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Cash Flow Trends and Their Fundamental Drivers: A Continuing Look

Comprehensive Industry Review (Qtr 4, 2008)

Consumer Durables and Apparel Industry (2520)

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 Consumer Durables and Apparel Industry (GICS: 2520) through Q4, 2008.

For the 12 months ending in December 2008, free cash margin for the Consumer Durables and Apparel Industry dropped to 4.57% down from 6.38% one year earlier. This decline in free cash margin was driven primarily by a decline in operating cash margin, offset by an improvement in the cash cycle. Capital spending as a percentage of revenue was generally unchanged. Compared to the recessionary cycle of 2001, at 4.57%, the December 2008 free cash margin is higher than the lowest point in the 2000-2001 recession of 3.15%, although at that time free cash margin began a long-term upward trend while it was experiencing a decreasing trend in December 2008.

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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Consumer Durables and Apparel Industry (2520)

Sub-industries included:	Page
Household Durables (252010)	15
Leisure Equipment & Products (252020)	16
Textiles, Apparel & Luxury Goods (252030)	17

Observations

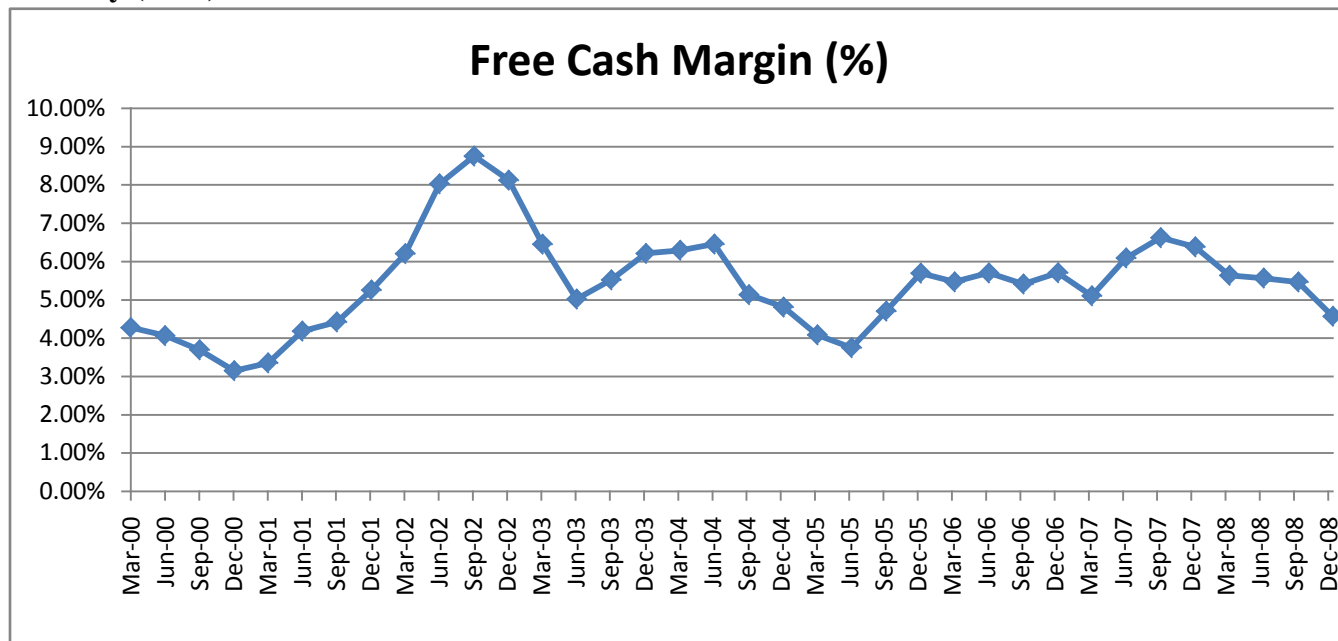
For the 12 months ending in December 2008, free cash margin for the Consumer Durables and Apparel Industry dropped to 4.57% down from 6.38% one year earlier. This decline in free cash margin was driven primarily by a decline in operating cash margin, offset by an improvement in the cash cycle. Capital spending as a percentage of revenue was generally unchanged. Compared to the recessionary cycle of 2001, at 4.57%, the December 2008 free cash margin is higher than the lowest point in the 2000-2001 recession of 3.15%, although at that time free cash margin began a long-term upward trend while it was experiencing a decreasing trend in December 2008.

The consumer durables and apparel industry has been hard hit by the recession with significant decreases in free cash margin for all three sub-industries. The leisure equipment and products sub-industry (GICS: 252020), which includes toys, sporting goods and musical instruments, has experienced the steepest decline in free cash margin, declining from 7.05% in December 2007 to 1.88% in December 2008 – a 73% reduction. This reduction is due primarily to a significant drop in operating cash margin.

The decline in free cash margin for the textiles, apparel and luxury goods sub-industry (GICS: 252030), which consists primarily of apparel companies, was not as steep as the decline in the leisure equipment and products group. Free cash margin was 4.54% in December 2008, down from 4.69% in December 2007. A lower operating cash margin and slightly increased capital expenditures both contributed to this decline.

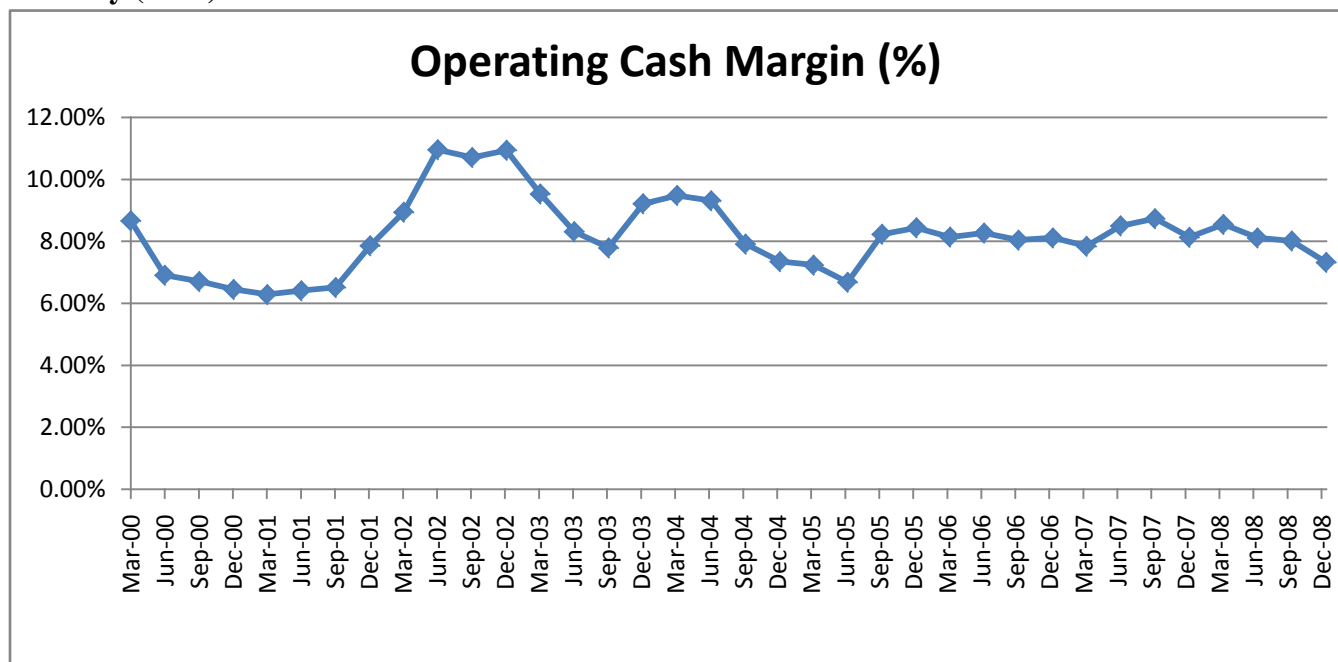
Cash Flow Margins

Exhibit 1: Median Free Cash Margin, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



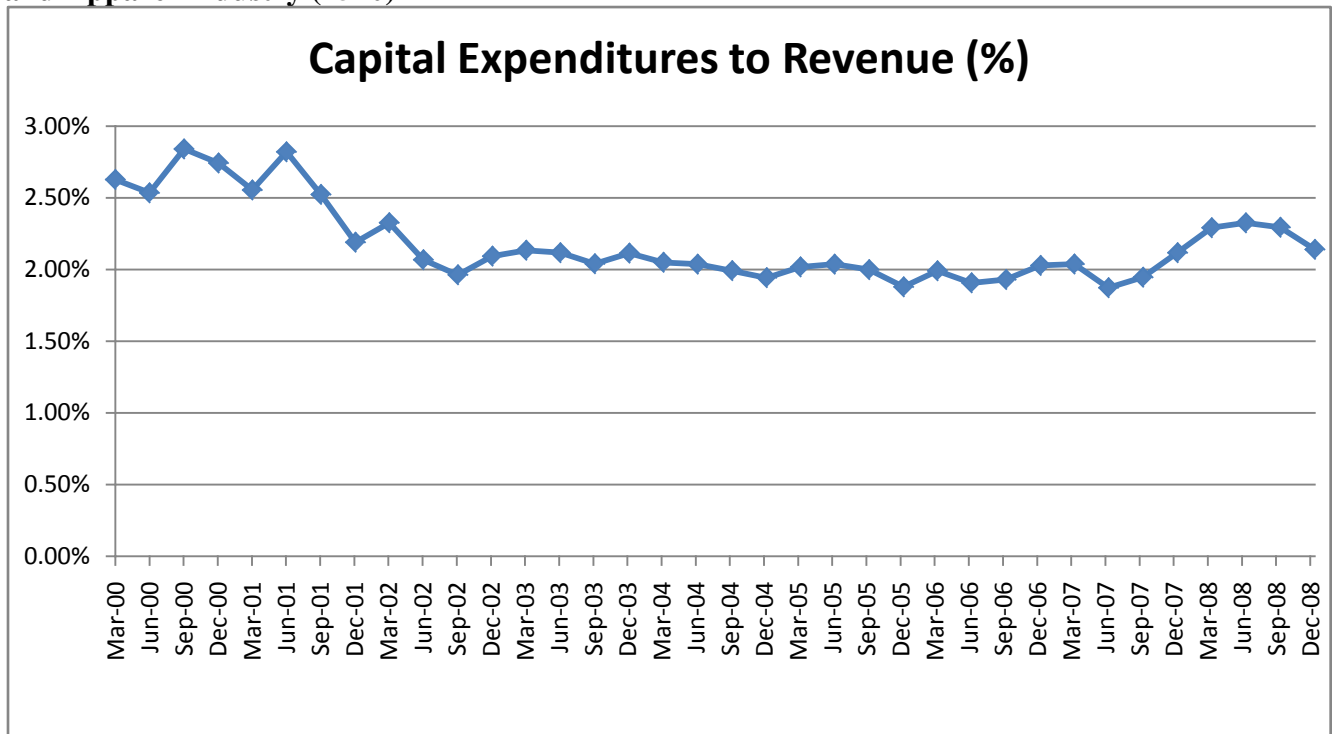
Refer to Table 1 for data supporting the graph.

Exhibit 2: Median Operating Cash Margin, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



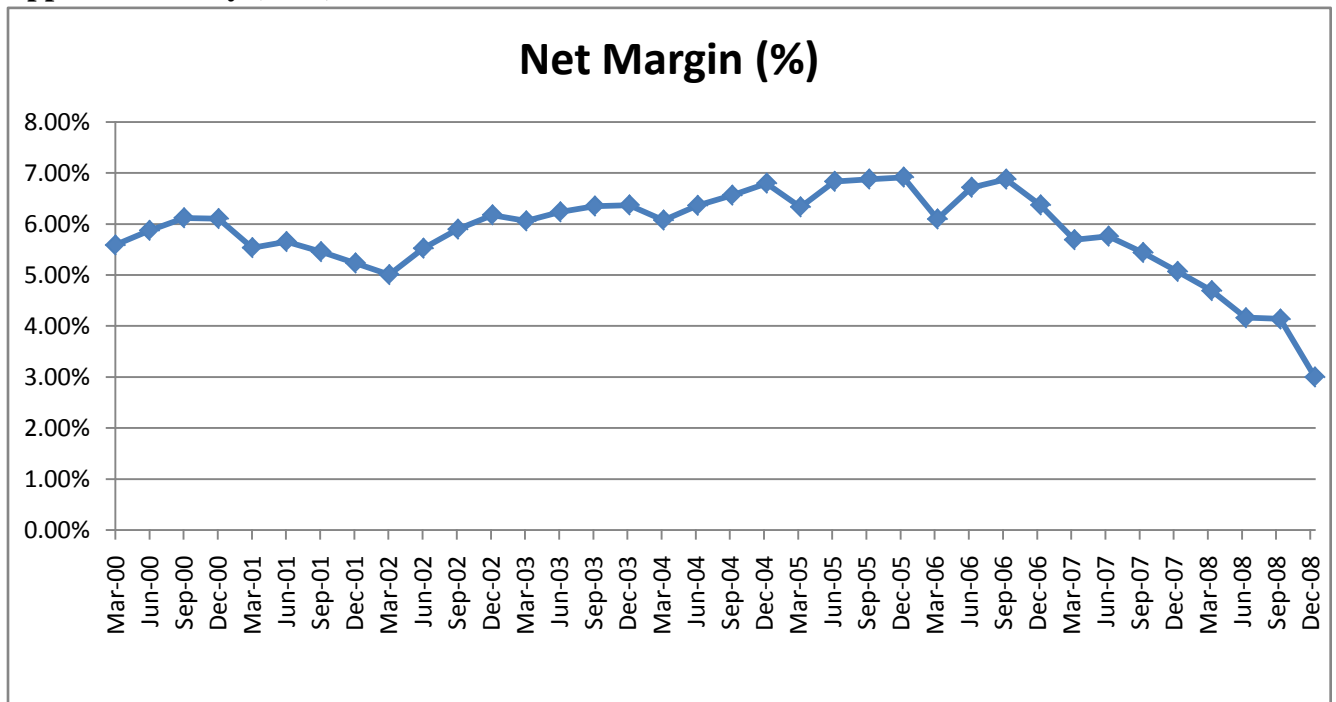
Refer to Table 1 for data supporting the graph.

Exhibit 3: The Ratio of Capital Expenditures to Revenue, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



Refer to Table 1 for data supporting the graph.

Exhibit 4: Median Net Margin from Continuing Operations, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



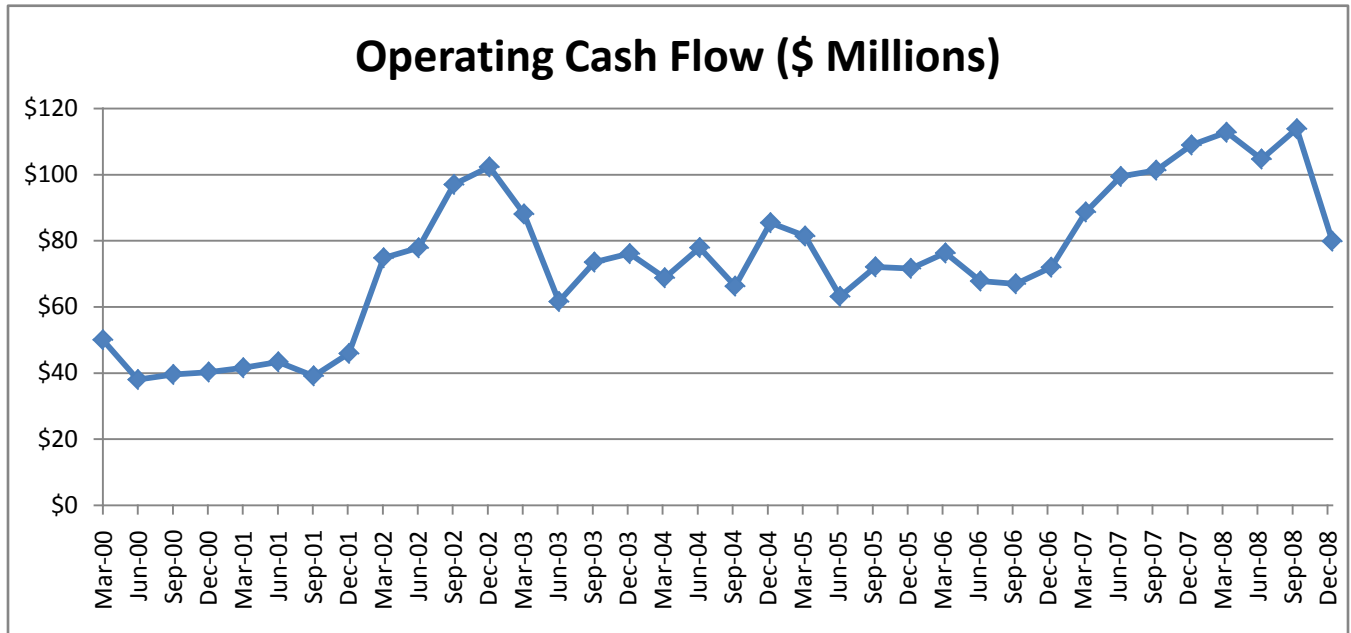
Refer to Table 1 for data supporting the graph.

Table 1: Median Margins, 2000 – 2008, Consumer Durables and Apparel Industry (2520)

Date	Operating Cash Margin (%)	Free Cash Margin (%)	Net Margin (%)	Capital Expenditure / Revenue (%)
Mar-00	8.67%	4.27%	5.59%	2.63%
Jun-00	6.91%	4.06%	5.87%	2.54%
Sep-00	6.71%	3.69%	6.12%	2.84%
Dec-00	6.45%	3.15%	6.11%	2.74%
Mar-01	6.29%	3.35%	5.54%	2.56%
Jun-01	6.41%	4.18%	5.66%	2.82%
Sep-01	6.51%	4.42%	5.46%	2.52%
Dec-01	7.86%	5.25%	5.24%	2.19%
Mar-02	8.95%	6.20%	5.01%	2.33%
Jun-02	10.96%	8.03%	5.53%	2.07%
Sep-02	10.71%	8.75%	5.90%	1.96%
Dec-02	10.94%	8.12%	6.18%	2.09%
Mar-03	9.53%	6.45%	6.06%	2.14%
Jun-03	8.32%	5.02%	6.24%	2.12%
Sep-03	7.79%	5.52%	6.35%	2.04%
Dec-03	9.22%	6.21%	6.37%	2.12%
Mar-04	9.49%	6.29%	6.08%	2.05%
Jun-04	9.31%	6.45%	6.36%	2.04%
Sep-04	7.92%	5.13%	6.56%	1.99%
Dec-04	7.35%	4.81%	6.80%	1.94%
Mar-05	7.24%	4.08%	6.33%	2.02%
Jun-05	6.68%	3.75%	6.83%	2.04%
Sep-05	8.23%	4.70%	6.88%	2.00%
Dec-05	8.44%	5.69%	6.92%	1.88%
Mar-06	8.14%	5.47%	6.10%	1.99%
Jun-06	8.27%	5.70%	6.72%	1.91%
Sep-06	8.04%	5.41%	6.88%	1.93%
Dec-06	8.11%	5.70%	6.37%	2.03%
Mar-07	7.84%	5.10%	5.69%	2.04%
Jun-07	8.50%	6.09%	5.76%	1.87%
Sep-07	8.74%	6.62%	5.44%	1.95%
Dec-07	8.13%	6.38%	5.07%	2.12%
Mar-08	8.55%	5.64%	4.69%	2.29%
Jun-08	8.12%	5.56%	4.16%	2.33%
Sep-08	8.02%	5.46%	4.14%	2.30%
Dec-08	7.33%	4.57%	3.00%	2.14%

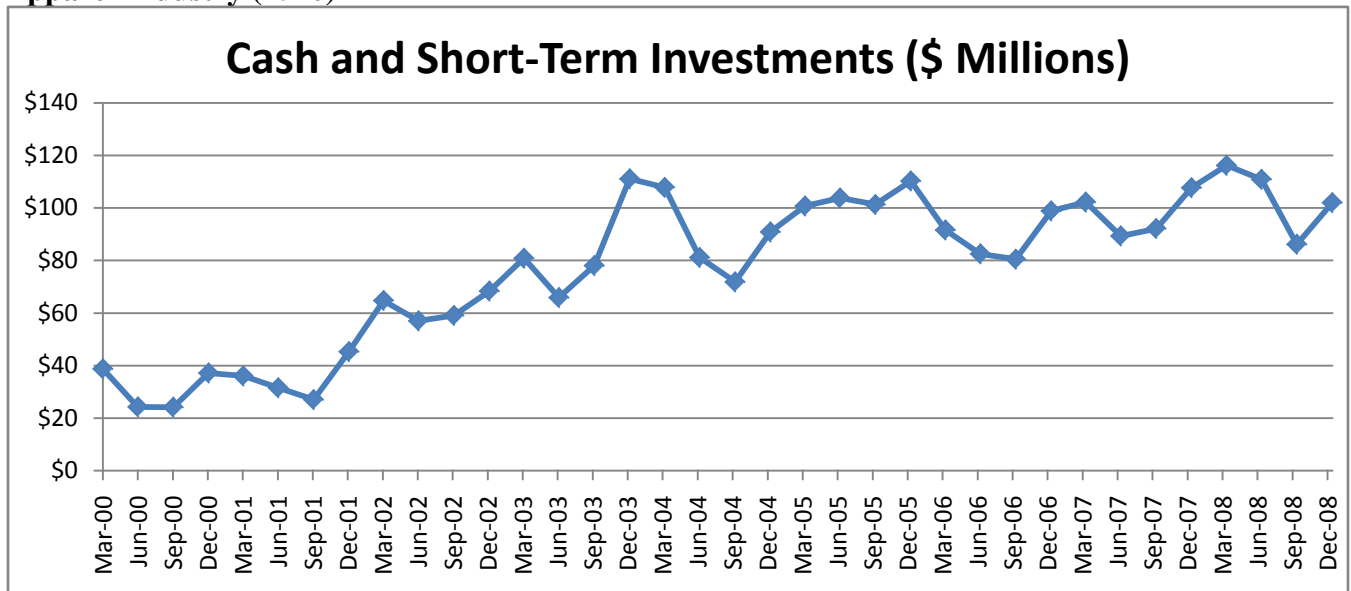
Cash Flow Measures

Exhibit 5: Median Operating Cash Flow, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



Refer to Table 2 for data supporting the graph.

Exhibit 6: Cash and Short-term Investments, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



Refer to Table 2 for data supporting the graph.

Table 2: Cash Flow Measures, 2000–2008, Consumer Durables & Apparel Industry (2520)

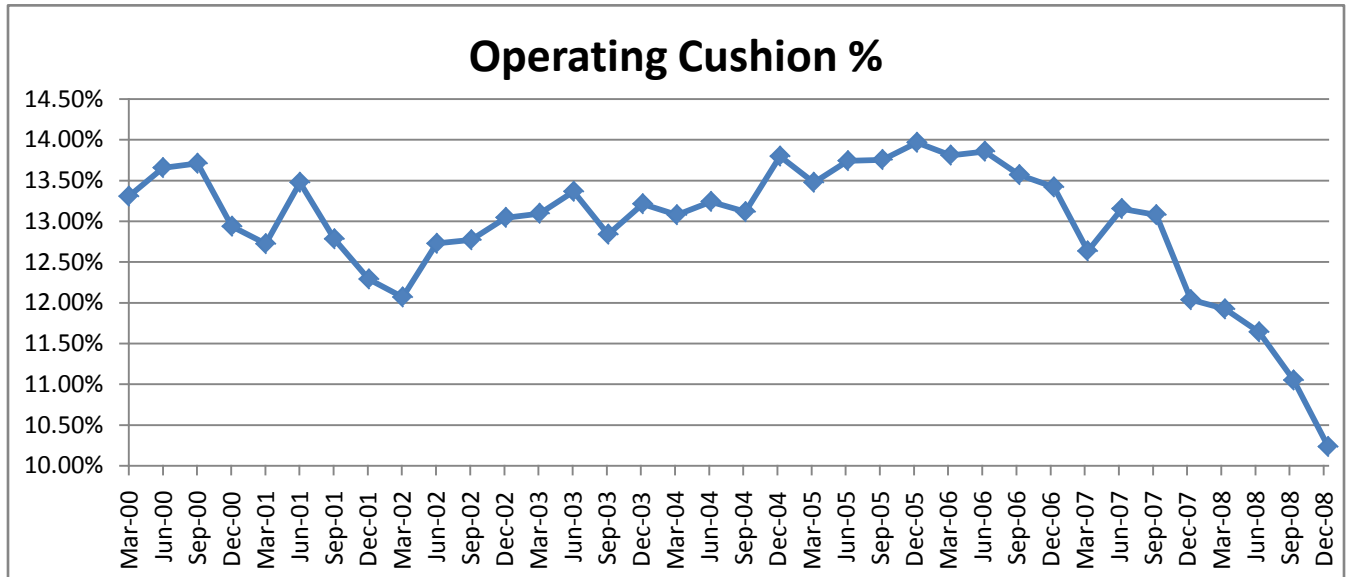
Date	Operating Cash Flow	% Change	Cash and Short-Term Investments	% Change
Mar-00	50,058,000		38,810,000	
Jun-00	38,024,000	-24.04%	24,325,000	-37.32%
Sep-00	39,548,000	4.01%	24,219,000	-0.44%
Dec-00	40,288,000	1.87%	37,226,000	53.71%
Mar-01	41,586,000	3.22%	36,092,000	-3.05%
Jun-01	43,372,000	4.29%	31,588,000	-12.48%
Sep-01	39,129,000	-9.78%	27,099,000	-14.21%
Dec-01	45,920,000	17.36%	45,353,000	67.36%
Mar-02	74,848,000	63.00%	64,806,000	42.89%
Jun-02	77,875,000	4.04%	57,057,000	-11.96%
Sep-02	97,040,000	24.61%	59,119,000	3.61%
Dec-02	102,349,000	5.47%	68,413,000	15.72%
Mar-03	88,111,500	-13.91%	80,890,000	18.24%
Jun-03	61,609,000	-30.08%	65,925,000	-18.50%
Sep-03	73,556,000	19.39%	78,102,000	18.47%
Dec-03	76,112,000	3.47%	111,102,000	42.25%
Mar-04	68,816,000	-9.59%	107,840,500	-2.94%
Jun-04	77,944,000	13.26%	81,177,000	-24.72%
Sep-04	66,281,000	-14.96%	71,878,500	-11.45%
Dec-04	85,481,000	28.97%	90,900,000	26.46%
Mar-05	81,431,500	-4.74%	100,765,500	10.85%
Jun-05	63,160,000	-22.44%	103,785,000	3.00%
Sep-05	72,116,000	14.18%	101,327,000	-2.37%
Dec-05	71,652,000	-0.64%	110,289,000	8.84%
Mar-06	76,309,000	6.50%	91,620,000	-16.93%
Jun-06	67,824,000	-11.12%	82,560,000	-9.89%
Sep-06	66,994,000	-1.22%	80,513,000	-2.48%
Dec-06	71,998,000	7.47%	98,892,000	22.83%
Mar-07	88,720,000	23.23%	102,255,000	3.40%
Jun-07	99,460,000	12.11%	89,378,000	-12.59%
Sep-07	101,364,000	1.91%	92,190,000	3.15%
Dec-07	108,991,000	7.52%	107,722,500	16.85%
Mar-08	112,825,000	3.52%	116,227,000	7.89%
Jun-08	104,741,500	-7.16%	110,907,500	-4.58%
Sep-08	113,900,000	8.74%	86,212,000	-22.27%
Dec-08	79,883,000	-29.87%	102,042,000	18.36%

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Cash Flow Drivers

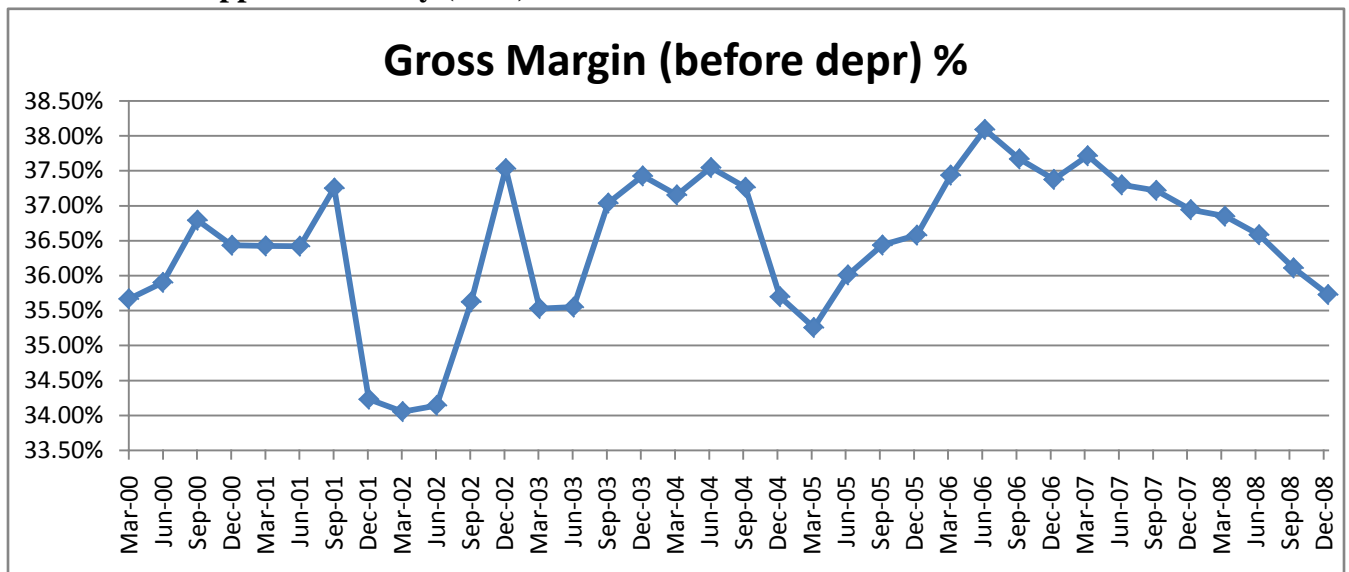
Profitability

Exhibit 7: Median Operating Cushion, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



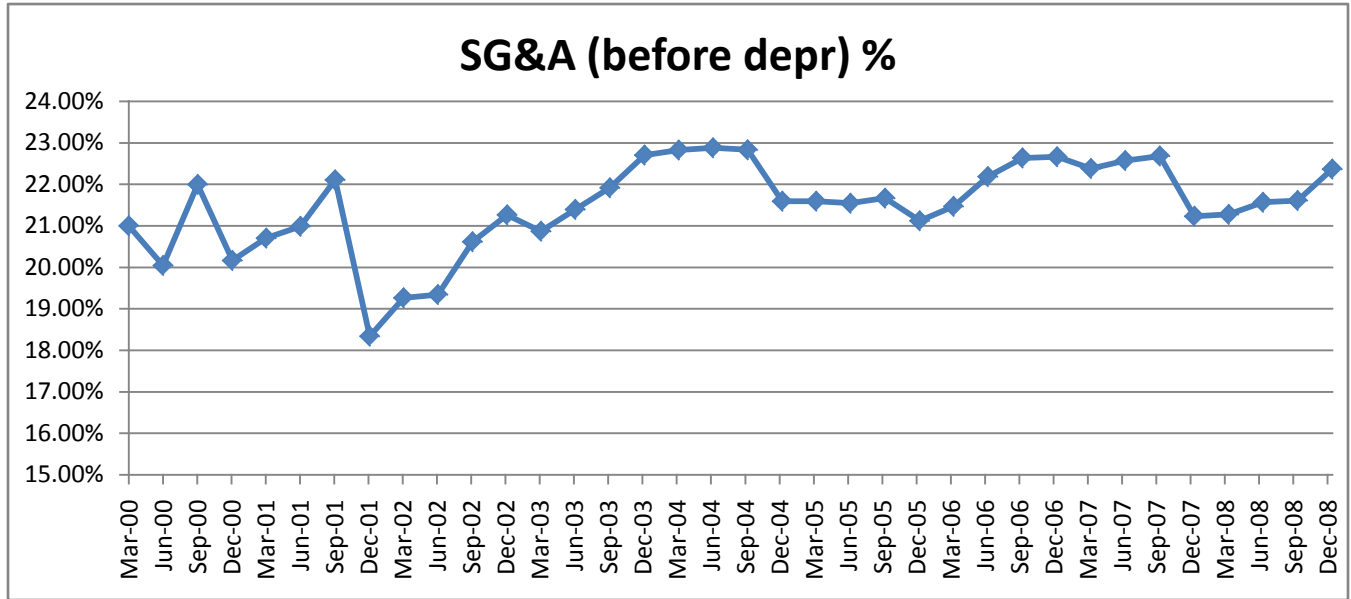
Refer to Table 3 for data supporting the graph.

Exhibit 8: Median Gross Margin % (before depreciation), 2000 – 2008, Consumer Durables and Apparel Industry (2520)



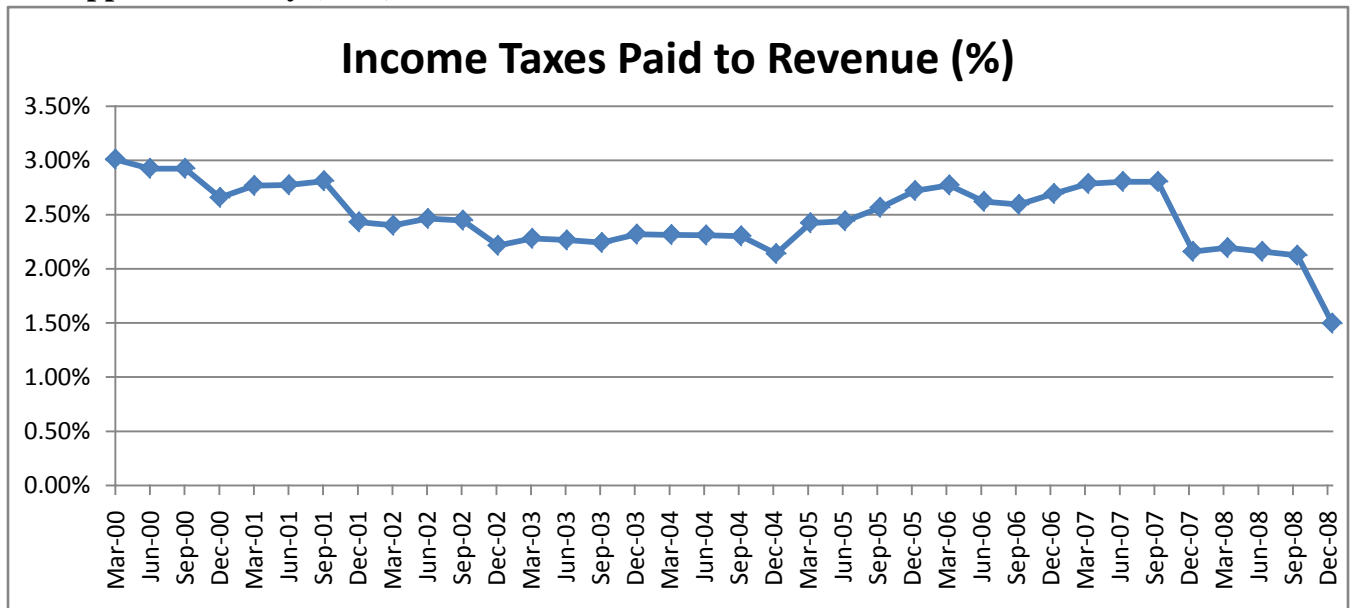
Refer to Table 3 for data supporting the graph.

Exhibit 9: Median Selling, General and Administrative Expense % (before depreciation), 2000 – 2008, Consumer Durables and Apparel Industry (2520)



Refer to Table 3 for data supporting the graph.

Exhibit 10: Median Income Taxes Paid to Revenue %, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



Refer to Table 3 for data supporting the graph.

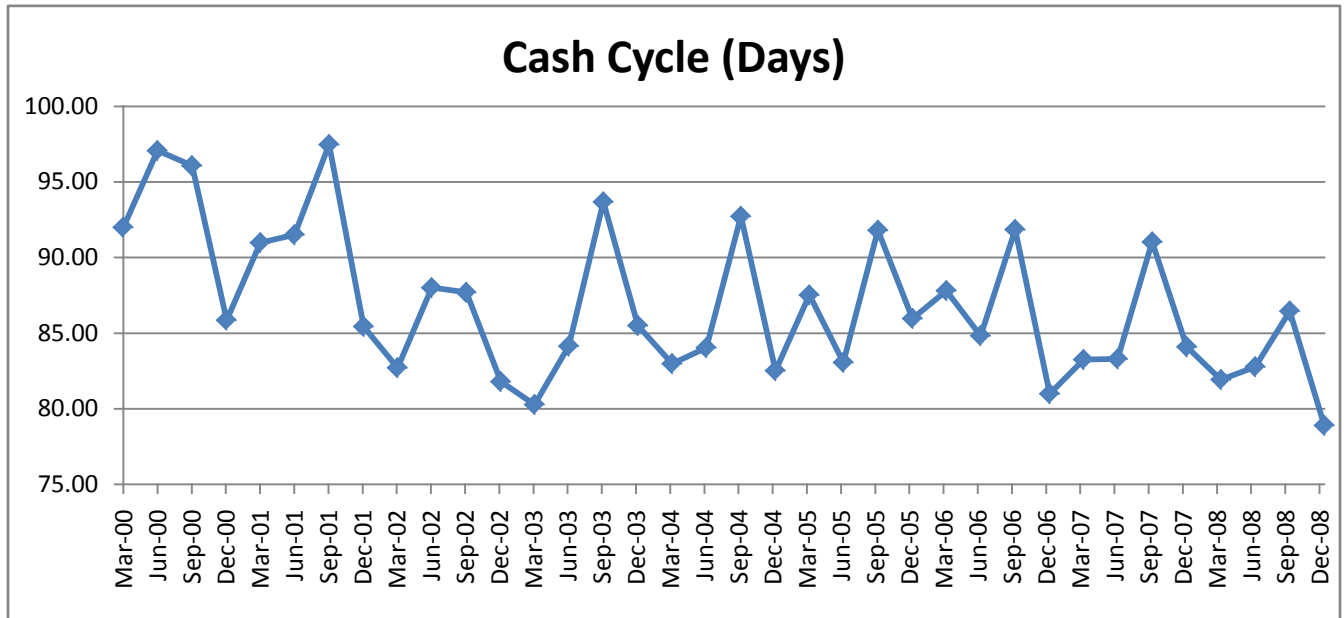
Table 3: Profitability, 2000 – 2008, Consumer Durables and Apparel Industry (2520)

Date	Operating Cushion %	Gross Margin (before depr) %	SG&A (before depr.) %	Revenue	% Change	Income Taxes Paid to Revenue
Mar-00	13.31%	35.67%	21.00%	1,066,000,000		3.01%
Jun-00	13.66%	35.90%	20.05%	973,049,000	-8.72%	2.93%
Sep-00	13.71%	36.79%	22.00%	1,037,357,000	6.61%	2.93%
Dec-00	12.94%	36.44%	20.17%	892,991,000	-13.92%	2.66%
Mar-01	12.72%	36.43%	20.71%	1,063,700,000	19.12%	2.77%
Jun-01	13.48%	36.42%	20.99%	865,320,000	-18.65%	2.77%
Sep-01	12.78%	37.25%	22.11%	876,356,500	1.28%	2.81%
Dec-01	12.29%	34.23%	18.34%	889,817,000	1.54%	2.43%
Mar-02	12.07%	34.05%	19.27%	977,840,000	9.89%	2.40%
Jun-02	12.73%	34.14%	19.35%	892,288,000	-8.75%	2.46%
Sep-02	12.77%	35.63%	20.62%	964,108,000	8.05%	2.45%
Dec-02	13.05%	37.53%	21.27%	983,246,000	1.99%	2.22%
Mar-03	13.10%	35.53%	20.87%	1,068,538,000	8.67%	2.28%
Jun-03	13.37%	35.55%	21.40%	953,226,000	-10.79%	2.27%
Sep-03	12.84%	37.04%	21.92%	1,018,810,000	6.88%	2.24%
Dec-03	13.21%	37.43%	22.71%	1,121,800,000	10.11%	2.32%
Mar-04	13.08%	37.16%	22.83%	1,199,146,000	6.89%	2.32%
Jun-04	13.24%	37.55%	22.88%	1,099,436,000	-8.32%	2.31%
Sep-04	13.12%	37.27%	22.83%	1,198,284,000	8.99%	2.30%
Dec-04	13.80%	35.70%	21.59%	1,231,750,000	2.79%	2.14%
Mar-05	13.48%	35.26%	21.59%	1,347,511,500	9.40%	2.42%
Jun-05	13.74%	36.01%	21.54%	1,401,167,000	3.98%	2.44%
Sep-05	13.76%	36.44%	21.67%	1,275,200,000	-8.99%	2.57%
Dec-05	13.97%	36.58%	21.12%	1,195,625,500	-6.24%	2.72%
Mar-06	13.81%	37.44%	21.47%	1,376,600,000	15.14%	2.77%
Jun-06	13.86%	38.09%	22.19%	1,325,404,000	-3.72%	2.62%
Sep-06	13.57%	37.67%	22.64%	1,294,979,500	-2.30%	2.59%
Dec-06	13.42%	37.38%	22.66%	1,372,631,000	6.00%	2.69%
Mar-07	12.63%	37.72%	22.38%	1,359,630,500	-0.95%	2.79%
Jun-07	13.15%	37.30%	22.57%	1,406,927,000	3.48%	2.81%
Sep-07	13.08%	37.22%	22.68%	1,426,766,000	1.41%	2.81%
Dec-07	12.04%	36.95%	21.23%	1,434,941,000	0.57%	2.16%
Mar-08	11.92%	36.85%	21.28%	1,440,524,000	0.39%	2.20%
Jun-08	11.64%	36.59%	21.57%	1,452,085,000	0.80%	2.16%
Sep-08	11.05%	36.11%	21.61%	1,444,697,000	-0.51%	2.13%
Dec-08	10.24%	35.73%	22.37%	1,458,108,000	0.93%	1.50%

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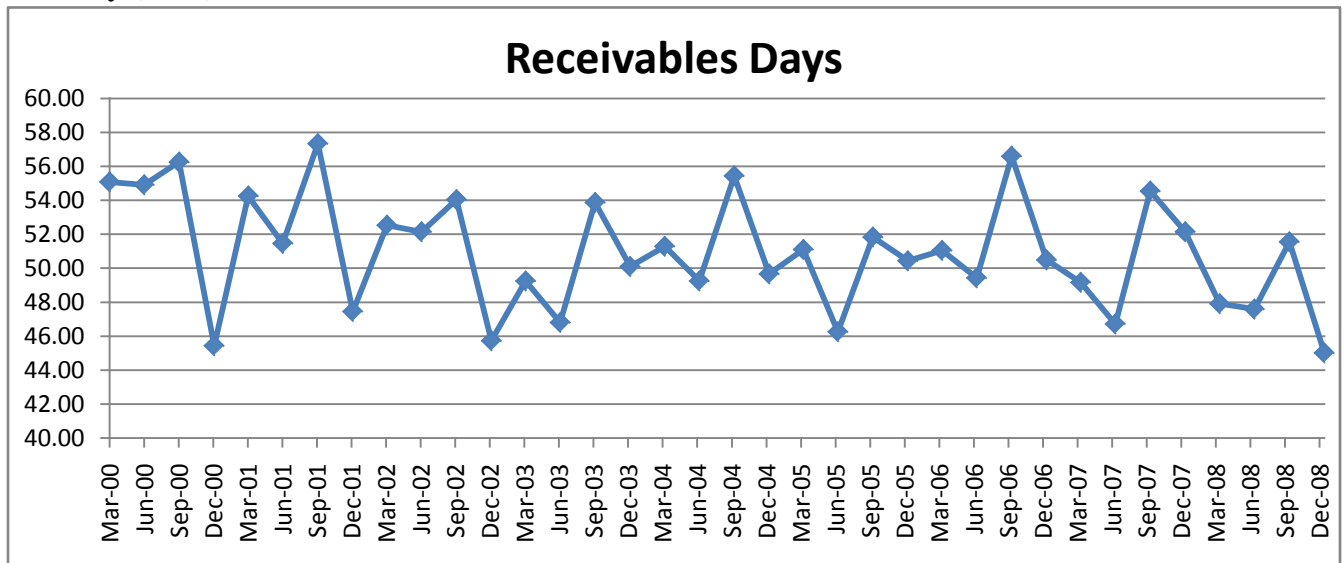
Efficiency

Exhibit 11: Median Cash Cycle, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



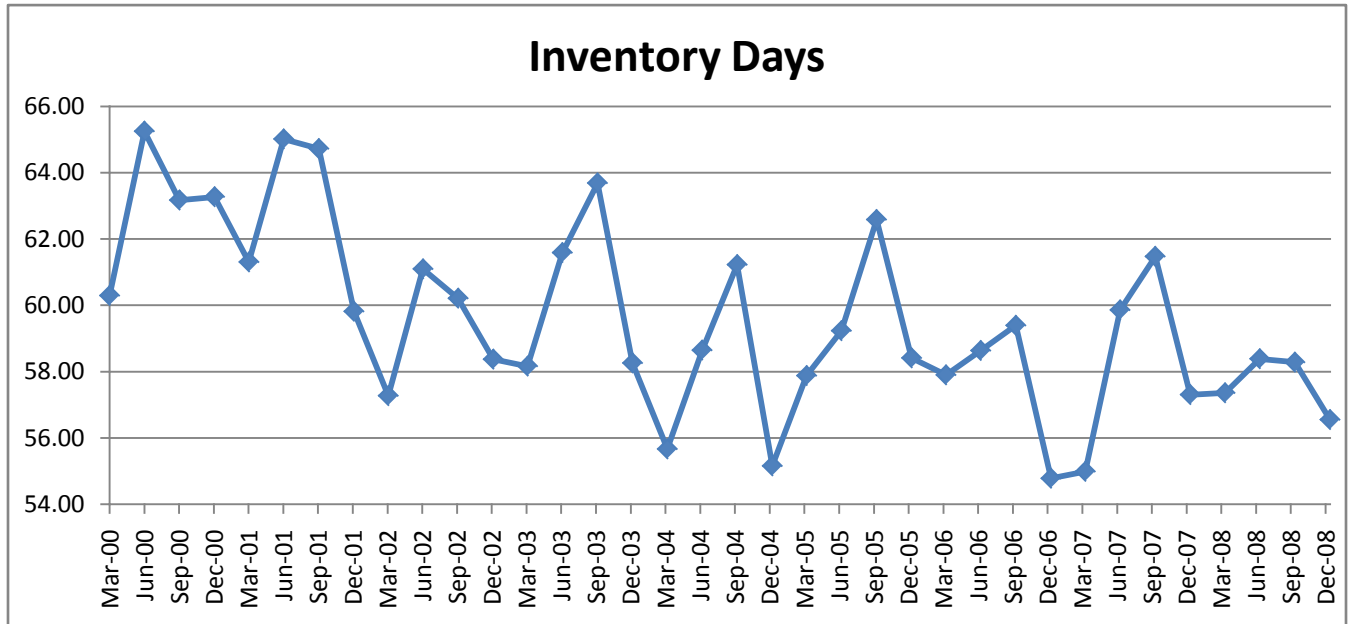
Refer to Table 4 for data supporting the graph.

Exhibit 12: Median Receivables Days, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



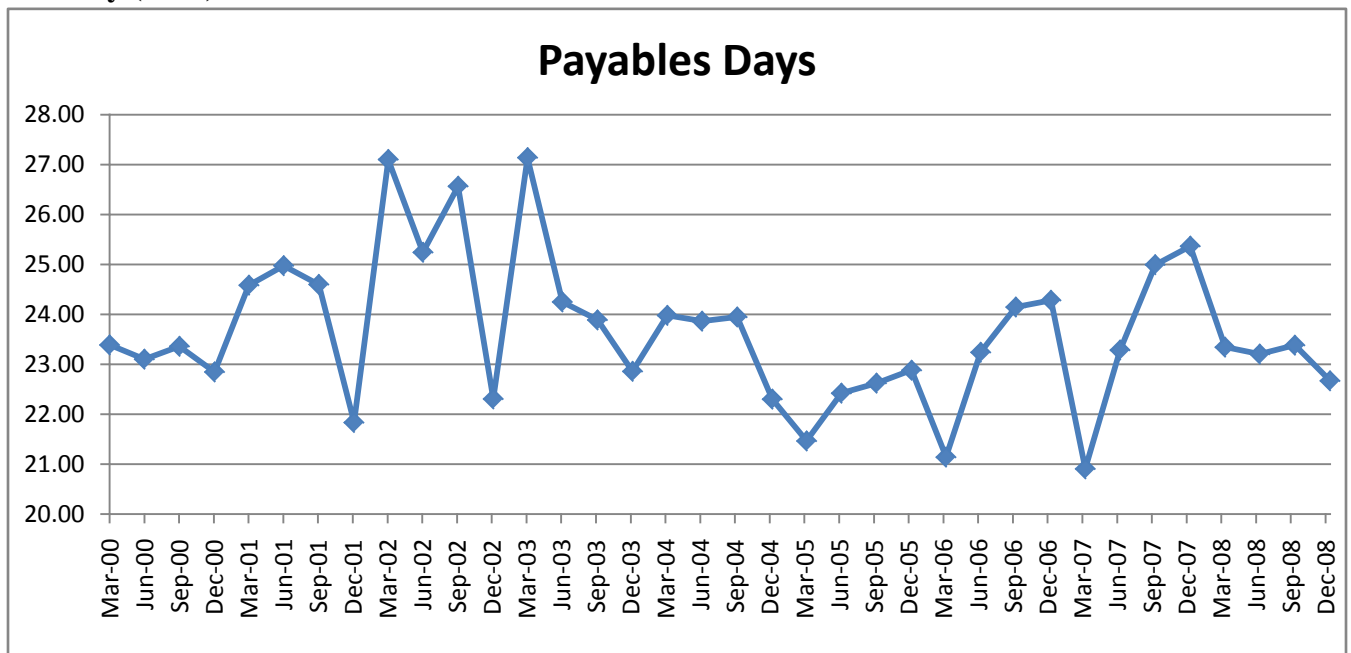
Refer to Table 4 for data supporting the graph.

Exhibit 13: Median Inventory Days, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



Refer to Table 4 for data supporting the graph.

Exhibit 14: Median Payables Days, 2000 – 2008, Consumer Durables and Apparel Industry (2520)



Refer to Table 4 for data supporting the graph.

Table 4: Efficiency, 2000 – 2008, Consumer Durables and Apparel Industry (2520)

Date	Cash Cycle (Days)	Receivables Days	Inventory Days	Payables Days
Mar-00	92.01	55.10	60.30	23.39
Jun-00	97.08	54.93	65.25	23.10
Sep-00	96.08	56.27	63.17	23.36
Dec-00	85.87	45.44	63.27	22.85
Mar-01	90.99	54.27	61.31	24.58
Jun-01	91.52	51.47	65.02	24.97
Sep-01	97.48	57.35	64.73	24.60
Dec-01	85.45	47.46	59.82	21.83
Mar-02	82.72	52.55	57.27	27.10
Jun-02	88.01	52.16	61.10	25.24
Sep-02	87.70	54.06	60.21	26.57
Dec-02	81.80	45.73	58.37	22.31
Mar-03	80.28	49.26	58.17	27.14
Jun-03	84.15	46.81	61.59	24.25
Sep-03	93.69	53.89	63.69	23.89
Dec-03	85.51	50.11	58.26	22.86
Mar-04	82.99	51.30	55.67	23.98
Jun-04	84.04	49.26	58.65	23.86
Sep-04	92.73	55.45	61.23	23.95
Dec-04	82.53	49.67	55.16	22.30
Mar-05	87.53	51.12	57.88	21.46
Jun-05	83.07	46.26	59.23	22.42
Sep-05	91.81	51.85	62.59	22.62
Dec-05	85.98	50.44	58.41	22.88
Mar-06	87.82	51.06	57.90	21.14
Jun-06	84.84	49.44	58.64	23.24
Sep-06	91.86	56.61	59.40	24.15
Dec-06	81.00	50.50	54.78	24.28
Mar-07	83.26	49.18	54.99	20.91
Jun-07	83.30	46.73	59.86	23.29
Sep-07	91.04	54.56	61.48	24.99
Dec-07	84.10	52.16	57.31	25.37
Mar-08	81.93	47.92	57.36	23.34
Jun-08	82.78	47.60	58.39	23.20
Sep-08	86.47	51.57	58.28	23.38
Dec-08	78.91	45.02	56.55	22.67

Household Durables Sub-industry (252010)

Exhibit 15: Median Free Cash Margin, 2000 – 2008, Household Durables (252010)

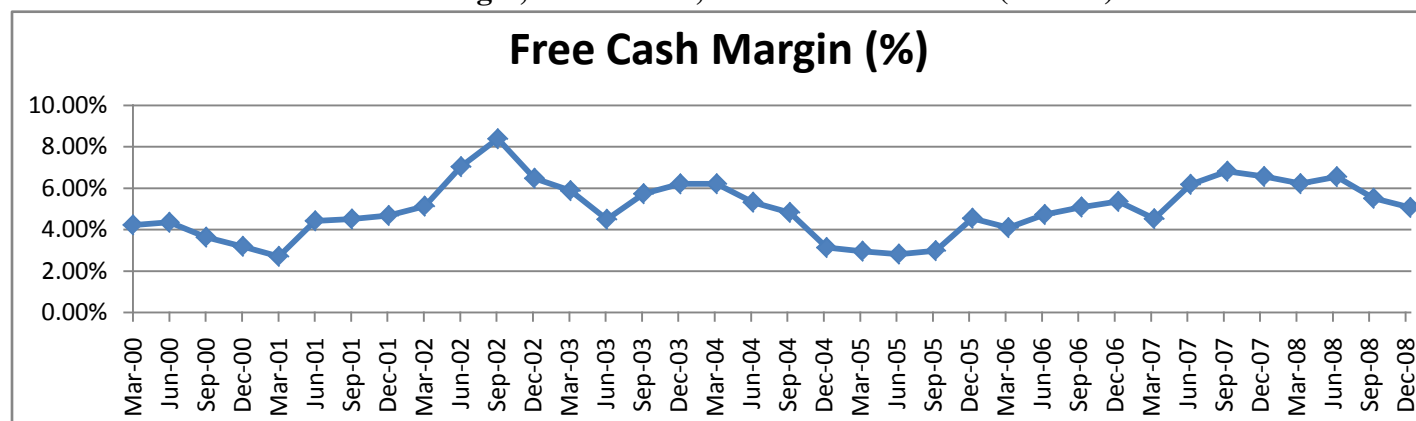


Table 5: 2000 – 2008, Household Durables Sub-industry (252010)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	4.23%	7.93%	3.03%	5.42%	12.54%	2.72%	91.46
Jun-00	4.35%	6.51%	2.00%	5.77%	12.88%	2.72%	88.89
Sep-00	3.64%	6.40%	2.49%	5.97%	12.45%	2.90%	94.10
Dec-00	3.19%	5.36%	2.30%	5.45%	11.75%	2.41%	82.97
Mar-01	2.71%	5.94%	2.19%	4.80%	11.58%	2.44%	97.54
Jun-01	4.42%	6.36%	2.03%	4.85%	11.65%	2.54%	89.24
Sep-01	4.51%	6.29%	1.85%	4.73%	11.60%	2.54%	94.80
Dec-01	4.68%	6.69%	1.74%	5.10%	11.94%	2.33%	84.46
Mar-02	5.13%	7.81%	1.62%	4.84%	11.28%	2.40%	84.28
Jun-02	7.04%	9.16%	1.54%	5.30%	12.17%	2.52%	84.18
Sep-02	8.38%	10.10%	1.58%	5.19%	12.23%	2.52%	89.85
Dec-02	6.48%	10.67%	1.85%	6.05%	12.24%	2.31%	82.03
Mar-03	5.88%	10.58%	1.85%	6.06%	12.74%	2.23%	81.45
Jun-03	4.50%	7.66%	1.72%	6.22%	12.79%	2.33%	85.42
Sep-03	5.73%	8.63%	1.87%	6.19%	12.48%	2.23%	89.04
Dec-03	6.21%	8.76%	2.05%	6.33%	12.54%	2.32%	86.68
Mar-04	6.21%	8.95%	1.94%	5.74%	12.68%	2.32%	82.70
Jun-04	5.32%	7.97%	1.79%	6.29%	12.91%	2.34%	83.19
Sep-04	4.83%	7.44%	1.69%	6.58%	13.04%	2.34%	96.17
Dec-04	3.14%	6.01%	1.68%	6.82%	13.19%	2.84%	93.53
Mar-05	2.96%	5.49%	1.67%	7.22%	13.21%	2.72%	95.91
Jun-05	2.82%	5.55%	1.65%	7.62%	12.96%	2.84%	86.76
Sep-05	2.99%	6.05%	1.70%	7.73%	13.74%	2.85%	100.23
Dec-05	4.55%	7.35%	1.72%	7.93%	14.18%	2.65%	95.99
Mar-06	4.10%	6.51%	1.77%	6.96%	13.59%	2.76%	91.80
Jun-06	4.73%	6.83%	1.67%	6.61%	13.75%	2.77%	88.93
Sep-06	5.09%	6.48%	1.62%	6.88%	13.16%	2.89%	94.81
Dec-06	5.36%	6.80%	1.50%	5.21%	11.02%	3.00%	84.45
Mar-07	4.52%	6.67%	1.49%	4.62%	10.94%	2.72%	85.93
Jun-07	6.18%	7.68%	1.40%	3.83%	10.31%	3.04%	88.52
Sep-07	6.82%	8.74%	1.32%	3.76%	9.16%	2.82%	99.33
Dec-07	6.56%	8.12%	1.45%	3.33%	10.75%	1.69%	91.65
Mar-08	6.22%	8.06%	1.58%	3.14%	10.07%	1.55%	90.04
Jun-08	6.55%	8.51%	1.71%	2.97%	9.77%	1.49%	87.89
Sep-08	5.51%	8.15%	1.85%	2.62%	9.33%	1.43%	95.84
Dec-08	5.07%	7.64%	1.47%	0.50%	6.98%	0.83%	89.02

Leisure Equipment & Products Sub-industry (252020)

Exhibit 16: Median Free Cash Margin, 2000 – 2008, Leisure Equipment & Products (252020)

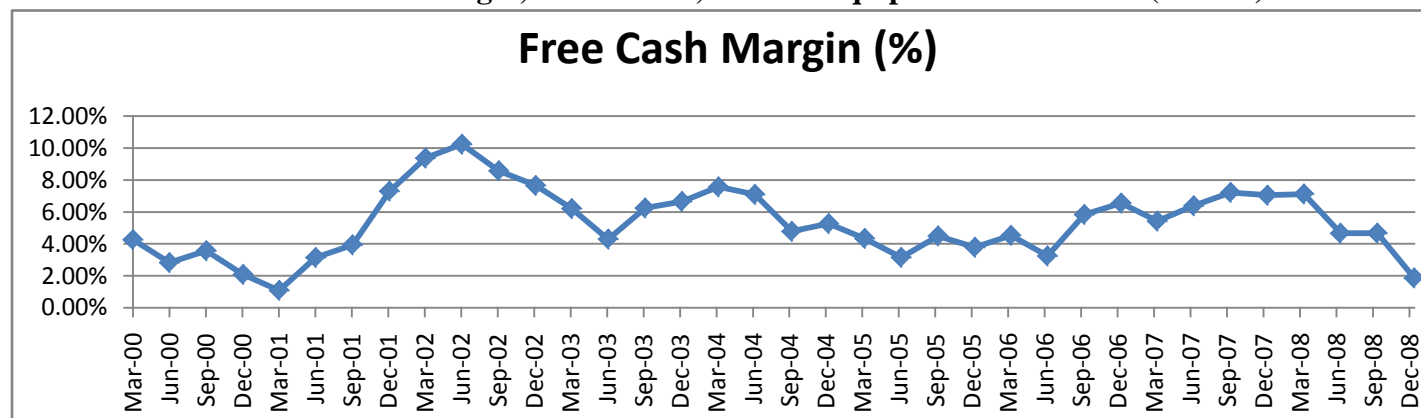


Table 6: 2000 – 2008, Leisure Equipment & Products Sub-industry (252020)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	4.27%	8.23%	3.33%	4.39%	13.42%	2.58%	79.15
Jun-00	2.83%	6.91%	3.27%	4.20%	13.66%	2.58%	81.87
Sep-00	3.58%	7.63%	3.32%	5.09%	14.87%	2.57%	73.21
Dec-00	2.10%	6.74%	3.35%	5.19%	15.77%	2.64%	67.31
Mar-01	1.10%	4.68%	3.23%	4.99%	14.36%	2.75%	75.32
Jun-01	3.15%	5.99%	3.40%	4.87%	13.92%	2.75%	78.67
Sep-01	3.94%	6.03%	3.20%	5.35%	12.10%	2.75%	74.91
Dec-01	7.30%	9.81%	2.87%	5.40%	14.83%	1.67%	65.45
Mar-02	9.37%	11.13%	2.32%	5.15%	13.90%	1.61%	67.07
Jun-02	10.24%	13.91%	2.95%	5.15%	13.46%	1.61%	85.80
Sep-02	8.58%	12.32%	2.72%	5.56%	13.41%	1.28%	70.40
Dec-02	7.66%	10.03%	2.68%	5.99%	14.10%	1.94%	69.22
Mar-03	6.21%	8.94%	2.73%	5.76%	13.76%	2.10%	68.71
Jun-03	4.31%	7.57%	3.00%	6.62%	14.44%	2.10%	74.56
Sep-03	6.25%	9.76%	2.79%	6.91%	13.11%	2.10%	71.91
Dec-03	6.66%	9.51%	2.17%	5.58%	13.24%	2.21%	74.69
Mar-04	7.57%	9.89%	2.26%	5.68%	13.65%	2.13%	68.82
Jun-04	7.10%	10.12%	2.50%	4.87%	12.69%	2.13%	78.90
Sep-04	4.79%	8.00%	2.59%	5.43%	12.31%	2.13%	87.15
Dec-04	5.28%	8.29%	2.88%	5.13%	11.69%	1.62%	79.70
Mar-05	4.35%	6.35%	2.91%	4.65%	11.60%	1.57%	68.08
Jun-05	3.16%	6.42%	2.68%	4.73%	11.89%	1.82%	74.60
Sep-05	4.50%	7.73%	2.46%	5.17%	12.21%	1.82%	94.53
Dec-05	3.79%	7.21%	2.53%	4.54%	11.68%	2.25%	80.93
Mar-06	4.54%	7.53%	2.71%	4.82%	11.89%	2.25%	76.81
Jun-06	3.25%	7.13%	2.69%	5.46%	11.47%	1.97%	78.87
Sep-06	5.84%	8.88%	2.57%	5.32%	10.71%	1.97%	93.61
Dec-06	6.56%	8.40%	2.67%	4.81%	10.76%	1.97%	89.75
Mar-07	5.43%	8.28%	2.63%	4.62%	10.63%	1.85%	68.69
Jun-07	6.39%	8.40%	2.49%	4.93%	11.07%	2.14%	70.76
Sep-07	7.22%	8.20%	2.16%	5.39%	11.05%	2.14%	86.15
Dec-07	7.05%	8.85%	2.37%	4.61%	11.24%	2.88%	74.45
Mar-08	7.13%	9.20%	2.38%	3.58%	11.08%	2.88%	65.54
Jun-08	4.67%	7.23%	2.55%	3.53%	10.81%	2.88%	74.68
Sep-08	4.68%	6.47%	2.39%	3.17%	11.19%	2.88%	82.13
Dec-08	1.88%	4.02%	2.50%	4.32%	11.51%	0.93%	72.95

Cash Flow Trends and Their Fundamental Drivers: A Continuing Look. Comprehensive Industry Review (Qtr 4 2008). (c) 2009 by the College of Management, Georgia Institute of Technology, Atlanta, GA 30332-0520.

Textiles, Apparel & Luxury Goods Sub-industry (252030)

Exhibit 17: Median Free Cash Margin, 2000 – 2008, Textiles, Apparel & Luxury Goods (252030)

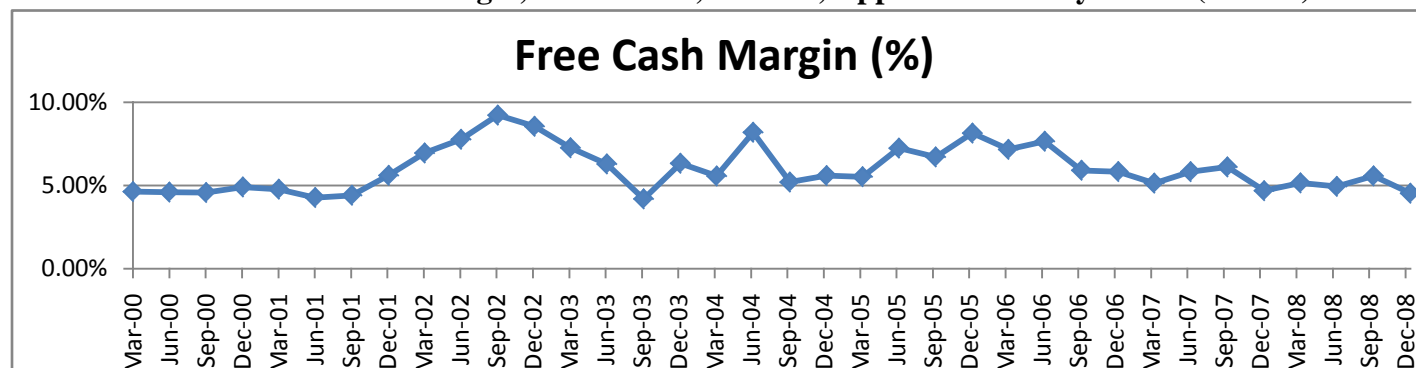


Table 7: 2000 – 2008, Textiles, Apparel & Luxury Goods Sub-industry (252030)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Expenditures / Revenue (%)	Net Margin (%)	Operating Cushion %	Income Taxes Paid to Revenue (%)	Cash Cycle (Days)
Mar-00	4.64%	9.19%	2.49%	6.15%	14.18%	3.39%	97.84
Jun-00	4.61%	8.45%	2.42%	6.44%	14.14%	3.39%	95.84
Sep-00	4.59%	6.92%	2.78%	6.44%	14.32%	3.39%	94.18
Dec-00	4.92%	7.86%	2.99%	6.48%	13.92%	3.17%	86.80
Mar-01	4.78%	7.09%	2.19%	7.02%	13.83%	3.17%	94.20
Jun-01	4.29%	6.92%	2.89%	6.42%	14.19%	3.19%	95.01
Sep-01	4.42%	6.91%	2.52%	6.29%	13.26%	3.23%	96.91
Dec-01	5.62%	8.41%	2.75%	5.57%	12.84%	2.87%	87.40
Mar-02	6.96%	9.41%	2.49%	5.51%	12.44%	2.65%	93.04
Jun-02	7.78%	11.68%	2.66%	5.78%	13.00%	2.74%	88.10
Sep-02	9.24%	13.42%	2.82%	6.25%	13.77%	2.74%	87.74
Dec-02	8.56%	11.60%	2.21%	6.24%	14.00%	2.63%	79.26
Mar-03	7.27%	9.70%	2.05%	6.48%	13.56%	2.65%	89.05
Jun-03	6.30%	8.93%	2.19%	6.79%	14.50%	2.63%	85.24
Sep-03	4.20%	6.80%	1.97%	6.96%	13.42%	2.63%	99.31
Dec-03	6.34%	9.76%	2.12%	6.96%	13.97%	2.52%	84.77
Mar-04	5.58%	10.86%	2.25%	6.75%	13.89%	2.56%	89.31
Jun-04	8.21%	10.52%	2.10%	6.82%	14.57%	2.47%	84.00
Sep-04	5.21%	9.19%	2.04%	6.84%	14.46%	2.38%	89.10
Dec-04	5.60%	8.73%	2.22%	6.96%	15.08%	2.13%	79.76
Mar-05	5.54%	8.26%	2.13%	6.67%	13.93%	2.14%	80.90
Jun-05	7.25%	9.84%	2.26%	6.87%	15.21%	1.95%	76.70
Sep-05	6.72%	9.37%	2.37%	6.93%	15.33%	2.13%	85.24
Dec-05	8.16%	10.99%	2.34%	7.02%	15.38%	3.27%	75.33
Mar-06	7.18%	9.92%	2.14%	7.09%	15.53%	3.27%	83.27
Jun-06	7.67%	10.47%	2.37%	7.77%	15.59%	3.27%	78.58
Sep-06	5.92%	9.05%	2.25%	7.22%	14.85%	2.67%	95.17
Dec-06	5.84%	8.95%	2.76%	8.66%	15.08%	3.03%	74.95
Mar-07	5.15%	8.77%	2.70%	8.56%	14.62%	3.13%	83.45
Jun-07	5.84%	8.95%	2.45%	8.58%	14.89%	3.03%	75.64
Sep-07	6.12%	8.67%	2.51%	8.06%	14.97%	3.03%	91.07
Dec-07	4.69%	8.32%	2.74%	8.10%	15.05%	2.63%	82.04
Mar-08	5.16%	8.58%	2.91%	7.56%	15.21%	2.81%	82.57
Jun-08	4.95%	7.71%	3.07%	7.82%	15.01%	2.81%	82.17
Sep-08	5.58%	8.18%	3.32%	6.91%	14.68%	2.81%	85.91
Dec-08	4.54%	7.73%	2.90%	6.10%	13.25%	2.34%	73.43