

## USA Mobility (USMO)

Price:	\$13.54	Net Tang. Bk Value Incl. Cash, Excl.	\$130,000,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$353,331,875.00
Market Cap:	\$293,141,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$62,896,375.00
Cash:	\$82,980,000	NTBVIC/Market Downside Recovery:	44.35%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Op. Cash Flow:	\$62,896,375	Year 5 Disposition Price:	\$542,021,000.00
Net Cash:	\$82,980,000	Implied Years to Fill Gap:	2.59		
Enterprise Value:	\$210,161,000	Today's Equity if 5x Op. CF:	\$318,689,125		
		Net Tang. Book+ Gain Disposition:			\$542,021,000.00
Shares Outstanding:	21,650,000	IRR:			13.08%
				Price:	\$25.04
				Target Market Cap:	\$542,021,000
				Target Enterprise Value:	\$459,041,000

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

Not a big fan of declining business. The Co. is a national pager service provider to government, health, police and paramedic entities. Revenue has been decreasing at a fast clip, but the management has kept EBITDA at healthy margins (30%). We see this as a fixed income investment thesis, with +3% dividend yield for the foreseeable future and principal appreciation potential after the stock fell sharply in November.

We believe the Co. will generate \$50-60MM in operating cash flow, has no debt, \$80MM in cash, and pays out nearly \$20MM in dividend. Revenue base seems to have stabilized to \$200MM, from \$600MM in 2005.

From a valuation perspective, this company seems cheap. We don't forecast out too far, and our assumptions are rather conservative. There is definite present value of the tangible assets and the Co. requires minimal capex to continue operations. As such, we see the Co. as a cheap value play.

However, the investor must be fully aware the dividend yield reflects the inherent risk of a decreasing business and should tread lightly.

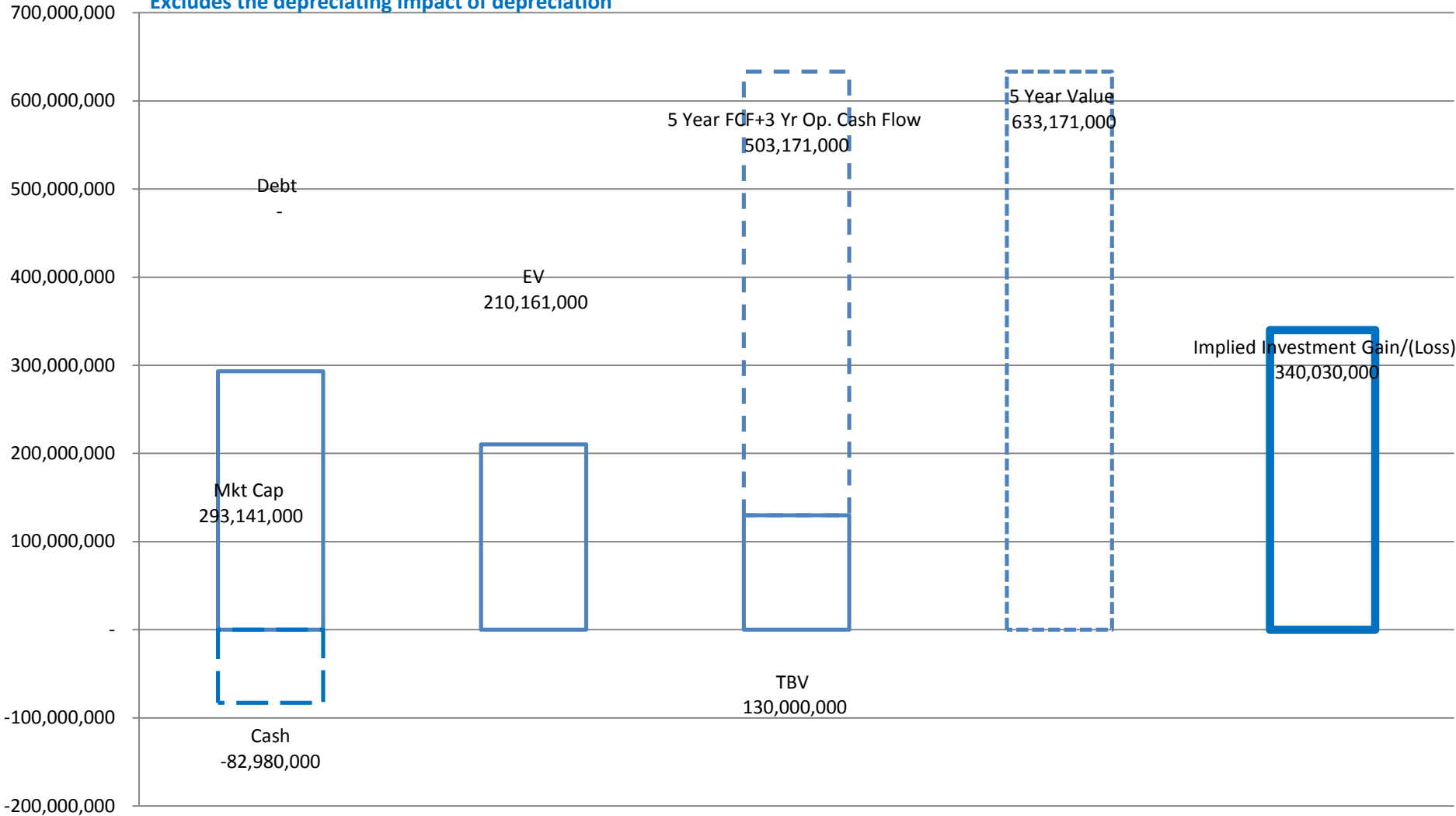
USMO was formed in 2004 through a merger of 2 paging companies. In 2010, the Co. purchased another company with cash, as they were sitting on \$120MM in cash. We don't like their acquisition driven growth strategy, or in this case, sustainability strategy. With the introduction and saturation of smart phone technology in the mobile space, we are even more cautious with our bullish stance on the stock.

We have run into plenty of investment opportunities where the floor seemed to be set, but collapsed further as time went on, as the underlying business deteriorated further, either because of obsolescence from outdated technology, or a fierce competitor. USMO is a prime candidate for such a scenario to come into play under obsolescence.

One positive trait is the corporate/entity clientele based revenue model. Unlike trendy consumers, businesses/public entities require less flashy technology and favors stability and accuracy. We doubt the Co's clients, by nature, will opt out of the outdated paging technology for more precise smartphone upgrades.

Therefore, considering the outlined points, we believe the value is present, the risk is concerning but acceptable, and the bull story wins out the concerns.

Excludes the depreciating impact of depreciation



USA Mobility Inc., a holding company. The Company through its indirect wholly-owned subsidiary, USA Mobility Wireless, Inc., is a provider of wireless messaging, mobile voice and data and unified communications solutions in the United States. It has two reportable segments, wireless operations and software operations. Its wireless operations provide one-way and advanced two-way wireless messaging services including information services throughout the United States. It also offers voice mail, personalized greeting, message storage and retrieval, and equipment loss and/or maintenance protection to both one-way and two-way messaging subscribers. It market and distribute these wireless messaging and information services through a direct sales force and a small indirect sales channel. Its software operations offer a focused suite of unified communications solutions that include call center operations, clinical alerting and notifications, mobile communications and public safety solutions. The Company offers its services and products in the United States and abroad mainly to three major market segments: healthcare, government and large enterprise. The key market segments for its wireless (paging) operations include healthcare, government and large enterprise, while its software operations also have a presence in hospitality, in addition to these three segments. The Company's competitors for wireless messaging services include American Messaging Service, LLC and a variety of other regional and local providers. Its products and services also competes with an array of wireless messaging services provided by mobile telephone companies, including AT&T Mobility LLC, Sprint Nextel Corporation, T-Mobile USA, Inc., and Verizon Wireless, Inc. The Company is subject to regulation by the FCC and, to a lesser extent, by state and local authorities.

<b>Company Name:</b>	<b>USA Mobility</b>	Market Capitalization:	\$293,141,000.00	<b>Income Statement</b>	
Ticker Symbol:	USMO	Total Debt:	\$0.00	Revenue:	\$206,950,000.00 100.0%
<b>Last Price:</b>	<b>\$13.54</b>	Total Cash:	\$82,980,000.00	Cost of Goods Sold:	\$63,520,000.00 30.7%
Net Cash/Share:	\$3.83	Net Cash/(Debt):	\$82,980,000.00	Gross Profit:	\$143,430,000.00 69.3%
Net Cash to Last Price:	28.31%	Enterprise Value:	\$210,161,000.00	EBITDA:	\$58,060,000.00 28.1%
Shares Outstanding:	21,650,000	Current EV/Share:	\$9.71	Net Income:	\$21,540,000.00 10.4%
Industry:	Telecom Services	EBITDA:	\$82,190,000.00	<b>Balance Sheet</b>	
Sector:	Communication Services	EV/EBITDA Multiple:	2.56	Cash:	\$82,980,000.00
Institutional Ownership:	81.46%	EV/EBITDA Multiple Average Year 1-5:	2.43	Short Term Investment:	\$0.00
Mutual Fund Ownership:	34.62%	EV/FCF Multiple (excluding acquisition):	3.34	A/R:	\$17,000,000.00
Insider Ownership:	2.99%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	3.97	PP&E:	\$25,000,000.00
Float:	86.00%			Assets:	\$327,390,000.00
		<b>Upper Range</b>		A/P:	\$10,000,000.00
		<b>DCF: EV/EBITDA Terminal Value</b>		Deferred Tax:	\$0.00
		Implied TV from 3 X EV/EBITDA Multiple	\$204,321,000.00	Other Liabilities:	\$50,520,000.00
		Enterprise Value	\$204,321,000.00	Short term Debt:	\$0.00
		Cash at Year 5:	\$347,461,875.00	Long Term Debt:	\$0.00
		Debt at Year 5:	\$0.00	Liabilities:	\$60,520,000.00
		Equity Value Year 5:	\$551,782,875.00	Retained Earnings:	\$137,000,000.00
		<b>Equity/Share at Year 5:</b>	<b>\$25.49</b>	Paid-In Capital:	\$126,000,000.00
		Annualized Return:	13.48%	Treasury Stock:	\$0.00
		<b>Lower Range</b>		Stockholder's Equity:	\$263,000,000.00
		<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>		<b>Cash Flow</b>	
		Year 5 Net Tangible Assets excluding cash and debt	\$4,910,000.00	Net Income:	26,980,000.00
		Enterprise Value	\$4,910,000.00	Depreciation/Amortization:	18,230,000.00
		Cash at Year 5:	\$347,461,875.00	Change in Working capital:	3,430,000.00
		Debt at Year 5:	\$0.00	Cash from Operating Activities:	72,880,000.00
		Equity Value Year 5:	\$352,371,875.00	Capital Expenditures:	-9,990,000.00
		<b>Equity/Share at Year 5:</b>	<b>\$16.28</b>	Cash from Investing Activities:	-12,660,000.00
		Annualized Return:	3.75%	Total Cash Dividends Paid:	-16,510,000.00
		<b>EVA</b>		Issuance (Retirement) of Stock:	-8,060,000.00
		EVA today:	\$271,535,062.96	Issuance (Retirement) of Debt:	-28,250,000.00
		EVA in 5 Years:	\$329,346,521.61	Cash from Financing Activities:	-52,830,000.00
		EVA/Share:	\$15.21		
		Cash at Year 5:	\$347,461,875.00	<b>Profitability Margins</b>	
		Debt at Year 5:	\$0.00	Debt to Equity:	0.00%
		Equity Value Year 5:	\$676,808,396.61	Return on Assets:	8.24%
		<b>Equity/Share at Year 5:</b>	<b>\$31.26</b>	Return on Capital:	10.26%
		Annualized return	3.94%	Return on Equity:	10.26%
		<b>Current Net Tangible Asset</b>			
		<b>Net Tangible Asset/Share:</b>	<b>\$4.98</b>		
		<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$15.30</b>		
		Annualized return	25.15%		
		Current Equity Price:	\$13.54		
		Selling at Discount?	Premium		
		Appreciation Potential:	-63.20%		
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**Competitors**

Average EV to EBITDA:	N/A
Company EV to EBITDA:	2.56
Average EV to EBIT:	N/A
Company EV to EBITA:	4.60

SN VALUATION

LBO Pro Forma Income Statement

Name:

USA Mobility

Ticker:

USMO

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	289.71	233.26	233.69	219.70	219.70	219.70	219.70	219.70	219.70
COGS	91.51	73.37	82.75	76.27	76.90	76.90	76.90	76.90	76.90
Gross margin	198.20	159.89	150.94	143.43	142.81	142.81	142.81	142.81	142.81
SG&A	96.14	76.40	78.48	74.53	74.70	74.70	74.70	74.70	74.70
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	2.74	2.18	1.29	5.14	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)	99.32	81.31	71.17	63.96	68.11	68.11	68.11	68.11	68.11
Interest income/(expense)	0.07	0.01	-2.26	-0.38	0.61	0.61	0.61	0.61	0.61
Gain (loss) on sale of asset	0.00	2.00	7.50	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.53	0.81	0.45	0.71	0.00	0.00	0.00	0.00	0.00
Income before tax	58.01	60.00	57.52	46.06	68.72	68.72	68.72	68.72	68.72
Tax	-9.55	-17.90	-26.27	19.08	24.05	24.05	24.05	24.05	24.05
Income after tax	67.56	77.90	83.79	26.98	44.67	44.67	44.67	44.67	44.67
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	67.56	77.90	83.79	26.98	44.67	44.67	44.67	44.67	44.67
*Figures are in millions (\$)									
EPS (based off today's share count)	\$3.12	\$3.60	\$3.87	\$1.25	\$2.06	\$2.06	\$2.06	\$2.06	\$2.06
P/E (historical today's price; forecasted intrinsic price)	4.34	3.76	3.50	10.87	7.42	8.39	9.49	10.73	12.13
Revenue Growth	N/A	-18.49%	0.19%	-5.99%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	-16.46%	-29.83%	-45.67%	41.42%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	-8.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	31.59%	31.45%	35.41%	34.72%	35.00%	35.00%	35.00%	35.00%	35.00%
Gross margin	68.41%	65.55%	65.28%	65.28%	65.00%	65.00%	65.00%	65.00%	65.00%
SG&A	33.18%	32.75%	33.58%	33.83%	34.00%	34.00%	34.00%	34.00%	34.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.95%	0.93%	0.55%	2.34%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	34.28%	34.86%	30.45%	29.11%	31.00%	31.00%	31.00%	31.00%	31.00%
Interest income/(expense)	0.02%	0.00%	-0.97%	-0.17%	0.28%	0.28%	0.28%	0.28%	0.28%
Gain (loss) on sale of asset	0.00%	0.86%	3.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.18%	0.35%	0.19%	0.32%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	20.02%	25.72%	24.61%	20.96%	31.28%	31.28%	31.28%	31.28%	31.28%
Tax	-3.30%	-7.67%	-11.24%	8.68%	10.95%	10.95%	10.95%	10.95%	10.95%
Income after tax	23.32%	33.40%	35.86%	12.28%	20.33%	20.33%	20.33%	20.33%	20.33%
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	23.32%	33.40%	35.86%	12.28%	20.33%	20.33%	20.33%	20.33%	20.33%

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-09-30	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
						+	-						
Cash	109.59	129.22	53.66	61.05	82.98			82.98	135.876375	188.77	241.67	294.57	347.46
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
<b>Cash and Short term</b>	<b>109.59</b>	<b>129.22</b>	<b>53.66</b>	<b>61.05</b>	<b>82.98</b>			<b>82.98</b>	<b>135.88</b>	<b>188.77</b>	<b>241.67</b>	<b>294.57</b>	<b>347.46</b>
Accounts Receivable	19.05	13.42	20.52	21.58	17.00			17.00	17.00	17.00	17.00	17.00	17.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>19.05</b>	<b>13.42</b>	<b>20.52</b>	<b>21.58</b>	<b>17.00</b>			<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>
Total Inventory	0.21	0.16	2.75	3.26	2.54			2.54	2.54	2.54	2.54	2.54	2.54
Prepaid Expenses	1.98	1.75	3.92	4.48	6.16			6.16	6.16	6.16	6.16	6.16	6.16
Other Current Assets	1.22	4.03	23.36	4.25	3.82			3.82	3.82	3.82	3.82	3.82	3.82
<b>Current Assets</b>	<b>132.05</b>	<b>148.58</b>	<b>104.21</b>	<b>94.62</b>	<b>112.50</b>	<b>0.00</b>	<b>0.00</b>	<b>112.50</b>	<b>165.396375</b>	<b>218.29</b>	<b>271.19</b>	<b>324.09</b>	<b>376.98</b>
PP&E, Gross	182.82	151.19	132.29	0.00	135.00			135.00	145.00	155.00	165.00	175.00	185.00
Change in Depreciation	41.91	24.13	19.33	18.23	18.23			18.23	18.23	18.23	18.23	18.23	18.23
Accumulated Depreciation	141.52	124.06	109.87	0.00	110.00			110.00	128.23	146.46	164.69	182.92	201.15
<b>PP&amp;E, Net</b>	<b>41.30</b>	<b>27.13</b>	<b>22.42</b>	<b>0.00</b>	<b>25.00</b>			<b>25.00</b>	<b>16.77</b>	<b>8.54</b>	<b>0.31</b>	<b>-7.92</b>	<b>-16.15</b>
Goodwill	0.00	0.00	130.97	133.03	133.00	0.00		133.00	133.00	133.00	133.00	133.00	133.00
Intangibles	0.23	0.51	38.76	30.33	26.00			26.00	26.00	26.00	26.00	26.00	26.00
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	34.18	48.47	56.57	42.55	30.89			30.89	30.89	30.89	30.89	30.89	30.89
<b>Long Term Assets</b>	<b>75.71</b>	<b>76.11</b>	<b>248.72</b>	<b>205.91</b>	<b>214.89</b>	<b>0.00</b>	<b>0.00</b>	<b>214.89</b>	<b>206.66</b>	<b>198.43</b>	<b>190.20</b>	<b>181.97</b>	<b>173.74</b>
<b>Total Assets</b>	<b>207.76</b>	<b>224.69</b>	<b>352.93</b>	<b>300.53</b>	<b>327.39</b>	<b>0.00</b>	<b>0.00</b>	<b>327.39</b>	<b>372.06</b>	<b>416.72</b>	<b>461.39</b>	<b>506.06</b>	<b>550.72</b>
Accounts Payable	3.39	3.28	1.79	2.21	10.00			10.00	10.00	10.00	10.00	10.00	10.00
Accrued Expense	24.20	19.66	17.35	28.26	11.00			11.00	11.00	11.00	11.00	11.00	11.00
Other current Liabilities	15.93	11.53	46.64	30.26	27.97			27.97	27.97	27.97	27.97	27.97	27.97
<b>Total Current Liabilities</b>	<b>43.52</b>	<b>34.47</b>	<b>65.78</b>	<b>60.73</b>	<b>48.97</b>	<b>0.00</b>	<b>0.00</b>	<b>48.97</b>	<b>48.97</b>	<b>48.97</b>	<b>48.97</b>	<b>48.97</b>	<b>48.97</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	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	28.25	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
<b>Total Interest Earning Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>28.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
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	11.23	11.79	12.80	10.48	11.55			11.55	11.55	11.55	11.55	11.55	11.55
<b>Total Liabilities</b>	<b>54.75</b>	<b>46.26</b>	<b>106.83</b>	<b>71.21</b>	<b>60.52</b>	<b>0.00</b>	<b>0.00</b>	<b>60.52</b>	<b>60.52</b>	<b>60.52</b>	<b>60.52</b>	<b>60.52</b>	<b>60.52</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Paid-in capital	137.38	129.70	131.61	125.21	126.00	0.00	0.00	126.00	126.00	126.00	126.00	126.00	126.00
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	21.42	54.69	115.97	126.20	137.00			137.00	181.67	226.33	271.00	315.67	360.33
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	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>158.80</b>	<b>184.39</b>	<b>247.58</b>	<b>251.41</b>	<b>263.00</b>	<b>0.00</b>	<b>0.00</b>	<b>263.00</b>	<b>307.67</b>	<b>352.33</b>	<b>397.00</b>	<b>441.67</b>	<b>486.33</b>
<b>Liability + Equity</b>	<b>213.55</b>	<b>230.65</b>	<b>354.41</b>	<b>322.62</b>	<b>323.52</b>	<b>0.00</b>	<b>0.00</b>	<b>323.52</b>	<b>368.19</b>	<b>412.85</b>	<b>457.52</b>	<b>502.19</b>	<b>546.85</b>
<b>Variance</b>	-5.79	-5.96	-1.48	-22.09	3.87			3.87	3.87	3.87	3.87	3.87	3.87
<b>Debt/Equity</b>	0.00	0.00	0.11	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	1,379.57	1,457.88	84.98	67.39	86.50			86.50	86.50	86.50	86.50	86.50	86.50
Inventory Turnover Days	0.26	0.25	4.30	5.42	4.22			4.22	4.22	4.22	4.22	4.22	4.22
Days Inventory Outstanding	0.84	0.80	12.13	15.60	12.06			12.16	12.06	12.06	12.06	12.06	12.06
Accounts Receivable Turnover	15.21	17.38	11.39	10.18	12.92			12.92	12.92	12.92	12.92	12.92	12.92
Accounts Receivable Turnover Days	24.00	21.00	32.05	35.85	28.24			28.24	28.24	28.24	28.24	28.24	28.24
Days Payable Outstanding	13.52	16.32	7.90	10.58	47.47			47.86	47.47	47.47	47.47	47.47	47.47
Days Sales Outstanding	24.00	21.00	32.05	35.85	28.24			35.85	28.24	28.24	28.24	28.24	28.24
Cash Conversion Cycle	11.32	5.48	36.28	40.88	-7.17			0.15	-7.17	-7.17	-7.17	-7.17	-7.17
Net tangible assets/share	\$7.32	\$8.49	\$3.60	\$4.07	\$4.80				\$6.87	\$8.93	\$10.99	\$13.06	\$15.12

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2014	2015	2016	2017	2018
Net Income	67.56	77.90	83.79	26.98	44.67	44.67	44.67	44.67	44.67
Depreciation	41.91	24.13	19.33	18.23	18.23	18.23	18.23	18.23	18.23
<b>Net Income + Depreciation</b>	<b>109.47</b>	<b>102.03</b>	<b>103.12</b>	<b>45.21</b>	<b>62.90</b>	<b>62.90</b>	<b>62.90</b>	<b>62.90</b>	<b>62.90</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	32.43	-18.11	-28.04	18.04	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-1.14	1.82	-3.44	6.19	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-38.90	-6.31	10.80	3.43	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	5.63	-7.10	-1.06	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	0.05	-2.59	-0.51	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.23	-2.17	-0.56	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-0.11	-1.49	0.42	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>101.86</b>	<b>79.43</b>	<b>82.44</b>	<b>72.87</b>	<b>62.90</b>	<b>62.90</b>	<b>62.90</b>	<b>62.90</b>	<b>62.90</b>
Capital Expenditures Expenditures	-17.23	-8.74	-7.95	-9.99	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.17	2.08	-126.69	-2.67	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-17.06</b>	<b>-6.66</b>	<b>-134.64</b>	<b>-12.66</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>
Financing Cash flow items	0.00	0.00	-1.58	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-45.50	-44.23	-22.12	-16.51	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-4.74	-8.89	0.00	-8.06	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	0.35	-28.25	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-50.24</b>	<b>-53.12</b>	<b>-23.35</b>	<b>-52.82</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	75.03	109.59	129.22	53.66	82.98	135.88	188.77	241.67	294.57
<b>Net Change in Cash</b>	<b>34.56</b>	<b>19.63</b>	<b>-75.56</b>	<b>7.39</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>
Ending Cash Balance	109.59	129.22	53.66	61.05	135.88	188.77	241.67	294.57	347.46
Capex to Revenue	5.95%	3.75%	3.40%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%
Depreciation to Sales	14.47%	10.34%	8.27%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%
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	6.58%	5.75%	8.78%	9.82%	9.82%	9.82%	9.82%	9.82%	9.82%
Distributable FCF/EV Yield	40.35%	34.63%	-24.84%	28.65%	25.17%	25.17%	25.17%	25.17%	25.17%
Dividend Yield	-15.52%	-15.09%	-7.55%	-5.63%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	<b>130.13</b>	<b>114.92</b>	<b>96.61</b>	<b>79.39</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

USMO

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>7.39</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
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		7.00%	7.00%	7.00%	7.00%	7.00%
<b>Interest Rate</b>		<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>
<b>Interest Expense</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		61.05				
Interest @ 1.0%		0.61	0.61	0.61	0.61	0.61
<b>Net Interest Expense/(Income)</b>		<b>(0.61)</b>	<b>(0.61)</b>	<b>(0.61)</b>	<b>(0.61)</b>	<b>(0.61)</b>
<b>Net Interest Rate</b>		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
EBITDA		68.11	68.11	68.11	68.11	68.11
<b>EBITDA/Interest Expense Coverage</b>		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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:

USA Mobility

Ticker:

USMO

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	88.53	114.11	38.43	63.53	116.43	169.32	222.22	275.12	328.01
Total Assets	207.76	224.69	352.93	327.39	372.06	416.72	461.39	506.06	550.72
<b>X1</b>	<b>0.43</b>	<b>0.51</b>	<b>0.11</b>	<b>0.19</b>	<b>0.31</b>	<b>0.41</b>	<b>0.48</b>	<b>0.54</b>	<b>0.60</b>
Retained Earnings	21.42	54.69	115.97	137.00	181.67	226.33	271.00	315.67	360.33
Total Assets	207.76	224.69	352.93	327.39	372.06	416.72	461.39	506.06	550.72
<b>X2</b>	<b>0.10</b>	<b>0.24</b>	<b>0.33</b>	<b>0.42</b>	<b>0.49</b>	<b>0.54</b>	<b>0.59</b>	<b>0.62</b>	<b>0.65</b>
EBITDA	99.32	81.31	71.17	63.96	68.11	68.11	68.11	68.11	68.11
Total Assets	207.76	224.69	352.93	327.39	372.06	416.72	461.39	506.06	550.72
<b>X3</b>	<b>0.48</b>	<b>0.36</b>	<b>0.20</b>	<b>0.20</b>	<b>0.18</b>	<b>0.16</b>	<b>0.15</b>	<b>0.13</b>	<b>0.12</b>
Market Value of Equity	293.14	293.14	293.14	293.14	331.49	374.85	423.88	479.32	542.02
Total Liabilities	54.75	46.26	106.83	60.52	60.52	60.52	60.52	60.52	60.52
<b>X4</b>	<b>5.35</b>	<b>6.34</b>	<b>2.74</b>	<b>4.84</b>	<b>5.48</b>	<b>6.19</b>	<b>7.00</b>	<b>7.92</b>	<b>8.96</b>
Net Sales	289.71	233.26	233.69	219.70	219.70	219.70	219.70	219.70	219.70
Total Assets	207.76	224.69	352.93	327.39	372.06	416.72	461.39	506.06	550.72
<b>X5</b>	<b>1.39</b>	<b>1.04</b>	<b>0.66</b>	<b>0.67</b>	<b>0.59</b>	<b>0.53</b>	<b>0.48</b>	<b>0.43</b>	<b>0.40</b>
<b>Altman Z Score</b>	<b>6.84</b>	<b>6.98</b>	<b>3.56</b>	<b>5.04</b>	<b>5.54</b>	<b>6.03</b>	<b>6.57</b>	<b>7.16</b>	<b>7.81</b>

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

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red



Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	<b>130.00</b>	<b>174.67</b>	<b>219.33</b>	<b>264.00</b>	<b>308.67</b>	<b>353.33</b>				<b>353.33</b>
Annual Change		44.67	44.67	44.67	44.67	44.67				
<b>Annual FCF</b>	<b>62.88</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>52.90</b>	<b>158.69</b>
Annual Op. Cash Flow	72.87	62.90	62.90	62.90	62.90	62.90	62.90	62.90	62.90	
Annual PP&E Investment	(9.99)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	
<b>Today's Tangible Book Value</b>	<b>130.00</b>	<b>158.78</b>	<b>193.93</b>	<b>236.86</b>	<b>289.29</b>	<b>353.33</b>				<b>512.02</b>
Intrinsic Value IRR	22.14%									
<b>Market Price</b>	<b>293.14</b>	<b>327.73</b>	<b>366.40</b>	<b>409.64</b>	<b>457.98</b>	<b>512.02</b>				<b>512.02</b>
Market Price IRR	11.80%									

Debt	50.00%	146.57
Equity	50.00%	146.57
<b>Total</b>	<b>100.00%</b>	<b>293.14</b>

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	263	146.57	181.31	216.06	250.80	285.54	320.28				
Goodwill	133	163.14	163.14	163.14	163.14	163.14	163.14				
Debt	0	146.57	146.57	146.57	146.57	146.57	146.57				
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%				
Additional Interest Expense		15.27	15.27	15.27	15.27	15.27					
<b>Tangible Book Value</b>	<b>130</b>	<b>-16.57</b>	<b>18.17</b>	<b>52.91</b>	<b>87.66</b>	<b>122.40</b>	<b>157.14</b>				<b>157.14</b>
Annual Change			34.74	34.74	34.74	34.74	34.74				
<b>Annual FCF</b>	<b>62.88</b>	<b>42.97</b>	<b>42.97</b>	<b>42.97</b>	<b>42.97</b>	<b>42.97</b>	<b>42.97</b>	<b>42.97</b>	<b>42.97</b>	<b>42.97</b>	<b>128.92</b>
Annual Net Income	26.98		34.74	34.74	34.74	34.74	34.74	34.74	34.74	34.74	
<b>Annual Op. Cash Flow</b>	<b>72.87</b>	<b>52.97</b>	<b>52.97</b>	<b>52.97</b>	<b>52.97</b>	<b>52.97</b>	<b>52.97</b>	<b>52.97</b>	<b>52.97</b>	<b>52.97</b>	
Dividend Payments											
Annual PP&E Investment	(9.99)		(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	
Debt Paydown	0.00						0.00	0.00	0.00		

Sale Price in Year 5 **286.06**

Capital Left for Equity Investor **286.06**  
 Dividend Payments **0.00**  
 Total Cash In Flow **286.06**

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 **146.57**  
 IRR **14.31%**

Value Creation  
 TBV Growth (equals sum of NI Year 1-5) 173.71  
 Cash Flow (Year 6-8) 128.92  
**302.63**

Value Dilution  
 Debt 146.57  
 Goodwill 30.14  
 Additional Interest 76.34  
**253.05**