

Corporate Valuation

Inputs

	Actual 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
Sales Growth Rate		15%	10%	6%	6%
Costs / Sales	72%	72%	72%	72%	72%
Depreciation / Net PPE	10%	10%	10%	10%	10%
Cash / Sales	1%	1%	1%	1%	1%
Acct. Rec. / Sales	10%	10%	10%	10%	10%
Inventories / Sales	20%	20%	20%	20%	20%
Net PPE / Sales	75%	75%	75%	75%	75%
Acct. Pay. / Sales	2%	2%	2%	2%	2%
Accruals / Sales	5%	5%	5%	5%	5%
Tax rate	40%	40%	40%	40%	40%
Weighted average cost of capital (WACC)	10.5%	10.5%	10.5%	10.5%	10.5%

December 31 (Millions of Dollars)

	2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
Net Sales	\$ 800.0	\$ 920.00	\$ 1,012.00	\$ 1,072.72	\$ 1,137.08
Costs (except depreciation)	\$ 576.0	\$ 662.40	\$ 728.64	\$ 772.36	\$ 818.70
Depreciation	\$ 60.0	\$ 69.00	\$ 75.90	\$ 80.45	\$ 85.28
Total operating costs	\$ 636.0	\$ 731.4	\$ 804.5	\$ 852.8	\$ 904.0
Earning before int. & tax	\$ 164.0	\$ 188.6	\$ 207.5	\$ 219.9	\$ 233.1
Less interest	\$ 32.0				
Earning before taxes	\$ 132.0				
Taxes (40%)	\$ 52.8				
Net income before pref. div.	\$ 79.2				
Preferred div.	\$ 1.4				
Net income avail. for com. div.	\$ 77.9				
NUMBER OF SHARES (IN MILLIONS)	\$ 10.0				

Balance Sheets for December 31 (Millions of Dollars)

	2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
Assets					
Cash	\$8.00	\$9.20	\$10.12	\$10.73	\$11.37
Marketable Securities	20.0				
Accounts receivable	80.0	\$ 92.00	\$ 101.20	\$ 107.27	\$ 113.71
Inventories	160.0	\$ 184.00	\$ 202.40	\$ 214.54	\$ 227.42
Total current assets	\$ 268.0	\$ 285.20	\$ 313.72	\$ 332.54	\$ 352.50
Net plant and equipment	600.0	\$ 690.00	\$ 759.00	\$ 804.54	\$ 852.81
Total Assets	\$ 868.0				
Liabilities and Equity					
Accounts Payable	\$ 16.0	\$ 18.40	\$ 20.24	\$ 21.45	\$ 22.74
Notes payable	40.0				
Accruals	40.0	\$ 46.00	\$ 50.60	\$ 53.64	\$ 56.85
Total current liabilities	\$ 96.0				
Long-term bonds	\$ 300.0				
Preferred stock	\$ 15.0				
Common Stock (Par plus PIC)	\$ 257.0				
Retained earnings	200.0				
Common equity	\$ 457.0				
Total liabilities and equity	\$ 868.0				