



On a long enough timeline
the survival rate for
everyone drops to zero.

Stewart & Stevenson LLC (United States)

CREDIT SNAPSHOT

12/31/09

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SSC US Equity

equity ticker: SSC US	capitalisation (USD in millions):	
bond ticker: STEWST	stock price	not listed
sector: Industrial	shares outstanding (million)	-
subgroup: Machinery-General Indust	market capitalisation (USD mm)	-
company description: Stewart & Stevenson LLC distributes, manufactures, and services specialty power equipment and provides replacement parts for the oilfield, transportation, marine, construction, power generation, and material handling industries.	total debt	257
	cash + marketable securities	3
	other capital	-
	enterprise value (excl. cash)	-
	current EV / TTM EBITDA	-

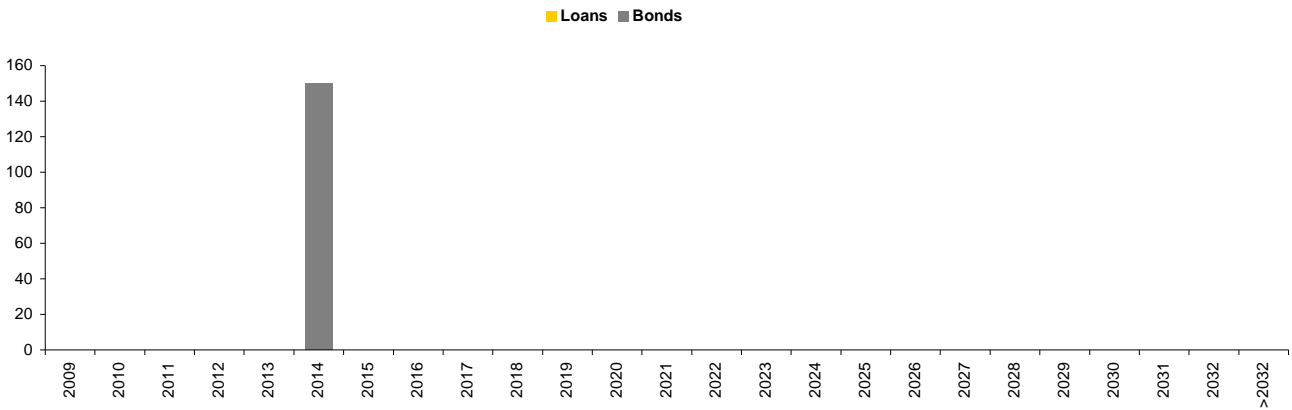
The company's next report is expected for 3/17/2010 (type: Estimated).

Stewart & Stevenson LLC has 2,852 employees.

DEBT DISTRIBUTION

issuer	Rtg	debt type & details	coupon	mat	crncy	amount out (mm)	facility amount (mm)	issue date
STEWART & STEVENSON LLC	CCC+	Bond, callable, company guarnt, fixed	10.000%	7/15/2014	USD	150	-	8/22/2007

Total amount out of instruments listed above (USD in MM)	150	Cash (MM)	3
Total debt (MM)	257	Total Number of Debt Instruments (for the issuer and its subs)	1



Moody's Ratings	
Outlook	N/A
Issuer	N/A
Senior Secured Debt	N/A
LT Corp Family	N/A
Bank Loan Debt	N/A
Senior Unsecured Debt	N/A
Subordinated Debt	N/A
Short Term	N/A

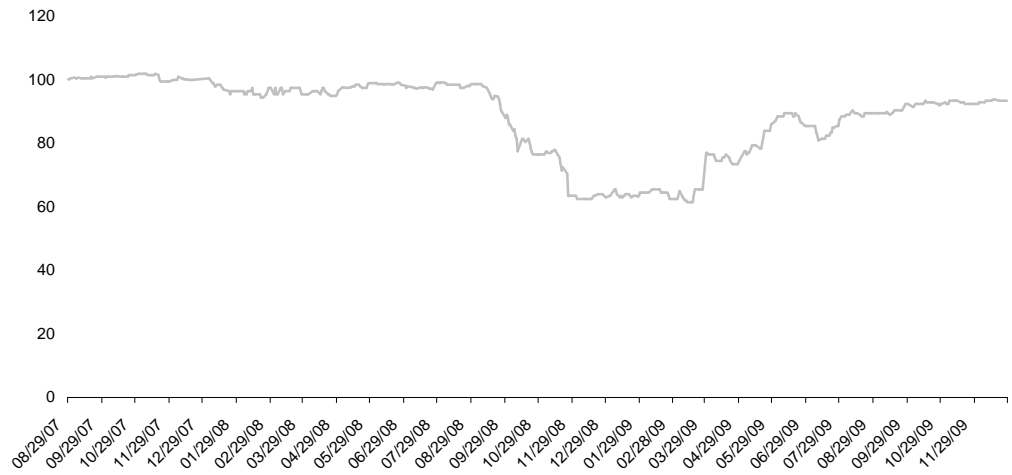
Standard & Poor's Ratings		
Outlook	NEG	12/07/09
LT Foreign Currency Issuer	B-	12/07/09
LT Local Currency Issuer	B-	12/07/09
ST Foreign Currency Issuer	N/A	
ST Local Currency Issuer	N/A	

id	issuer	coupon	mat	outstanding	S&P	MDY	ask px	yield	spread*	px date
860340AC	STEWART & STEVENSON LLC	10.000	07/15/14 USD	150,000,000	CCC	B3	93.50	11.9	909	12/28/09

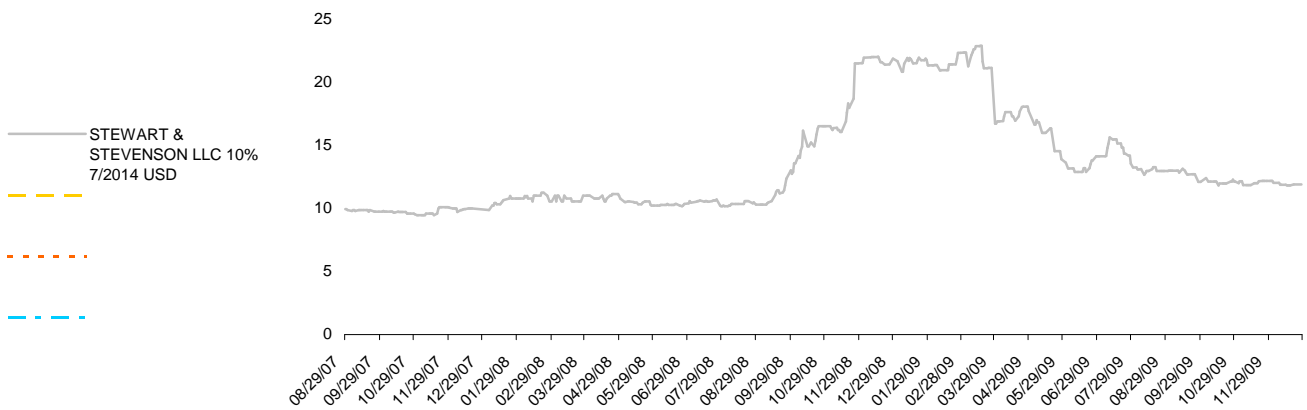
BONDS

Total Debt for the company currently stands at USD 257.024mm.

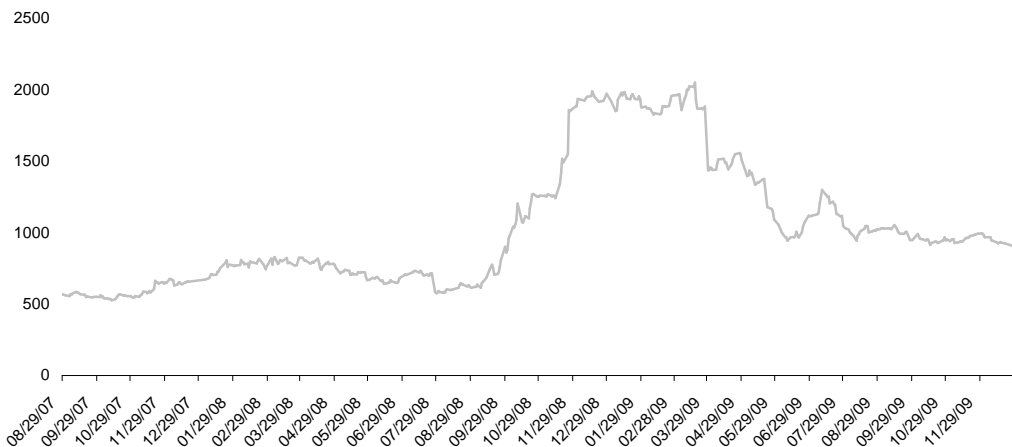
bond price



yield

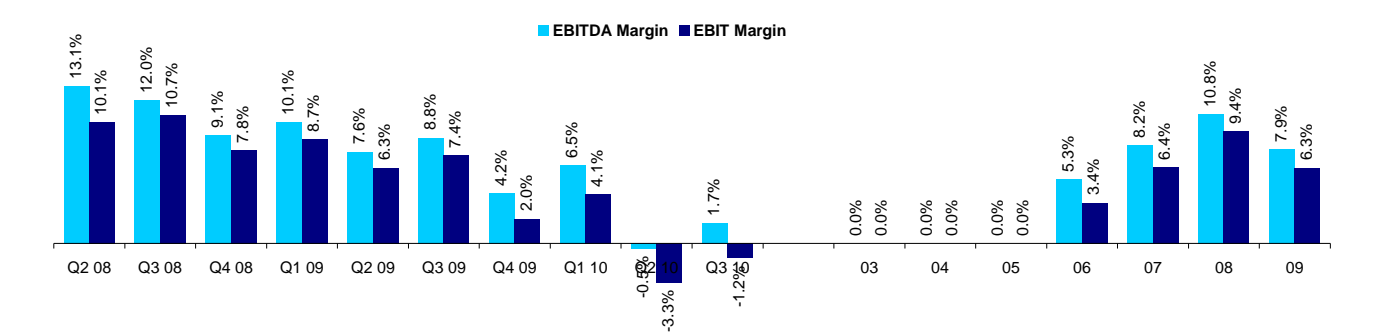


interpolated swap spread

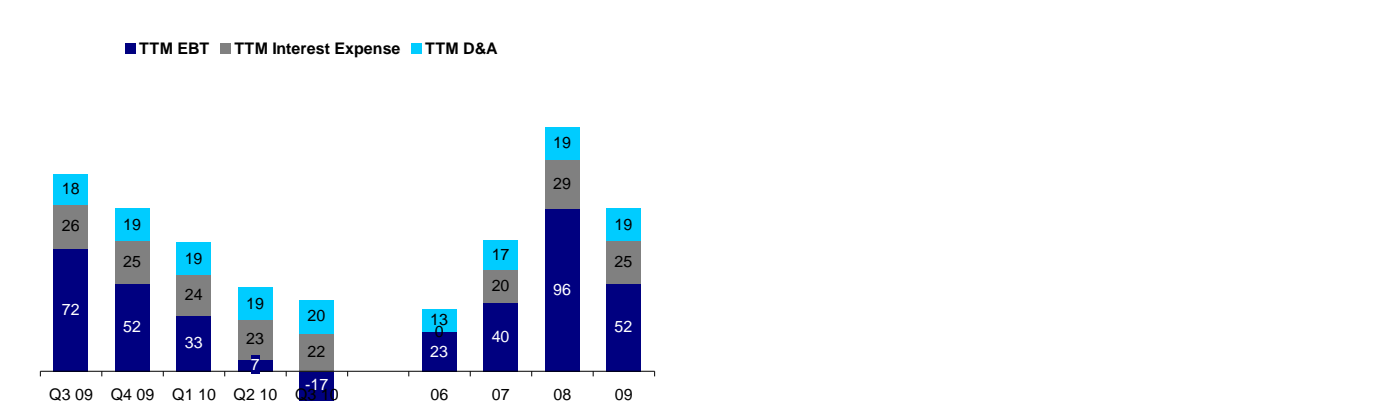
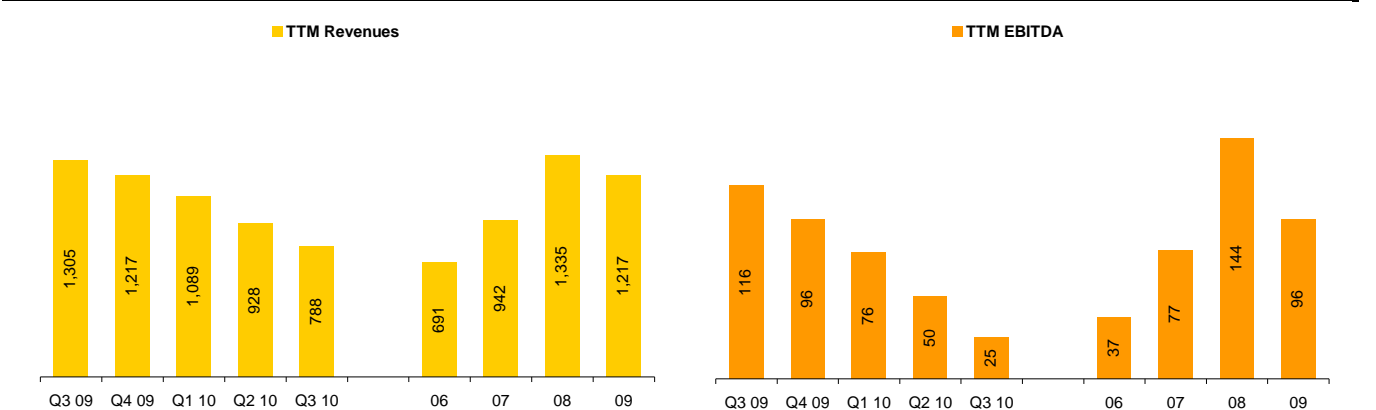


Prices & yields bid side to 28/7/08 and ask side thereafter. Spread is Govt Bid Sprd to 28/7/08 and Interpol. Swap Ask Sprd then.

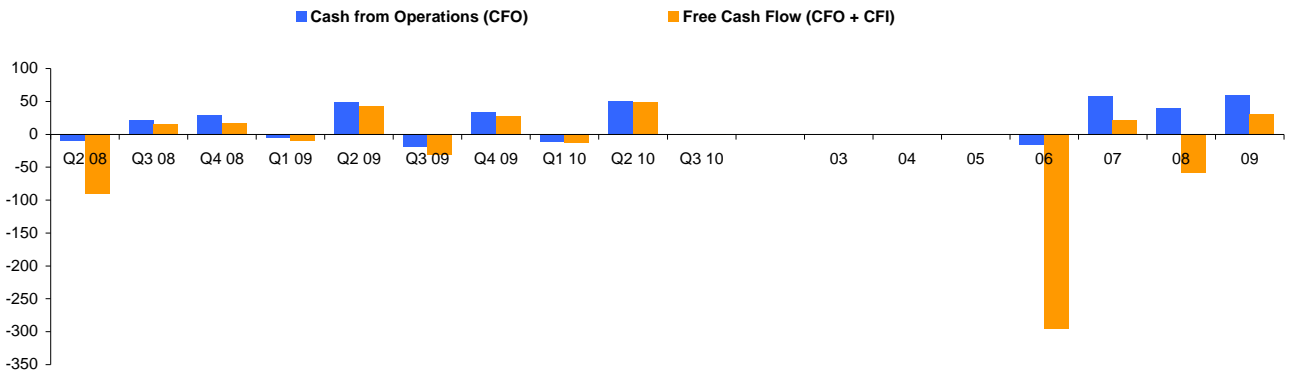
USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
Revenues	308	257	190	173	167	691	942	1,335	1,217
COGS	250	219	151	147	144	583	774	1,070	1,002
COGS % of Revenues	81.3%	85.3%	79.5%	85.0%	85.8%	84.4%	82.2%	80.2%	82.3%
SG&A	35	33	31	32	26	85	108	140	138
SG&A % of Revenues	11.3%	12.7%	16.3%	18.3%	15.4%	12.2%	11.5%	10.5%	11.3%
EBITDA	27	11	12	-1	3	37	77	144	96
Interest Expense	6	6	5	6	6	0	20	29	25
EBT	17	-1	3	-11	-8	23	40	96	52
Net Income	16	1	4	-10	-8	11	41	92	51
EBITDA Margin	8.8%	4.2%	6.5%	-0.5%	1.7%	5.3%	8.2%	10.8%	7.9%
EBIT Margin	7.4%	2.0%	4.1%	-3.3%	-1.2%	3.4%	6.4%	9.4%	6.3%



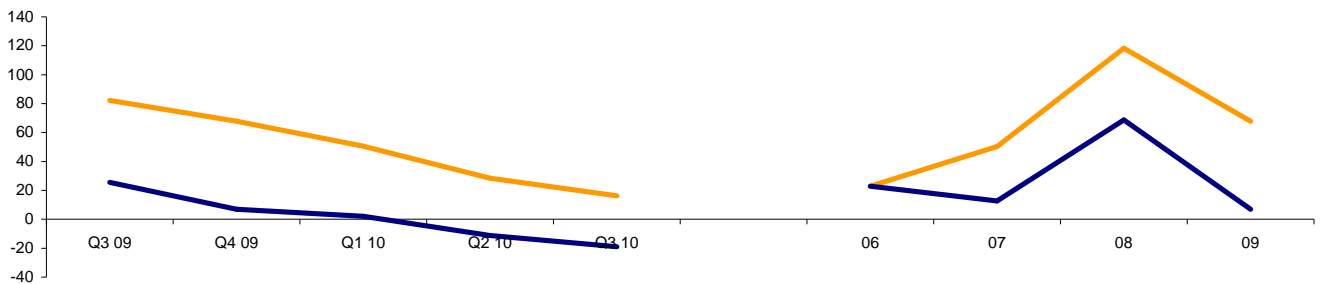
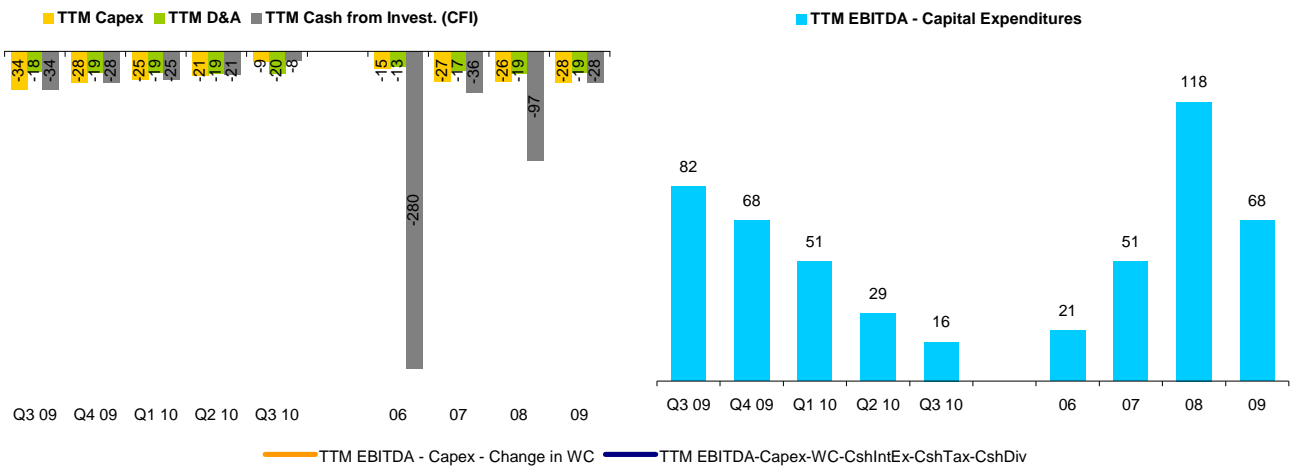
USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
TTM Revenues	1,305	1,217	1,089	928	788	691	942	1,335	1,217
TTM EBITDA	116	96	76	50	25	37	77	144	96
TTM D&A	18	19	19	19	20	13	17	19	19
TTM EBIT	98	77	57	30	5	23	60	125	77
TTM Interest Expense	26	25	24	23	22	0	20	29	25
TTM EBT	72	52	33	7	-17	23	40	96	52
TTM Net Income	69	51	34	11	-13	11	41	92	51



USD in millions		Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09	
		10/31/09					01/31/09				
CASH FLOW	Cash from Operations (CFO)	-19	33	-11	50	-1	-16	58	39	58	
	Cash from Investing (CFI)	-12	-5	-2	-1	0	-280	-36	-97	-28	
	Free Cash Flow (CFO + CFI)	-31	28	-13	49	-1	-296	22	-58	31	
	Cash from Financing Activities	21	-28	13	-47	0	295	-17	64	-41	



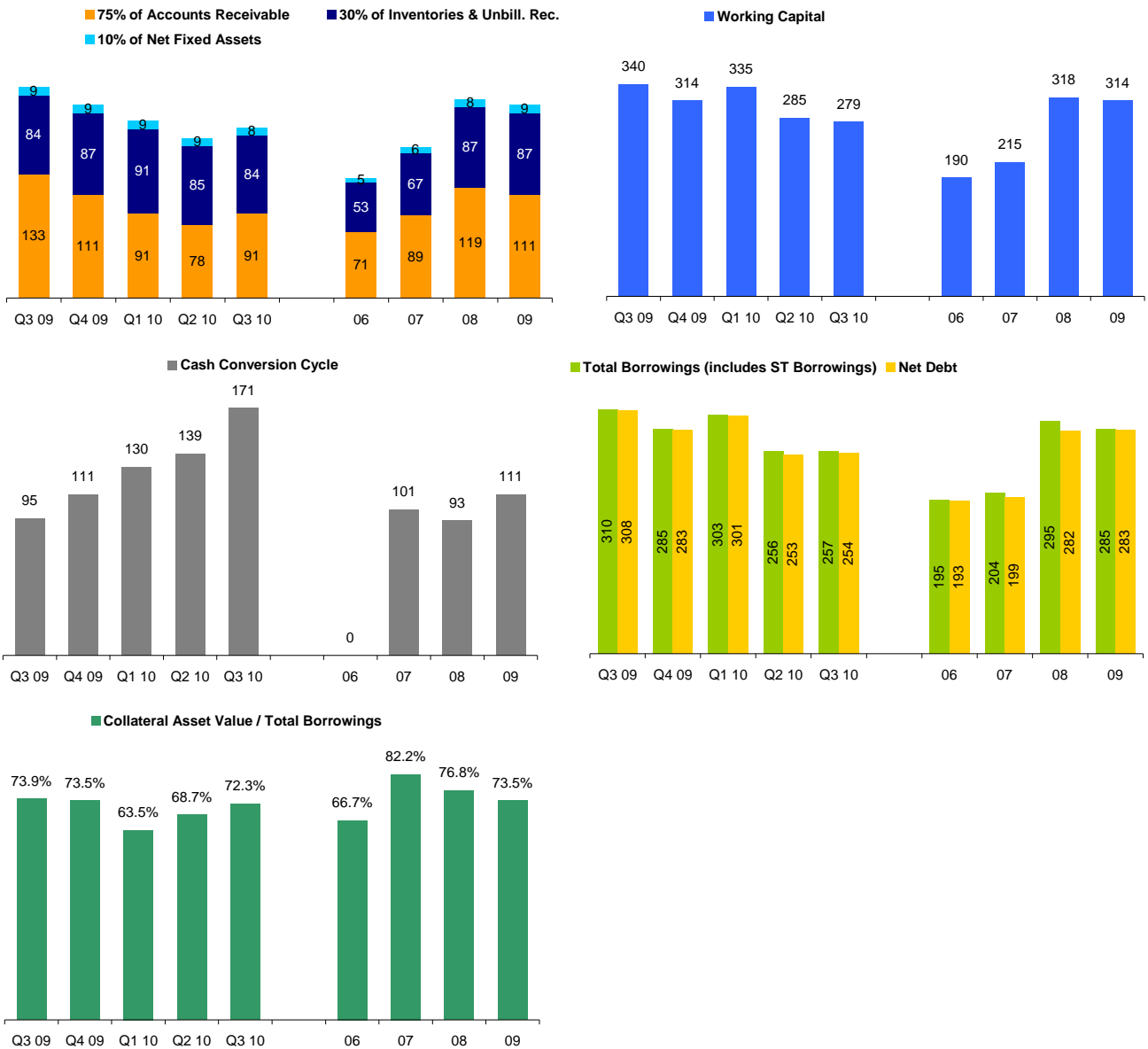
USD in millions		Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09	
		10/31/09					01/31/09				
TTM CASH FLOW	TTM Cash from Operations (CFO)	54	58	52	53	72	-16	58	39	58	
	TTM Cash from Invest. (CFI)	-34	-28	-25	-21	-8	-280	-36	-97	-28	
	TTM Capex	-34	-28	-25	-21	-9	-15	-27	-26	-28	
	TTM D&A	-18	-19	-19	-19	-20	-13	-17	-19	-19	
	TTM Free Cash Flow (CFO + CFI)	20	31	27	33	63	-296	22	-58	31	
	TTM Cash from Financing Activities	-23	-41	-29	-42	-63	295	-17	64	-41	
	TTM CFO - Capital Expenditures	20	31	27	32	63	-31	31	13	31	
	TTM EBITDA - Capital Expenditures	82	68	51	29	16	21	51	118	68	
	TTM EBITDA - Capex - Change in WC	82	68	51	28	16	23	50	118	68	
	TTM EBITDA-Capex-WC-CshIntEx-CshTax-CshDiv	26	7	2	-11	-19	23	13	69	7	
	TTM CFO/Total Debt	17.4%	20.5%	17.0%	20.8%	27.8%	-8.1%	28.5%	13.3%	20.5%	
	TTM FCF/Total Debt	6.4%	10.8%	8.8%	12.8%	24.6%	-152.1%	10.7%	-19.6%	10.8%	



USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
Cash	2	2	2	4	3	1	6	12	2
Marketable Securities / ST Investments									
Accounts & Notes Receivable	178	148	121	105	121	95	118	158	148
Inventories & Unbilled Receivables	281	290	304	284	280	176	225	289	290
Net Fixed Assets	93	93	91	87	83	46	61	83	93
75% of Accounts Receivable	133	111	91	78	91	71	89	119	111
30% of Inventories & Unbill. Rec.	84	87	91	85	84	53	67	87	87
10% of Net Fixed Assets	9	9	9	9	8	5	6	8	9
Collateral (Liquidation) Asset Value	229	210	192	176	186	130	168	226	210
Working Capital	340	314	335	285	279	190	215	318	314
Cash Conversion Cycle	94.6	111.3	130.3	139.5	171.0	#N/A	N.A.	100.9	93.1
Total Borrowings (includes ST Borrowings)	310	285	303	256	257	195	204	295	285
Net Debt	308	283	301	253	254	193	199	282	283
Collateral Asset Value / Total Borrowings	73.9%	73.5%	63.5%	68.7%	72.3%	66.7%	82.2%	76.8%	73.5%

BALANCE SHEET

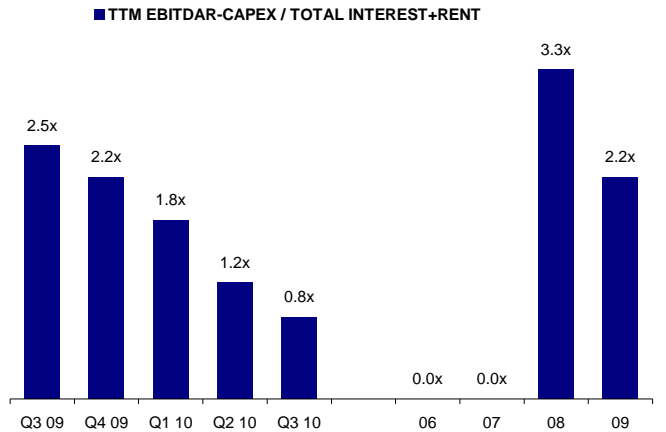
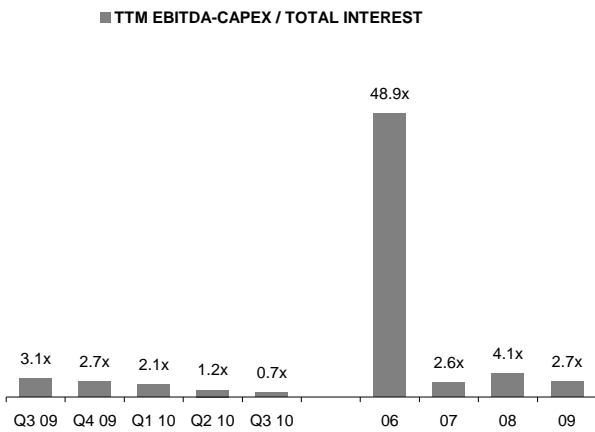
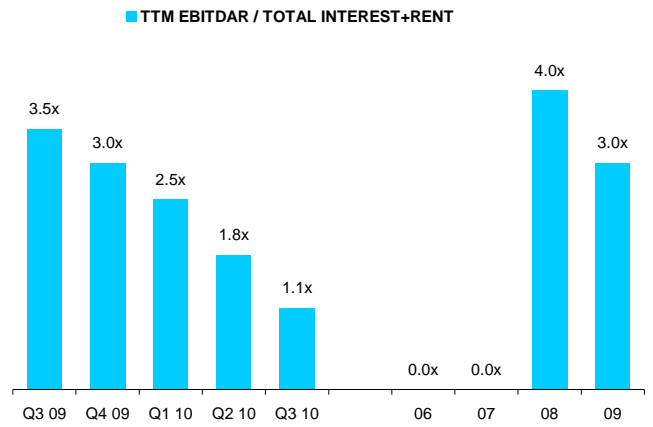
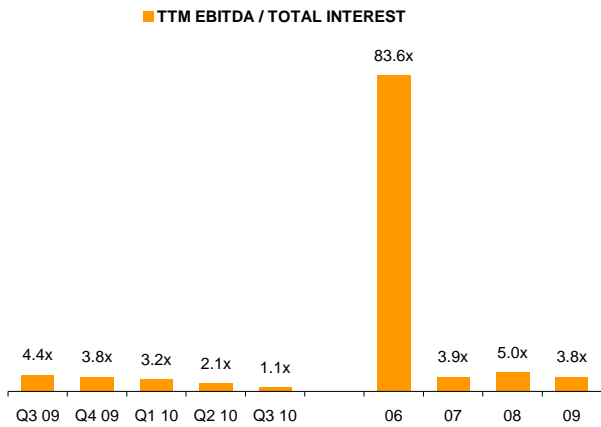
explanations and definitions:
 The approximation we use to calculate a company's total **Collateral (Liquidation) Asset Value** (for an asset based liquidation scenario) is calculated as the sum of Cash plus Marketable Securities / Short-Term Investments plus assets with the following valuation rates applied:
 75% of stated Accounts Receivable
 30% of stated Inventory
 10% of stated Net Fixed Assets.
 Although we acknowledge that some industries and individual situations demand clearly different assumptions we nevertheless think this is a useful approximation across all industries covered, if only as a starting point for further individual in-depth analysis.



COVER RATIO	USD in millions					06	07	08	09
	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	10/31/09			
TTM EBITDA / TOTAL INTEREST	4.4x	3.8x	3.2x	2.1x	1.1x	83.6x	3.9x	5.0x	3.8x
TTM EBITDAR / TOTAL INTEREST+RENT	3.5x	3.0x	2.5x	1.8x	1.1x	-	-	4.0x	3.0x
TTM EBITDA-CAPEX / TOTAL INTEREST	3.1x	2.7x	2.1x	1.2x	0.7x	48.9x	2.6x	4.1x	2.7x
TTM EBITDAR-CAPEX / TOTAL INTEREST+RENT	2.5x	2.2x	1.8x	1.2x	0.8x	-	-	3.3x	2.2x

explanations and definitions:

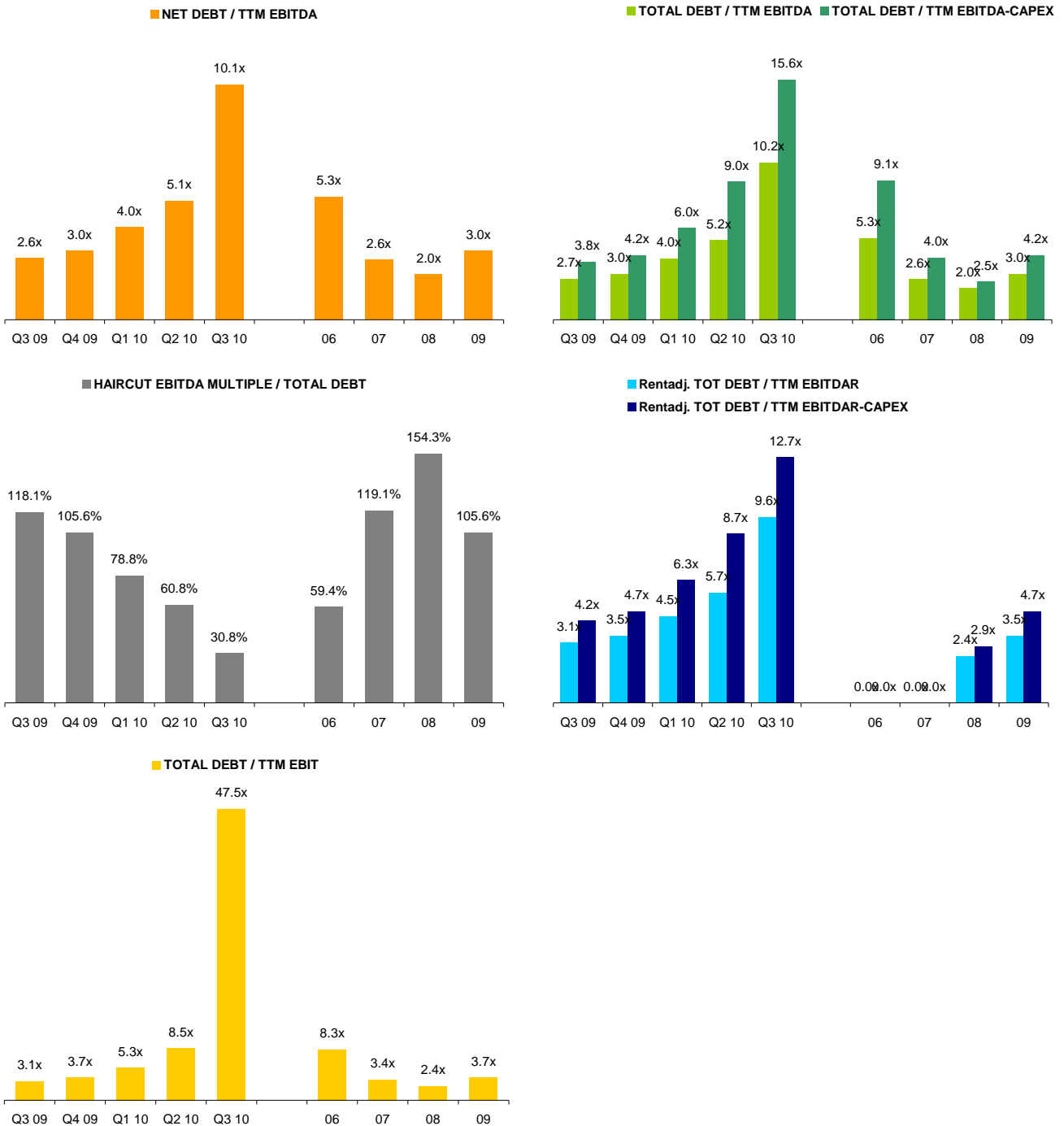
TTM TOTAL INTEREST: For all coverage ratio calculations we use the Total Interest figure which in addition to **Interest Expense** also includes **Capitalized Interest Expenses**. We think this gives a better view of the economic reality than the simple Interest Expense figure.



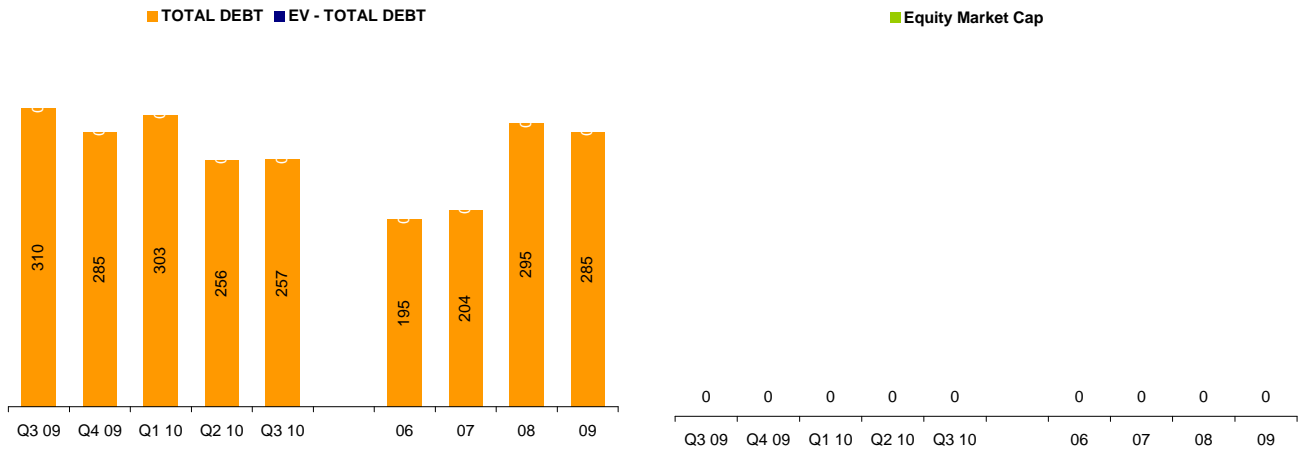
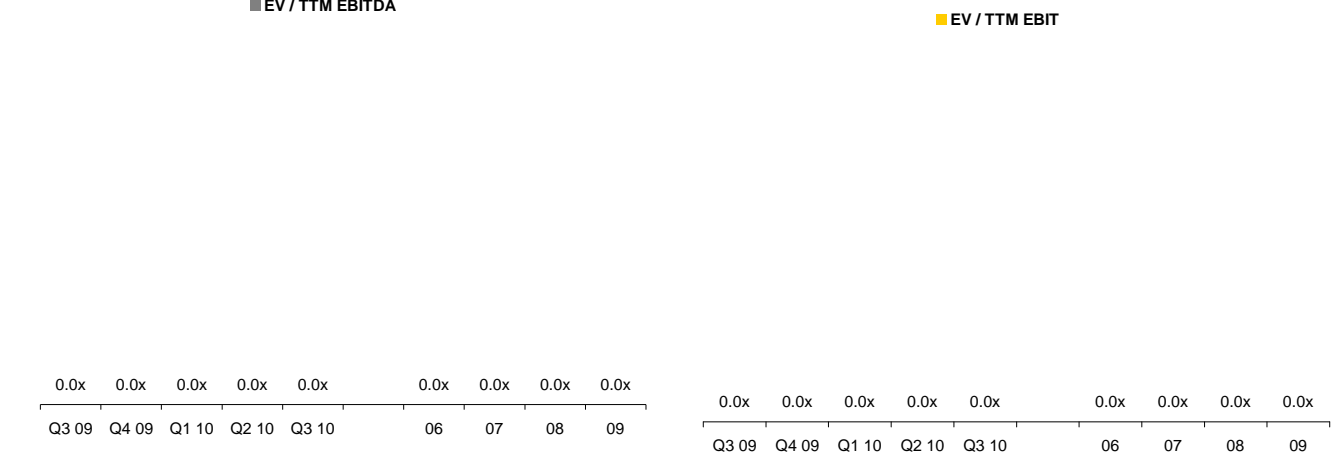
USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
NET DEBT / TTM EBITDA	2.6x	3.0x	4.0x	5.1x	10.1x	5.3x	2.6x	2.0x	3.0x
TOTAL DEBT / TTM EBITDA	2.7x	3.0x	4.0x	5.2x	10.2x	5.3x	2.6x	2.0x	3.0x
TOTAL DEBT / TTM EBITDA-CAPEX	3.8x	4.2x	6.0x	9.0x	15.6x	9.1x	4.0x	2.5x	4.2x
Rentadj. TOT DEBT / TTM EBITDAR	3.1x	3.5x	4.5x	5.7x	9.6x			2.4x	3.5x
Rentadj. TOT DEBT / TTM EBITDAR-CAPEX	4.2x	4.7x	6.3x	8.7x	12.7x			2.9x	4.7x
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT	118.1%	105.6%	78.8%	60.8%	30.8%	59.4%	119.1%	154.3%	105.6%
TOTAL DEBT / TTM EBIT	3.1x	3.7x	5.3x	8.5x	47.5x	8.3x	3.4x	2.4x	3.7x

LEVERAGE RATIOS

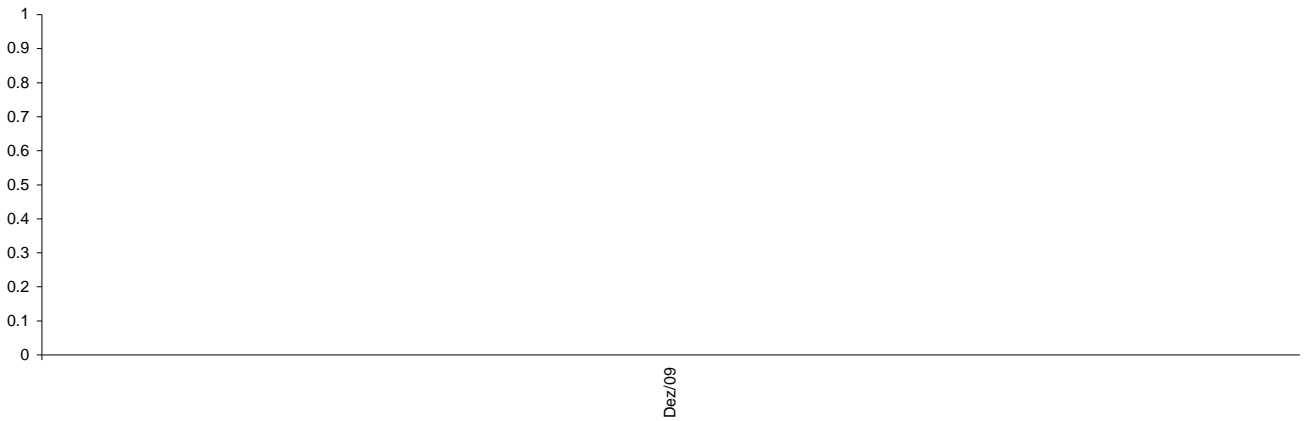
explanations and definitions:
Rent adj. Total Debt/TTM EBITDAR: This ratio is calculated by dividing the Rent Adjusted Total Debt figure (Total Debt plus 8 times TTM Rental Expenses) by EBITDAR (TTM EBITDA plus TTM Rental Expenses).
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT: We adjust TTM EBITDA to 70% of its stated value, multiply the result with 4.5 as an assumed exit multiple and relate the resulting figure (the haircut EBITDA multiple) to the TOTAL DEBT number. This ratio should reflect the situation of an issuer's liquidation, whereby the assets can be sold at a reduced EBITDA multiple.



USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
EV / TTM EBITDA									
EV / TTM EBIT									
Enterprise Value									
TOTAL DEBT	310	285	303	256	257	195	204	295	285
Equity Market Cap									



— SSC US stock closing price



USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
Adjusted Cap Rate									
Tangible Capital	446	419	438	383	376	251	282	402	419
Total Intangibles	46	45	45	47	46	12	12	55	45
Pre-tax ROIC	22.1%	18.4%	13.0%	7.9%	1.4%	9.3%	21.3%	31.1%	18.4%
After-tax ROIC (effective tax rate)	21.7%	8.9%	12.7%		1.5%	5.6%	21.0%	29.4%	17.4%
After-tax ROIC (assumed tax rate)	14.3%	11.9%	8.4%	5.1%	0.9%	6.1%	13.9%	20.2%	11.9%
WACD (Pre-tax)	8.5%	8.7%	7.8%	9.0%	8.7%	0.2%	9.7%	9.9%	8.7%

explanations and definitions:

Adjusted Cap Rate: This ratio shows EBIT reduced by an assumed tax rate of 35% and adjusted for Net Non-Operating and Extraordinary Losses (Gains) - averaged over the last 5 years - divided by the Enterprise Value.

Tangible Capital: Starting with the Total Book Capital the Tangible Capital figure is calculated by subtracting Intangibles, Cash and Marketable Securities as well as Short Term Investments.

We calculate three different ROIC (Return on Invested Capital) figures:

Pre-Tax ROIC: this ratio relates the trailing twelve months (TTM) EBIT to Tangible Capital as defined above.

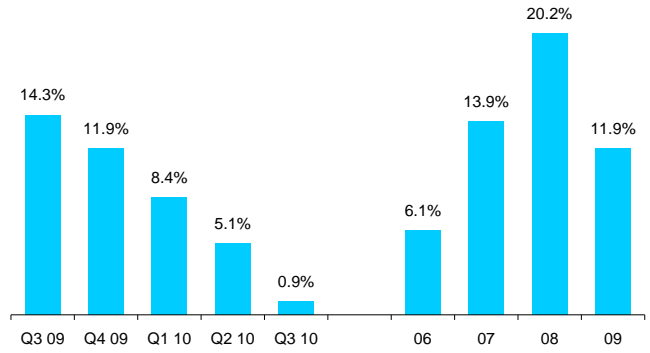
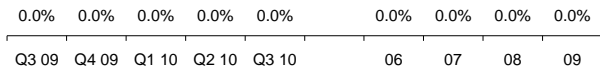
After-tax ROIC (effective tax rate): here EBIT is corrected by the company's effective tax rate as stated in it's latest financials, giving an after-tax ROIC rate.

After-tax ROIC (assumed tax rate): here EBIT is corrected by an assumed tax rate of 35%, giving a modified after-tax ROIC rate.

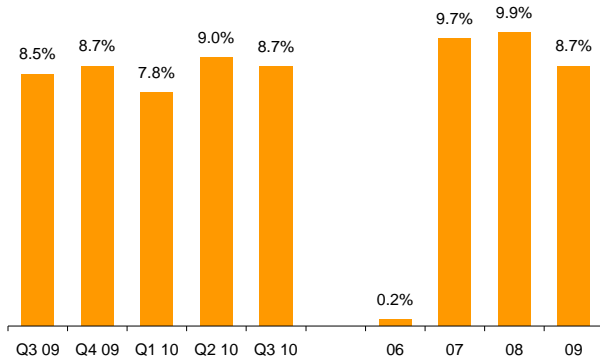
WACD (Pre-Tax): This rate is defined as trailing twelve months (TTM) TOTAL INTEREST EXPENSE divided by Total Borrowings.

■ Adjusted Cap Rate

■ After-tax ROIC (assumed tax rate)



■ WACD (Pre-tax)



Average Bond Spread (in BPoints (1))	909
Estimated Bond Recovery Rate (2)	52.6%
Resulting Tolerable Default Rate (3)	19.1%

explanations and definitions:

We calculate estimated default and recovery rates to be used in other credit models (f.i. for the valuation of CDOs or similar structures) as follows:

(1) **Average Bond Spread:** Average Spread of all bonds listed on page 2 of this report.

(2) **Estimated Bond Recovery Rate:** To calculate this rate we first divide the total debt amount into bond debt and loan debt that is senior to bond debt. As an approximation for the total amount of bond debt we use the sum of the amounts outstanding of all bonds listed on page 1 of this report. The total debt figure is reduced by this sum, giving us an approximate figure for debt that is senior to bond debt. We then calculate a collateral asset coverage figure for the bond debt by starting with the Collateral Asset Value (as defined on page 5 of this report) which we reduce by the amount of senior debt ahead of the bonds. The remaining Collateral Asset Value is then divided by the approximate bond debt amount as defined above, giving an estimated recovery value on a collateral asset basis. We apply the same logic to an EBITDA multiple ratio (as on page 7 of this report) and get a second recovery estimate based on the EBITDA multiple. The higher of the 2 estimates is used as the "Estimated Bond Recovery Rate".

(3) **Resulting Tolerable Default Rate:** The implied default rate calculated using the Market Spread (1) and the Estimated Recovery Rate (2). With the given Market Spread and Estimated Recovery Rate it defines the maximum tolerable default probability for the risk premium paid in the form of Spread. Please note: This rate will only be displayed when it is greater than 0% and lower than 30% as we believe it is not meaningful ('NM') out of this range.

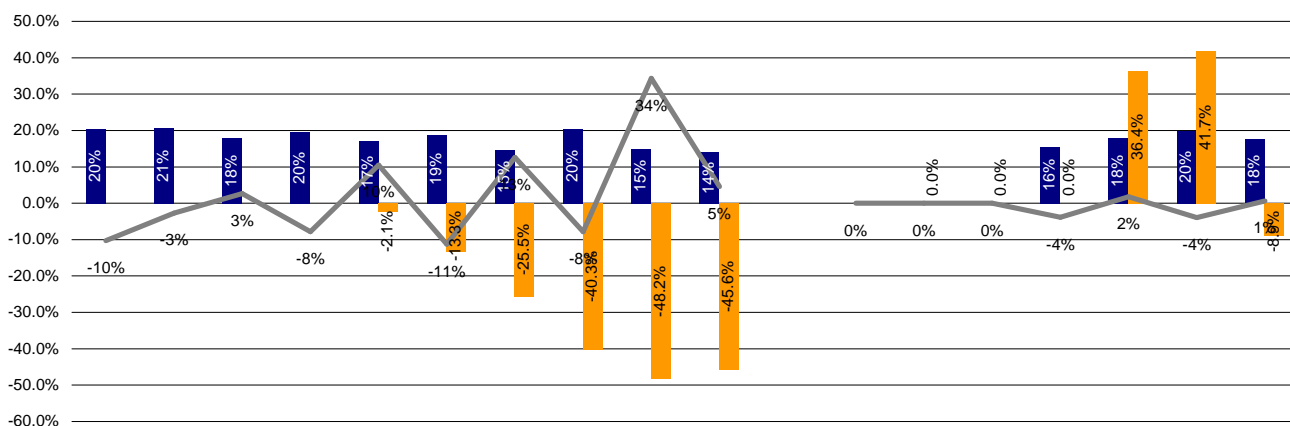
Although we acknowledge that the calculated results are by no means exact, we think they make for a good estimate in the valuation of credit structures when individual default and recovery rates for single issuers are to be used.

USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
Total Assets	715	651	642	579	570	396	457	674	651
Total Liabilities	531	471	460	402	403	326	362	499	471
Total Intangibles	46	45	45	47	46	12	12	55	45
Tangible Net Worth	139	135	137	130	121	58	83	120	135
Rent Debt (8x Annual Rental Expense)	83	83	83	83	83			78	83
Underfunded Pension & Post Ret. Liab.									
Discount on Hard Assets	326	324	325	304	301	189	242	317	324
Adjusted Tangible Net Worth	-270	-272	-271	-257	-263	-131	-159	-275	-272

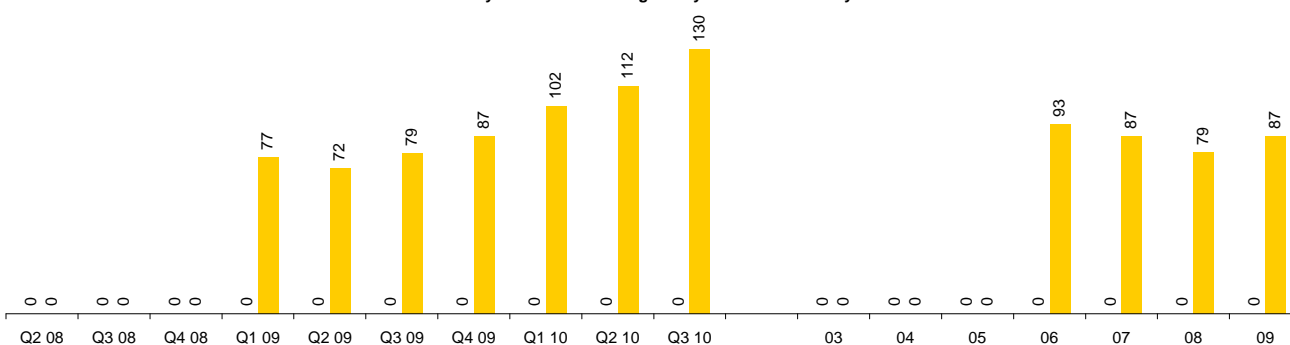
USD in millions	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	06	07	08	09
					10/31/09				01/31/09
(CFO-Net Income)/Revenues	-11.2%	12.6%	-7.8%	34.4%	4.6%	-3.9%	1.8%	-3.9%	0.7%
yoy Revenue Growth	-13.3%	-25.5%	-40.3%	-48.2%	-45.6%		36.4%	41.7%	-8.9%
Gross Margin	18.7%	14.7%	20.5%	15.0%	14.2%	15.6%	17.8%	19.8%	17.7%
Days Sales Outstanding	50	45	41	41	56	50	46	43	45
Days Sales of Inventory	79	87	102	112	130	93	87	79	87
Soft Assets	161	117	125	99	84	78	47	131	117
Unbilled Receivables	-	-	-	-	-	-	-	-	-
Deferred / Unearned Revenue	-	-	-	-	-	-	-	-	-
Allowance for Doubtful Accounts	3	4	4	5	5	-	-	3	4
TTM Dividends Paid	29	34	25	15	11	0	20	20	34
TTM Preferred Dividends	0	0	0	0	0	0	4	0	0
Net Change in Capital Stock	0	0	0	0	0	70	0	0	0
Non-Capex CFI (CFI less Capex)	0	0	0	0	0	-265	-10	-71	0

ACCOUNTING RED FLAGS

Gross Margin yoy Revenue Growth (CFO-Net Income)/Revenues



Days Sales Outstanding Days Sales of Inventory



Auditor Information:	
Current auditor	ERNST & YOUNG LLP (as of 1.5.2009)
Auditor's opinion	Unqualified
Auditor's opinion - Definitions	
Not Audited / Unaudited	No tests were performed to verify amounts in financial statements. Typically applied to interim statement.
Partially audited	Not all statements were audited. Auditor may specifically give opinion on one or two statements.
Unqualified	Auditor declares, without reservation, that the financial statements fairly represent the company's financial position at a point in time and that the statements conform in all material respects to GAAP.
Qualified: Limited Scope	An aspect of the company's financial statements could not be verified, such as a portion of inventory not counted.
Qualified: Inconsistent Standards	Accounting standards were not applied consistently between periods.
Qualified: not GAAP	Standard accounting principles for the country were not followed. Typically related to a unique line item and uses the phrase 'except for.'
Qualified: uncertainty	Doubt exists related to a material balance sheet item, such as value of investment or collectability of major receivable; or auditor doubts going concern ability of company. This opinion usually employs the phrase 'subject to.'
Disclaimer	Auditor refuses to state opinion on financial statements, typically due to lack of sufficient documentation provided by company and/or subsidiaries.

Quarterly Report (Form Type 10-Q)

end of period

Annual Report (Form Type 10-K)

end of period

Special Events & Material News (Form Type 8-K)

filing date

Prospectus (Form Type 42..)

filing date



**Zero
Hedge**

On a long enough timeline
the survival rate for
everyone drops to zero.

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