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**Cash Flow Trends and Their Fundamental Drivers: A Continuing Look
Comprehensive Industry Review (Qtr 4, 2008)
Capital Goods Industry (2010)
EXECUTIVE SUMMARY**

This research report is one of a series that looks at the cash flow performance of Corporate America. Our primary focus is on free cash margin, or free cash flow measured as a percent of revenue. The current study provides our comprehensive review for the capital goods industry (GICS: 2010) through Q4, 2008.

For the 12 months ending in December 2008, free cash margin for the capital goods industry declined more than 15% to 4.20% down from 4.96% in December 2007. Capital expenditures as a percent of revenue were flat for the period so the reduction in free cash margin was due to the operating cash margin drop of 9% from 8.36% in December 2007 to 7.61% in December 2008. Compare this to the recessionary cycle of 2001 when the free cash margin for the capital goods industry bottomed at 3.16% for the 12 months ending in March 2001.

Data for this research were provided by Cash Flow Analytics, LLC., www.cashflowanalytics.com.
Charles Mulford is a principal in Cash Flow Analytics, LLC.

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Georgia Tech Financial Analysis Lab

The Georgia Tech Financial Analysis Lab conducts research on issues of financial reporting and analysis. Unbiased information is vital to effective investment decision-making. Accordingly, we think that independent research organizations, such as our own, have an important role to play in providing information to market participants.

Because our Lab is housed within a university, all of our research reports have an educational quality, as they are designed to impart knowledge and understanding to those who read them. Our focus is on issues that we believe will be of interest to a large segment of stock market participants. Depending on the issue, we may focus our attention on individual companies, groups of companies, or on large segments of the market at large.

A recurring theme in our work is the identification of reporting practices that give investors a misleading signal, whether positive or negative, of corporate earning power. We define earning power as the ability to generate a sustainable stream of earnings that is backed by cash flow. Accordingly, our research may look into reporting practices that affect either earnings or cash flow, or both. At times, our research may look at stock prices generally, though from a fundamental and not technical point of view.

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Capital Goods Industry (2010)

Sub-industries included:	Page
Aerospace & Defense (201010)	16
Building Products (201020)	17
Construction & Engineering (201030)	18
Electrical Equipment (201040)	19
Industrial Conglomerates (201050)	20
Machinery (201060)	21
Trading Companies & Distributors (201070)	22

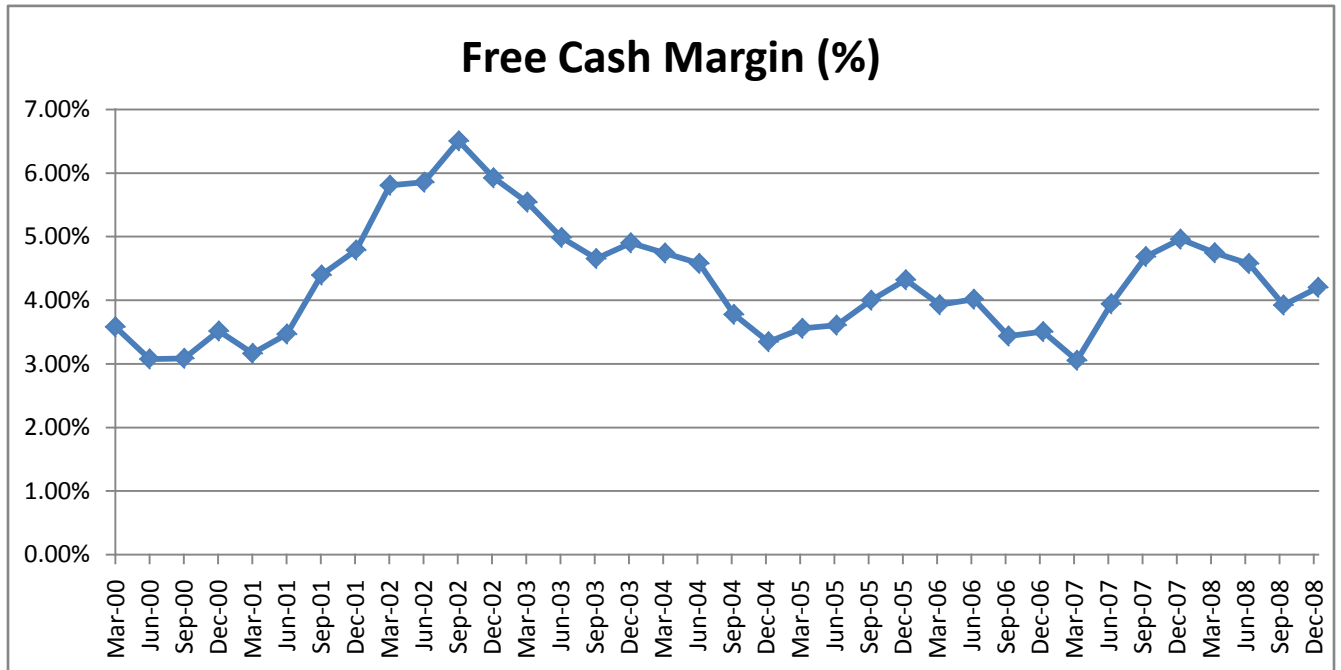
Observations

For the 12 months ending in December 2008, free cash margin for the capital goods industry declined more than 15% to 4.20% down from 4.96% in December 2007. Capital expenditures as a percent of revenue were flat for the period so the reduction in free cash margin was due to the operating cash margin drop of 9% from 8.36% in December 2007 to 7.61% in December 2008. Compare this to the recessionary cycle of 2001 when the free cash margin for the capital goods industry bottomed at 3.16% for the 12 months ending in March 2001.

There are seven constituent sub-industries in the capital goods industry. Free cash margins have been mixed with three sub industries increasing and four decreasing. The largest free cash margin increase occurred in the electrical equipment sub industry (GICS: 201040) with an increase of 157% from 1.71% in December of 2007 to 4.39% in December of 2008. This is due to improvements in operating cash margin and capital expenditures. Operating cash margin increased nearly 37% from 5.47% in December 2007 to 7.48% for the 12 months ending in December 2008 and capital expenditures to revenue % decreased from 3.22% to 2.91% over the same period – an almost 10% decrease. Supporting the increase in operating cash margin was an increase in operating cushion and a decrease in the cash cycle. In contrast the industrial conglomerates sub-industry (GICS: 211050) continued a decline in free cash margin of 24% from 7.10% for the 12 months ending December 2007 to 5.38% for the 12 months ending December 2008. This decline was due primarily to the decline in operating cash margin over the same period from 10.37% to 8.53%. Operating cushion drove this decline by decreasing nearly 16%. Even the 11 days and nearly 15% improvement in the cash cycle could not offset the effects of the drop in operating cushion on operating cash margin.

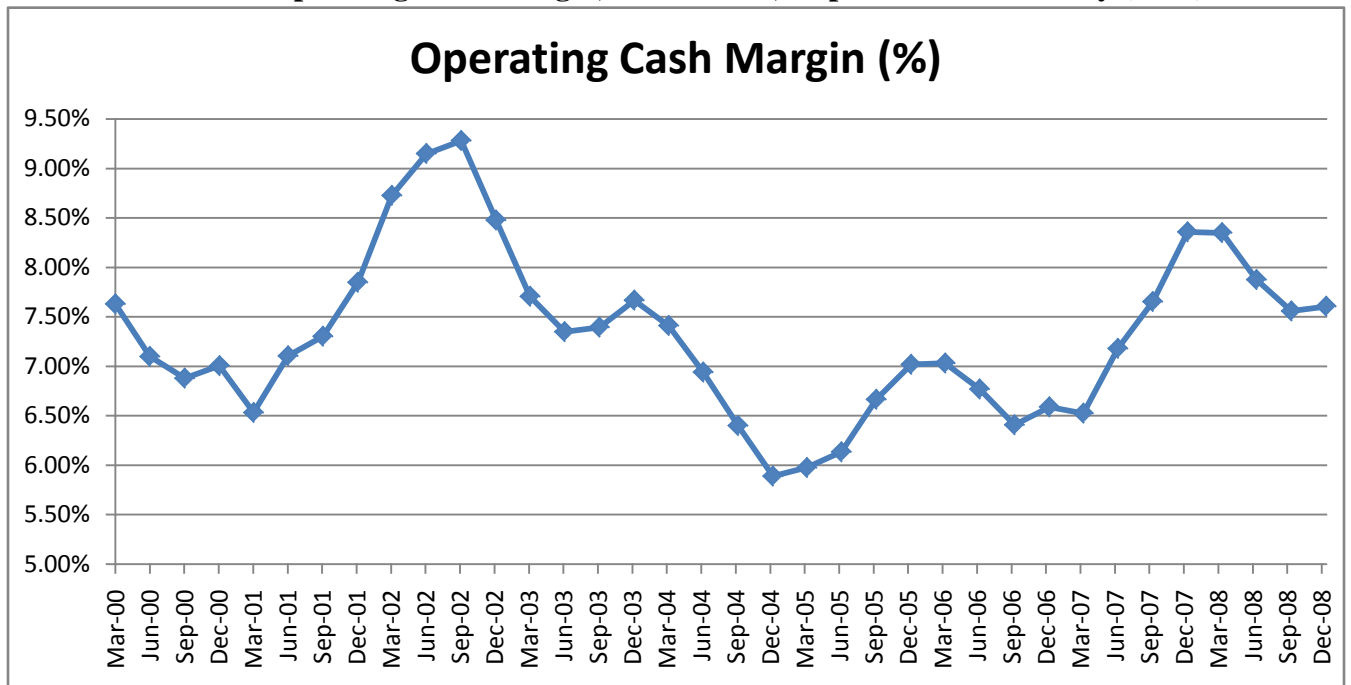
Cash Flow Margins

Exhibit 1: Median Free Cash Margin, 2000 – 2008, Capital Goods Industry (2010)



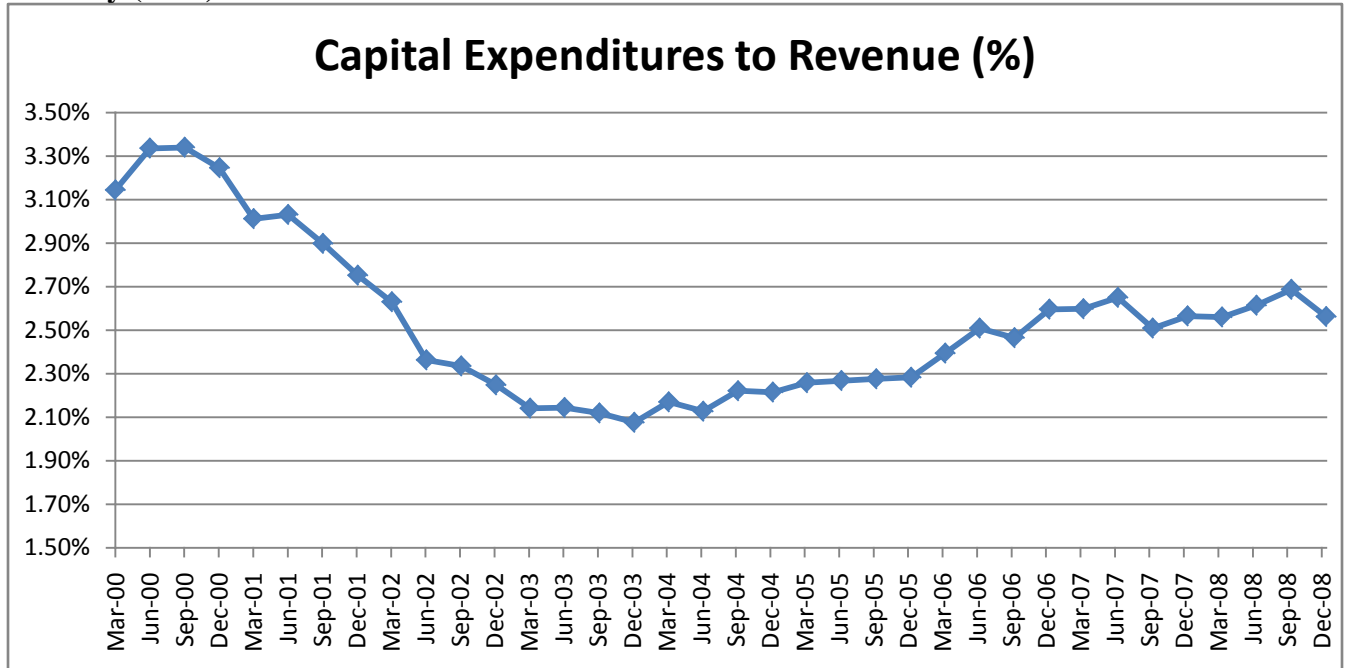
Refer to Table 1 for data supporting the graph.

Exhibit 2: Median Operating Cash Margin, 2000 – 2008, Capital Goods Industry (2010)



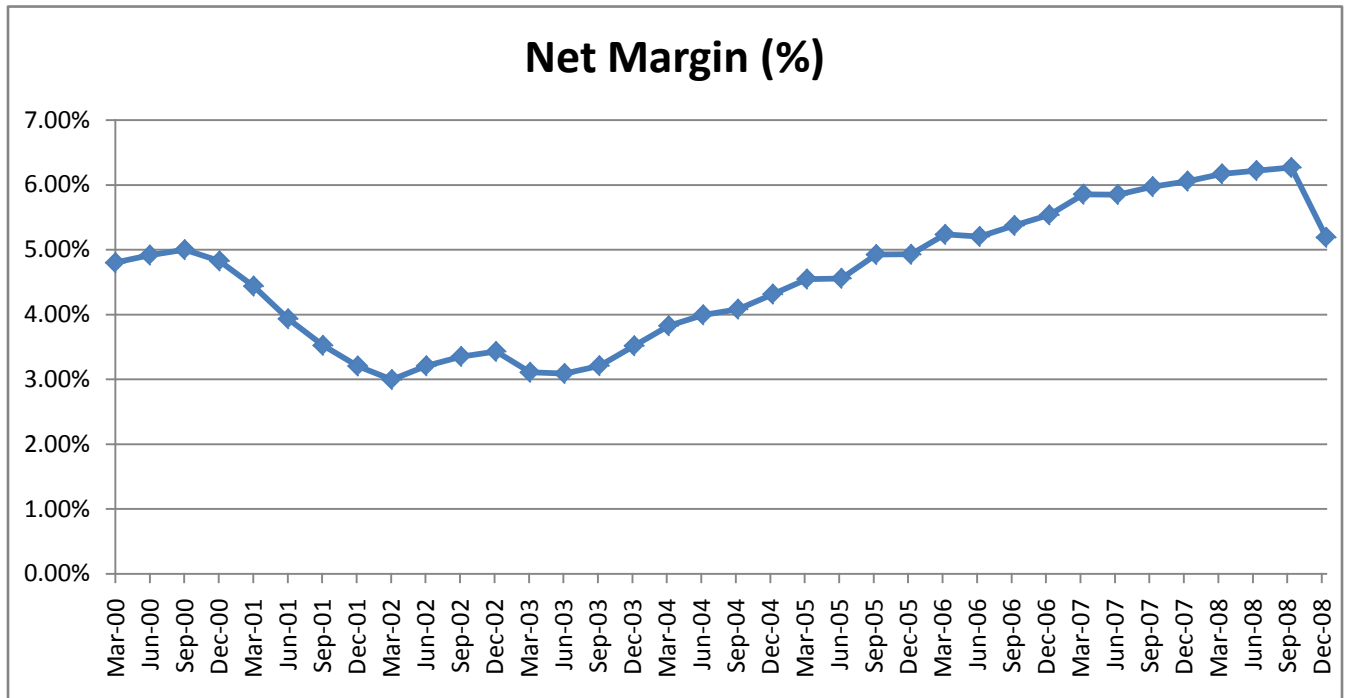
Refer to Table 1 for data supporting the graph.

Exhibit 3: The Ratio of Capital Expenditures to Revenue, 2000 – 2008, Capital Goods Industry (2010)



Refer to Table 1 for data supporting the graph.

Exhibit 4: Median Net Margin from Continuing Operations, 2000–2008, Capital Goods Industry (2010)



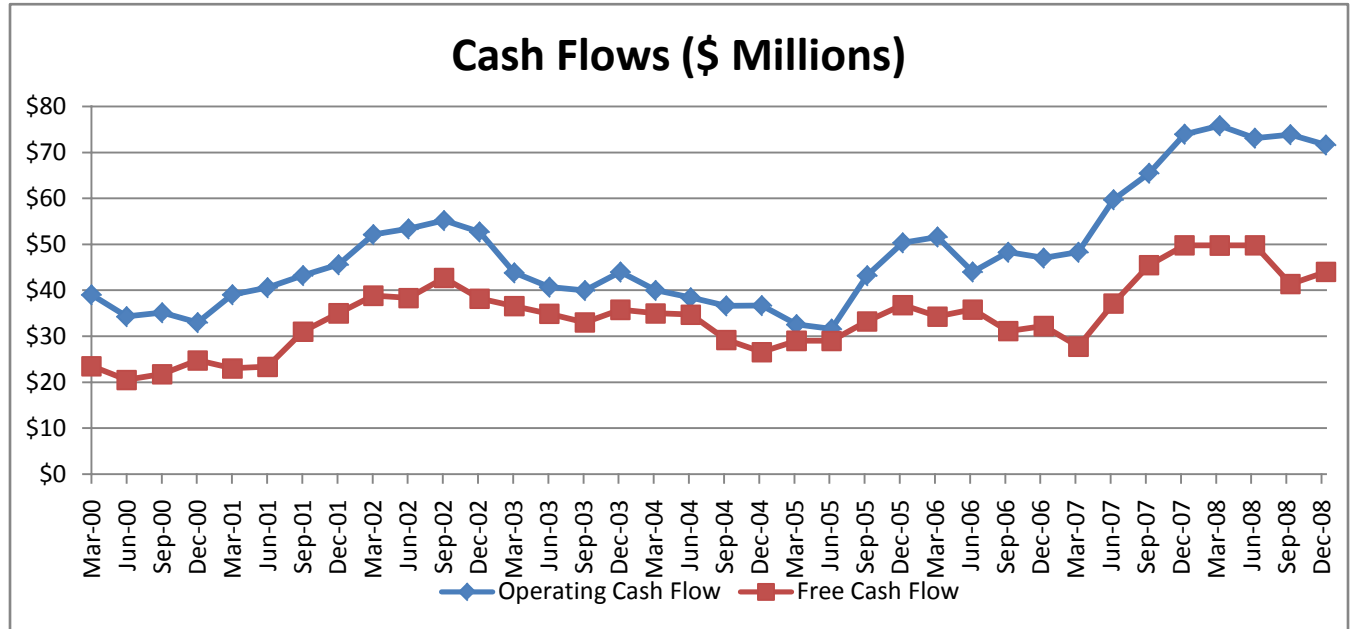
Refer to Table 1 for data supporting the graph.

Table 1: Median Margins, 2000 – 2008, Capital Goods Industry (2010)

Date	Operating Cash Margin (%)	Free Cash Margin (%)	Net Margin (%)	Capital Expenditures / Revenue (%)
Mar-00	7.63%	3.58%	4.80%	3.15%
Jun-00	7.10%	3.08%	4.92%	3.34%
Sep-00	6.88%	3.09%	5.00%	3.34%
Dec-00	7.01%	3.52%	4.83%	3.25%
Mar-01	6.53%	3.16%	4.44%	3.01%
Jun-01	7.11%	3.47%	3.93%	3.03%
Sep-01	7.30%	4.40%	3.52%	2.90%
Dec-01	7.85%	4.79%	3.21%	2.75%
Mar-02	8.73%	5.81%	3.00%	2.63%
Jun-02	9.15%	5.86%	3.21%	2.36%
Sep-02	9.28%	6.51%	3.35%	2.34%
Dec-02	8.48%	5.93%	3.43%	2.25%
Mar-03	7.71%	5.54%	3.11%	2.14%
Jun-03	7.35%	4.99%	3.09%	2.15%
Sep-03	7.40%	4.66%	3.21%	2.12%
Dec-03	7.67%	4.90%	3.52%	2.08%
Mar-04	7.41%	4.74%	3.83%	2.17%
Jun-04	6.94%	4.58%	4.00%	2.13%
Sep-04	6.40%	3.78%	4.08%	2.22%
Dec-04	5.89%	3.35%	4.32%	2.22%
Mar-05	5.98%	3.56%	4.55%	2.26%
Jun-05	6.14%	3.61%	4.56%	2.27%
Sep-05	6.67%	4.00%	4.93%	2.28%
Dec-05	7.02%	4.32%	4.93%	2.28%
Mar-06	7.03%	3.93%	5.24%	2.40%
Jun-06	6.77%	4.02%	5.20%	2.51%
Sep-06	6.41%	3.44%	5.37%	2.47%
Dec-06	6.59%	3.51%	5.54%	2.60%
Mar-07	6.53%	3.06%	5.86%	2.60%
Jun-07	7.18%	3.94%	5.85%	2.65%
Sep-07	7.65%	4.69%	5.97%	2.51%
Dec-07	8.36%	4.96%	6.06%	2.57%
Mar-08	8.35%	4.75%	6.17%	2.56%
Jun-08	7.88%	4.58%	6.22%	2.62%
Sep-08	7.56%	3.93%	6.27%	2.69%
Dec-08	7.61%	4.20%	5.19%	2.56%

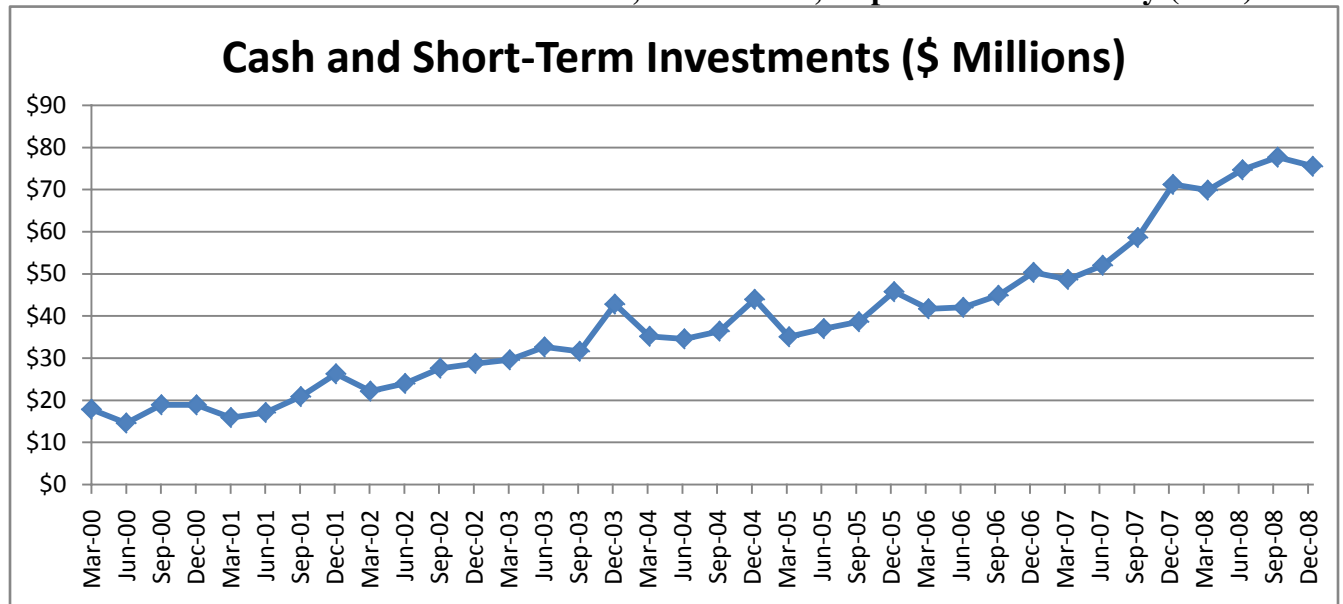
Cash Flow Measures

Exhibit 5: Median Free Cash Flow and Median Operating Cash Flow, 2000 – 2008, Capital Goods Industry (2010)



Refer to Table 2 for data supporting the graph.

Exhibit 6: Cash and Short-term Investments, 2000 – 2008, Capital Goods Industry (2010)



Refer to Table 2 for data supporting the graph.

Table 2: Cash Flow Measures, 2000 – 2008, Capital Goods Industry (2010)

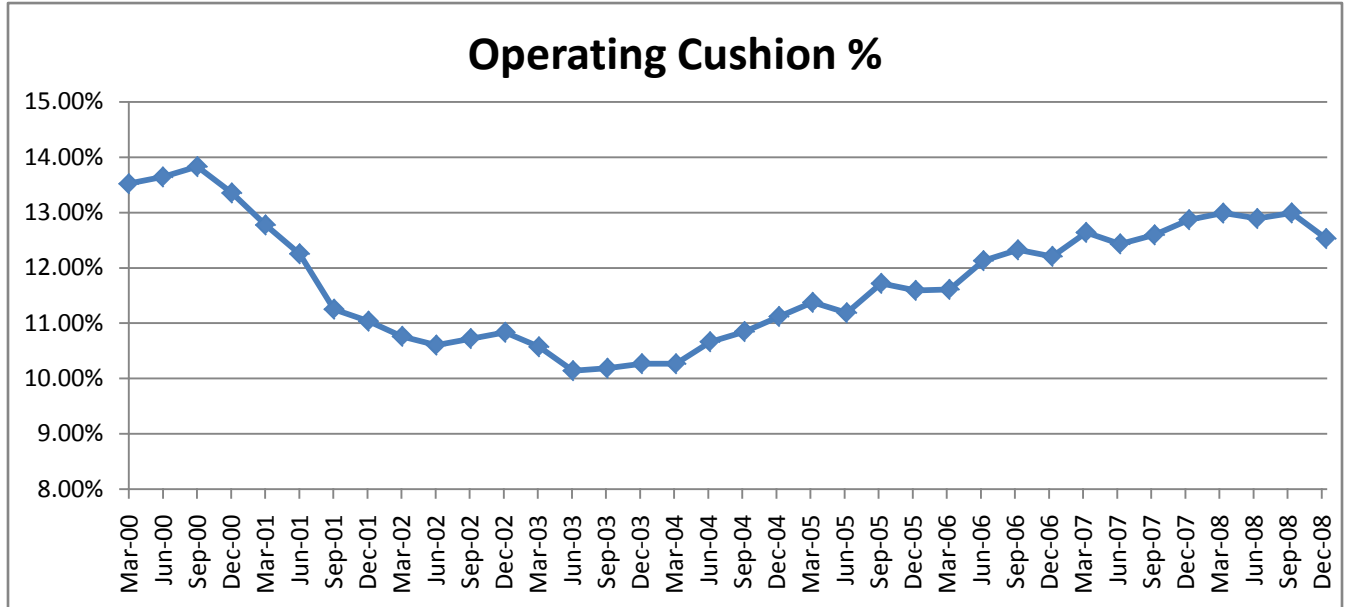
Date	Operating Cash Flow	% Change	Free Cash Flow	% Change	Cash and Short-Term Investments	% Change
Mar-00	39,038,000		23,520,343		17,838,000	
Jun-00	34,295,000	-12.15%	20,517,843	-12.77%	14,584,000	-18.24%
Sep-00	35,143,000	2.47%	21,765,527	6.08%	18,921,000	29.74%
Dec-00	33,000,000	-6.10%	24,762,344	13.77%	18,892,000	-0.15%
Mar-01	39,066,000	18.38%	23,033,034	-6.98%	15,886,000	-15.91%
Jun-01	40,602,000	3.93%	23,374,719	1.48%	17,085,500	7.55%
Sep-01	43,229,500	6.47%	31,037,895	32.78%	20,859,500	22.09%
Dec-01	45,585,000	5.45%	35,034,826	12.88%	26,263,000	25.90%
Mar-02	52,146,000	14.39%	38,863,895	10.93%	22,151,000	-15.66%
Jun-02	53,384,000	2.37%	38,341,357	-1.34%	23,976,000	8.24%
Sep-02	55,200,000	3.40%	42,727,890	11.44%	27,594,000	15.09%
Dec-02	52,722,500	-4.49%	38,201,278	-10.59%	28,727,500	4.11%
Mar-03	43,823,000	-16.88%	36,590,258	-4.22%	29,579,000	2.96%
Jun-03	40,705,000	-7.11%	34,897,031	-4.63%	32,631,500	10.32%
Sep-03	39,974,500	-1.79%	33,023,192	-5.37%	31,607,000	-3.14%
Dec-03	44,000,000	10.07%	35,796,803	8.40%	42,801,000	35.42%
Mar-04	39,992,000	-9.11%	34,994,542	-2.24%	35,156,500	-17.86%
Jun-04	38,400,000	-3.98%	34,712,163	-0.81%	34,566,000	-1.68%
Sep-04	36,632,000	-4.60%	29,227,930	-15.80%	36,390,000	5.28%
Dec-04	36,697,000	0.18%	26,567,853	-9.10%	43,937,000	20.74%
Mar-05	32,563,000	-11.27%	29,037,888	9.30%	35,049,000	-20.23%
Jun-05	31,588,000	-2.99%	28,999,895	-0.13%	36,990,500	5.54%
Sep-05	43,204,500	36.78%	33,266,520	14.71%	38,622,500	4.41%
Dec-05	50,358,000	16.56%	36,820,328	10.68%	45,758,000	18.47%
Mar-06	51,626,000	2.52%	34,297,970	-6.85%	41,705,000	-8.86%
Jun-06	44,017,000	-14.74%	35,844,165	4.51%	42,029,000	0.78%
Sep-06	48,296,500	9.72%	31,148,706	-13.10%	44,892,500	6.81%
Dec-06	47,038,000	-2.61%	32,247,066	3.53%	50,328,000	12.11%
Mar-07	48,291,000	2.66%	27,784,370	-13.84%	48,655,000	-3.32%
Jun-07	59,732,000	23.69%	37,154,334	33.72%	52,016,000	6.91%
Sep-07	65,494,000	9.65%	45,504,677	22.47%	58,605,000	12.67%
Dec-07	73,990,500	12.97%	49,807,249	9.46%	71,211,000	21.51%
Mar-08	75,847,000	2.51%	49,794,582	-0.03%	69,850,000	-1.91%
Jun-08	73,124,000	-3.59%	49,796,593	0.00%	74,675,500	6.91%
Sep-08	73,896,000	1.06%	41,403,334	-16.86%	77,666,000	4.00%
Dec-08	71,640,500	-3.05%	44,053,766	6.40%	75,505,000	-2.78%

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Cash Flow Drivers

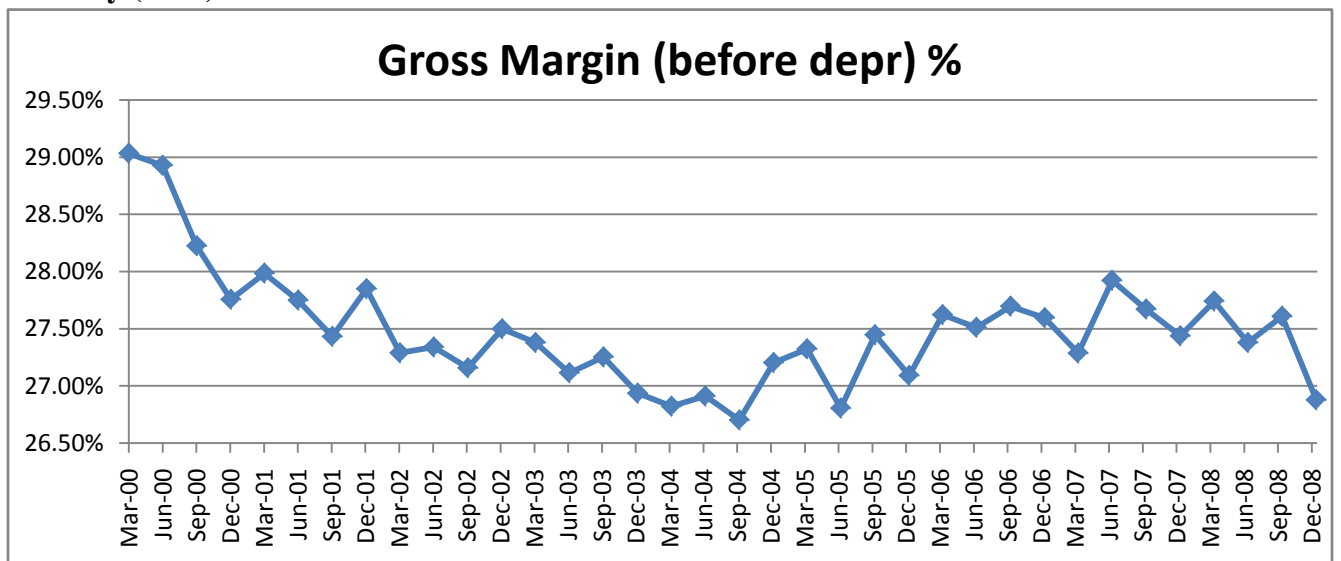
Profitability

Exhibit 7: Median Operating Cushion, 2000 – 2008, Capital Goods Industry (2010)



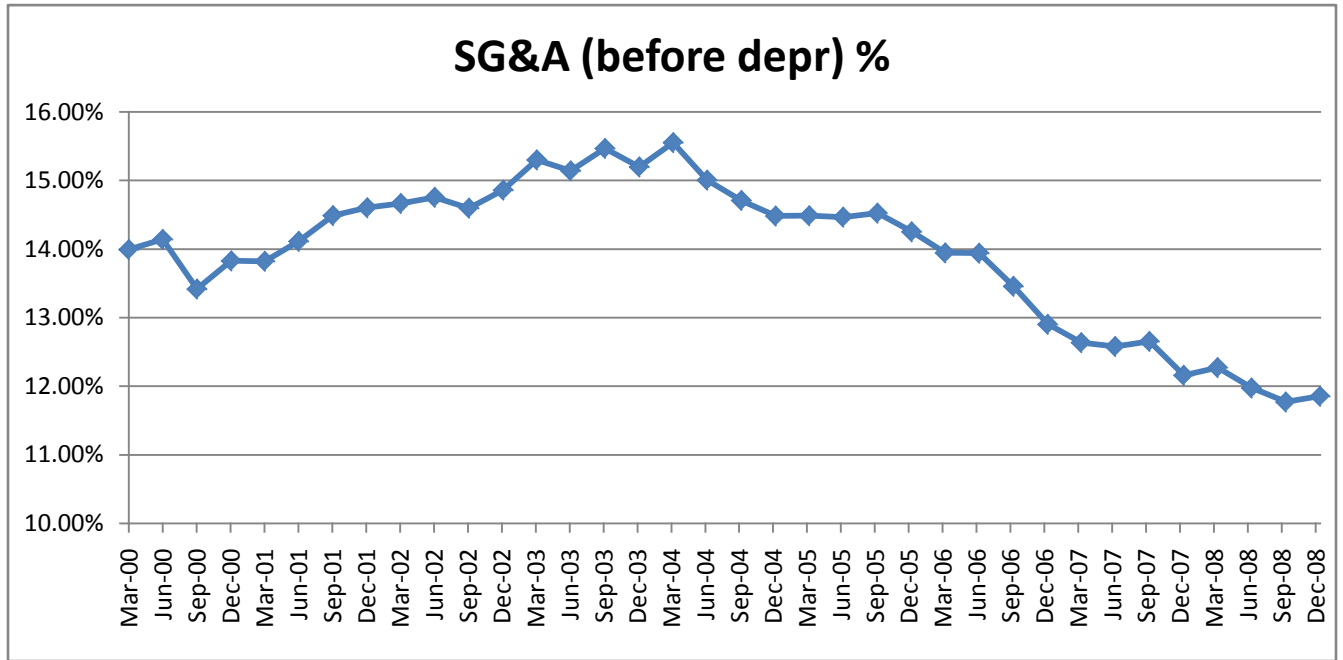
Refer to Table 3 for data supporting the graph.

Exhibit 8: Median Gross Margin % (before depreciation), 2000 – 2008, Capital Goods Industry (2010)



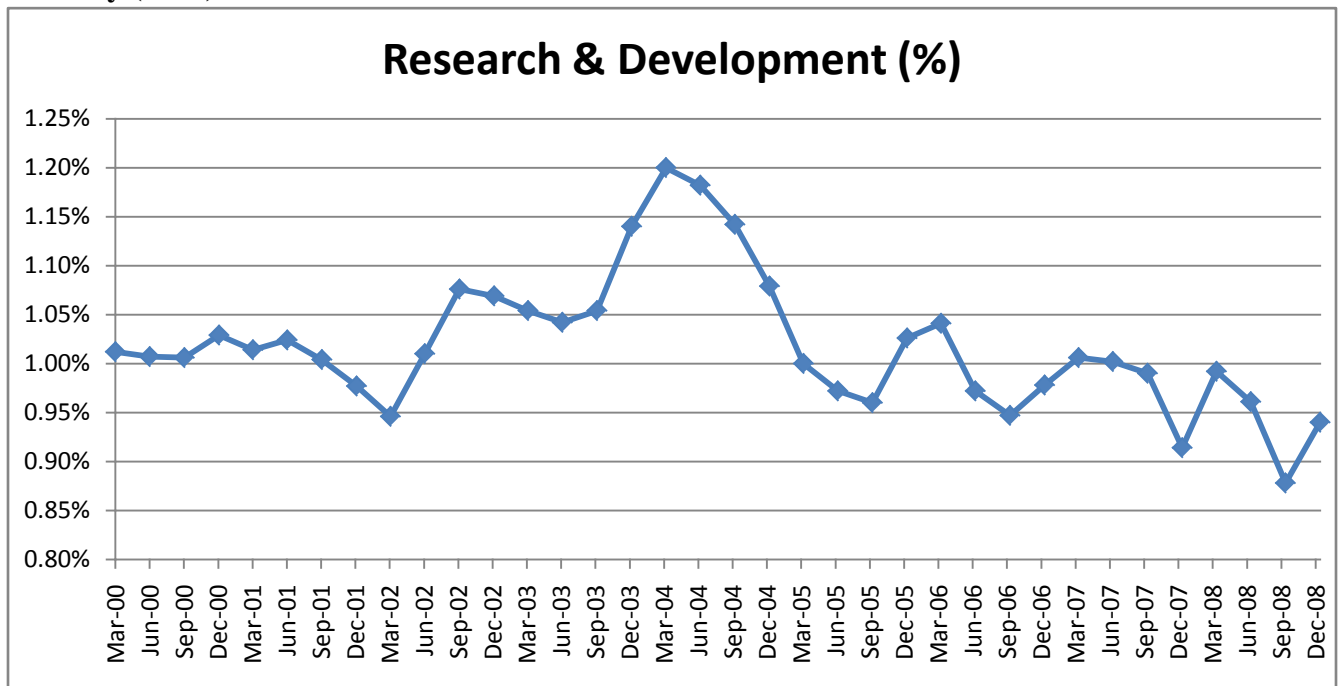
Refer to Table 3 for data supporting the graph.

Exhibit 9: Median Selling, General and Administrative Expense % (before depreciation), 2000 – 2008, Capital Goods Industry (2010)



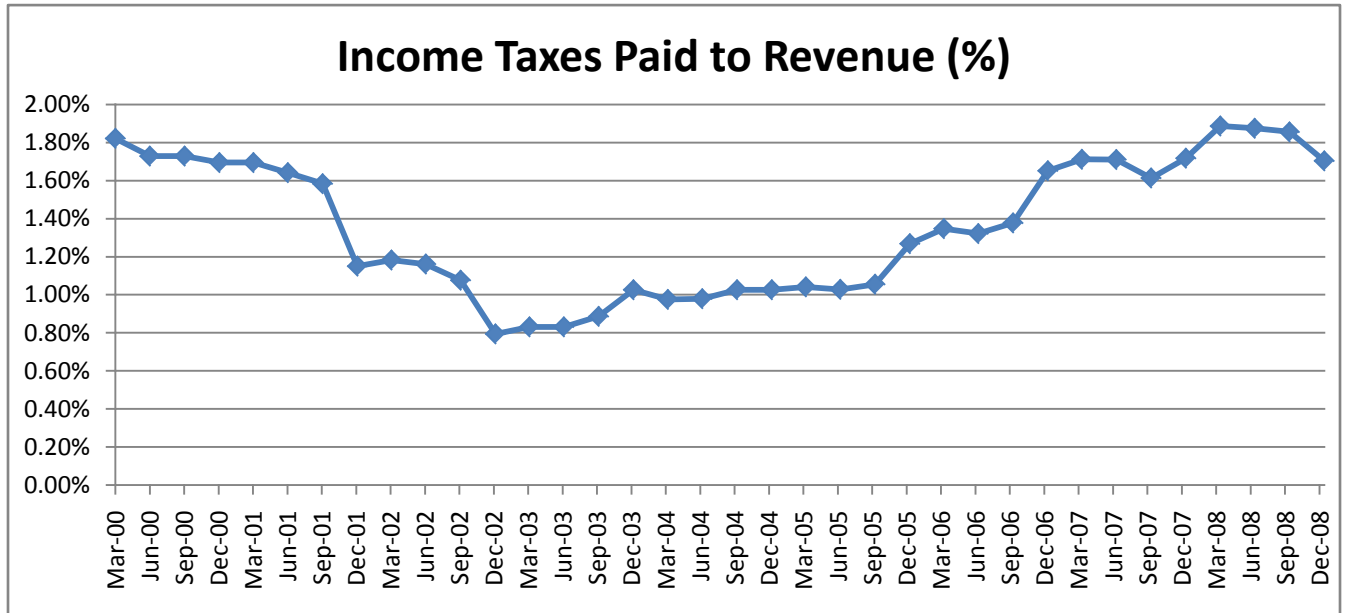
Refer to Table 3 for data supporting the graph.

Exhibit 9a: Median Research and Development Expense %, 2000 – 2008, Capital Goods Industry (2010)



Refer to Table 3 for data supporting the graph.

Exhibit 10: Median Income Taxes Paid % (before depreciation), 2000 – 2008, Capital Goods Industry (2010)



Refer to Table 3 for data supporting the graph.

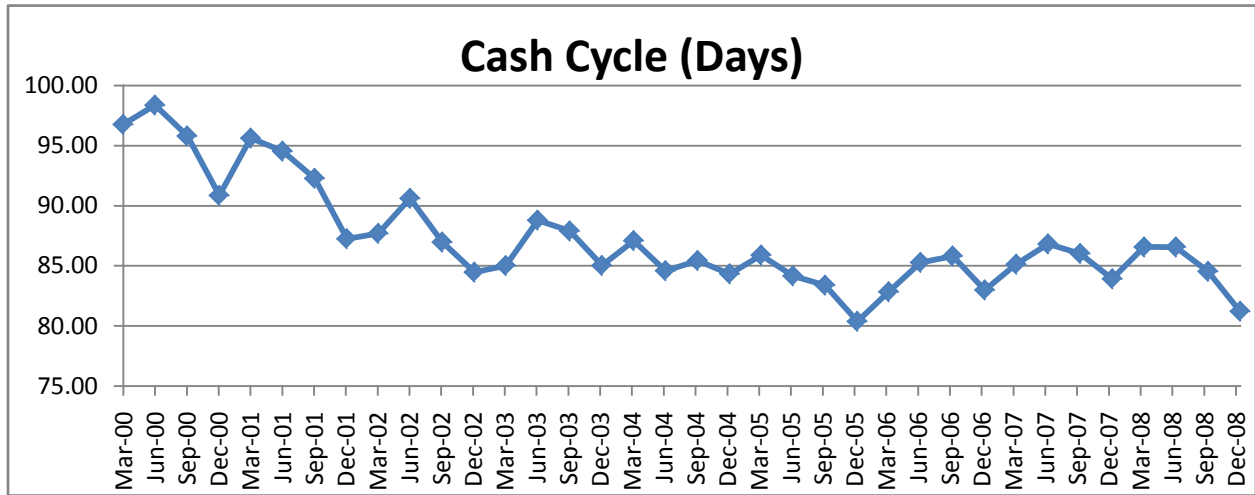
Table 3: Profitability, 2000 – 2008, Capital Goods Industry (2010)

Date	Operating Cushion %	Gross Margin (before depr) %	SG&A (before depr.) %	R&D %	Revenue	% Change	Income Taxes Paid to Revenue
Mar-00	13.52%	29.04%	13.99%	1.01%	656,626,000		1.82%
Jun-00	13.64%	28.93%	14.14%	1.01%	667,030,000	1.58%	1.73%
Sep-00	13.83%	28.23%	13.42%	1.01%	705,299,000	5.74%	1.73%
Dec-00	13.35%	27.76%	13.83%	1.03%	704,276,000	-0.15%	1.70%
Mar-01	12.78%	27.99%	13.82%	1.01%	727,972,000	3.36%	1.70%
Jun-01	12.25%	27.75%	14.11%	1.02%	674,011,500	-7.41%	1.64%
Sep-01	11.25%	27.43%	14.49%	1.00%	705,888,000	4.73%	1.58%
Dec-01	11.04%	27.85%	14.60%	0.98%	731,416,000	3.62%	1.15%
Mar-02	10.76%	27.29%	14.67%	0.95%	669,029,000	-8.53%	1.18%
Jun-02	10.60%	27.34%	14.76%	1.01%	654,624,500	-2.15%	1.16%
Sep-02	10.72%	27.16%	14.60%	1.08%	656,645,000	0.31%	1.08%
Dec-02	10.84%	27.50%	14.86%	1.07%	644,638,500	-1.83%	0.80%
Mar-03	10.57%	27.38%	15.30%	1.05%	660,116,500	2.40%	0.83%
Jun-03	10.14%	27.12%	15.14%	1.04%	699,760,000	6.01%	0.83%
Sep-03	10.19%	27.25%	15.47%	1.05%	709,261,000	1.36%	0.89%
Dec-03	10.27%	26.94%	15.20%	1.14%	730,100,000	2.94%	1.03%
Mar-04	10.27%	26.82%	15.55%	1.20%	737,814,500	1.06%	0.98%
Jun-04	10.67%	26.91%	15.01%	1.18%	758,073,000	2.75%	0.98%
Sep-04	10.85%	26.70%	14.71%	1.14%	773,635,000	2.05%	1.03%
Dec-04	11.12%	27.20%	14.48%	1.08%	793,544,000	2.57%	1.03%
Mar-05	11.38%	27.32%	14.49%	1.00%	816,129,500	2.85%	1.04%
Jun-05	11.19%	26.81%	14.47%	0.97%	803,766,500	-1.51%	1.03%
Sep-05	11.72%	27.45%	14.53%	0.96%	831,663,000	3.47%	1.06%
Dec-05	11.59%	27.09%	14.25%	1.03%	851,928,000	2.44%	1.27%
Mar-06	11.61%	27.62%	13.95%	1.04%	872,944,000	2.47%	1.35%
Jun-06	12.13%	27.51%	13.94%	0.97%	892,534,000	2.24%	1.32%
Sep-06	12.33%	27.70%	13.46%	0.95%	906,276,000	1.54%	1.38%
Dec-06	12.21%	27.60%	12.90%	0.98%	919,768,000	1.49%	1.65%
Mar-07	12.64%	27.29%	12.64%	1.01%	909,472,000	-1.12%	1.71%
Jun-07	12.43%	27.92%	12.58%	1.00%	942,047,000	3.58%	1.71%
Sep-07	12.60%	27.67%	12.65%	0.99%	970,870,000	3.06%	1.61%
Dec-07	12.87%	27.44%	12.16%	0.91%	1,003,976,000	3.41%	1.72%
Mar-08	12.99%	27.74%	12.27%	0.99%	1,048,969,500	4.48%	1.89%
Jun-08	12.89%	27.38%	11.97%	0.96%	1,087,974,500	3.72%	1.88%
Sep-08	12.99%	27.61%	11.77%	0.88%	1,054,862,000	-3.04%	1.86%
Dec-08	12.53%	26.88%	11.85%	0.94%	1,048,150,500	-0.64%	1.70%

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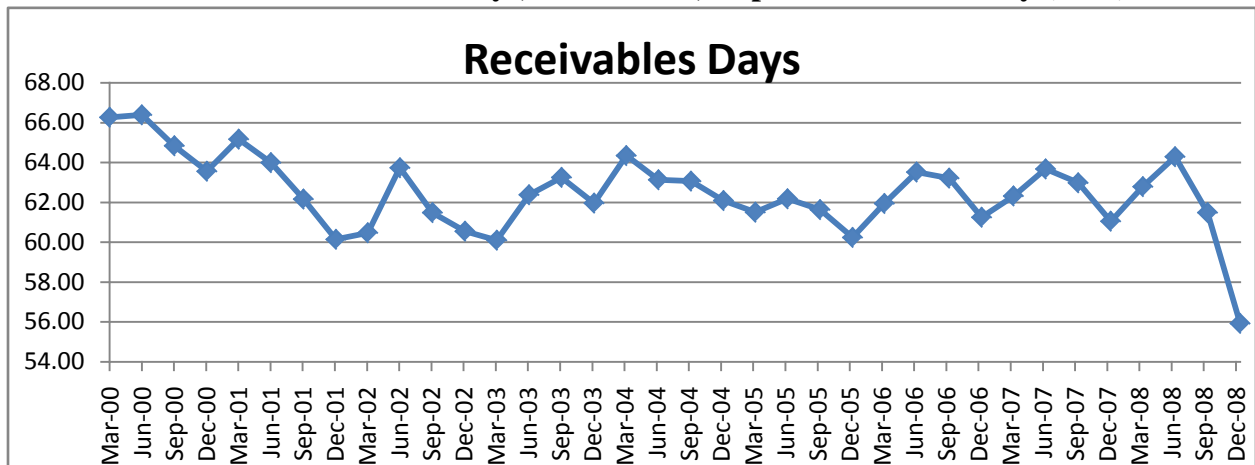
Efficiency

Exhibit 11: Median Cash Cycle, 2000 – 2008, Capital Goods Industry (2010)



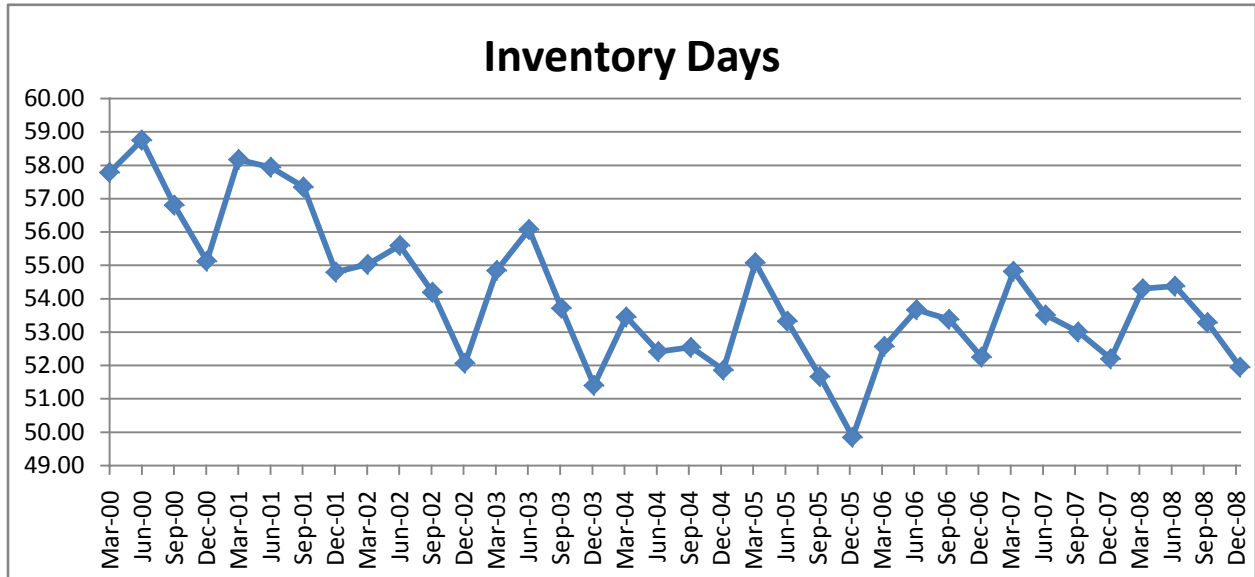
Refer to Table 4 for data supporting the graph.

Exhibit 12: Median Receivables Days, 2000 – 2008, Capital Goods Industry (2010)



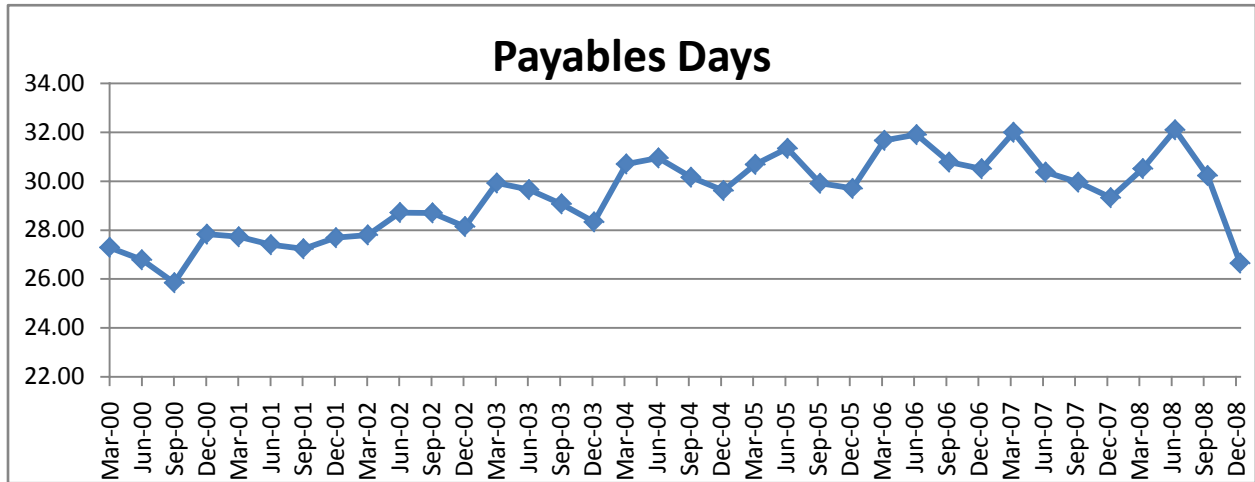
Refer to Table 4 for data supporting the graph.

Exhibit 13: Median Inventory Days, 2000 – 2008, Capital Goods Industry (2010)



Refer to Table 4 for data supporting the graph.

Exhibit 14: Median Payables Days, 2000 – 2008, Capital Goods Industry (2010)



Refer to Table 4 for data supporting the graph.

Table 4: Efficiency, 2000 – 2008, Capital Goods Industry (2010)

Date	Cash Cycle (Days)	Receivables Days	Inventory Days	Payables Days
Mar-00	96.76	66.27	57.78	27.29
Jun-00	98.36	66.40	58.75	26.78
Sep-00	95.80	64.84	56.80	25.84
Dec-00	90.86	63.56	55.12	27.83
Mar-01	95.62	65.18	58.16	27.72
Jun-01	94.53	64.00	57.93	27.40
Sep-01	92.28	62.17	57.34	27.23
Dec-01	87.26	60.15	54.79	27.68
Mar-02	87.70	60.48	55.02	27.80
Jun-02	90.62	63.74	55.59	28.72
Sep-02	86.98	61.49	54.19	28.70
Dec-02	84.48	60.55	52.07	28.14
Mar-03	85.02	60.10	54.84	29.92
Jun-03	88.80	62.38	56.07	29.65
Sep-03	87.90	63.26	53.71	29.07
Dec-03	85.04	61.97	51.40	28.33
Mar-04	87.10	64.35	53.45	30.70
Jun-04	84.60	63.14	52.41	30.95
Sep-04	85.45	63.07	52.54	30.16
Dec-04	84.34	62.09	51.86	29.61
Mar-05	85.90	61.51	55.07	30.68
Jun-05	84.17	62.18	53.32	31.34
Sep-05	83.40	61.64	51.67	29.91
Dec-05	80.39	60.24	49.85	29.70
Mar-06	82.85	61.95	52.57	31.66
Jun-06	85.29	63.53	53.67	31.90
Sep-06	85.82	63.22	53.38	30.78
Dec-06	83.00	61.26	52.25	30.51
Mar-07	85.14	62.32	54.82	32.00
Jun-07	86.82	63.68	53.51	30.37
Sep-07	86.03	62.98	53.00	29.96
Dec-07	83.93	61.06	52.20	29.32
Mar-08	86.57	62.79	54.29	30.51
Jun-08	86.57	64.29	54.37	32.10
Sep-08	84.55	61.49	53.28	30.23
Dec-08	81.23	55.93	51.95	26.65

Aerospace & Defense Sub-industry (201010)

Exhibit 15: Median Free Cash Margin, 2000 – 2008, Aerospace & Defense (201010)

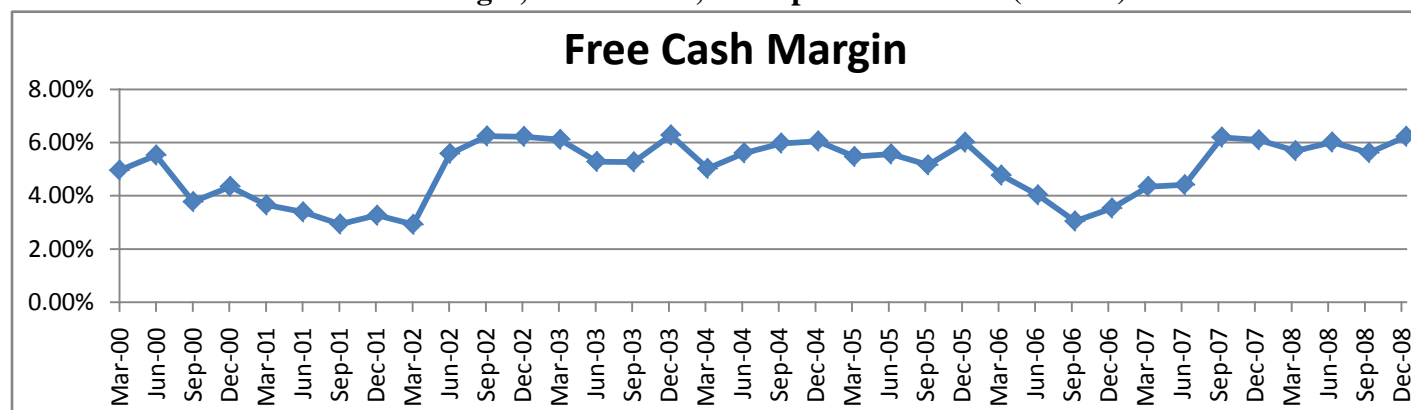


Table 5: 2000 – 2008, Aerospace & Defense Sub-industry (201010)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	4.96%	8.38%	3.34%	5.28%	14.29%	1.54%	108.01
Jun-00	5.53%	7.94%	3.67%	5.00%	14.72%	1.54%	106.21
Sep-00	3.78%	7.27%	3.33%	5.71%	14.83%	1.53%	101.91
Dec-00	4.35%	6.80%	3.45%	5.88%	15.29%	1.48%	99.06
Mar-01	3.66%	5.80%	3.13%	5.43%	14.80%	1.48%	108.97
Jun-01	3.40%	6.32%	3.36%	5.52%	14.80%	1.46%	104.00
Sep-01	2.94%	6.84%	3.34%	4.93%	13.79%	1.40%	105.69
Dec-01	3.27%	6.17%	3.04%	4.47%	13.87%	1.30%	100.47
Mar-02	2.93%	6.90%	2.76%	4.38%	13.68%	1.65%	99.26
Jun-02	5.59%	8.30%	2.54%	4.58%	12.66%	1.46%	97.04
Sep-02	6.24%	9.09%	2.39%	4.80%	12.65%	1.65%	98.46
Dec-02	6.23%	8.61%	2.49%	4.51%	12.66%	0.73%	94.04
Mar-03	6.11%	8.66%	2.29%	4.17%	12.65%	0.61%	98.23
Jun-03	5.29%	8.61%	2.29%	4.77%	12.45%	0.65%	107.34
Sep-03	5.27%	7.82%	2.23%	4.98%	12.34%	0.53%	101.09
Dec-03	6.28%	8.84%	2.30%	4.93%	11.91%	0.75%	102.49
Mar-04	5.03%	8.09%	2.28%	4.84%	11.10%	0.70%	102.11
Jun-04	5.61%	8.10%	2.27%	5.10%	11.34%	0.70%	104.19
Sep-04	5.98%	8.23%	2.49%	5.32%	11.60%	0.73%	99.84
Dec-04	6.06%	8.67%	2.64%	4.97%	11.87%	0.73%	108.60
Mar-05	5.47%	8.68%	2.35%	5.48%	12.14%	0.70%	110.45
Jun-05	5.57%	8.29%	2.30%	4.99%	12.51%	0.70%	112.47
Sep-05	5.16%	7.71%	2.34%	5.15%	12.90%	0.70%	95.60
Dec-05	6.01%	8.55%	2.64%	5.38%	12.91%	0.86%	94.97
Mar-06	4.78%	7.30%	2.64%	5.54%	13.02%	1.07%	100.20
Jun-06	4.04%	6.68%	2.82%	5.54%	12.92%	1.07%	112.71
Sep-06	3.06%	7.05%	2.76%	5.77%	12.86%	1.08%	107.00
Dec-06	3.54%	7.24%	2.66%	5.30%	12.66%	1.68%	93.74
Mar-07	4.35%	7.79%	2.59%	5.57%	13.86%	1.60%	99.06
Jun-07	4.42%	8.30%	2.57%	5.97%	13.66%	1.85%	100.98
Sep-07	6.20%	9.22%	2.72%	6.12%	13.62%	1.85%	99.51
Dec-07	6.10%	9.49%	2.71%	6.34%	13.63%	1.73%	90.87
Mar-08	5.69%	8.69%	2.44%	6.90%	14.09%	2.08%	103.47
Jun-08	6.02%	8.94%	2.65%	6.81%	14.24%	2.02%	112.60
Sep-08	5.62%	9.11%	2.55%	6.74%	14.33%	2.07%	110.45
Dec-08	6.23%	8.74%	2.62%	6.38%	14.01%	1.95%	101.98

Building Supplies Sub-industry (201020)

Exhibit 16: Median Free Cash Margin, 2000 – 2008, Building Supplies (201020)

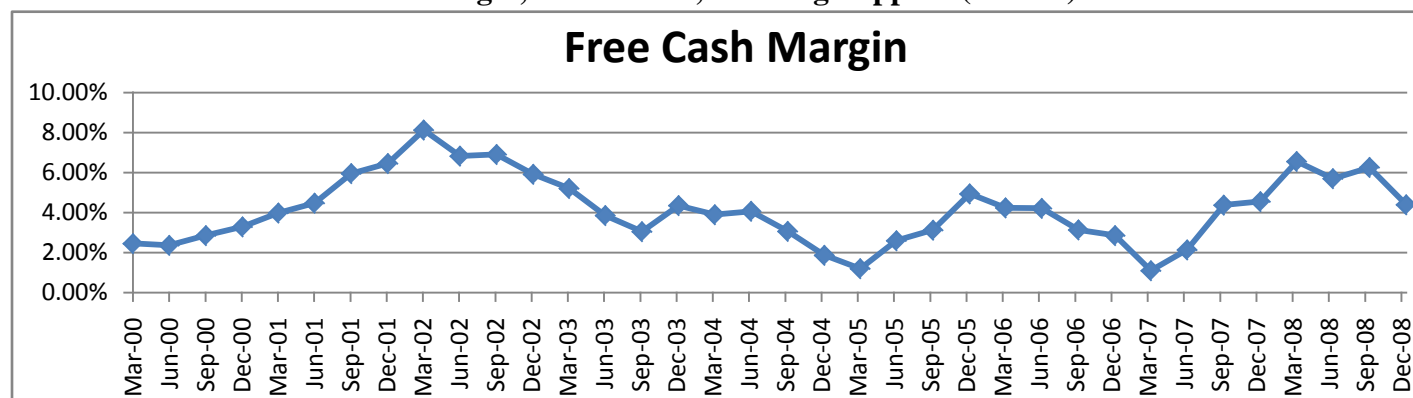


Table 6: 2000 – 2008, Building Supplies Sub-industry (201020)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	2.45%	7.02%	3.32%	4.09%	10.49%	1.86%	79.40
Jun-00	2.36%	6.64%	3.14%	3.99%	10.56%	1.86%	79.11
Sep-00	2.85%	6.43%	3.21%	4.07%	11.48%	1.88%	68.94
Dec-00	3.29%	7.15%	3.02%	3.57%	11.00%	2.39%	60.57
Mar-01	3.98%	6.84%	2.86%	3.22%	11.53%	2.39%	69.82
Jun-01	4.47%	7.14%	2.73%	2.79%	11.27%	2.22%	66.89
Sep-01	5.95%	7.55%	2.57%	2.64%	10.63%	2.22%	61.56
Dec-01	6.45%	7.19%	2.33%	2.87%	10.06%	1.27%	51.63
Mar-02	8.12%	10.45%	2.56%	3.02%	10.10%	1.62%	64.71
Jun-02	6.82%	8.84%	1.96%	3.39%	10.20%	1.62%	64.69
Sep-02	6.90%	10.84%	2.04%	3.28%	10.63%	2.31%	48.01
Dec-02	5.91%	10.13%	2.15%	4.10%	11.04%	1.98%	58.45
Mar-03	5.20%	9.25%	2.63%	3.86%	10.71%	1.98%	54.49
Jun-03	3.85%	6.95%	2.80%	3.60%	10.15%	1.98%	63.40
Sep-03	3.05%	6.04%	2.69%	3.55%	9.89%	1.98%	64.50
Dec-03	4.35%	6.42%	2.48%	3.76%	9.68%	1.71%	57.64
Mar-04	3.89%	6.20%	2.31%	4.52%	11.12%	1.71%	63.25
Jun-04	4.06%	7.99%	2.62%	4.75%	11.76%	1.71%	65.02
Sep-04	3.06%	5.68%	2.58%	5.09%	11.95%	1.93%	57.59
Dec-04	1.86%	5.48%	2.35%	5.01%	11.60%	2.35%	67.33
Mar-05	1.20%	6.15%	2.57%	4.75%	11.45%	2.35%	77.01
Jun-05	2.59%	6.18%	2.40%	4.67%	11.84%	2.19%	64.99
Sep-05	3.12%	5.66%	2.10%	5.34%	12.00%	2.08%	67.64
Dec-05	4.93%	6.79%	2.23%	4.52%	11.19%	2.71%	55.82
Mar-06	4.24%	8.98%	2.59%	4.59%	11.27%	2.71%	62.67
Jun-06	4.21%	6.74%	2.67%	4.66%	11.24%	2.71%	71.92
Sep-06	3.13%	6.37%	2.87%	4.64%	11.95%	2.71%	67.11
Dec-06	2.85%	5.44%	3.28%	4.83%	11.55%	1.96%	58.24
Mar-07	1.09%	4.79%	3.92%	4.64%	10.97%	1.96%	73.81
Jun-07	2.13%	6.27%	3.67%	4.42%	10.53%	1.96%	72.49
Sep-07	4.37%	6.14%	2.86%	3.93%	10.88%	1.96%	60.48
Dec-07	4.55%	10.02%	2.89%	3.92%	10.78%	1.93%	62.49
Mar-08	6.55%	9.41%	2.67%	3.74%	10.21%	1.94%	69.45
Jun-08	5.70%	9.24%	1.80%	3.69%	10.48%	1.25%	65.82
Sep-08	6.26%	8.51%	2.31%	3.47%	10.61%	0.94%	68.47
Dec-08	4.39%	7.42%	2.07%	2.71%	10.33%	1.20%	57.31

Construction & Engineering Sub-industry (201030)

Exhibit 17: Median Free Cash Margin, 2000 – 2008, Construction & Engineering (201030)

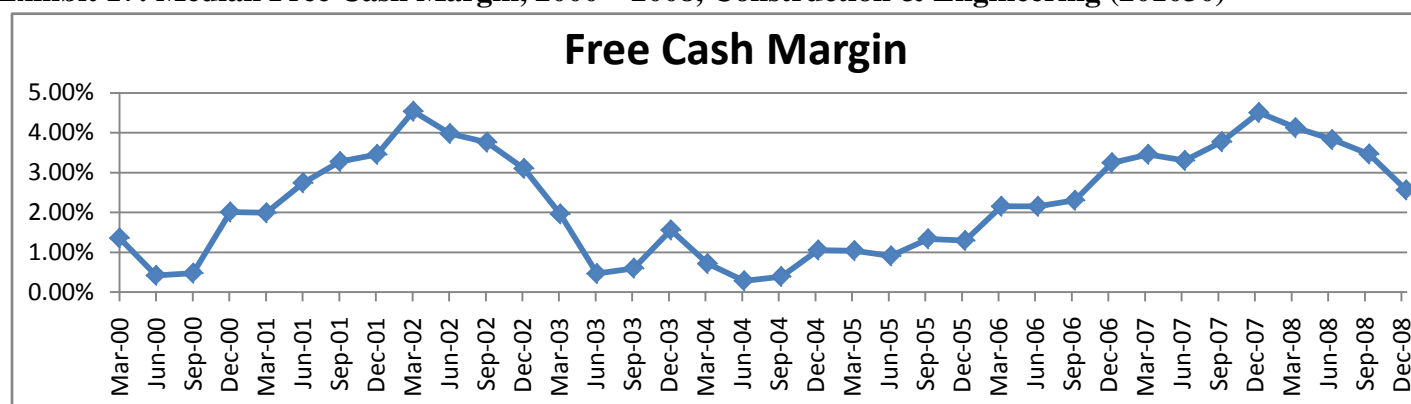


Table 7: 2000 – 2008, Construction & Engineering Sub-industry (201030)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	1.36%	4.53%	1.92%	2.21%	7.86%	1.40%	73.22
Jun-00	0.42%	2.62%	2.04%	2.41%	7.22%	1.27%	73.11
Sep-00	0.47%	3.04%	1.55%	2.32%	6.96%	1.16%	68.87
Dec-00	2.01%	2.71%	1.19%	2.21%	7.21%	1.16%	64.50
Mar-01	1.99%	3.27%	0.92%	2.13%	6.94%	1.13%	69.59
Jun-01	2.74%	4.28%	0.90%	2.26%	7.38%	1.16%	66.44
Sep-01	3.28%	4.19%	1.00%	2.02%	7.83%	1.13%	74.69
Dec-01	3.45%	5.17%	1.07%	2.07%	7.55%	0.78%	62.70
Mar-02	4.54%	5.93%	1.29%	2.47%	7.25%	0.85%	62.50
Jun-02	3.98%	5.43%	1.27%	1.57%	6.54%	0.88%	63.91
Sep-02	3.76%	6.51%	1.79%	1.55%	6.35%	0.88%	55.93
Dec-02	3.10%	4.55%	1.66%	1.65%	6.12%	0.64%	62.43
Mar-03	1.96%	3.83%	1.44%	1.82%	5.01%	0.57%	63.74
Jun-03	0.46%	2.72%	1.52%	1.19%	4.67%	0.64%	65.52
Sep-03	0.60%	2.96%	1.34%	1.15%	5.01%	0.64%	62.47
Dec-03	1.56%	3.35%	1.02%	1.20%	5.00%	0.61%	54.12
Mar-04	0.71%	2.37%	1.20%	0.88%	4.30%	0.86%	59.09
Jun-04	0.28%	1.68%	1.00%	1.03%	4.94%	0.86%	56.31
Sep-04	0.39%	2.16%	1.16%	0.96%	4.97%	0.86%	62.72
Dec-04	1.05%	2.79%	1.02%	1.97%	5.04%	0.40%	57.42
Mar-05	1.04%	2.47%	0.94%	2.18%	4.94%	0.34%	55.61
Jun-05	0.91%	2.46%	0.99%	1.52%	4.57%	0.34%	58.88
Sep-05	1.34%	3.40%	1.03%	1.67%	4.92%	0.40%	59.03
Dec-05	1.29%	3.52%	1.32%	2.04%	6.58%	0.58%	56.97
Mar-06	2.15%	4.91%	1.41%	2.16%	6.34%	0.70%	50.35
Jun-06	2.15%	5.13%	1.56%	2.76%	6.62%	0.53%	50.24
Sep-06	2.30%	4.21%	1.25%	2.80%	6.94%	0.53%	55.64
Dec-06	3.25%	4.94%	1.67%	2.70%	6.61%	0.90%	51.81
Mar-07	3.46%	5.99%	1.58%	2.69%	6.52%	1.05%	48.33
Jun-07	3.30%	6.80%	1.57%	2.71%	6.44%	0.90%	54.99
Sep-07	3.77%	6.56%	1.06%	2.90%	7.06%	0.90%	49.17
Dec-07	4.51%	7.03%	1.29%	3.43%	8.11%	1.22%	47.13
Mar-08	4.13%	6.54%	1.38%	3.46%	7.71%	1.29%	48.48
Jun-08	3.83%	6.32%	1.64%	3.72%	7.93%	1.29%	44.25
Sep-08	3.46%	5.24%	1.65%	4.06%	8.49%	1.29%	43.42
Dec-08	2.56%	5.36%	1.49%	4.24%	8.75%	1.42%	49.71

Electrical Equipment Sub-industry (201040)

Exhibit 18: Median Free Cash Margin, 2000 – 2008, Electrical Equipment (201040)

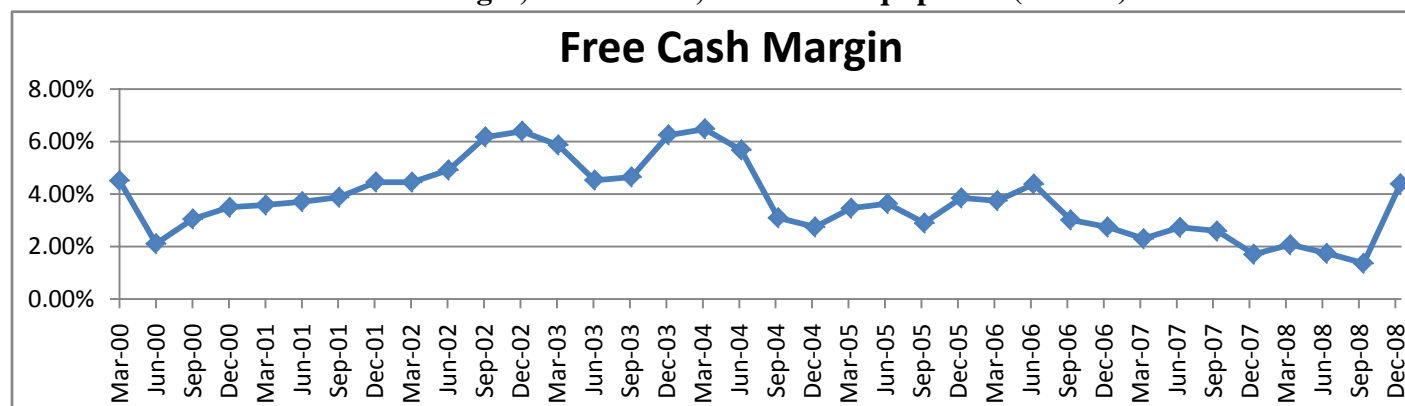


Table 8: 2000 – 2008, Electrical Equipment Sub-industry (201040)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	4.51%	8.05%	3.20%	5.59%	16.01%	1.54%	98.81
Jun-00	2.11%	5.76%	3.83%	6.69%	15.03%	1.58%	94.66
Sep-00	3.05%	7.87%	3.81%	6.59%	15.64%	1.71%	94.10
Dec-00	3.49%	6.91%	3.53%	5.98%	15.41%	1.56%	95.51
Mar-01	3.58%	6.89%	3.31%	6.34%	14.36%	1.40%	94.47
Jun-01	3.71%	7.77%	3.10%	4.53%	12.32%	1.38%	93.98
Sep-01	3.88%	8.39%	3.42%	3.28%	11.01%	1.38%	93.62
Dec-01	4.46%	8.10%	3.38%	3.02%	9.91%	1.10%	93.84
Mar-02	4.46%	8.47%	3.11%	2.36%	9.70%	1.12%	93.95
Jun-02	4.92%	8.87%	2.84%	2.32%	9.14%	1.19%	97.36
Sep-02	6.18%	9.43%	2.79%	2.96%	8.92%	1.09%	92.88
Dec-02	6.39%	9.84%	2.82%	3.03%	9.86%	0.69%	89.64
Mar-03	5.87%	8.57%	2.52%	2.19%	8.91%	0.70%	94.09
Jun-03	4.53%	6.93%	2.66%	2.41%	9.30%	0.70%	97.88
Sep-03	4.65%	6.36%	2.25%	3.34%	8.70%	0.55%	90.24
Dec-03	6.26%	8.59%	2.23%	3.57%	9.47%	0.45%	90.07
Mar-04	6.48%	7.56%	2.40%	4.03%	10.19%	0.45%	87.59
Jun-04	5.68%	6.73%	2.20%	3.88%	9.30%	0.44%	89.77
Sep-04	3.10%	6.09%	2.57%	3.75%	11.35%	0.42%	87.90
Dec-04	2.75%	4.92%	2.66%	5.18%	11.52%	0.75%	87.32
Mar-05	3.46%	5.29%	2.43%	4.67%	11.01%	0.76%	90.32
Jun-05	3.64%	6.29%	2.60%	5.37%	11.33%	0.75%	88.50
Sep-05	2.90%	6.19%	2.77%	5.26%	11.17%	0.78%	84.48
Dec-05	3.85%	5.85%	2.98%	4.92%	12.04%	0.84%	90.01
Mar-06	3.75%	6.55%	3.00%	5.43%	12.44%	0.61%	83.67
Jun-06	4.38%	5.47%	2.71%	5.18%	12.54%	0.67%	86.73
Sep-06	3.02%	4.31%	2.70%	5.49%	12.77%	0.67%	91.54
Dec-06	2.74%	5.80%	2.87%	5.82%	12.39%	1.32%	90.43
Mar-07	2.30%	5.22%	3.08%	6.86%	12.78%	1.14%	87.18
Jun-07	2.73%	6.86%	3.19%	6.06%	13.75%	1.22%	88.35
Sep-07	2.59%	7.37%	3.01%	6.45%	14.18%	1.18%	88.65
Dec-07	1.71%	5.47%	3.22%	5.56%	12.76%	0.82%	97.53
Mar-08	2.07%	6.18%	3.45%	5.57%	13.12%	0.92%	93.25
Jun-08	1.74%	6.46%	3.43%	6.21%	12.90%	1.01%	90.66
Sep-08	1.36%	5.72%	3.63%	6.69%	13.98%	1.01%	92.52
Dec-08	4.39%	7.48%	2.91%	5.82%	13.21%	0.81%	91.87

Industrial Conglomerates Sub-industry (201050)

Exhibit 19: Median Free Cash Margin, 2000 – 2008, Industrial Conglomerates (201050)

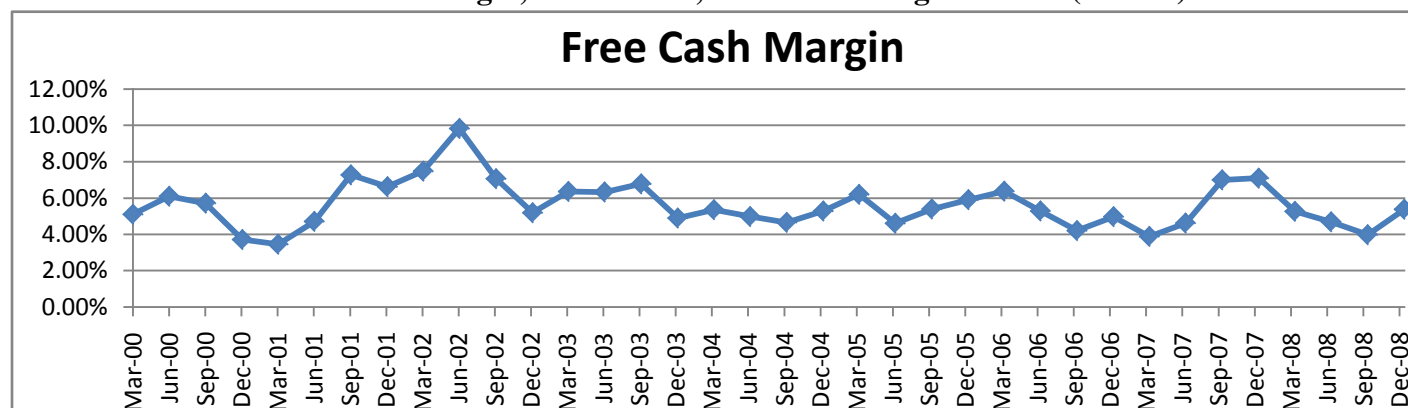


Table 9: 2000 – 2008, Construction & Engineering Sub-industry (201050)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	5.10%	9.43%	3.95%	6.93%	15.26%	2.80%	86.31
Jun-00	6.10%	9.57%	4.01%	8.67%	15.44%	2.91%	87.12
Sep-00	5.72%	7.94%	3.77%	9.34%	17.01%	2.91%	86.07
Dec-00	3.71%	7.95%	4.03%	8.87%	13.41%	2.50%	79.01
Mar-01	3.45%	6.97%	4.14%	7.13%	12.75%	2.50%	83.18
Jun-01	4.71%	11.23%	5.10%	6.91%	12.12%	2.50%	81.87
Sep-01	7.28%	10.96%	3.48%	5.10%	12.87%	2.50%	80.10
Dec-01	6.63%	10.81%	3.61%	3.38%	12.10%	1.14%	70.25
Mar-02	7.48%	10.78%	3.73%	3.74%	12.81%	1.18%	77.08
Jun-02	9.84%	12.41%	2.94%	2.94%	13.48%	1.18%	74.87
Sep-02	7.07%	11.86%	3.31%	3.66%	16.21%	1.10%	78.51
Dec-02	5.19%	8.85%	4.16%	3.67%	12.48%	0.73%	76.68
Mar-03	6.36%	10.13%	3.79%	3.69%	15.30%	0.86%	69.82
Jun-03	6.34%	9.13%	3.45%	3.63%	12.33%	0.86%	73.19
Sep-03	6.78%	9.76%	3.11%	3.86%	14.43%	1.03%	71.85
Dec-03	4.90%	10.22%	2.62%	3.58%	11.95%	1.07%	73.01
Mar-04	5.36%	9.66%	2.85%	4.68%	12.29%	1.10%	72.24
Jun-04	4.98%	11.29%	3.17%	5.22%	12.47%	1.10%	67.55
Sep-04	4.66%	10.11%	3.14%	5.64%	12.28%	1.09%	69.98
Dec-04	5.28%	8.58%	3.24%	6.26%	13.19%	1.07%	71.94
Mar-05	6.20%	9.05%	3.45%	6.52%	13.37%	1.37%	62.32
Jun-05	4.61%	8.20%	3.92%	6.94%	13.97%	1.07%	72.55
Sep-05	5.40%	10.86%	4.26%	8.05%	14.05%	1.45%	67.92
Dec-05	5.91%	9.74%	4.09%	8.70%	13.64%	1.77%	75.75
Mar-06	6.38%	10.48%	4.34%	8.97%	13.73%	2.09%	73.55
Jun-06	5.29%	10.54%	4.38%	6.70%	13.74%	2.09%	70.29
Sep-06	4.20%	9.81%	4.04%	6.91%	13.38%	2.15%	70.00
Dec-06	4.97%	8.90%	3.86%	7.44%	13.60%	1.83%	71.32
Mar-07	3.88%	7.80%	4.22%	7.83%	12.89%	1.99%	75.48
Jun-07	4.62%	9.15%	4.08%	7.31%	12.88%	2.01%	71.68
Sep-07	7.00%	10.28%	3.75%	7.63%	13.09%	2.13%	73.63
Dec-07	7.10%	10.37%	3.14%	7.16%	13.09%	1.88%	73.26
Mar-08	5.26%	8.97%	3.63%	6.98%	12.95%	2.00%	73.51
Jun-08	4.69%	8.05%	3.39%	6.83%	12.89%	1.84%	73.30
Sep-08	3.98%	8.05%	3.40%	5.42%	11.95%	1.84%	72.38
Dec-08	5.38%	8.53%	3.62%	3.35%	11.06%	1.48%	62.55

Machinery Sub-industry (201060)

Exhibit 20: Median Free Cash Margin, 2000 – 2008, Machinery (201060)

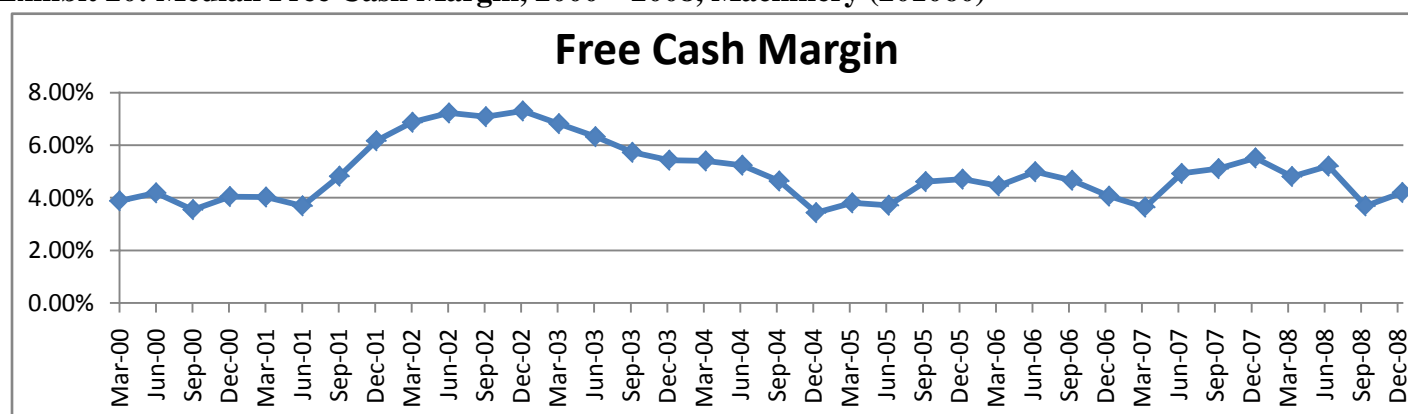


Table 10: 2000 – 2008, Machinery Sub-industry (201060)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	3.89%	7.91%	3.21%	5.06%	14.24%	2.07%	103.38
Jun-00	4.19%	8.13%	3.46%	5.22%	13.75%	2.04%	103.00
Sep-00	3.55%	7.44%	3.47%	5.27%	14.34%	1.96%	102.21
Dec-00	4.05%	8.21%	3.29%	4.90%	13.63%	2.11%	99.30
Mar-01	4.03%	7.18%	3.09%	4.65%	13.13%	2.19%	101.32
Jun-01	3.70%	8.18%	3.12%	4.03%	13.13%	2.13%	103.19
Sep-01	4.82%	8.34%	3.14%	3.66%	12.61%	2.05%	97.77
Dec-01	6.17%	9.65%	2.70%	3.36%	11.69%	1.25%	91.29
Mar-02	6.87%	9.76%	2.61%	3.06%	11.26%	1.25%	92.12
Jun-02	7.23%	10.17%	2.40%	3.28%	11.23%	1.24%	93.76
Sep-02	7.09%	10.21%	2.26%	3.42%	11.66%	1.09%	92.70
Dec-02	7.30%	10.05%	2.14%	3.43%	11.57%	0.90%	92.60
Mar-03	6.82%	9.03%	1.98%	3.31%	11.04%	0.97%	92.89
Jun-03	6.33%	8.58%	1.92%	3.53%	10.81%	0.93%	92.11
Sep-03	5.73%	8.35%	2.25%	3.57%	10.84%	0.97%	96.65
Dec-03	5.43%	8.00%	2.03%	4.02%	10.87%	1.20%	91.15
Mar-04	5.40%	7.69%	2.05%	4.11%	10.94%	1.14%	90.01
Jun-04	5.24%	6.97%	2.02%	4.62%	11.22%	1.19%	92.11
Sep-04	4.64%	6.60%	2.06%	4.49%	10.98%	1.18%	93.73
Dec-04	3.44%	5.89%	2.14%	4.55%	11.38%	1.18%	92.74
Mar-05	3.81%	6.14%	2.13%	4.74%	11.60%	1.18%	90.21
Jun-05	3.72%	5.84%	2.22%	5.12%	11.77%	1.27%	89.10
Sep-05	4.62%	6.83%	2.22%	5.51%	12.46%	1.35%	88.99
Dec-05	4.71%	7.94%	2.20%	5.57%	12.36%	1.55%	84.83
Mar-06	4.46%	7.91%	2.20%	6.24%	12.58%	1.57%	85.24
Jun-06	4.99%	7.35%	2.28%	6.25%	13.02%	1.54%	90.31
Sep-06	4.67%	7.62%	2.35%	6.38%	13.20%	1.64%	89.14
Dec-06	4.06%	6.97%	2.38%	6.29%	13.55%	2.13%	89.51
Mar-07	3.65%	7.42%	2.60%	6.40%	13.98%	2.13%	92.27
Jun-07	4.93%	7.36%	2.65%	6.65%	14.04%	2.13%	95.05
Sep-07	5.11%	8.02%	2.48%	6.63%	14.09%	2.07%	91.29
Dec-07	5.52%	8.76%	2.53%	6.93%	14.29%	2.29%	88.35
Mar-08	4.81%	8.74%	2.51%	6.95%	14.42%	2.37%	92.24
Jun-08	5.21%	8.60%	2.70%	7.19%	14.54%	2.44%	91.07
Sep-08	3.70%	7.75%	2.73%	7.37%	14.69%	2.47%	88.99
Dec-08	4.20%	7.96%	2.84%	6.48%	14.28%	2.34%	86.60

Trading Companies & Distributors Sub-industry (201070)

Exhibit 21: Median Free Cash Margin, 2000 – 2008, Trading Companies & Distributors (201070)

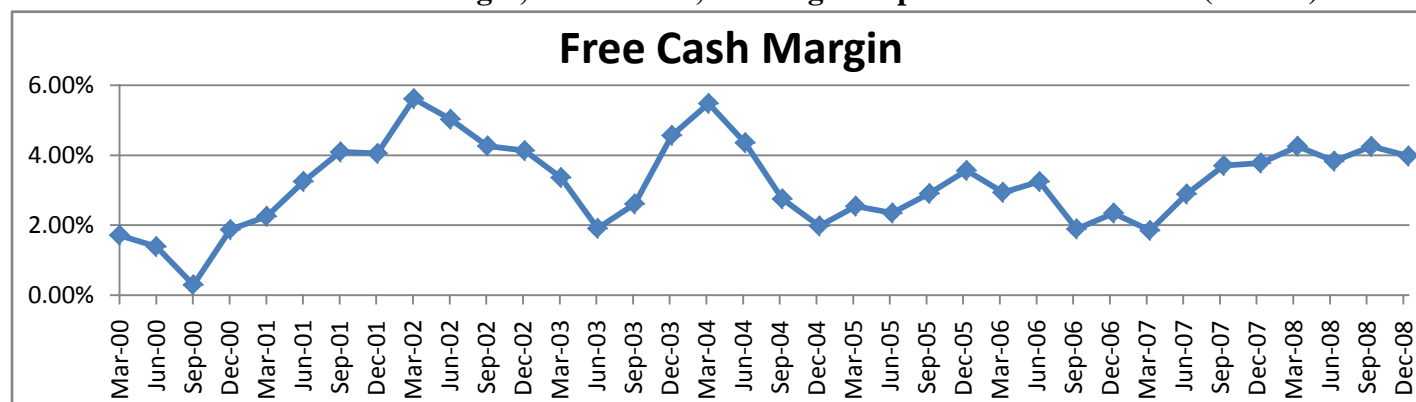


Table 11: 2000 – 2008, Trading Companies & Distributors Sub-industry (201070)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	1.71%	4.16%	1.08%	3.02%	6.13%	1.22%	89.50
Jun-00	1.38%	3.68%	0.93%	3.00%	6.23%	1.38%	92.05
Sep-00	0.29%	2.83%	0.98%	2.83%	5.98%	1.40%	90.43
Dec-00	1.87%	4.73%	1.10%	3.44%	8.79%	1.68%	84.18
Mar-01	2.25%	3.94%	1.05%	3.48%	9.00%	0.86%	76.26
Jun-01	3.25%	5.65%	1.30%	2.05%	7.29%	1.11%	78.81
Sep-01	4.10%	5.78%	1.05%	2.09%	6.94%	0.86%	80.22
Dec-01	4.05%	4.40%	1.26%	2.32%	9.56%	0.99%	76.72
Mar-02	5.62%	5.45%	0.89%	1.83%	7.41%	0.99%	73.84
Jun-02	5.03%	7.42%	0.99%	2.36%	9.62%	0.80%	78.79
Sep-02	4.27%	5.49%	0.90%	3.13%	8.27%	0.59%	75.10
Dec-02	4.13%	5.21%	0.86%	3.02%	8.18%	0.57%	76.26
Mar-03	3.36%	4.86%	0.67%	2.48%	8.23%	0.57%	79.25
Jun-03	1.91%	3.37%	1.02%	2.54%	5.24%	0.56%	75.89
Sep-03	2.61%	5.01%	1.14%	2.61%	5.46%	0.42%	78.62
Dec-03	4.57%	6.76%	1.17%	3.25%	7.32%	0.54%	74.81
Mar-04	5.49%	7.50%	1.11%	2.76%	6.79%	0.77%	83.42
Jun-04	4.36%	7.19%	1.14%	4.39%	11.00%	0.97%	73.68
Sep-04	2.75%	3.60%	0.91%	3.91%	10.49%	0.97%	72.22
Dec-04	1.98%	4.31%	1.02%	3.66%	10.14%	0.97%	77.59
Mar-05	2.54%	3.90%	1.17%	3.42%	9.70%	1.32%	79.23
Jun-05	2.35%	4.01%	0.94%	3.35%	9.78%	0.82%	80.10
Sep-05	2.91%	3.75%	1.03%	3.91%	8.64%	0.67%	77.58
Dec-05	3.56%	4.56%	0.90%	3.58%	8.49%	1.16%	76.63
Mar-06	2.94%	4.67%	0.96%	3.93%	9.39%	1.25%	79.99
Jun-06	3.25%	4.61%	0.99%	3.84%	10.46%	1.25%	80.55
Sep-06	1.89%	4.45%	1.13%	3.93%	10.14%	1.16%	76.77
Dec-06	2.35%	4.63%	0.96%	4.26%	10.13%	1.35%	75.47
Mar-07	1.85%	4.90%	1.23%	4.84%	9.79%	1.40%	72.34
Jun-07	2.89%	4.85%	0.99%	4.92%	10.76%	1.35%	68.98
Sep-07	3.71%	6.36%	1.14%	4.47%	10.28%	1.31%	71.90
Dec-07	3.78%	5.92%	1.18%	4.73%	12.01%	1.45%	68.59
Mar-08	4.26%	6.64%	1.18%	5.41%	10.76%	1.70%	70.64
Jun-08	3.83%	6.93%	1.38%	5.63%	11.93%	1.70%	64.16
Sep-08	4.25%	6.66%	1.28%	6.14%	12.59%	1.70%	61.58
Dec-08	3.98%	6.67%	1.28%	4.05%	11.25%	1.25%	69.94