%	8.26%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest income/(expense)	0.05%	-0.10%	-0.09%	-0.16%	0.15%	0.15%	0.15%	0.15%	0.15%
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	4.08%	6.74%	5.24%	8.13%	3.15%	3.15%	3.15%	3.15%	3.15%
Tax	1.38%	2.25%	1.80%	2.88%	1.10%	1.10%	1.10%	1.10%	1.10%
Income after tax	2.70%	4.49%	3.44%	5.25%	2.05%	2.05%	2.05%	2.05%	2.05%
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	2.70%	4.49%	3.44%	5.25%	2.05%	2.05%	2.05%	2.05%	2.05%

						Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	+	-						
Cash	669.95	826.35	583.49	643.50	335.02			335.02	369.90	404.78	439.66	474.54	509.42
Short term investment	32.36	0.00	84.65	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	702.31	826.35	668.14	643.50	335.02			335.02	369.90	404.78	439.66	474.54	509.42
Accounts Receivable	90.86	74.78	89.35	99.62	100.00			100.00	100.00	100.00	100.00	100.00	100.00
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	90.86	74.78	89.35	99.62	100.00			100.00	100.00	100.00	100.00	100.00	100.00
Total Inventory	310.64	385.86	679.93	426.96	633.48			633.48	633.48	633.48	633.48	633.48	633.48
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	121.87	139.79	120.22	137.74	154.68			154.68	154.68	154.68	154.68	154.68	154.68
Current Assets	1,225.68	1,426.78	1,557.64	1,307.82	1,223.18	0.00	0.00	1,223.18	1,258.06	1,292.94	1,327.82	1,362.70	1,397.58
PP&E, Gross	2,362.49	2,461.23	2,655.22	0.00	2,655.00			2,655.00	2,905.00	3,155.00	3,405.00	3,655.00	3,905.00
Change in Depreciation	238.75	229.15	232.96	224.25	224.25			224.25	201.83	201.83	201.83	201.83	201.83
Accumulated Depreciation	1,118.47	1,306.47	1,457.95	0.00	1,458.00			1,458.00	1,659.83	1,861.65	2,063.48	2,265.30	2,467.13
PP&E, Net	1,244.02	1,154.76	1,197.27	0.00	1,197.00			1,197.00	1,245.18	1,293.35	1,341.53	1,389.70	1,437.88
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	7.56	31.76	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	141.79	100.53	14.86	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	210.37	251.78	315.49	371.35	373.93			373.93	373.93	373.93	373.93	373.93	373.93
Long Term Assets	1,596.18	1,514.63	1,559.38	371.35	1,570.93			1,570.93	1,619.11	1,667.28	1,715.46	1,763.63	1,811.81
Total Assets	2,821.86	2,941.41	3,117.02	1,679.17	2,794.11	0.00	0.00	2,794.11	2,877.16	2,960.22	3,043.27	3,126.33	3,209.38
Accounts Payable	150.13	137.24	211.37	140.40	140.00			140.00	140.00	140.00	140.00	140.00	140.00
Accrued Expense	246.29	259.54	300.94	398.87	400.00			400.00	400.00	400.00	400.00	400.00	400.00
Other current Liabilities	52.95	155.59	187.10	151.54	76.73			76.73	76.73	76.73	76.73	76.73	76.73
Total Current Liabilities	449.37	552.37	699.41	690.81	616.73	0.00	0.00	616.73	616.73	616.73	616.73	616.73	616.73
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	15.00			15.00	15.00	15.00	15.00	15.00	15.00
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	71.21	68.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	57.85	63.94	61.13			61.13	61.13	61.13	61.13	61.13	61.13
Total Interest Earning Debt	71.21	68.57	57.85	63.94	76.13	0.00	0.00	76.13	76.13	76.13	76.13	76.13	76.13
Deferred Income tax	47.14	33.52	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	426.22	396.19	428.44	414.39	466.32			466.32	466.32	466.32	466.32	466.32	466.32
Total Liabilities	993.94	1,050.65	1,185.70	1,169.14	1,159.18	0.00	0.00	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18
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	1.03	1.03	1.03	1.03	1.03		0.00	1.03	1.03	1.03	1.03	1.03	1.03
Additional Paid-in capital	339.45	349.26	369.17	403.27	403.00	0.00	0.00	403.00	403.00	403.00	403.00	403.00	403.00
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	2,183.69	2,272.32	2,389.61	2,567.26	2,568.00			2,568.00	2,651.05	2,734.11	2,817.16	2,900.22	2,983.27
Treasury Stock	-687.29	-725.31	-834.77	-1,140.01	-1,140.00		0.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00
Other Equity	-8.97	-6.52	6.29	-13.29	-13.29		0.00	-13.29	-13.29	-13.29	-13.29	-13.29	-13.29
Total Equity	1,827.91	1,890.78	1,931.33	1,818.26	1,818.74	0.00	0.00	1,818.74	1,901.79	1,984.85	2,067.90	2,150.96	2,234.01
Liability + Equity	2,821.85	2,941.43	3,117.03	2,987.40	2,977.92	0.00	0.00	2,977.92	3,060.97	3,144.03	3,227.08	3,310.14	3,393.19
Variance	0.01	-0.02	-0.01	-1,308.23	-183.81			-183.81	-183.81	-183.81	-183.81	-183.81	-183.81
Debt/Equity	0.04	0.04	0.03	0.04	0.04			0.04	0.04	0.04	0.04	0.04	0.03
Inventory Turnover	9.43	8.99	6.12	10.56	6.41			7.12	6.41	6.41	6.41	6.41	6.41
Inventory Turnover Days	38.72	40.60	59.69	34.55	56.95			51.26	56.95	56.95	56.95	56.95	56.95
Days Inventory Outstanding	108.50	112.55	154.35	91.99	149.88			136.49	149.88	149.88	149.88	149.88	149.88
Accounts Receivable Turnover	32.23	46.39	46.54	45.28	40.60			45.11	40.60	40.60	40.60	40.60	40.60
Accounts Receivable Turnover Days	11.32	7.87	7.84	8.06	8.99			8.09	8.99	8.99	8.99	8.99	8.99
Days Payable Outstanding	52.44	40.03	47.98	30.25	33.12			30.16	33.12	33.12	33.12	33.12	33.12
Days Sales Outstanding	11.32	7.87	7.84	8.06	8.99			8.06	8.09	8.99	8.99	8.99	8.99
Cash Conversion Cycle	67.39	80.39	114.21	69.80	125.75			114.38	124.85	125.75	125.75	125.75	125.75
Net tangible assets/share	\$23.33	\$24.04	\$24.24	\$23.21	\$23.21			\$24.27	\$25.33	\$26.39	\$27.45	\$28.51	\$28.51

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

ANF

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	0.25	155.71	143.93	237.01	83.05	83.05	83.05	83.05	83.05
Depreciation	238.75	229.15	232.96	224.25	201.83	201.83	201.83	201.83	201.83
Net Income + Depreciation	239.00	384.86	376.89	461.26	284.88	284.88	284.88	284.88	284.88
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	7.61	-28.00	-31.25	-21.54	0.00	0.00	0.00	0.00	0.00
Non Cash Items	126.20	84.15	146.42	44.66	0.00	0.00	0.00	0.00	0.00
Change in Working capital	22.67	-49.22	-126.84	199.80	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	16.08	-14.57	-10.27	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	-75.22	-294.07	252.97	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-12.89	74.13	-70.97	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	395.48	391.79	365.22	684.18	284.88	284.88	284.88	284.88	284.88
Capital Expenditures Expenditures	-175.47	-160.94	-318.60	-339.86	-250.00	-250.00	-250.00	-250.00	-250.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	63.91	67.96	-22.09	92.62	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-111.56	-92.98	-340.69	-247.24	-250.00	-250.00	-250.00	-250.00	-250.00
Financing Cash flow items	0.00	0.00	4.82	1.20	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-61.50	-61.66	-60.96	-57.63	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	2.05	-62.22	-150.07	-318.99	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	-76.60	-21.46	-59.12	-4.65	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-136.05	-145.34	-265.33	-380.07	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	3.40	2.92	-2.06	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	332.34	483.62	525.73	209.02	335.02	369.90	404.78	439.66	474.54
Net Change in Cash	151.28	156.40	-242.86	60.01	34.88	34.88	34.88	34.88	34.88
Ending Cash Balance	483.62	525.73	282.87	269.03	369.90	404.78	439.66	474.54	509.42
Capex to Revenue	5.99%	4.64%	7.66%	7.53%	6.16%	6.16%	6.16%	6.16%	6.16%
Depreciation to Sales	8.15%	6.61%	5.60%	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%
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	3.10%	2.16%	2.15%	2.21%	2.45%	2.45%	2.45%	2.45%	2.45%
Distributable FCF/EV Yield	10.51%	11.06%	0.91%	16.18%	1.29%	1.29%	1.29%	1.29%	1.29%
Dividend Yield	-2.08%	-2.06%	-2.06%	-1.95%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	281.51	292.51	107.58	401.95	34.88	34.88	34.88	34.88	34.88

SN VALUATION

LBO Debt Schedule

Ticker:

ANF

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	60.01	34.88	34.88	34.88	34.88	34.88
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	15.00	15.00	15.00	15.00	15.00	15.00
Current Portion Debt Balance	15.00	15.00	15.00	15.00	15.00	15.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		0.45	0.45	0.45	0.45	0.45
Cash Balance		643.50				
Interest @ 1.0%		6.44	6.44	6.44	6.44	6.44
Net Interest Expense/(Income)		(5.99)	(5.99)	(5.99)	(5.99)	(5.99)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		121.79	121.79	121.79	121.79	121.79
EBITDA/Interest Expense Coverage		270.65	270.65	270.65	270.65	270.65

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Abercrombie & Fitch

Ticker:

ANF

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	776.31	874.41	858.23	606.45	641.33	676.21	711.09	745.97	780.85
Total Assets	2,821.86	2,941.41	3,117.02	2,794.11	2,877.16	2,960.22	3,043.27	3,126.33	3,209.38
X1	0.28	0.30	0.28	0.22	0.22	0.23	0.23	0.24	0.24
Retained Earnings	2,183.69	2,272.32	2,389.61	2,568.00	2,651.05	2,734.11	2,817.16	2,900.22	2,983.27
Total Assets	2,821.86	2,941.41	3,117.02	2,794.11	2,877.16	2,960.22	3,043.27	3,126.33	3,209.38
X2	0.77	0.77	0.77	0.92	0.92	0.92	0.93	0.93	0.93
EBITDA	117.91	237.18	218.69	372.51	121.79	121.79	121.79	121.79	121.79
Total Assets	2,821.86	2,941.41	3,117.02	2,794.11	2,877.16	2,960.22	3,043.27	3,126.33	3,209.38
X3	0.04	0.08	0.07	0.13	0.04	0.04	0.04	0.04	0.04
Market Value of Equity	2,960.06	2,960.06	2,960.06	2,960.06	2,985.35	3,010.84	3,036.56	3,062.50	3,088.65
Total Liabilities	993.94	1,050.65	1,185.70	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18	1,159.18
X4	2.98	2.82	2.50	2.55	2.58	2.60	2.62	2.64	2.66
Net Sales	2,928.63	3,468.78	4,158.06	4,510.81	4,059.73	4,059.73	4,059.73	4,059.73	4,059.73
Total Assets	2,821.86	2,941.41	3,117.02	2,794.11	2,877.16	2,960.22	3,043.27	3,126.33	3,209.38
X5	1.04	1.18	1.33	1.61	1.41	1.37	1.33	1.30	1.26
Altman Z Score	4.38	4.57	4.47	5.13	4.65	4.63	4.61	4.60	4.58

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

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
Tangible Book Value	1,818.74	1,901.79	1,984.85	2,067.90	2,150.96	2,234.01				2,234.01
Annual Change		83.05	83.05	83.05	83.05	83.05				
Annual FCF	344.32	34.88	34.88	34.88	34.88	34.88	34.88	34.88	34.88	104.64
Annual Op. Cash Flow	684.18	284.88	284.88	284.88	284.88	284.88	284.88	284.88	284.88	
Annual PP&E Investment	(339.86)	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	
Today's Tangible Book Value	1,818.74	1,895.11	1,974.68	2,057.59	2,143.99	2,234.01				2,338.65
Intrinsic Value IRR	4.20%									
Market Price	2,960.06	2,823.80	2,693.81	2,569.80	2,451.51	2,338.65				2,338.65
Market Price IRR	-4.60%									

Debt	50.00%	1,480.03
Equity	50.00%	1,480.03
Total	100.00%	2,960.06

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	1818.74	1,480.03	1,530.34	1,580.64	1,630.94	1,681.25	1,731.55				
Goodwill	0	1,141.32	1,141.32	1,141.32	1,141.32	1,141.32	1,141.32				
Debt	0	1,480.03	1,480.03	1,480.03	1,480.03	1,480.03	1,480.03				
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%				
Additional Interest Expense		50.39	50.39	50.39	50.39	50.39	50.39				
Tangible Book Value	1818.74	338.71	389.01	439.32	489.62	539.92	590.23				590.23
Annual Change			50.30	50.30	50.30	50.30	50.30				
Annual FCF	344.32	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	6.39
Annual Net Income	237.01		50.30	50.30	50.30	50.30	50.30	50.30	50.30	50.30	
Annual Op. Cash Flow	684.18		252.13	252.13	252.13	252.13	252.13	252.13	252.13	252.13	
Dividend Payments											
Annual PP&E Investment	(339.86)		(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	
Debt Paydown	0.00							0.00	0.00	0.00	
Sale Price in Year 5											596.62
Capital Left for Equity Investor											596.62
Dividend Payments											0.00
Total Cash In Flow											596.62
Invested Equity	1,480.03	1,234.12	1,029.06	858.08	715.50	596.62					
IRR	-16.62%										

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	251.52
Cash Flow (Year 6-8)	6.39
	257.91

<u>Value Dilution</u>	
Debt	1,480.03
Goodwill	1,141.32
Additional Interest	251.93
	2,873.28

August 28, 2013

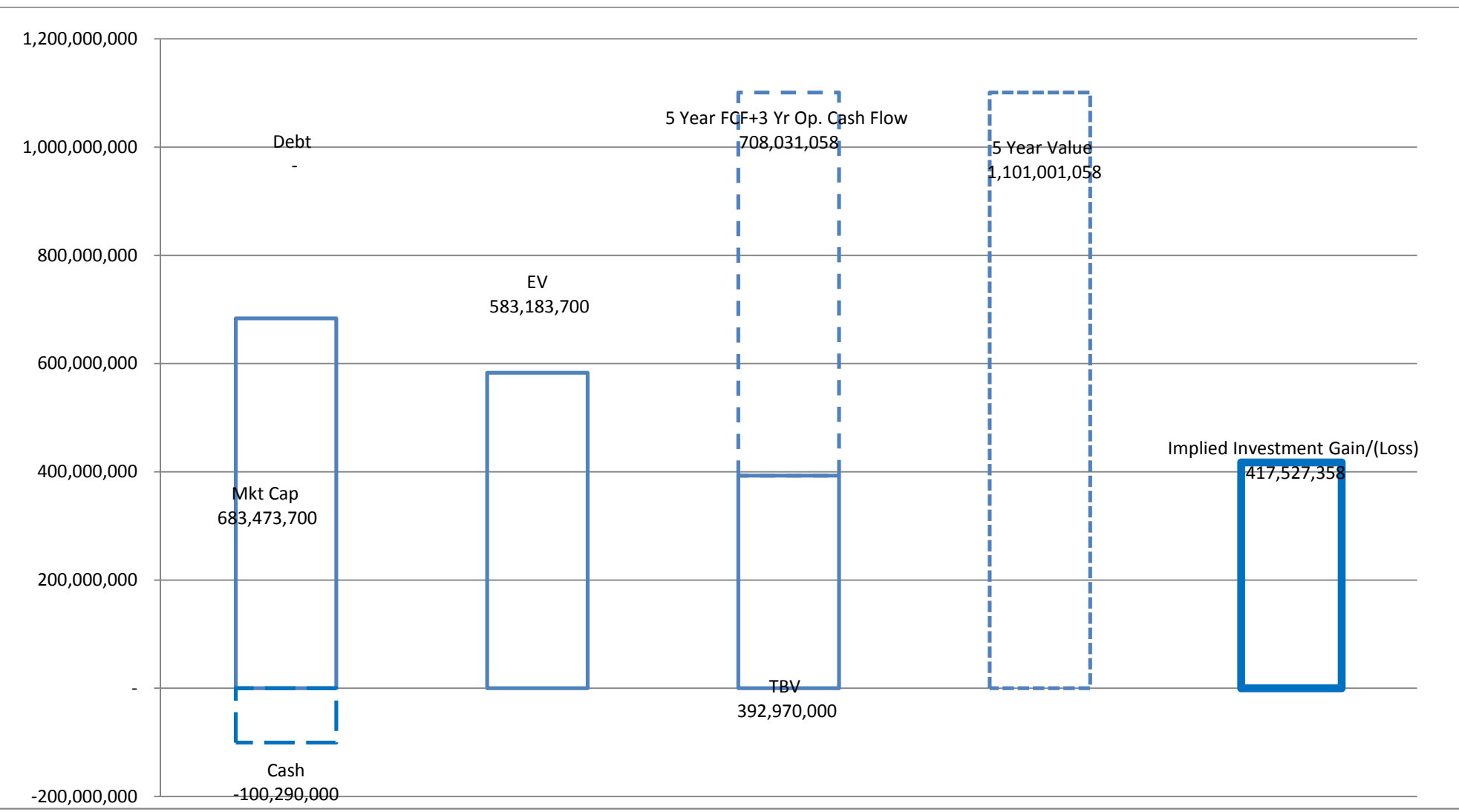
SN VALUATION [Stocks, Real Estate, Bonds]

Aeropostale (ARO)

Price:	\$8.71	Net Tang. Bk Value Incl. Cash, Excl.	\$392,970,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$540,085,280.00
Market Cap:	\$683,473,700	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$88,515,676.12
Cash:	\$100,290,000	NTBVIC/Market Downside Recovery:	57.50%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Op. Cash Flow:	\$88,496,806	Year 5 Disposition Price:	\$805,632,308.35
Net Cash:	\$100,290,000	Implied Years to Fill Gap:	3.28		
Enterprise Value:	\$583,183,700	Today's Equity if 5x Op. CF:	\$658,460,418		
		Net Tang. Book+ Gain Disposition:			\$805,632,308.35
Shares Outstanding:	78,470,000	IRR:			3.34%
		Price:			\$10.27
		Target Market Cap:			\$805,632,308
		Target Enterprise Value:			\$705,342,308

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

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Aeropostale, Inc., a Delaware corporation, originally incorporated as MSS-Delaware, Inc. on September 1, 1995 and later changed its name to Aéropostale, Inc. on February 1, 2000. It is a mall-based specialty retailer of casual apparel and accessories. The Company designs, markets and sells its own brand of merchandise principally targeting 14 to 17 year-old young women and young men. It also sells Aéropostale merchandise through its e-commerce website. As of February 2, 2013, it operated 984 Aéropostale stores, consisting of 906 stores in all 50 states and Puerto Rico, 78 stores in Canada, as well as 100 P.S. from Aéropostale stores in 20 states. The Company's Aéropostale concept provides the customer with a focused selection of high-quality, active-oriented, fashion and fashion basic merchandise at compelling values. It maintains control of its proprietary brands by designing and sourcing all of its merchandise. It locates its stores mainly in shopping malls, outlet centers and, to a much lesser degree, lifestyle and off-mall shopping centers, all located in geographic areas with the highest possible concentrations of its target customers. It locates its stores in mall locations near popular teen gathering spots, such as food courts and other teen-oriented retailers. The Company's stores average approximately 3,700 square feet. It designs its stores in an effort to create an energetic shopping environment, featuring powerful in-store promotional signage, creative visuals and popular music. It owns, through its wholly owned subsidiary, Aéropostale West, Inc., a Delaware corporation, federal trademark registrations in the U.S. Patent and Trademark Office for its principal marks AÉROPOSTALE®, AÉRO®, 87®, P.S. FROM AÉROPOSTALE™, and other related marks for clothing, a variety of accessories, including sunglasses, belts, socks and hats, and as a service mark for retail clothing stores, as well as state registrations for these marks. It competes with a wide variety of retailers including other specialty stores, department stores, mail order retailers and mass merchandisers. The Company's Aéropostale brand competes mainly with other teen apparel retailers including, but not limited to, Abercrombie & Fitch®, American Eagle Outfitters®, Hollister®, Old Navy®, and Pacific Sunwear®.

Company Name:		Aeropostale		Market Capitalization:		\$683,473,700.00		Revenue:		\$2,310,000,000.00		100.0%	
Ticker Symbol:	ARO	Total Debt:	\$0.00	Cost of Goods Sold:	\$1,688,040,000.00	73.1%		Gross Profit:	\$621,960,000.00	26.9%		EBITDA:	
Last Price:	\$8.71	Enterprise Value:	\$583,183,700.00	Net Income:	-\$21,630,000.00	-0.9%		Net Income:		\$190,000,000.00		8.2%	
Net Cash/Share:	\$1.28	Current EV/Share:	\$7.43	EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Net Cash to Last Price:	14.67%	EBITDA:	\$125,290,000.00	EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Shares Outstanding:	78,470,000	EV/EBITDA Multiple:	4.65	EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Industry:	Apparel Stores	EV/EBITDA Multiple Average Year 1-5:	5.72	EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Sector:	Consumer Cyclical	EV/FCF Multiple (excluding acquisition):	8.05	EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Institutional Ownership:	#VALUE!	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	31.50	EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Mutual Fund Ownership:	50.80%	Upper Range		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Insider Ownership:	2.23%	DCF: EV/EBITDA Terminal Value		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Float:	73.00%	Implied TV from 3 X EV/EBITDA Multiple		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Technicals		52 week low:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Today from 52 week low:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		52 week high:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Today from 52 week high:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Analyst/Consensus		Analyst Sales Growth FY1:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Analyst Sales Growth FY2:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		SN Valuation Estimate FY1:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		SN Valuation Estimate FY2:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Analyst Earnings Estimate FY1:		-\$0.12		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Analyst Earnings Estimate FY2:		\$0.34		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
SN Valuation Earnings Est. FY1:		\$0.37		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
SN Valuation Earnings Est. FY2:		\$0.37		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Multiples		Market Value to Book:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		EV to Book:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Market Value to Tangible Net Assets:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		P/E Ratio:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Trailing P/E Ratio:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Forward P/E Ratio:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Beta:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Dividend:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Dividend Yield:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Dividend Date:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Ex-Dividend Date:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
Competitors		Average EV to EBITDA:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Company EV to EBITDA:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Average EV to EBITA:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Company EV to EBITA:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Current Equity Price:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Selling at Discount?		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Appreciation Potential:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Annualized return:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Net Tangible Asset/Share:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Net Tangible Asset/Share in Year 5:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Annualized return:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Current Equity Price:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Selling at Discount?		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	
		Appreciation Potential:		EBITDA:		\$77,120,000.00		Net Income:		\$216,780,000.00		9.4%	

SN VALUATION

LBO Pro Forma Income Statement

Name:

Aeropostale

Ticker:

ARO

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	2,230.11	2,400.43	2,342.26	2,386.18	2,147.56	2,147.56	2,147.56	2,147.56	2,147.56
COGS	1,382.96	1,513.57	1,709.22	1,764.22	1,589.20	1,589.20	1,589.20	1,589.20	1,589.20
Gross margin	847.15	886.86	633.04	621.96	558.37	558.37	558.37	558.37	558.37
SG&A	464.46	489.37	484.83	529.85	515.41	515.41	515.41	515.41	515.41
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.70	24.70	32.60	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: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	382.69	386.79	113.51	59.51	42.95	42.95	42.95	42.95	42.95
Interest income/(expense)	0.12	-0.11	-0.42	-0.48	2.32	2.32	2.32	2.32	2.32
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	382.81	386.68	113.10	59.03	45.27	45.27	45.27	45.27	45.27
Tax	153.35	155.34	43.58	24.11	15.84	15.84	15.84	15.84	15.84
Income after tax	229.46	231.34	69.52	34.92	29.42	29.42	29.42	29.42	29.42
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	229.46	231.34	69.52	34.92	29.42	29.42	29.42	29.42	29.42
* Figures are in millions (\$)									
EPS (based off today's share count)	\$2.92	\$2.95	\$0.89	\$0.45	\$0.37	\$0.37	\$0.37	\$0.37	\$0.37
P/E (historical today's price; forecasted intrinsic price)	2.98	2.95	9.83	19.57	24.01	24.81	25.64	26.50	27.38
Revenue Growth	N/A	7.64%	-2.42%	1.88%	-10.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	40.06%	40.17%	38.53%	40.84%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	62.01%	63.05%	72.97%	73.93%	74.00%	74.00%	74.00%	74.00%	74.00%
Gross margin	37.99%	36.95%	27.03%	26.07%	26.00%	26.00%	26.00%	26.00%	26.00%
SG&A	20.83%	20.80%	21.13%	22.20%	24.00%	24.00%	24.00%	24.00%	24.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.03%	1.05%	1.37%	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: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	17.16%	16.11%	4.85%	2.49%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest income/(expense)	0.01%	0.00%	-0.02%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
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	17.17%	16.11%	4.83%	2.47%	2.11%	2.11%	2.11%	2.11%	2.11%
Tax	6.88%	6.47%	1.86%	1.01%	0.74%	0.74%	0.74%	0.74%	0.74%
Income after tax	10.29%	9.64%	2.97%	1.46%	1.37%	1.37%	1.37%	1.37%	1.37%
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	10.29%	9.64%	2.97%	1.46%	1.37%	1.37%	1.37%	1.37%	1.37%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	346.98	265.55	223.71	231.50	100.29			100.29	118.79	137.29	155.82	174.35	192.87
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	346.98	265.55	223.71	231.50	100.29			100.29	118.79	137.29	155.82	174.35	192.87
Accounts Receivable	0.00	0.00	0.00	0.00	0.00			0.00	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	0.00	0.00
Total Receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Inventory	132.91	156.60	163.52	155.46	249.62			249.62	249.62	249.62	249.62	249.62	249.62
Prepaid Expenses	21.05	24.53	35.22	52.98	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	29.08	22.88	19.34	0.00	89.24			89.24	89.24	89.24	89.24	89.24	89.24
Current Assets	530.02	469.56	441.79	439.94	439.15	0.00	0.00	439.15	457.65	476.15	494.68	513.21	531.73
PP&E, Gross	457.66	548.51	602.34	0.00	603.00			603.00	673.00	743.00	813.00	883.00	953.00
Change in Depreciation	49.86	58.05	65.11	65.59	65.59			65.59	59.03	59.03	59.03	59.03	59.03
Accumulated Depreciation	206.10	249.27	314.94	0.00	315.00			315.00	374.03	433.06	492.09	551.12	610.16
PP&E, Net	251.56	299.24	287.40	0.00	427.00			427.00	298.97	309.94	320.91	331.88	342.85
Goodwill	0.00	0.00	0.00	13.92	14.00	0.00		14.00	14.00	14.00	14.00	14.00	14.00
Intangibles	0.00	0.00	0.00	15.41	15.00			15.00	14.96	14.90	14.84	14.75	14.69
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	10.73	4.39	6.04	8.79	6.04			6.04	6.04	6.04	6.04	6.04	6.04
Long Term Assets	262.29	303.63	293.44	38.12	462.04			462.04	333.97	344.88	355.78	366.67	377.58
Total Assets	792.31	773.19	735.23	478.06	901.19	0.00	0.00	901.19	791.61	821.04	850.46	879.88	909.31
Accounts Payable	90.85	103.01	103.48	89.99	90.00			90.00	90.00	90.00	90.00	90.00	90.00
Accrued Expense	107.04	103.04	88.42	71.76	72.00			72.00	72.00	72.00	72.00	72.00	72.00
Other current Liabilities	43.95	10.05	1.31	41.75	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	241.84	216.10	193.21	203.50	162.00	0.00	0.00	162.00	162.00	162.00	162.00	162.00	162.00
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	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	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
Deferred Income tax	0.00	7.46	11.53	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	115.98	116.99	121.06	126.97	213.33			213.33	213.33	213.33	213.33	213.33	213.33
Total Liabilities	357.82	340.55	325.80	330.47	375.33	0.00	0.00	375.33	375.33	375.33	375.33	375.33	375.33
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	1.37	0.91	0.91	0.78	0.78		0.00	0.78	0.78	0.78	0.78	0.78	0.78
Additional Paid-in capital	171.81	195.40	206.67	216.07	216.00	0.00	0.00	216.00	216.00	216.00	216.00	216.00	216.00
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	922.79	389.76	459.28	193.32	190.00			190.00	219.42	248.85	278.27	307.69	337.12
Treasury Stock	-654.49	-152.99	-256.59	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-6.99	-0.44	-0.84	0.19	0.19		0.00	0.19	0.19	0.19	0.19	0.19	0.19
Total Equity	434.49	432.64	409.43	410.36	406.97	0.00	0.00	406.97	436.39	465.82	495.24	524.66	554.09
Liability + Equity	792.31	773.19	735.23	740.83	782.30	0.00	0.00	782.30	811.72	841.15	870.57	899.99	929.42
Variance	0.00	0.00	0.00	-262.77	118.89			118.89	-20.11	-20.11	-20.11	-20.11	-20.11
Debt/Equity	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	16.78	15.33	14.32	15.35	8.60			9.56	8.60	8.60	8.60	8.60	8.60
Inventory Turnover Days	21.75	23.81	25.48	23.78	42.43			38.18	42.43	42.43	42.43	42.43	42.43
Days Inventory Outstanding	35.08	37.76	34.92	32.16	57.33			51.64	57.33	57.33	57.33	57.33	57.33
Accounts Receivable Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Accounts Receivable Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Payable Outstanding	23.98	24.84	22.10	18.62	20.67			18.62	20.67	20.67	20.67	20.67	20.67
Days Sales Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash Conversion Cycle	11.10	12.92	12.82	13.55	36.66			33.02	36.66	36.66	36.66	36.66	36.66
Net tangible assets/share	\$5.54	\$5.51	\$5.22	\$4.86	\$4.82			\$5.19	\$5.57	\$5.94	\$6.32	\$6.70	\$6.70

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

ARO

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	229.46	231.34	69.52	34.92	29.42	29.42	29.42	29.42	29.42
Depreciation	49.86	58.05	65.11	65.59	59.03	59.03	59.03	59.03	59.03
Net Income + Depreciation	279.32	289.39	134.63	100.51	88.45	88.45	88.45	88.45	88.45
Amortization	0.00	0.00	0.00	0.19	0.04	0.05	0.07	0.08	0.06
Deferred Taxes	-4.17	18.82	9.68	-8.86	0.00	0.00	0.00	0.00	0.00
Non Cash Items	8.86	9.23	19.73	33.64	0.00	0.00	0.00	0.00	0.00
Change in Working capital	50.43	-53.71	-34.73	19.32	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.00	0.00	0.00	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	-23.69	-6.92	8.06	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-3.48	-10.69	-17.76	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	12.16	0.47	-13.49	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	334.44	263.73	129.31	144.80	88.50	88.51	88.52	88.54	88.52
Capital Expenditures Expenditures	-53.88	-100.81	-73.32	-72.31	-70.00	-70.00	-70.00	-70.00	-70.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.00	0.00	0.00	-25.18	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-53.88	-100.81	-73.32	-97.49	-70.00	-70.00	-70.00	-70.00	-70.00
Financing Cash flow items	1.18	5.13	0.45	0.62	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	-163.79	-250.51	-98.63	-40.12	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-162.61	-245.38	-98.18	-39.50	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.49	1.03	0.36	-0.04	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	228.53	346.98	265.55	223.71	100.29	118.79	137.29	155.82	174.35
Net Change in Cash	118.45	-81.42	-41.84	7.79	18.50	18.51	18.52	18.54	18.52
Ending Cash Balance	346.98	265.55	223.71	231.50	118.79	137.29	155.82	174.35	192.87
Capex to Revenue	2.42%	4.20%	3.13%	3.03%	3.26%	3.26%	3.26%	3.26%	3.26%
Depreciation to Sales	2.24%	2.42%	2.78%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Amortization to Sales	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Distributable FCF/EV Yield	48.11%	27.94%	9.60%	8.11%	3.17%	3.17%	3.18%	3.18%	3.17%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	280.56	162.92	55.99	72.49	18.50	18.51	18.52	18.54	18.52

SN VALUATION

LBO Debt Schedule

Ticker:

ARO

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	7.79	18.50	18.51	18.52	18.54	18.52
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		231.50				
Interest @ 1.0%		2.32	2.32	2.32	2.32	2.32
Net Interest Expense/(Income)		(2.32)	(2.32)	(2.32)	(2.32)	(2.32)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		42.95	42.95	42.95	42.95	42.95
EBITDA/Interest Expense Coverage		N/A	N/A	N/A	N/A	N/A

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Aeropostale

Ticker:

ARO

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	288.18	253.46	248.58	277.15	295.65	314.15	332.68	351.21	369.73
Total Assets	792.31	773.19	735.23	901.19	791.61	821.04	850.46	879.88	909.31
X1	0.36	0.33	0.34	0.31	0.37	0.38	0.39	0.40	0.41
Retained Earnings	922.79	389.76	459.28	190.00	219.42	248.85	278.27	307.69	337.12
Total Assets	792.31	773.19	735.23	901.19	791.61	821.04	850.46	879.88	909.31
X2	1.16	0.50	0.62	0.21	0.28	0.30	0.33	0.35	0.37
EBITDA	382.69	386.79	113.51	59.51	42.95	42.95	42.95	42.95	42.95
Total Assets	792.31	773.19	735.23	901.19	791.61	821.04	850.46	879.88	909.31
X3	0.48	0.50	0.15	0.07	0.05	0.05	0.05	0.05	0.05
Market Value of Equity	683.47	683.47	683.47	683.47	706.33	729.94	754.35	779.57	805.63
Total Liabilities	357.82	340.55	325.80	375.33	375.33	375.33	375.33	375.33	375.33
X4	1.91	2.01	2.10	1.82	1.88	1.94	2.01	2.08	2.15
Net Sales	2,230.11	2,400.43	2,342.26	2,386.18	2,147.56	2,147.56	2,147.56	2,147.56	2,147.56
Total Assets	792.31	773.19	735.23	901.19	791.61	821.04	850.46	879.88	909.31
X5	2.81	3.10	3.19	2.65	2.71	2.62	2.53	2.44	2.36
Altman Z Score	7.62	7.06	6.23	4.62	4.86	4.84	4.83	4.82	4.81

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

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
Tangible Book Value	392.97	422.39	451.82	481.24	510.66	540.09				540.09
Annual Change		29.42	29.42	29.42	29.42	29.42				
Annual FCF	72.49	18.50	18.51	18.52	18.54	18.52	18.52	18.52	18.52	55.55
Annual Op. Cash Flow	144.80	88.50	88.51	88.52	88.54	88.52	88.52	88.52	88.52	
Annual PP&E Investment	(72.31)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	
Today's Tangible Book Value	392.97	418.77	446.27	475.58	506.81	540.09				595.63
Intrinsic Value IRR	6.57%									
Market Price	683.47	664.93	646.88	629.33	612.25	595.63				595.63
Market Price IRR	-2.71%									

Debt	50.00%	341.74
Equity	50.00%	341.74
Total	100.00%	683.47

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	406.97	341.74	362.99	384.25	405.50	426.75	448.01			
Goodwill	14	290.50	290.50	290.50	290.50	290.50	290.50			
Debt	0	341.74	341.74	341.74	341.74	341.74	341.74			
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%			
Additional Interest Expense		12.57	12.57	12.57	12.57	12.57				
Tangible Book Value	392.97	51.23	72.49	93.74	115.00	136.25	157.51			157.51
Annual Change			21.25	21.25	21.25	21.25	21.25			
Annual FCF	72.49	10.33	10.34	10.35	10.37	10.35	10.35	10.35	10.35	31.04
Annual Net Income	34.92		21.25	21.25	21.25	21.25	21.25	21.25	21.25	
Annual Op. Cash Flow	144.80	80.33	80.34	80.35	80.37	80.35	80.35	80.35	80.35	
Dividend Payments										
Annual PP&E Investment	(72.31)		(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	(70.00)	
Debt Paydown	0.00						0.00	0.00	0.00	
Sale Price in Year 5										188.55
Capital Left for Equity Investor										188.55
Dividend Payments										0.00
Total Cash In Flow										188.55
Invested Equity	341.74	303.42	269.39	239.18	212.36	188.55				
IRR	-11.21%									

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	106.27
Cash Flow (Year 6-8)	31.04
	137.31

<u>Value Dilution</u>	
Debt	341.74
Goodwill	276.50
Additional Interest	62.84
	681.08

August 28, 2013

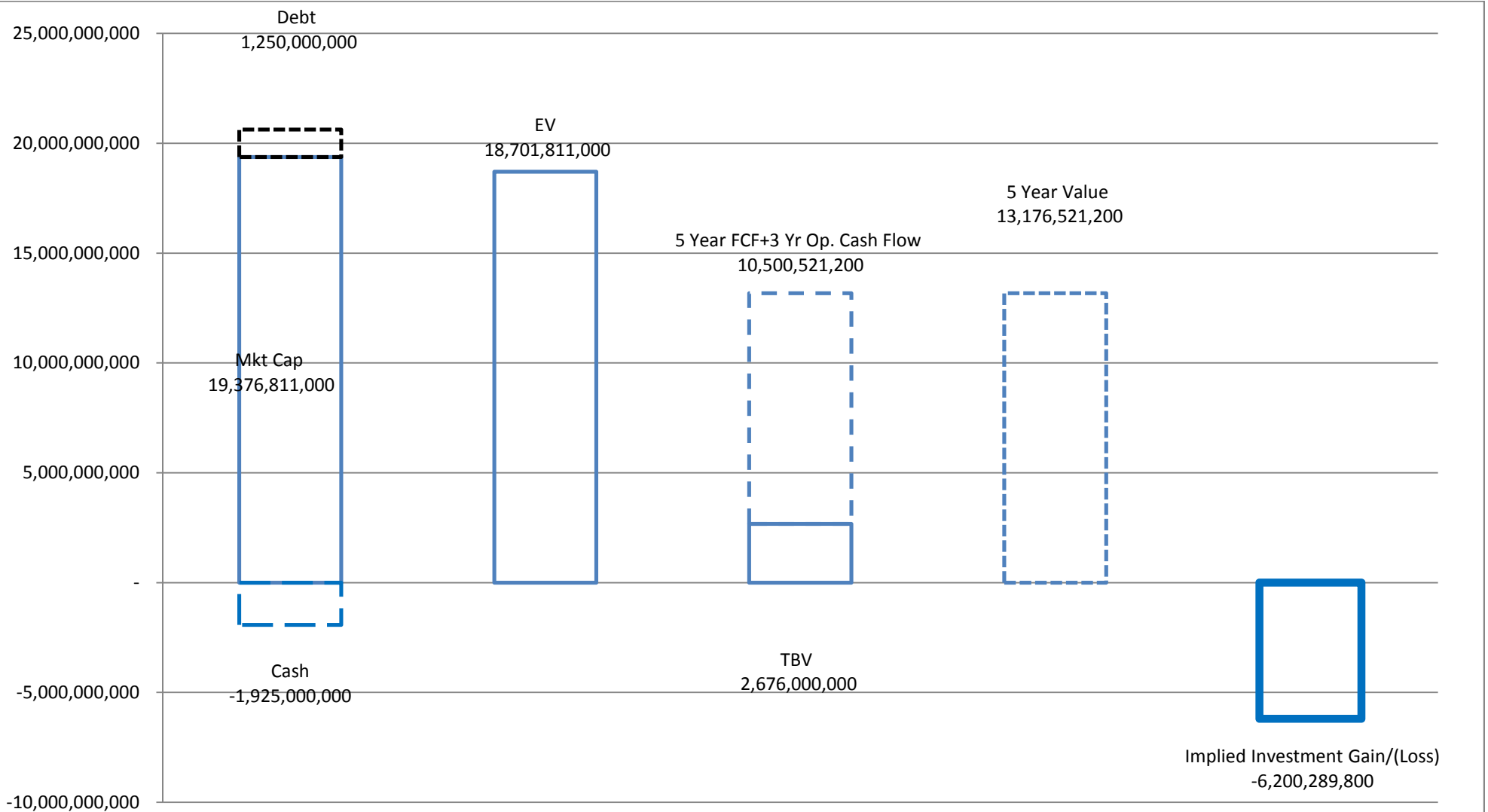
SN VALUATION [Stocks, Real Estate, Bonds]

Gap, Inc (GPS)

Price:	\$41.43	Net Tang. Bk Value Incl. Cash, Excl.	\$2,676,000,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$6,723,325,750.00
Market Cap:	\$19,376,811,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$1,312,565,150.00
Cash:	\$1,925,000,000	NTBVIC/Market Downside Recovery:	13.81%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$1,250,000,000	Op. Cash Flow:	\$1,312,565,150	Year 5 Disposition Price:	\$10,661,021,200.00
Net Cash:	\$675,000,000	Implied Years to Fill Gap:	12.72		
Enterprise Value:	\$18,701,811,000	Today's Equity if 5x Op. CF:	\$6,613,695,450		
		Net Tang. Book+ Gain Disposition:			\$10,661,021,200.00
Shares Outstanding:	467,700,000	IRR:			-11.26%
				Price:	\$22.79
				Target Market Cap:	\$10,661,021,200
				Target Enterprise Value:	\$9,986,021,200

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

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Gap, Inc., was incorporated in the State of California in July 1969 and was reincorporated under the laws of the State of Delaware in May 1988. It is a specialty retailer offering clothing, accessories, and personal care products for men, women, children, and babies under the Gap, Old Navy, Banana Republic, Piperlime, and Athleta brands. Founded in 1969, the Company's stores offer a selection of classically styled casual apparel at moderate price points. Products range from wardrobe basics such as denim, khakis, and T-shirts to fashion apparel, accessories, and personal care products for men and women. It entered the children's apparel market with the introduction of GapKids in 1986 and BabyGap in 1989. These stores offer casual apparel and accessories in the tradition of Gap style and quality for children, ages: newborn through pre-teen. It also offers maternity apparel. It launched GapBody in 1998 offering women's underwear, sleepwear, loungewear, and sports and active apparel. It also operates Gap Outlet stores, which carry similar categories of products. The Company launched Old Navy in 1994 to address the market for value-priced family apparel. Old Navy offers selections of apparel, shoes, and accessories for adults, children, and infants as well as other items, including personal care products. Old Navy also offers a line of maternity wear. The Company acquired Banana Republic, a global, multi-channel brand that is a destination for modern, versatile work wear for both men and women, in 1983 with two stores. Banana Republic offers sophisticated, fashionable collections of casual and tailored apparel, shoes, accessories, and personal care products for men and women at higher price points than Gap. The Company also operates Banana Republic Factory Stores, which carry similar categories of products. It launched Piperlime in October 2006. Piperlime offers customers brands in footwear and handbags for women, men, and kids, as well as tips, trends, and advice from leading style authorities. Acquired in September 2008, Athleta offers customers women's sports and active apparel and footwear that is stylish and functional for a number of activities, including golf, running, skiing/snowboarding, tennis, and yoga. The Company's stores offer a shopper-friendly environment with an assortment of casual apparel and accessories that emphasize style, quality, and good value. The range of merchandise displayed in each store varies depending on the selling season and the size and location of the store. It operates stores in the United States, Canada, the United Kingdom, France, Ireland, and Japan, while its independent third-party franchisees own and operate stores in Asia, Europe, Latin America, and the Middle East under the Gap and Banana Republic brand names. Gap, GapKids, babyGap, GapBody, Banana Republic, Old Navy, Piperlime, and Athleta trademarks and service marks, and certain other trademarks, have been registered, or are the subject of pending trademark applications with the United States Patent and Trademark Office and with the registries of many foreign countries and are protected by common law. The Company competes with national and local department stores, specialty and discount store chains, independent retail stores and online businesses that market similar lines of merchandise. It is subject to various proceedings, lawsuits, disputes, and claims arising in the ordinary course of its business.

Company Name:	Gap, Inc	Market Capitalization:	\$19,376,811,000.00	Revenue:	\$16,190,000,000.00	100.0%
Ticker Symbol:	GPS	Total Debt:	\$1,250,000,000.00	Cost of Goods Sold:	\$10,019,000,000.00	61.9%
Last Price:	\$41.43	RCH Total Cash:	\$1,925,000,000.00	Gross Profit:	\$6,171,000,000.00	38.1%
Net Cash/Share:	\$1.44	Net Cash/(Debt):	\$675,000,000.00	EBITDA:	\$2,730,000,000.00	16.9%
Net Cash to Last Price:	3.48%	Enterprise Value:	\$18,701,811,000.00	Net Income:	\$1,300,000,000.00	8.0%
Shares Outstanding:	467,700,000	Current EV/Share:	\$39.99			
Industry:	Apparel Stores	EBITDA:	\$2,502,000,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	7.47			
		EV/EBITDA Multiple Average Year 1-5:	10.56	Balance Sheet		
Institutional Ownership:	80.63%	EV/FCF Multiple (excluding acquisition):	14.65	Cash:	\$1,925,000,000.00	
Mutual Fund Ownership:	22.89%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	30.53	Short Term Investment:	\$0.00	
Insider Ownership:	8.68%			A/R:	\$332,000,000.00	
Float:	56.00%			PP&E:	\$2,530,000,000.00	
				Assets:	\$8,452,000,000.00	
		Upper Range		A/P:	\$1,144,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$0.00	
				Other Liabilities:	\$2,068,000,000.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$3,803,193,000.00	Short term Debt:	\$0.00	
				Long Term Debt:	\$1,250,000,000.00	
		Enterprise Value	\$3,803,193,000.00	Liabilities:	\$4,462,000,000.00	
		Cash at Year 5:	\$4,987,825,750.00	Retained Earnings:	\$13,259,000,000.00	
		Debt at Year 5:	\$1,250,000,000.00	Paid-In Capital:	\$2,920,000,000.00	
		Equity Value Year 5:	\$7,541,018,750.00	Treasury Stock:	-\$13,500,000,000.00	
		Equity/Share at Year 5:	\$16.12	Stockholder's Equity:	\$2,860,000,000.00	
		Annualized Return:	-17.20%			
		Lower Range		Cash Flow		
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	1,135,000,000.00	
				Depreciation/Amortization:	559,000,000.00	
		Year 5 Net Tangible Assets excluding cash and debt	-\$305,000,000.00	Change in Working capital:	232,000,000.00	
				Cash from Operating Activities:	1,936,000,000.00	
		Enterprise Value	-\$305,000,000.00	Capital Expenditures:	-659,000,000.00	
		Cash at Year 5:	\$4,987,825,750.00	Cash from Investing Activities:	-844,000,000.00	
		Debt at Year 5:	\$1,250,000,000.00	Total Cash Dividends Paid:	-240,000,000.00	
		Equity Value Year 5:	\$3,432,825,750.00	Issuance (Retirement) of Stock:	-1,030,000,000.00	
		Equity/Share at Year 5:	\$7.34	Issuance (Retirement) of Debt:	-419,000,000.00	
		Annualized Return:	-29.26%	Cash from Financing Activities:	-1,481,000,000.00	
		EVA				
		EVA today:	\$3,609,796,518.69	Profitability Margins		
		EVA in 5 Years:	\$6,112,119,133.36	Debt to Equity:	43.71%	
		EVA/Share:	\$13.07	Return on Assets:	13.43%	
		Cash at Year 5:	\$4,987,825,750.00	Return on Capital:	27.62%	
		Debt at Year 5:	\$1,250,000,000.00	Return on Equity:	39.69%	
		Equity Value Year 5:	\$9,849,944,883.36			
		Equity/Share at Year 5:	\$21.06			
		Annualized return	11.11%			
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	\$7.86			
		Net Tangible Asset/Share in Year 5:	\$16.51			
		Annualized return	16.01%			
		Current Equity Price:	\$41.43			
		Selling at Discount?	Premium			
		Appreciation Potential:	-81.04%			

SN VALUATION

LBO Pro Forma Income Statement

Name:

Gap, Inc

Ticker:

GPS

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	14,197.00	14,664.00	14,549.00	15,651.00	14,085.90	14,085.90	14,085.90	14,085.90	14,085.90
COGS	8,473.00	8,775.00	9,275.00	9,480.00	8,592.40	8,592.40	8,592.40	8,592.40	8,592.40
Gross margin	5,724.00	5,889.00	5,274.00	6,171.00	5,493.50	5,493.50	5,493.50	5,493.50	5,493.50
SG&A	744.00	738.00	770.00	884.00	845.15	845.15	845.15	845.15	845.15
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	14.00	8.00	16.00	8.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	3,145.00	3,171.00	3,048.00	3,336.00	3,380.62	3,380.62	3,380.62	3,380.62	3,380.62
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	1,821.00	1,972.00	1,440.00	1,943.00	1,267.73	1,267.73	1,267.73	1,267.73	1,267.73
Interest income/(expense)	1.00	14.00	-69.00	-81.00	-22.40	-22.40	-22.40	-22.40	-22.40
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	1,816.00	1,982.00	1,369.00	1,861.00	1,245.33	1,245.33	1,245.33	1,245.33	1,245.33
Tax	714.00	778.00	536.00	726.00	435.87	435.87	435.87	435.87	435.87
Income after tax	1,102.00	1,204.00	833.00	1,135.00	809.47	809.47	809.47	809.47	809.47
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	1,102.00	1,204.00	833.00	1,135.00	809.47	809.47	809.47	809.47	809.47
* Figures are in millions (\$)									
EPS (based off today's share count)	\$2.36	\$2.57	\$1.78	\$2.43	\$1.73	\$1.73	\$1.73	\$1.73	\$1.73
P/E (historical today's price; forecasted intrinsic price)	17.58	16.09	23.26	17.07	21.24	18.85	16.73	14.84	13.17
Revenue Growth	N/A	3.29%	-0.79%	7.57%	-10.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	39.32%	39.25%	39.15%	39.01%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	466.67%	-4.14%	-6.50%	-1.79%	-1.79%	-1.79%	-1.79%	-1.79%
Margins									
COGS	59.68%	59.84%	63.75%	60.57%	61.00%	61.00%	61.00%	61.00%	61.00%
Gross margin	40.32%	40.16%	36.25%	39.43%	39.00%	39.00%	39.00%	39.00%	39.00%
SG&A	5.24%	5.03%	5.29%	5.65%	6.00%	6.00%	6.00%	6.00%	6.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.10%	0.05%	0.11%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	22.15%	21.62%	20.95%	21.31%	24.00%	24.00%	24.00%	24.00%	24.00%
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)	12.83%	13.45%	9.90%	12.41%	9.00%	9.00%	9.00%	9.00%	9.00%
Interest income/(expense)	0.01%	0.10%	-0.47%	-0.52%	-0.16%	-0.16%	-0.16%	-0.16%	-0.16%
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	12.79%	13.52%	9.41%	11.89%	8.84%	8.84%	8.84%	8.84%	8.84%
Tax	5.03%	5.31%	3.68%	4.64%	3.09%	3.09%	3.09%	3.09%	3.09%
Income after tax	7.76%	8.21%	5.73%	7.25%	5.75%	5.75%	5.75%	5.75%	5.75%
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	7.76%	8.21%	5.73%	7.25%	5.75%	5.75%	5.75%	5.75%	5.75%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	2,348.00	1,561.00	1,885.00	1,460.00	1,925.00			1,925.00	2,537.57	3,150.13	3,762.70	4,375.26	4,987.83
Short term investment	225.00	100.00	0.00	50.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	2,573.00	1,661.00	1,885.00	1,510.00	1,925.00			1,925.00	2,537.57	3,150.13	3,762.70	4,375.26	4,987.83
Accounts Receivable	150.00	205.00	297.00	331.00	332.00			332.00	332.00	332.00	332.00	332.00	332.00
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	150.00	205.00	297.00	331.00	332.00			332.00	332.00	332.00	332.00	332.00	332.00
Total Inventory	1,477.00	1,620.00	1,615.00	1,758.00	1,837.00			1,837.00	1,837.00	1,837.00	1,837.00	1,837.00	1,837.00
Prepaid Expenses	141.00	204.00	247.00	211.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	323.00	236.00	265.00	322.00	824.00			824.00	824.00	824.00	824.00	824.00	824.00
Current Assets	4,664.00	3,926.00	4,309.00	4,132.00	4,918.00	0.00	0.00	4,918.00	5,530.57	6,143.13	6,755.70	7,368.26	7,980.83
PP&E, Gross	7,427.00	7,573.00	7,783.00	0.00	7,790.00			7,790.00	8,490.00	9,190.00	9,890.00	10,590.00	11,290.00
Change in Depreciation	655.00	648.00	592.00	559.00	559.00			559.00	503.10	503.10	503.10	503.10	503.10
Accumulated Depreciation	4,799.00	5,010.00	5,260.00	0.00	5,260.00			5,260.00	5,763.10	6,266.20	6,769.30	7,272.40	7,775.50
PP&E, Net	2,628.00	2,563.00	2,523.00	0.00	2,530.00	0.00	0.00	2,530.00	2,726.90	2,923.80	3,120.70	3,317.60	3,514.50
Goodwill	99.00	99.00	99.00	184.00	184.00	0.00		184.00	184.00	184.00	184.00	184.00	184.00
Intangibles	87.00	77.00	77.00	132.00	132.00			132.00	132.00	132.00	132.00	132.00	132.00
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	507.00	400.00	414.00	403.00	688.00			688.00	688.00	688.00	688.00	688.00	688.00
Long Term Assets	3,321.00	3,139.00	3,113.00	719.00	3,534.00	0.00	0.00	3,534.00	3,730.90	3,927.80	4,124.70	4,321.60	4,518.50
Total Assets	7,985.00	7,065.00	7,422.00	4,851.00	8,452.00	0.00	0.00	8,452.00	9,261.47	10,070.93	10,880.40	11,689.86	12,499.33
Accounts Payable	1,027.00	1,049.00	1,066.00	1,144.00	1,144.00			1,144.00	1,144.00	1,144.00	1,144.00	1,144.00	1,144.00
Accrued Expense	391.00	327.00	339.00	422.00	422.00			422.00	422.00	422.00	422.00	422.00	422.00
Other current Liabilities	713.00	716.00	664.00	778.00	57.00			57.00	57.00	57.00	57.00	57.00	57.00
Total Current Liabilities	2,131.00	2,092.00	2,069.00	2,344.00	1,623.00	0.00	0.00	1,623.00	1,623.00	1,623.00	1,623.00	1,623.00	1,623.00
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	0.00
Current port. Of LT Debt/Capital Leases	0.00	3.00	59.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	1,606.00	1,246.00	1,250.00	0.00	0.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
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	0.00	3.00	1,665.00	1,246.00	1,250.00	0.00	0.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	963.00	890.00	933.00	986.00	1,589.00			1,589.00	1,589.00	1,589.00	1,589.00	1,589.00	1,589.00
Total Liabilities	3,094.00	2,985.00	4,667.00	4,576.00	4,462.00	0.00	0.00	4,462.00	4,462.00	4,462.00	4,462.00	4,462.00	4,462.00
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	55.00	55.00	55.00	55.00	55.00		0.00	55.00	55.00	55.00	55.00	55.00	55.00
Additional Paid-in capital	2,935.00	2,939.00	2,867.00	2,864.00	2,865.00	0.00	0.00	2,865.00	2,865.00	2,865.00	2,865.00	2,865.00	2,865.00
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	10,815.00	11,767.00	12,364.00	13,259.00	13,259.00			13,259.00	14,068.47	14,877.93	15,687.40	16,496.86	17,306.33
Treasury Stock	-9,069.00	-10,866.00	-12,760.00	-13,465.00	-13,500.00		0.00	-13,500.00	-13,500.00	-13,500.00	-13,500.00	-13,500.00	-13,500.00
Other Equity	155.00	185.00	229.00	181.00	181.00			181.00	181.00	181.00	181.00	181.00	181.00
Total Equity	4,891.00	4,080.00	2,755.00	2,894.00	2,860.00	0.00	0.00	2,860.00	3,669.47	4,478.93	5,288.40	6,097.86	6,907.33
Liability + Equity	7,985.00	7,065.00	7,422.00	7,470.00	7,322.00	0.00	0.00	7,322.00	8,131.47	8,940.93	9,750.40	10,559.86	11,369.33
Variance	0.00	0.00	0.00	-2,619.00	1,130.00			1,130.00	1,130.00	1,130.00	1,130.00	1,130.00	1,130.00
Debt/Equity	0.00	0.00	0.60	0.43	0.44			0.44	0.34	0.28	0.24	0.20	0.18
Inventory Turnover	9.61	9.05	9.01	8.90	7.67			8.52	7.67	7.67	7.67	7.67	7.67
Inventory Turnover Days	37.97	40.32	40.52	41.00	47.60			42.84	47.60	47.60	47.60	47.60	47.60
Days Inventory Outstanding	63.63	67.38	63.56	67.69	78.03			70.73	78.03	78.03	78.03	78.03	78.03
Accounts Receivable Turnover	94.65	71.53	48.99	47.28	42.43			47.14	42.43	42.43	42.43	42.43	42.43
Accounts Receivable Turnover Days	3.86	5.10	7.45	7.72	8.60			7.74	8.60	8.60	8.60	8.60	8.60
Days Payable Outstanding	44.24	43.63	41.95	44.05	48.60			44.05	48.60	48.60	48.60	48.60	48.60
Days Sales Outstanding	3.86	5.10	7.45	7.72	8.60			7.72	7.74	8.60	8.60	8.60	8.60
Cash Conversion Cycle	23.24	28.85	29.06	31.36	38.04			34.40	37.18	38.04	38.04	38.04	38.04
Net tangible assets/share	\$10.06	\$8.35	\$5.51	\$5.51	\$5.44			\$7.17	\$8.90	\$10.63	\$12.36	\$14.09	\$14.09

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	1,102.00	1,204.00	833.00	1,135.00	809.47	809.47	809.47	809.47	809.47
Depreciation	655.00	648.00	592.00	559.00	503.10	503.10	503.10	503.10	503.10
Net Income + Depreciation	1,757.00	1,852.00	1,425.00	1,694.00	1,312.57	1,312.57	1,312.57	1,312.57	1,312.57
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-50.00	93.00	-11.00	-37.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-8.00	46.00	43.00	47.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	229.00	-247.00	-94.00	232.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-55.00	-92.00	-34.00	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	-143.00	5.00	-143.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-63.00	-43.00	36.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	22.00	17.00	78.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	1,928.00	1,744.00	1,363.00	1,936.00	1,312.57	1,312.57	1,312.57	1,312.57	1,312.57
Capital Expenditures Expenditures	-334.00	-557.00	-548.00	-659.00	-700.00	-700.00	-700.00	-700.00	-700.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-203.00	128.00	94.00	-185.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-537.00	-429.00	-454.00	-844.00	-700.00	-700.00	-700.00	-700.00	-700.00
Financing Cash flow items	60.00	81.00	64.00	208.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-234.00	-252.00	-236.00	-240.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-547.00	-1,959.00	-2,092.00	-1,030.00	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	-50.00	3.00	1,662.00	-419.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-771.00	-2,127.00	-602.00	-1,481.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	13.00	25.00	17.00	-36.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	436.00	1,069.00	942.00	1,009.00	1,925.00	2,537.57	3,150.13	3,762.70	4,375.26
Net Change in Cash	633.00	-787.00	324.00	-425.00	612.57	612.57	612.57	612.57	612.57
Ending Cash Balance	1,069.00	942.00	1,266.00	584.00	2,537.57	3,150.13	3,762.70	4,375.26	4,987.83
Capex to Revenue	2.35%	3.80%	3.77%	4.21%	4.97%	4.97%	4.97%	4.97%	4.97%
Depreciation to Sales	4.61%	4.42%	4.07%	3.57%	3.57%	3.57%	3.57%	3.57%	3.57%
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	1.06%	1.40%	2.04%	2.11%	2.35%	2.35%	2.35%	2.35%	2.35%
Distributable FCF/EV Yield	7.44%	7.03%	4.86%	5.84%	3.28%	3.28%	3.28%	3.28%	3.28%
Dividend Yield	-1.21%	-1.30%	-1.22%	-1.24%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	1,828.00	1,439.00	1,051.00	1,517.00	612.57	612.57	612.57	612.57	612.57

SN VALUATION

LBO Debt Schedule

Ticker:

GPS

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-425.00	612.57	612.57	612.57	612.57	612.57
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		37.50	37.50	37.50	37.50	37.50
Cash Balance		1,510.00				
Interest @ 1.0%		15.10	15.10	15.10	15.10	15.10
Net Interest Expense/(Income)		22.40	22.40	22.40	22.40	22.40
Net Interest Rate		1.79%	1.79%	1.79%	1.79%	1.79%
EBITDA		1,267.73	1,267.73	1,267.73	1,267.73	1,267.73
EBITDA/Interest Expense Coverage		33.81	33.81	33.81	33.81	33.81

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Gap, Inc

Ticker:

GPS

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	2,533.00	1,834.00	2,240.00	3,295.00	3,907.57	4,520.13	5,132.70	5,745.26	6,357.83
Total Assets	7,985.00	7,065.00	7,422.00	8,452.00	9,261.47	10,070.93	10,880.40	11,689.86	12,499.33
X1	0.32	0.26	0.30	0.39	0.42	0.45	0.47	0.49	0.51
Retained Earnings	10,815.00	11,767.00	12,364.00	13,259.00	14,068.47	14,877.93	15,687.40	16,496.86	17,306.33
Total Assets	7,985.00	7,065.00	7,422.00	8,452.00	9,261.47	10,070.93	10,880.40	11,689.86	12,499.33
X2	1.35	1.67	1.67	1.57	1.52	1.48	1.44	1.41	1.38
EBITDA	1,821.00	1,972.00	1,440.00	1,943.00	1,267.73	1,267.73	1,267.73	1,267.73	1,267.73
Total Assets	7,985.00	7,065.00	7,422.00	8,452.00	9,261.47	10,070.93	10,880.40	11,689.86	12,499.33
X3	0.23	0.28	0.19	0.23	0.14	0.13	0.12	0.11	0.10
Market Value of Equity	19,376.81	19,376.81	19,376.81	19,376.81	17,194.34	15,257.69	13,539.18	12,014.22	10,661.02
Total Liabilities	3,094.00	2,985.00	4,667.00	4,462.00	4,462.00	4,462.00	4,462.00	4,462.00	4,462.00
X4	6.26	6.49	4.15	4.34	3.85	3.42	3.03	2.69	2.39
Net Sales	14,197.00	14,664.00	14,549.00	15,651.00	14,085.90	14,085.90	14,085.90	14,085.90	14,085.90
Total Assets	7,985.00	7,065.00	7,422.00	8,452.00	9,261.47	10,070.93	10,880.40	11,689.86	12,499.33
X5	1.78	2.08	1.96	1.85	1.52	1.40	1.29	1.20	1.13
Altman Z Score	8.56	9.53	7.79	7.88	6.92	6.47	6.08	5.74	5.44

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

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
Tangible Book Value	2,676.00	3,485.47	4,294.93	5,104.40	5,913.86	6,723.33				6,723.33
Annual Change		809.47	809.47	809.47	809.47	809.47				
Annual FCF	1,277.00	612.57	612.57	612.57	612.57	612.57	612.57	612.57	612.57	1,837.70
Annual Op. Cash Flow	1,936.00	1,312.57	1,312.57	1,312.57	1,312.57	1,312.57	1,312.57	1,312.57	1,312.57	
Annual PP&E Investment	(659.00)	(700.00)	(700.00)	(700.00)	(700.00)	(700.00)	(700.00)	(700.00)	(700.00)	
Today's Tangible Book Value	2,676.00	3,217.40	3,868.35	4,650.98	5,591.97	6,723.33				8,561.02
Intrinsic Value IRR	20.23%									
Market Price	19,376.81	16,456.25	13,975.89	11,869.39	10,080.38	8,561.02				8,561.02
Market Price IRR	-15.07%									

Debt	50.00%	9,688.41
Equity	50.00%	9,688.41
Total	100.00%	19,376.81

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	2860	9,688.41	10,299.13	10,909.86	11,520.58	12,131.31	12,742.04			
Goodwill	184	16,700.81	16,700.81	16,700.81	16,700.81	16,700.81	16,700.81			
Debt	1250	10,938.41	10,938.41	10,938.41	10,938.41	10,938.41	10,938.41			
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%			
Additional Interest Expense		305.75	305.75	305.75	305.75	305.75				
Tangible Book Value	2676	-7,012.41	-6,401.68	-5,790.95	-5,180.23	-4,569.50	-3,958.77			-3,958.77
Annual Change			610.73	610.73	610.73	610.73	610.73			
Annual FCF	1,277.00		413.83	413.83	413.83	413.83	413.83	413.83	413.83	1,241.48
Annual Net Income	1,135.00		610.73	610.73	610.73	610.73	610.73	610.73	610.73	
Annual Op. Cash Flow	1,936.00		1,113.83	1,113.83	1,113.83	1,113.83	1,113.83	1,113.83	1,113.83	
Dividend Payments										
Annual PP&E Investment	(659.00)		(700.00)	(700.00)	(700.00)	(700.00)	(700.00)	(700.00)	(700.00)	
Debt Paydown	0.00							0.00	0.00	0.00

Sale Price in Year 5 (2,717.30)

Capital Left for Equity Investor (2,717.30)
 Dividend Payments 0.00
 Total Cash In Flow (2,717.30)

Invested Equity 9,688.41
 IRR -177.55%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 3,053.63
 Cash Flow (Year 6-8) 1,241.48
4,295.11

Value Dilution
 Debt 9,688.41
 Goodwill 16,516.81
 Additional Interest 1,528.76
27,733.98

August 28, 2013

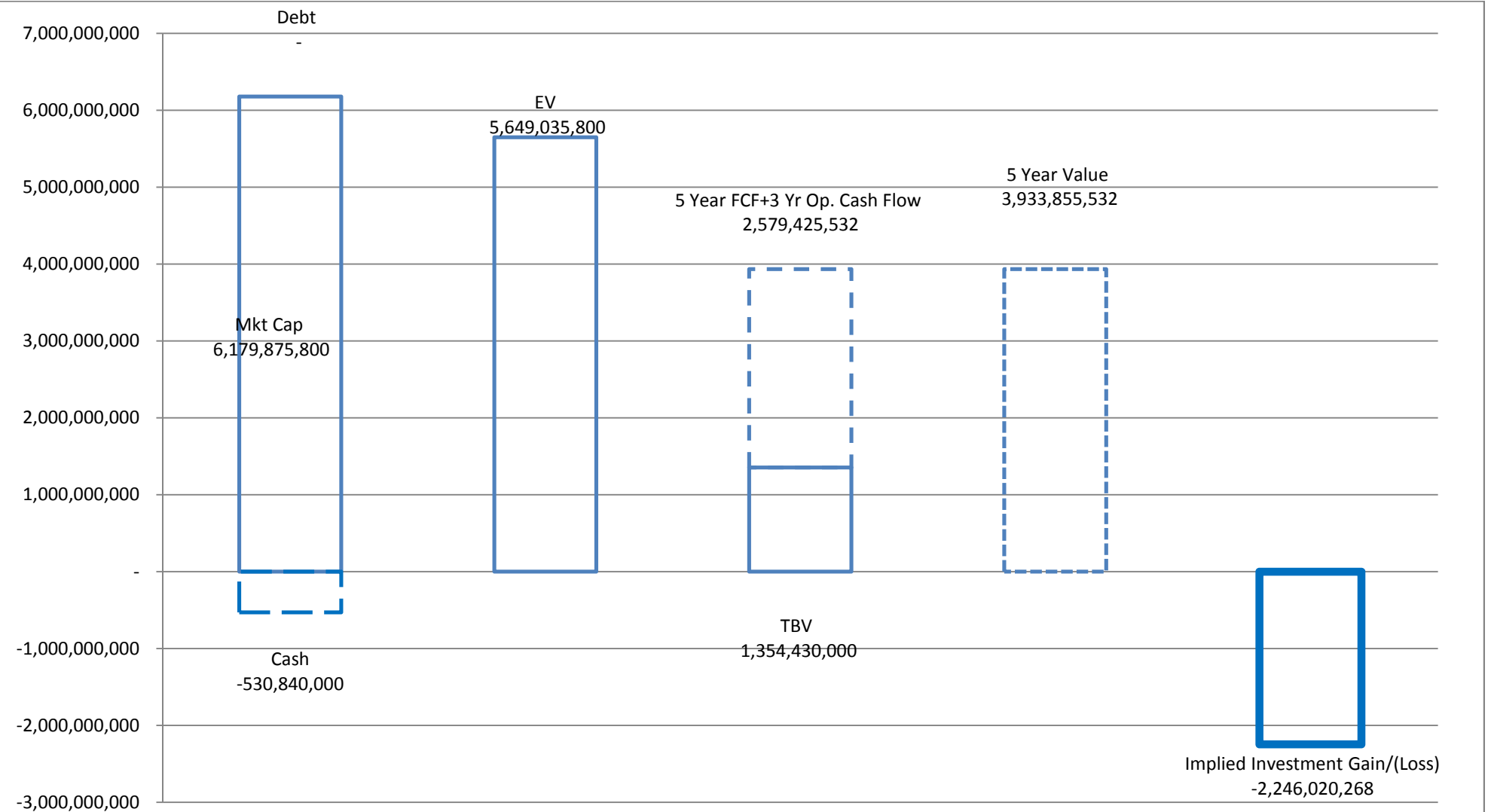
SN VALUATION [Stocks, Real Estate, Bonds]

Urban Outfitters (URBN)

Price:	\$42.06	Net Tang. Bk Value Incl. Cash, Excl.	\$1,354,430,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$2,432,600,957.50
Market Cap:	\$6,179,875,800	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$322,428,191.50
Cash:	\$530,840,000	NTBVIC/Market Downside Recovery:	21.92%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Op. Cash Flow:	\$322,428,192	Year 5 Disposition Price:	\$3,399,885,532.00
Net Cash:	\$530,840,000	Implied Years to Fill Gap:	14.97		
Enterprise Value:	\$5,649,035,800	Today's Equity if 5x Op. CF:	\$2,321,714,575		
		Net Tang. Book+ Gain Disposition:			\$3,399,885,532.00
Shares Outstanding:	146,930,000	IRR:			-11.26%
				Price:	\$23.14
				Target Market Cap:	\$3,399,885,532
				Target Enterprise Value:	\$2,869,045,532

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

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Urban Outfitters, inc., was incorporated in Pennsylvania in 1976. It is a lifestyle specialty retail company that operates under the Urban Outfitters, Anthropologie, Free People and Terrain brands. It also operates a wholesale segment under the Free People and Leifsdottir brands. It operates two business segments; a lifestyle specialty Retailing segment and a Wholesale apparel segment. Retail segment consists of Urban Outfitters, Anthropologie, Free People, Terrain and BHLDN brands, whose merchandise is sold directly to the customers through retail stores, websites, mobile applications, catalogs and customer contact centers. Wholesale apparel segment consists of the Free People wholesale division that, primarily, designs, develops and markets young women's contemporary casual apparel. It provides unified store environments that establish emotional bonds with the customer. It offers its products and markets its brands directly to the consumer through its e-commerce websites, www.urbanoutfitters.com, www.anthropologie.com, www.freepeople.com, www.urbanoutfitters.co.uk, www.urbanoutfitters.de, www.urbanoutfitters.fr, www.anthropologie.eu, www.shopterrain.com and www.bhldn.com and also through its Urban Outfitters, Anthropologie and Free People catalogs. The Company competes against a wide variety of smaller, independent specialty stores, as well as department stores and national specialty chains. It's Anthropologie, Free People and BHLDN stores also face competition from small boutiques that offer an individualized shopping experience. The Company is subject to customs, child labor, tax, employment, privacy, truth-in-advertising and other laws, including consumer protection regulations and zoning and occupancy ordinances that regulate retailers generally and/or govern the importation, promotion and sale of merchandise and the operation.

Company Name:		Urban Outfitters			Income Statement	
Ticker Symbol:	URBN	Market Capitalization:	\$6,179,875,800.00	Revenue:	\$2,960,000,000.00	100.0%
Last Price:	\$42.06	Total Debt:	\$0.00	Cost of Goods Sold:	\$1,928,460,000.00	65.2%
Net Cash/Share:	\$3.61	RCH Total Cash:	\$530,840,000.00	Gross Profit:	\$1,031,540,000.00	34.8%
Net Cash to Last Price:	8.59%	Net Cash/(Debt):	\$530,840,000.00	EBITDA:	\$538,170,000.00	18.2%
Shares Outstanding:	146,930,000	Enterprise Value:	\$5,649,035,800.00	Net Income:	\$265,490,000.00	9.0%
Industry:	Apparel Stores	Current EV/Share:	\$38.45			
Sector:	Consumer Cyclical	EBITDA:	\$492,950,000.00	Balance Sheet		
Institutional Ownership:	78.28%	EV/EBITDA Multiple:	11.46	Cash:	\$298,540,000.00	
Mutual Fund Ownership:	36.85%	EV/EBITDA Multiple Average Year 1-5:	13.02	Short Term Investment:	\$232,300,000.00	
Insider Ownership:	15.10%	EV/FCF Multiple (excluding acquisition):	24.91	A/R:	\$40,000,000.00	
Float:	73.00%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	46.14	PP&E:	\$681,000,000.00	
			Upper Range			
			DCF: EV/EBITDA Terminal Value			
Technicals		Implied TV from 3 X EV/EBITDA Multiple	\$981,020,430.00	A/P:	\$100,000,000.00	
52 week low:	\$34.39	Enterprise Value	\$981,020,430.00	Deferred Tax:	\$0.00	
Today from 52 week low:	22.30%	Cash at Year 5:	\$1,142,980,957.50	Other Liabilities:	\$371,780,000.00	
52 week high:	\$44.96	Debt at Year 5:	\$0.00	Short term Debt:	\$0.00	
Today from 52 week high:	6.89%	Equity Value Year 5:	\$2,124,001,387.50	Long Term Debt:	\$0.00	
Analyst/Consensus		Equity/Share at Year 5:	\$14.46	Liabilities:	\$471,780,000.00	
Analyst Sales Growth FY1:	12.10%	Annualized Return:	-19.23%	Retained Earnings:	\$1,315,000,000.00	
Analyst Sales Growth FY2:	11.20%	Lower Range				
SN Valuation Estimate FY1:	-10.00%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value				
SN Valuation Estimate FY2:	0.00%	Year 5 Net Tangible Assets excluding cash and debt	\$147,360,000.00	Paid-In Capital:	\$48,010,000.00	
Analyst Earnings Estimate FY1:	\$1.94	Enterprise Value	\$147,360,000.00	Treasury Stock:	\$0.00	
Analyst Earnings Estimate FY2:	\$2.25	Cash at Year 5:	\$1,142,980,957.50	Stockholder's Equity:	\$1,354,430,000.00	
SN Valuation Earnings Est. FY1:	\$1.47	Debt at Year 5:	\$0.00	Cash Flow		
SN Valuation Earnings Est. FY2:	\$1.47	Equity Value Year 5:	\$1,290,340,957.50	Net Income:	237,310,000.00	
Multiples		Equity/Share at Year 5:	\$8.78	Depreciation/Amortization:	118,660,000.00	
Market Value to Book:	4.56	Annualized Return:	-26.90%	Change in Working capital:	12,660,000.00	
EV to Book:	4.17	EVA				
Market Value to Tangible Net Assets:	41.94	EVA today:	\$1,441,943,911.23	Cash from Operating Activities:	395,680,000.00	
P/E Ratio:	23.28	EVA in 5 Years:	\$1,658,487,971.58	Cash from Investing Activities:	-168,880,000.00	
Trailing P/E Ratio:	23.07	EVA/Share:	\$11.29	Cash from Financing Activities:	37,380,000.00	
Forward P/E Ratio:	18.42	Cash at Year 5:	\$1,142,980,957.50	Capital Expenditures:	-168,880,000.00	
Beta:	1.1	Debt at Year 5:	\$0.00	Cash from Investing Activities:	-333,990,000.00	
Dividend:	0.00	Equity Value Year 5:	\$2,801,468,929.08	Total Cash Dividends Paid:	0.00	
Dividend Yield:	0.00%	Equity/Share at Year 5:	\$19.07	Issuance (Retirement) of Stock:	30,670,000.00	
Dividend Date:	N/A	Annualized return:	2.84%	Issuance (Retirement) of Debt:	0.00	
Ex-Dividend Date:	N/A					
Competitors		Profitability Margins				
Average EV to EBITDA:	N/A	Current Net Tangible Asset		Debt to Equity:	0.00%	
Company EV to EBITDA:	11.46	Net Tangible Asset/Share:	\$9.90	Return on Assets:	12.32%	
Average EV to EBIT:	N/A	Net Tangible Asset/Share in Year 5:	\$17.24	Return on Capital:	17.52%	
Company EV to EBITA:	15.09	Annualized return:	11.73%	Return on Equity:	17.52%	
		Current Equity Price:	\$42.06			
		Selling at Discount?	Premium			
		Appreciation Potential:	-76.46%			

SN VALUATION

LBO Pro Forma Income Statement

Name:

Urban Outfitters

Ticker:

URBN

	Historical				Forecasted				
	12 months ending 2010-01-31	12 months ending 2011-01-31	12 months ending 2012-01-31	12 months ending 2013-01-31	2013	2014	2015	2016	2017
Revenue	1,937.82	2,274.10	2,473.80	2,794.93	2,515.44	2,515.44	2,515.44	2,515.44	2,515.44
COGS	1,151.67	1,337.48	1,613.27	1,763.39	1,584.73	1,584.73	1,584.73	1,584.73	1,584.73
Gross margin	786.15	936.62	860.53	1,031.54	930.71	930.71	930.71	930.71	930.71
SG&A	447.16	522.42	575.81	657.25	603.70	603.70	603.70	603.70	603.70
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.00	0.00	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)	338.99	414.20	284.72	374.29	327.01	327.01	327.01	327.01	327.01
Interest income/(expense)	6.30	4.67	5.11	2.12	4.74	4.74	4.74	4.74	4.74
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	-0.87	-1.66	-1.01	-0.84	0.00	0.00	0.00	0.00	0.00
Income before tax	344.41	417.21	288.83	375.57	331.74	331.74	331.74	331.74	331.74
Tax	124.52	144.25	103.58	138.26	116.11	116.11	116.11	116.11	116.11
Income after tax	219.89	272.96	185.25	237.31	215.63	215.63	215.63	215.63	215.63
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	219.89	272.96	185.25	237.31	215.63	215.63	215.63	215.63	215.63
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.50	\$1.86	\$1.26	\$1.62	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47
P/E (historical today's price; forecasted intrinsic price)	28.10	22.64	33.36	26.04	25.43	22.57	20.02	17.77	15.77
Revenue Growth	N/A	17.35%	8.79%	12.98%	-10.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	36.15%	34.57%	35.86%	36.81%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	59.43%	58.81%	65.21%	63.09%	63.00%	63.00%	63.00%	63.00%	63.00%
Gross margin	40.57%	41.19%	34.79%	36.91%	37.00%	37.00%	37.00%	37.00%	37.00%
SG&A	23.08%	22.97%	23.28%	23.52%	24.00%	24.00%	24.00%	24.00%	24.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.00%	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)	17.49%	18.21%	11.51%	13.39%	13.00%	13.00%	13.00%	13.00%	13.00%
Interest income/(expense)	0.33%	0.21%	0.21%	0.08%	0.19%	0.19%	0.19%	0.19%	0.19%
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	-0.04%	-0.07%	-0.04%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	17.77%	18.35%	11.68%	13.44%	13.19%	13.19%	13.19%	13.19%	13.19%
Tax	6.43%	6.34%	4.19%	4.95%	4.62%	4.62%	4.62%	4.62%	4.62%
Income after tax	11.35%	12.00%	7.49%	8.49%	8.57%	8.57%	8.57%	8.57%	8.57%
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	11.35%	12.00%	7.49%	8.49%	8.57%	8.57%	8.57%	8.57%	8.57%

	As of 2010-01-31	As of 2011-01-31	As of 2012-01-31	As of 2013-01-31	As of 2013-07-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	159.03	340.26	145.28	245.32	298.54			298.54	420.97	543.40	665.82	788.25	910.68
Short term investment	342.51	116.42	89.85	228.49	232.30			232.30	232.30	232.30	232.30	232.30	232.30
Cash and Short term	501.54	456.68	235.13	473.81	530.84			530.84	653.27	775.70	898.12	1,020.55	1,142.98
Accounts Receivable	38.41	36.50	36.67	39.52	40.00			40.00	40.00	40.00	40.00	40.00	40.00
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	38.41	36.50	36.67	39.52	40.00			40.00	40.00	40.00	40.00	40.00	40.00
Total Inventory	186.13	229.56	250.07	282.41	347.06			347.06	347.06	347.06	347.06	347.06	347.06
Prepaid Expenses	67.86	66.89	69.88	61.83	69.49			69.49	69.49	69.49	69.49	69.49	69.49
Other Current Assets	12.28	14.35	5.24	14.71	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	806.22	803.98	596.99	872.28	987.39	0.00	0.00	987.39	1,109.82	1,232.25	1,354.67	1,477.10	1,599.53
PP&E, Gross	976.70	1,111.16	1,301.77	0.00	1,301.00			1,301.00	1,501.00	1,701.00	1,901.00	2,101.00	2,301.00
Change in Depreciation	92.35	101.11	108.11	118.66	118.66			118.66	106.79	106.79	106.79	106.79	106.79
Accumulated Depreciation	436.74	524.82	616.79	0.00	620.00			620.00	726.79	833.59	940.38	1,047.18	1,153.97
PP&E, Net	539.96	586.34	684.98	0.00	681.00			681.00	774.21	867.41	960.62	1,053.82	1,147.03
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	243.44	351.99	126.91	149.59	210.27			210.27	210.27	210.27	210.27	210.27	210.27
Other long term assets	46.47	52.01	74.82	41.93	47.97			47.97	47.97	47.97	47.97	47.97	47.97
Long Term Assets	829.87	990.34	886.71	191.52	939.24			939.24	1,032.45	1,125.65	1,218.86	1,312.06	1,405.27
Total Assets	1,636.09	1,794.32	1,483.70	1,063.80	1,926.63	0.00	0.00	1,926.63	2,142.26	2,357.90	2,573.53	2,789.17	3,004.80
Accounts Payable	78.04	82.90	95.75	99.06	100.00			100.00	100.00	100.00	100.00	100.00	100.00
Accrued Expense	56.83	49.40	55.70	67.62	67.00			67.00	67.00	67.00	67.00	67.00	67.00
Other current Liabilities	53.68	78.72	82.01	83.52	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	188.55	211.02	233.46	250.20	167.00	0.00	0.00	167.00	167.00	167.00	167.00	167.00	167.00
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	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	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
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	150.77	171.75	183.97	192.43	304.78			304.78	304.78	304.78	304.78	304.78	304.78
Total Liabilities	339.32	382.77	417.43	442.63	471.78	0.00	0.00	471.78	471.78	471.78	471.78	471.78	471.78
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.02	0.02	0.01	0.01	0.01		0.00	0.01	0.01	0.01	0.01	0.01	0.01
Additional Paid-in capital	184.62	27.60	0.00	48.28	48.00	0.00	0.00	48.00	48.00	48.00	48.00	48.00	48.00
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	1,121.23	1,394.19	1,077.77	1,315.08	1,315.00			1,315.00	1,530.63	1,746.27	1,961.90	2,177.54	2,393.17
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-7.32	-7.75	-10.04	-8.58	-8.58		0.00	-8.58	-8.58	-8.58	-8.58	-8.58	-8.58
Total Equity	1,298.55	1,414.06	1,067.74	1,354.79	1,354.43	0.00	0.00	1,354.43	1,570.06	1,785.70	2,001.33	2,216.97	2,432.60
Liability + Equity	1,637.87	1,796.83	1,485.17	1,797.42	1,826.21	0.00	0.00	1,826.21	2,041.84	2,257.48	2,473.11	2,688.75	2,904.38
Variance	-1.78	-2.51	-1.47	-733.62	100.42			100.42	100.42	100.42	100.42	100.42	100.42
Debt/Equity	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	10.41	9.91	9.89	9.90	7.25			8.05	7.25	7.25	7.25	7.25	7.25
Inventory Turnover Days	35.06	36.85	36.90	36.88	50.36			45.32	50.36	50.36	50.36	50.36	50.36
Days Inventory Outstanding	58.99	62.65	56.58	58.46	79.94			71.84	79.94	79.94	79.94	79.94	79.94
Accounts Receivable Turnover	50.45	62.30	67.46	70.72	62.89			69.87	62.89	62.89	62.89	62.89	62.89
Accounts Receivable Turnover Days	7.23	5.86	5.41	5.16	5.80			5.22	5.80	5.80	5.80	5.80	5.80
Days Payable Outstanding	24.73	22.62	21.66	20.50	23.03			20.70	23.03	23.03	23.03	23.03	23.03
Days Sales Outstanding	7.23	5.86	5.41	5.16	5.80			5.16	5.22	5.80	5.80	5.80	5.80
Cash Conversion Cycle	41.49	45.88	40.33	43.11	62.71			56.30	62.13	62.71	62.71	62.71	62.71
Net tangible assets/share	\$8.84	\$9.62	\$7.27	\$9.22	\$9.22			\$10.69	\$12.15	\$13.62	\$15.09	\$16.56	\$16.56

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

URBN

	12 months ending 2010-01-31	12 months ending 2011-01-31	12 months ending 2012-01-31	12 months ending 2013-01-31	2011	2012	2013	2014	2015
Net Income	219.89	272.96	185.25	237.31	215.63	215.63	215.63	215.63	215.63
Depreciation	92.35	101.11	108.11	118.66	106.79	106.79	106.79	106.79	106.79
Net Income + Depreciation	312.24	374.07	293.36	355.97	322.43	322.43	322.43	322.43	322.43
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	2.16	-8.73	-12.15	22.25	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-1.33	-2.00	-5.07	4.79	0.00	0.00	0.00	0.00	0.00
Change in Working capital	12.32	21.78	6.56	12.66	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	1.91	-0.17	-2.65	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	-43.43	-20.51	-32.34	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.97	-2.99	8.05	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	4.86	12.85	3.31	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	325.39	385.12	282.70	395.67	322.43	322.43	322.43	322.43	322.43
Capital Expenditures Expenditures	-109.26	-143.64	-190.01	-168.88	-200.00	-200.00	-200.00	-200.00	-200.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-385.51	108.11	245.30	-165.11	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-494.77	-35.53	55.29	-333.99	-200.00	-200.00	-200.00	-200.00	-200.00
Financing Cash flow items	6.44	12.85	8.99	6.71	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	3.25	-180.59	-541.34	30.67	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	9.69	-167.74	-532.35	37.38	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	2.67	-0.60	-0.63	0.98	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	316.03	159.02	340.26	145.27	298.54	420.97	543.40	665.82	788.25
Net Change in Cash	-157.01	181.23	-194.98	100.05	122.43	122.43	122.43	122.43	122.43
Ending Cash Balance	159.02	340.26	145.28	245.32	420.97	543.40	665.82	788.25	910.68
Capex to Revenue	5.64%	6.32%	7.68%	6.04%	7.95%	7.95%	7.95%	7.95%	7.95%
Depreciation to Sales	4.77%	4.45%	4.37%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
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	1.98%	1.61%	1.48%	1.41%	1.57%	1.57%	1.57%	1.57%	1.57%
Distributable FCF/EV Yield	-3.00%	6.19%	5.98%	1.09%	2.17%	2.17%	2.17%	2.17%	2.17%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	216.13	241.48	92.69	226.79	122.43	122.43	122.43	122.43	122.43

SN VALUATION

LBO Debt Schedule

Ticker:

URBN

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	100.05	122.43	122.43	122.43	122.43	122.43
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		473.81				
Interest @ 1.0%		4.74	4.74	4.74	4.74	4.74
Net Interest Expense/(Income)		(4.74)	(4.74)	(4.74)	(4.74)	(4.74)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		327.01	327.01	327.01	327.01	327.01
EBITDA/Interest Expense Coverage		N/A	N/A	N/A	N/A	N/A

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Urban Outfitters

Ticker:

URBN

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	617.67	592.96	363.53	820.39	942.82	1,065.25	1,187.67	1,310.10	1,432.53
Total Assets	1,636.09	1,794.32	1,483.70	1,926.63	2,142.26	2,357.90	2,573.53	2,789.17	3,004.80
X1	0.38	0.33	0.25	0.43	0.44	0.45	0.46	0.47	0.48
Retained Earnings	1,121.23	1,394.19	1,077.77	1,315.00	1,530.63	1,746.27	1,961.90	2,177.54	2,393.17
Total Assets	1,636.09	1,794.32	1,483.70	1,926.63	2,142.26	2,357.90	2,573.53	2,789.17	3,004.80
X2	0.69	0.78	0.73	0.68	0.71	0.74	0.76	0.78	0.80
EBITDA	338.99	414.20	284.72	374.29	327.01	327.01	327.01	327.01	327.01
Total Assets	1,636.09	1,794.32	1,483.70	1,926.63	2,142.26	2,357.90	2,573.53	2,789.17	3,004.80
X3	0.21	0.23	0.19	0.19	0.15	0.14	0.13	0.12	0.11
Market Value of Equity	6,179.88	6,179.88	6,179.88	6,179.88	5,483.74	4,866.02	4,317.88	3,831.49	3,399.89
Total Liabilities	339.32	382.77	417.43	471.78	471.78	471.78	471.78	471.78	471.78
X4	18.21	16.15	14.80	13.10	11.62	10.31	9.15	8.12	7.21
Net Sales	1,937.82	2,274.10	2,473.80	2,794.93	2,515.44	2,515.44	2,515.44	2,515.44	2,515.44
Total Assets	1,636.09	1,794.32	1,483.70	1,926.63	2,142.26	2,357.90	2,573.53	2,789.17	3,004.80
X5	1.18	1.27	1.67	1.45	1.17	1.07	0.98	0.90	0.84
Altman Z Score	14.21	13.20	12.49	11.42	10.18	9.29	8.51	7.82	7.21

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

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
Tangible Book Value	1,354.43	1,570.06	1,785.70	2,001.33	2,216.97	2,432.60				2,432.60
Annual Change		215.63	215.63	215.63	215.63	215.63				
Annual FCF	226.79	122.43	122.43	122.43	122.43	122.43	122.43	122.43	122.43	367.28
Annual Op. Cash Flow	395.67	322.43	322.43	322.43	322.43	322.43	322.43	322.43	322.43	
Annual PP&E Investment	(168.88)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	
Today's Tangible Book Value	1,354.43	1,522.72	1,711.92	1,924.62	2,163.75	2,432.60				2,799.89
Intrinsic Value IRR	12.42%									
Market Price	6,179.88	5,274.87	4,502.40	3,843.05	3,280.26	2,799.89				2,799.89
Market Price IRR	-14.64%									

Debt	50.00%	3,089.94
Equity	50.00%	3,089.94
Total	100.00%	6,179.88

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	1354.43	3,089.94	3,242.24	3,394.54	3,546.84	3,699.14	3,851.44				
Goodwill	0	4,825.45	4,825.45	4,825.45	4,825.45	4,825.45	4,825.45				
Debt	0	3,089.94	3,089.94	3,089.94	3,089.94	3,089.94	3,089.94				
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%				
Additional Interest Expense		97.44	97.44	97.44	97.44	97.44					
Tangible Book Value	1354.43	-1,735.51	-1,583.21	-1,430.91	-1,278.61	-1,126.31	-974.00				-974.00
Annual Change			152.30	152.30	152.30	152.30	152.30				
Annual FCF	226.79	59.09	59.09	59.09	59.09	59.09	59.09	59.09	59.09	59.09	177.28
Annual Net Income	237.31		152.30	152.30	152.30	152.30	152.30	152.30	152.30	152.30	
Annual Op. Cash Flow	395.67	259.09	259.09	259.09	259.09	259.09	259.09	259.09	259.09	259.09	
Dividend Payments											
Annual PP&E Investment	(168.88)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	
Debt Paydown	0.00						0.00	0.00	0.00		

Sale Price in Year 5 (798.72)

Capital Left for Equity Investor (798.72)
 Dividend Payments 0.00
 Total Cash In Flow (798.72)

Invested Equity 3,089.94
 IRR -176.26%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 761.50
 Cash Flow (Year 6-8) 177.28
938.79

Value Dilution
 Debt 3,089.94
 Goodwill 4,825.45
 Additional Interest 487.18
8,402.56