



**Georgia Tech Financial Analysis Lab**

800 West Peachtree Street NW

Atlanta, GA 30332-0520

404-894-4395

<http://www.mgt.gatech.edu/finlab>

---

**Dr. Charles W. Mulford, Director**

INVESCO Chair and Professor of Accounting

[charles.mulford@mgt.gatech.edu](mailto:charles.mulford@mgt.gatech.edu)

**Sohel Surani**

Graduate Research Assistant

[sohel.surani@mba.gatech.edu](mailto:sohel.surani@mba.gatech.edu)

**Jason Blake**

Graduate Research Assistant

[jason.blake@mba.gatech.edu](mailto:jason.blake@mba.gatech.edu)

**Cash Flow Trends and Their Fundamental Drivers: A Continuing Look  
Comprehensive Industry Review (Qtr 4, 2008)  
Retailing (GICS 2550)  
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 Retailing (GICS 2550) through Q4, 2008.

The Retailing Industry finished the rolling 12-months ended December 2008 with a median free cash margin of 2.93%, lower than the 3.15% recorded for the 12-months ended September 2008 but nevertheless higher than the 2.02% noted for the 12-months ended December 2007. A slight decline in median capital expenditures as a percentage of revenue from 3.50% for the 12-months ended December 2007 to 3.30% for the 12-months ended December 2008 contributed, to some extent, to the rise in median free cash margin even as median operating cash margin remained flat. Median capital expenditures as a percentage of revenue have, in fact, been very stable in the 3% range since early 2001.

Data for this research were provided by Cash Flow Analytics, LLC., [www.cashflowanalytics.com](http://www.cashflowanalytics.com). Charles Mulford is a principal in Cash Flow Analytics, LLC.

May, 2009

**Georgia Tech Financial Analysis Lab  
College of Management  
Georgia Institute of Technology  
Atlanta, GA 30332-0520**

**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.

**Contact Information**

Charles Mulford      INVESCO Chair, Professor of Accounting and the Lab's Director  
Phone: (404) 894-4395  
Email: [charles.mulford@mgt.gatech.edu](mailto:charles.mulford@mgt.gatech.edu)

Jason Blake            Graduate Research Assistant and MBA Student  
Sohel Surani           Graduate Research Assistant and MBA Student

Website:                <http://www.mgt.gatech.edu/finlab>

©2009 by the College of Management, Georgia Institute of Technology, Atlanta, GA 30332-0520. ALL RIGHTS RESERVED. The information contained in this research report is solely the opinion of the authors and is based on sources believed to be reliable and accurate, consisting principally of required filings submitted by the companies represented to the Securities and Exchange Commission. HOWEVER, ALL CONTENT HEREIN IS PRESENTED "AS IS," WITHOUT WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED. No data or statement is or should be construed to be a recommendation for the purchase, retention, sale or short-sale of the securities of the companies mentioned.

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.

## Retailing(GICS 2550)

<b>Sub-industries included:</b>	<b>Page</b>
<b>Distributors (GICS 255010)</b>	<b>15</b>
<b>Internet and Catalog Retail (GICS 255020)</b>	<b>16</b>
<b>Multiline Retail (GICS 255030)</b>	<b>17</b>
<b>Specialty Retail (GICS 255040)</b>	<b>18</b>

### Observations

The Retailing Industry finished the rolling 12-months ended December 2008 with a median free cash margin of 2.93%, lower than the 3.15% recorded for the 12-months ended September 2008 but nevertheless higher than the 2.02% noted for the 12-months ended December 2007. A slight decline in median capital expenditures as a percentage of revenue from 3.50% for the 12-months ended December 2007 to 3.30% for the 12-months ended December 2008 contributed, to some extent, to the rise in median free cash margin even as median operating cash margin remained flat. Median capital expenditures as a percentage of revenue have, in fact, been very stable in the 3% range since early 2001.

Median operating cash margin for the 12-months ended December 2008 stood at 6.67% compared to 6.61% for the 12-months ended December 2007. Median operating cushion for the 12-months ended December 2008 was 8.19% compared to 9.82% for the 12-months ended December 2007. A slight fall in median gross margin from 36.46% for the 12-months ended December 2007 to 36.05% for the 12-months ended December 2008 and a rise in median SG&A from 25.89% to 26.63% over the same period contributed to this fall in operating cushion. Both median gross margin and SG&A have, in fact, been on a long-term uptrend. Gross margin rose from its recent low of 35.69% for the 12-months ended December 2004 to a recent high 37.33% for the 12-months ended March 2007 before falling to its current low of 36.05%. SG&A has been on a steady uptrend from 23.63% for the 12-months ended March 2000 to its current high of 26.63% for the 12-months ended December 2008.

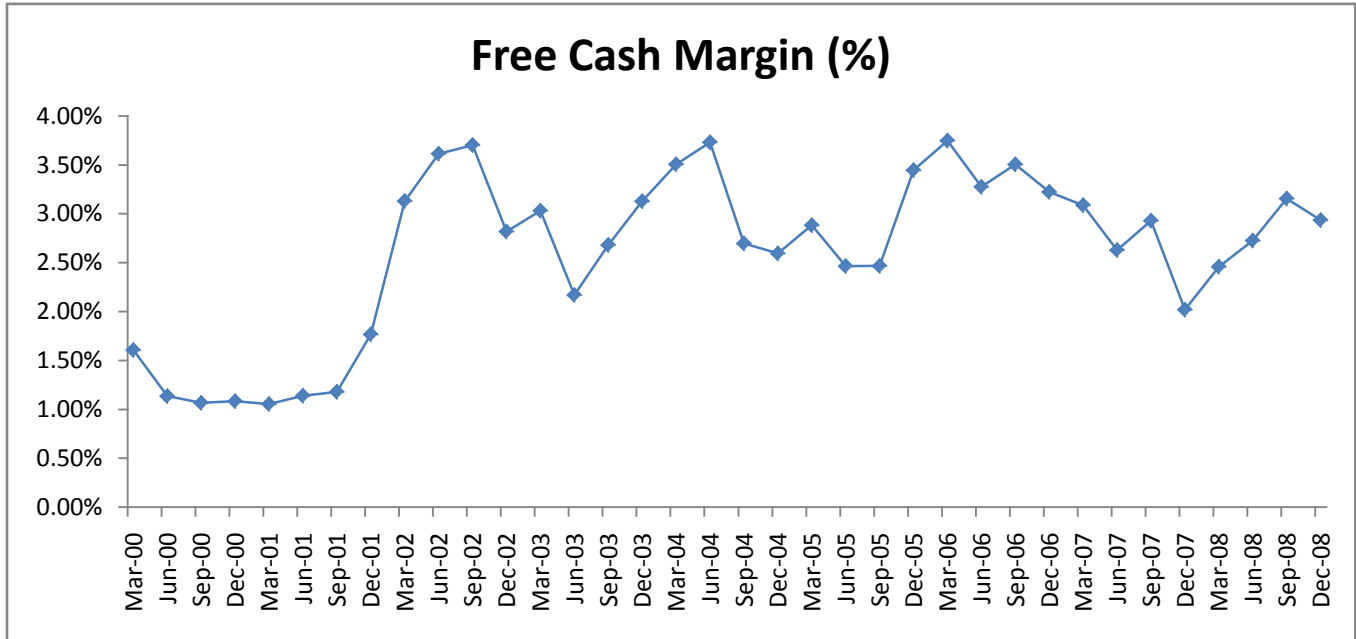
Median cash cycle was relatively steady at 34.39 days for the 12-months ended December 2008 compared to 32.60 days for the 12-months ended December 2007. Relatively stable median receivables, inventory and payables days helped maintain median cash cycle relatively flat.

An interesting trend, however, seems to be developing in median net margin that continued its downward slide from its recent peak of 4.65% for the 12-months ended December 2007 to a low of 3.01% for the 12-months ended December 2008.

Constituent sub-industries too witnessed flat-to-rising median free cash margin from December 2007 to December 2008. The most interesting, nevertheless, has been Multiline Retail (GICS: 255030), which saw a strong rise in median free cash margin from almost 0% for the 12-months ended December 2007 to 1.66% for the 12-months ended December 2008 after reaching a peak of 1.99% for the 12-months ended September 2008. On the other hand, median operating cash margin for the Internet and Catalog Retail (GICS: 255020) has been relatively flat at 8.85% for the 12-months ended December 2007 compared to 8.75% for the 12-months ended December 2007.

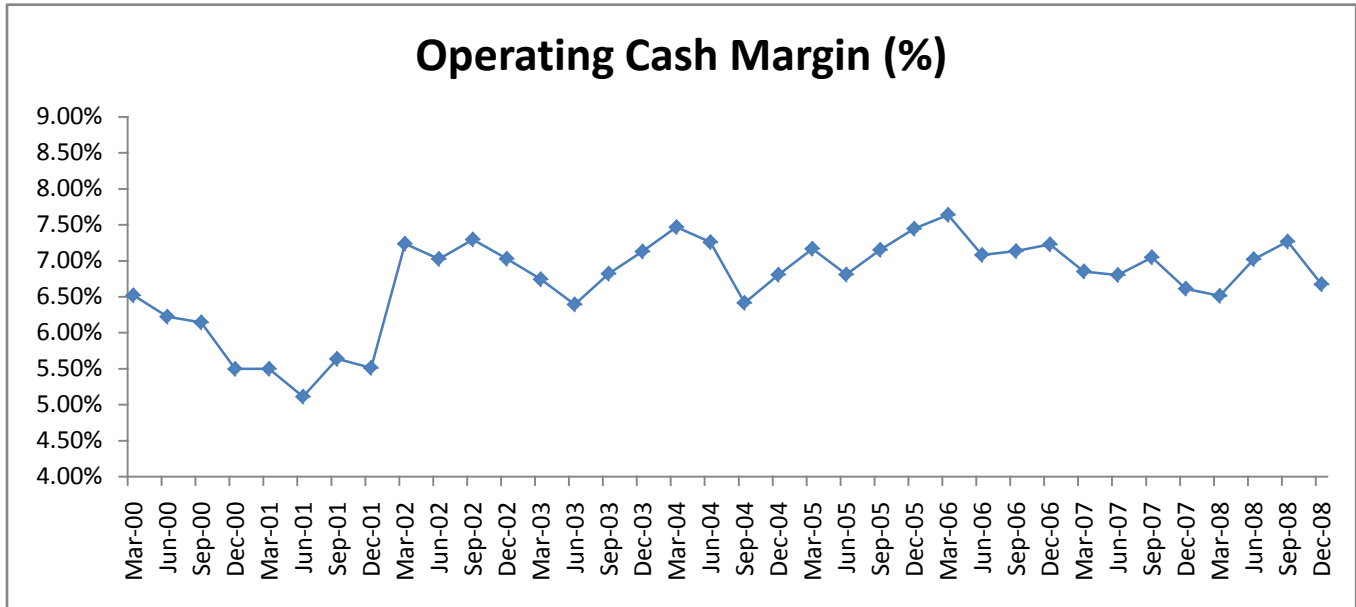
## Cash Flow Margins

**Exhibit 1: Median Free Cash Margin, 2000 – 2008, Retailing (2550)**



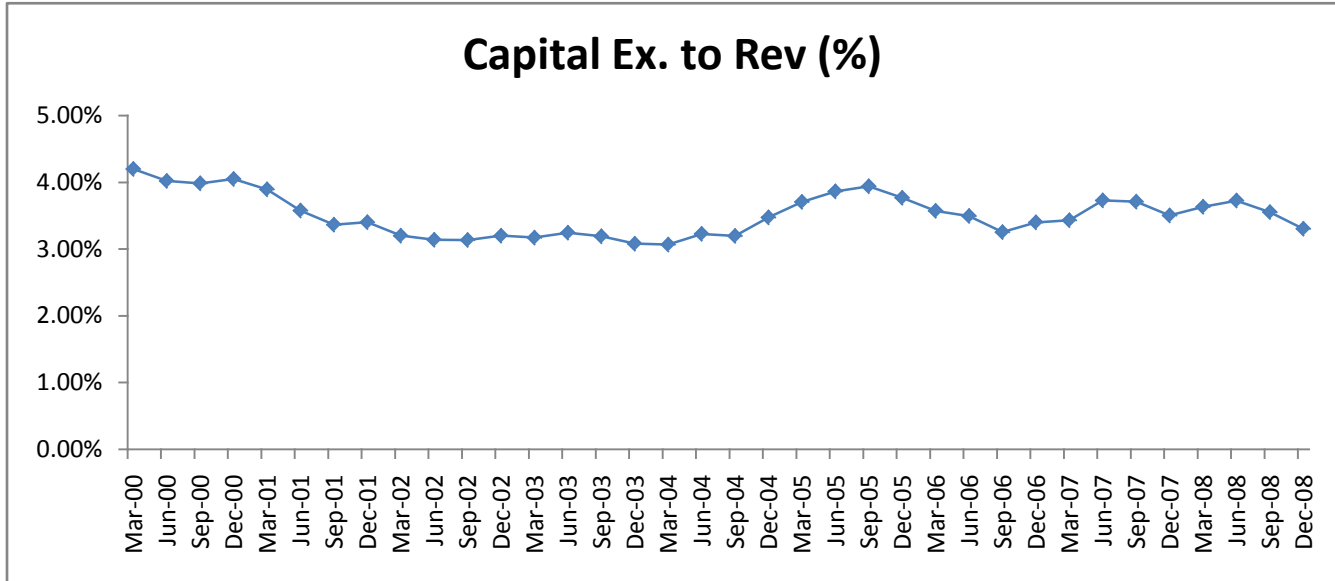
Refer to Table 1 for data supporting the graph.

**Exhibit 2: Median Operating Cash Margin, 2000 – 2008, Retailing (2550)**



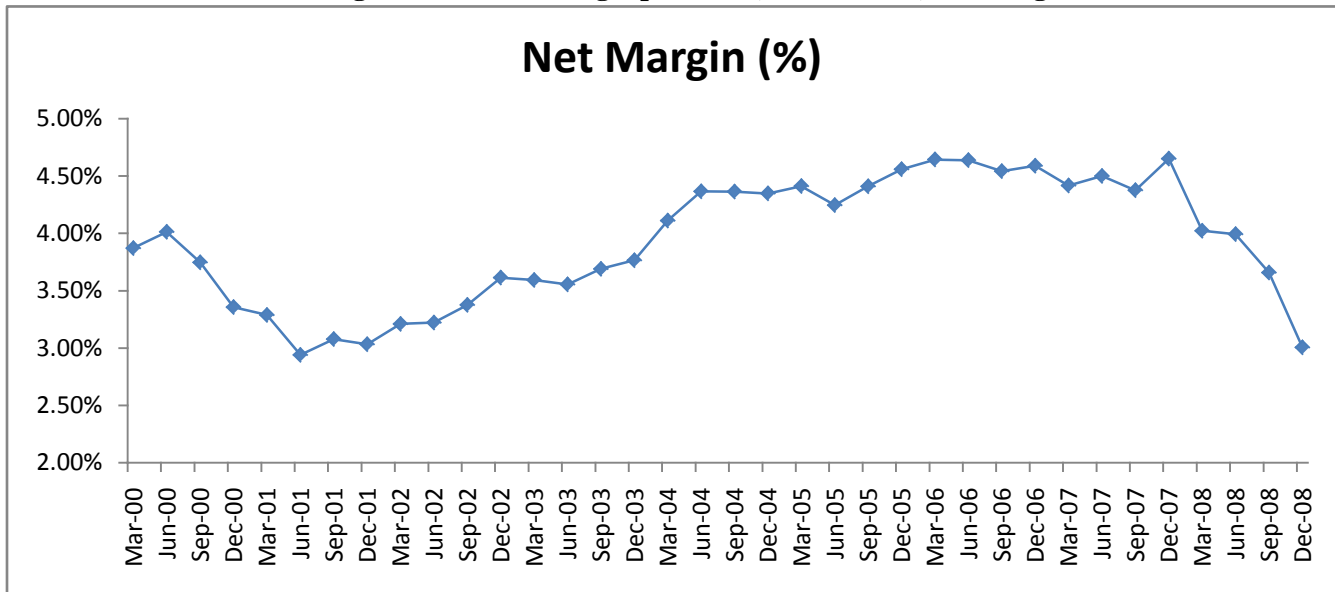
Refer to Table 1 for data supporting the graph.

**Exhibit 3: Capital Expenditure as a percentage to Revenue, 2000 – 2008, Retailing (2550)**



Refer to Table 1 for data supporting the graph.

**Exhibit 4: Median Net Margin from Continuing Operations, 2000 – 2008, Retailing (2550)**



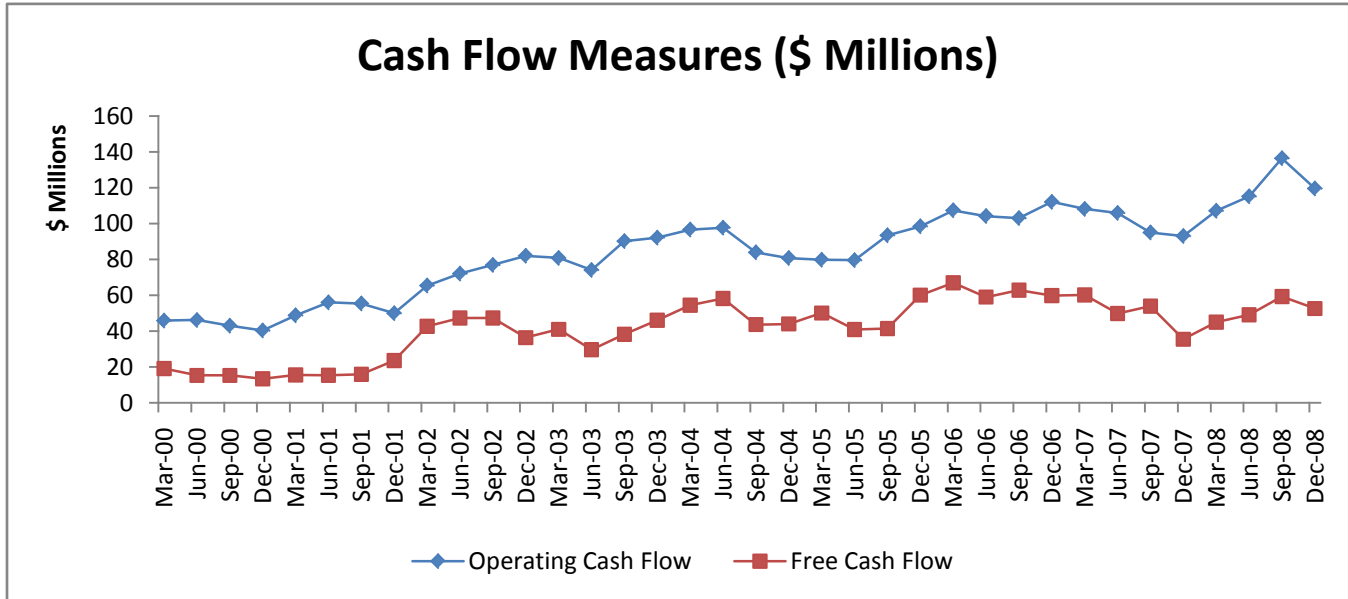
Refer to Table 1 for data supporting the graph.

**Table 1: Median Margins, 2000 – 2008, Retailing (2550)**

Date	Operating Cash Margin (%)	Free Cash Margin (%)	Net Margin (%)	Capital Ex. to Rev (%)
Mar-00	6.52%	1.61%	3.87%	4.20%
Jun-00	6.22%	1.14%	4.01%	4.02%
Sep-00	6.14%	1.07%	3.75%	3.98%
Dec-00	5.50%	1.08%	3.36%	4.05%
Mar-01	5.50%	1.06%	3.29%	3.89%
Jun-01	5.11%	1.14%	2.94%	3.58%
Sep-01	5.64%	1.18%	3.08%	3.36%
Dec-01	5.51%	1.77%	3.03%	3.40%
Mar-02	7.24%	3.13%	3.21%	3.20%
Jun-02	7.02%	3.61%	3.22%	3.14%
Sep-02	7.29%	3.70%	3.38%	3.14%
Dec-02	7.03%	2.82%	3.61%	3.20%
Mar-03	6.74%	3.03%	3.59%	3.17%
Jun-03	6.39%	2.17%	3.56%	3.24%
Sep-03	6.82%	2.68%	3.69%	3.19%
Dec-03	7.13%	3.13%	3.77%	3.08%
Mar-04	7.47%	3.50%	4.11%	3.07%
Jun-04	7.26%	3.73%	4.37%	3.23%
Sep-04	6.41%	2.70%	4.36%	3.20%
Dec-04	6.81%	2.59%	4.35%	3.47%
Mar-05	7.17%	2.88%	4.41%	3.71%
Jun-05	6.81%	2.46%	4.25%	3.86%
Sep-05	7.15%	2.47%	4.41%	3.94%
Dec-05	7.44%	3.44%	4.56%	3.77%
Mar-06	7.64%	3.75%	4.64%	3.57%
Jun-06	7.08%	3.27%	4.64%	3.49%
Sep-06	7.13%	3.50%	4.54%	3.25%
Dec-06	7.23%	3.22%	4.59%	3.40%
Mar-07	6.85%	3.09%	4.42%	3.43%
Jun-07	6.80%	2.63%	4.50%	3.73%
Sep-07	7.05%	2.93%	4.38%	3.71%
Dec-07	6.61%	2.02%	4.65%	3.50%
Mar-08	6.51%	2.46%	4.02%	3.63%
Jun-08	7.02%	2.73%	3.99%	3.73%
Sep-08	7.27%	3.15%	3.66%	3.55%
Dec-08	6.67%	2.93%	3.01%	3.30%

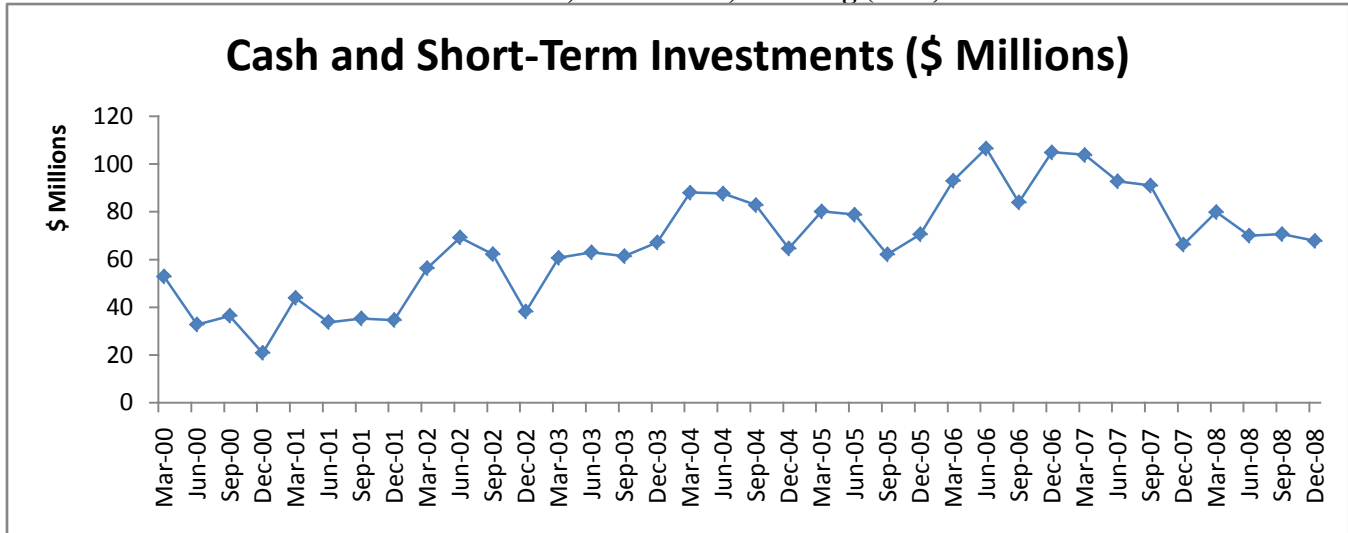
**Cash Flow Measures**

**Exhibit 5: Median Free Cash Flow and Median Operating Cash Flow, 2000 – 2008, Retailing (2550)**



Refer to Table 2 for data supporting the graph.

**Exhibit 6: Cash and Short-term Investments, 2000 – 2008, Retailing (2550)**



Refer to Table 2 for data supporting the graph.

**Table 2: Cash Flow Measures, 2000 – 2008, Retailing (2550)**

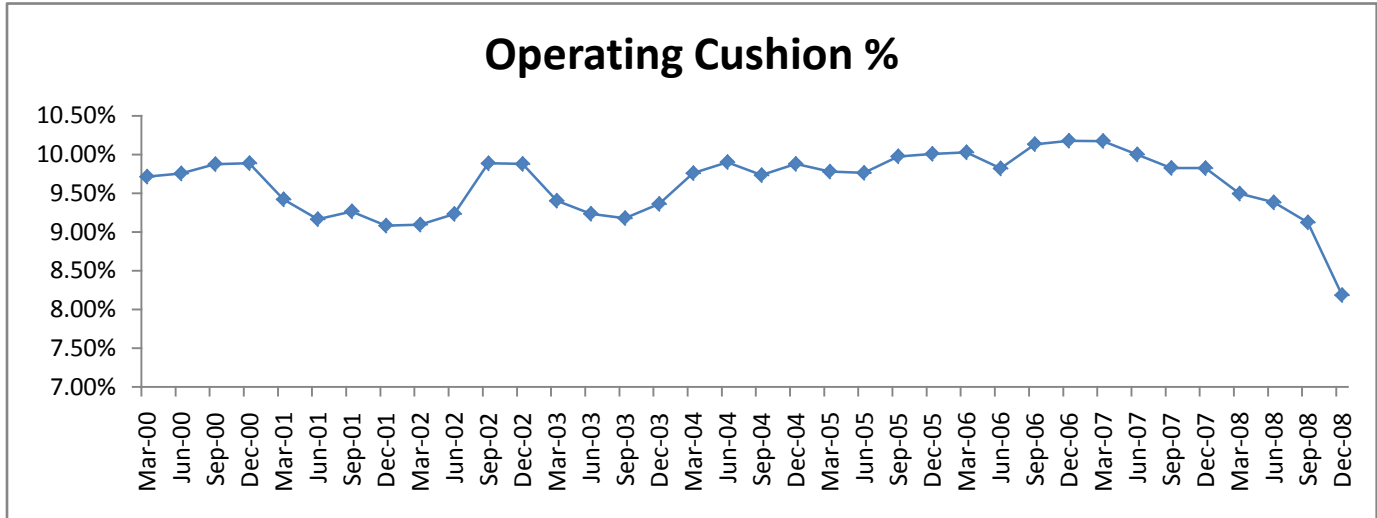
Date	Operating Cash Flow	% Change	Free Cash Flow	% Change	Cash and Short-Term Investments	% Change
Mar-00	45,947,500		19,149,631		52,897,500	
Jun-00	46,237,000	0.63%	15,302,636	-20.09%	32,766,000	-38.06%
Sep-00	43,102,500	-6.78%	15,302,338	0.00%	36,438,500	11.21%
Dec-00	40,438,000	-6.18%	13,391,693	-12.49%	20,890,000	-42.67%
Mar-01	48,898,500	20.92%	15,511,560	15.83%	43,935,000	110.32%
Jun-01	56,088,000	14.70%	15,393,146	-0.76%	33,795,000	-23.08%
Sep-01	55,489,000	-1.07%	15,931,693	3.50%	35,304,000	4.47%
Dec-01	50,064,000	-9.78%	23,524,654	47.66%	34,636,000	-1.89%
Mar-02	65,492,000	30.82%	42,706,250	81.54%	56,358,000	62.72%
Jun-02	72,124,500	10.13%	47,309,777	10.78%	69,243,500	22.86%
Sep-02	76,956,000	6.70%	47,247,928	-0.13%	62,241,000	-10.11%
Dec-02	82,065,000	6.64%	36,358,681	-23.05%	38,197,000	-38.63%
Mar-03	80,844,000	-1.49%	40,989,567	12.74%	60,692,000	58.89%
Jun-03	74,146,000	-8.29%	29,679,446	-27.59%	62,977,000	3.76%
Sep-03	90,237,000	21.70%	38,147,267	28.53%	61,394,500	-2.51%
Dec-03	92,159,000	2.13%	46,057,114	20.74%	67,138,000	9.36%
Mar-04	96,692,000	4.92%	54,405,101	18.13%	87,986,000	31.05%
Jun-04	97,718,000	1.06%	58,185,079	6.95%	87,616,000	-0.42%
Sep-04	83,987,000	-14.05%	43,639,802	-25.00%	82,787,000	-5.51%
Dec-04	80,820,000	-3.77%	43,988,870	0.80%	64,608,000	-21.96%
Mar-05	79,851,000	-1.20%	50,078,871	13.84%	80,139,000	24.04%
Jun-05	79,613,000	-0.30%	40,837,819	-18.45%	78,759,000	-1.72%
Sep-05	93,482,000	17.42%	41,367,360	1.30%	62,141,500	-21.10%
Dec-05	98,498,000	5.37%	60,033,328	45.12%	70,577,500	13.58%
Mar-06	107,389,500	9.03%	66,943,062	11.51%	92,987,000	31.75%
Jun-06	104,194,000	-2.98%	58,989,377	-11.88%	106,498,500	14.53%
Sep-06	103,056,000	-1.09%	62,838,846	6.53%	83,936,000	-21.19%
Dec-06	112,081,000	8.76%	59,732,658	-4.94%	104,876,000	24.95%
Mar-07	108,143,500	-3.51%	60,193,058	0.77%	103,760,000	-1.06%
Jun-07	105,929,500	-2.05%	49,849,455	-17.18%	92,755,000	-10.61%
Sep-07	95,054,000	-10.27%	53,936,190	8.20%	90,987,000	-1.91%
Dec-07	93,083,000	-2.07%	35,437,791	-34.30%	66,261,000	-27.18%
Mar-08	107,145,500	15.11%	44,963,002	26.88%	79,864,000	20.53%
Jun-08	115,177,000	7.50%	49,130,469	9.27%	69,970,000	-12.39%
Sep-08	136,409,674	18.43%	59,220,387	20.54%	70,627,500	0.94%
Dec-08	119,558,971	-12.35%	52,575,842	-11.22%	67,777,000	-4.04%



**Cash Flow Drivers**

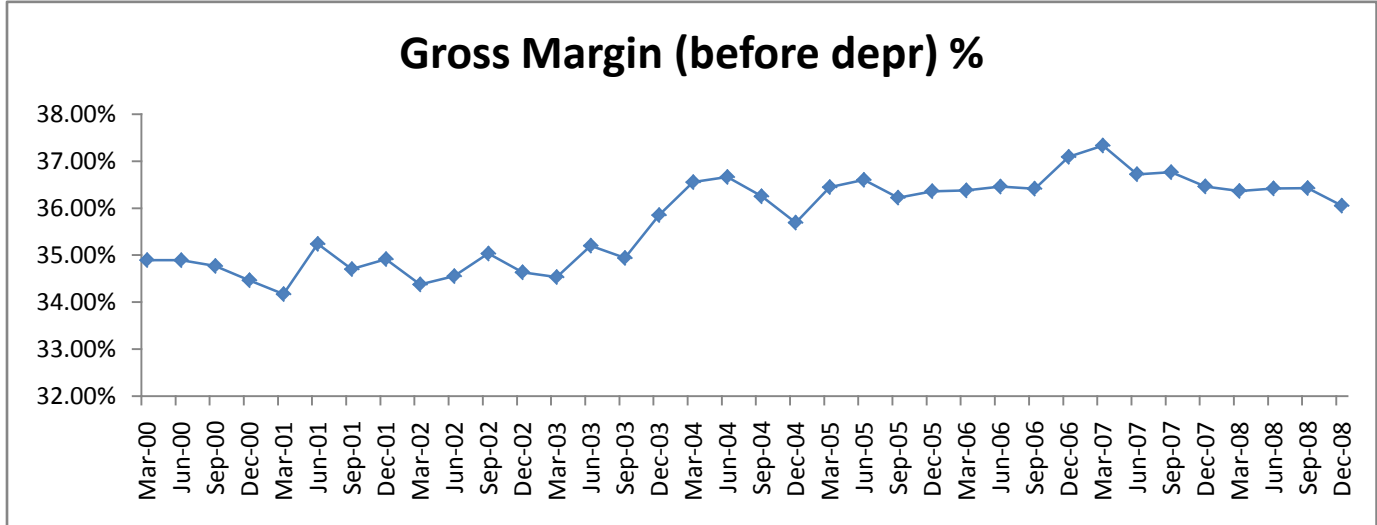
**Profitability**

**Exhibit 7: Median Operating Cushion, 2000 – 2008, Retailing (2550)**



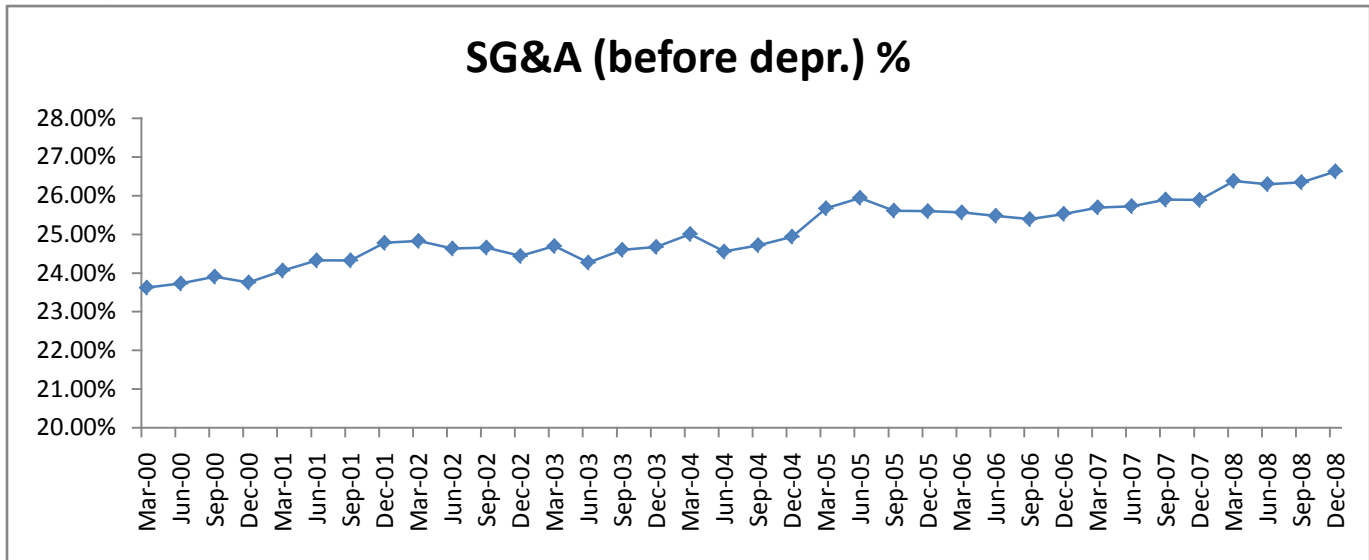
Refer to Table 3 for data supporting the graph.

**Exhibit 8: Median Gross Margin % (before depreciation), 2000 – 2008, Retailing (2550)**



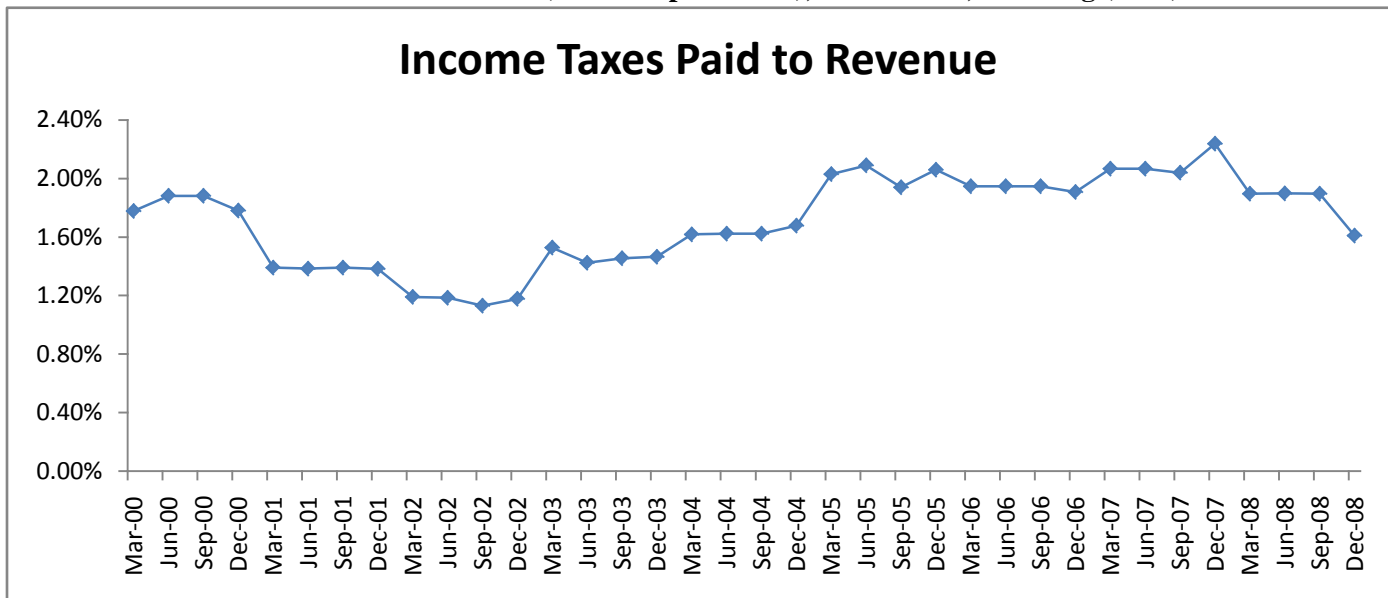
Refer to Table 3 for data supporting the graph.

**Exhibit 9: Median Selling, General and Administrative Expense % (before depreciation), 2000 – 2008, Retailing (2550)**



Refer to Table 3 for data supporting the graph.

**Exhibit 10: Median Income Taxes Paid % (before depreciation), 2000 – 2008, Retailing (2550)**



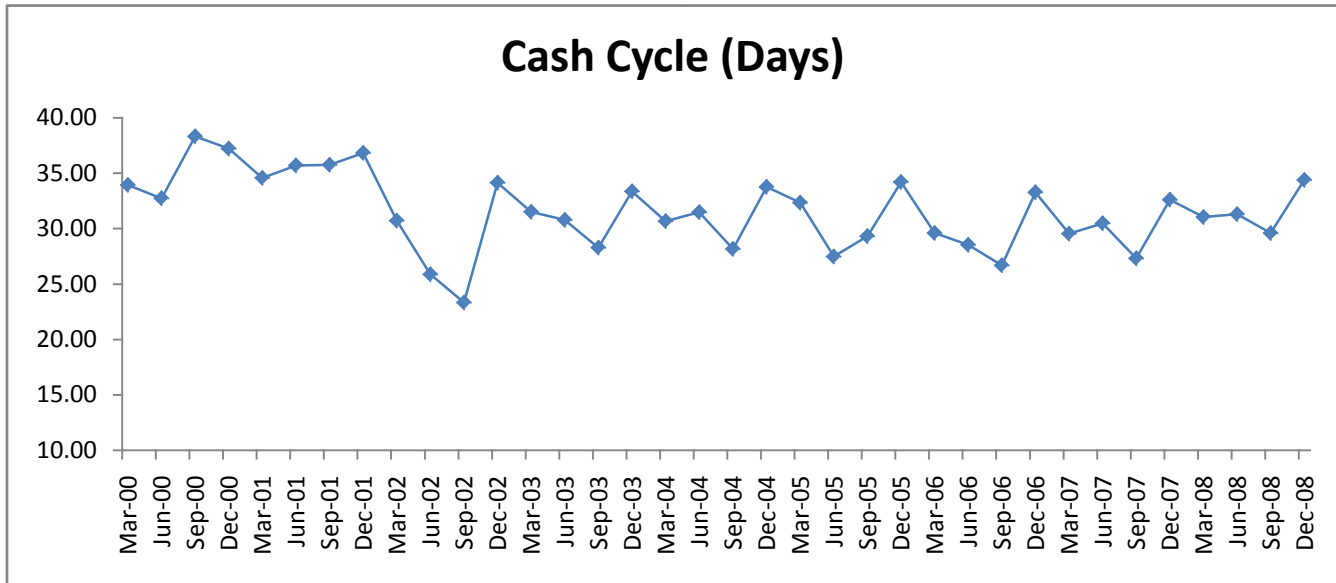
Refer to Table 3 for data supporting the graph.

**Table 3: Profitability, 2000 – 2008, Retailing (2550)**

Date	Operating Cushion %	Gross Margin (before depr) %	SG&A (before depr.) %	Revenue	% Change	Income Taxes Paid to Revenue
Mar-00	9.71%	34.89%	23.62%	1,191,638,500		1.78%
Jun-00	9.76%	34.89%	23.73%	1,347,063,000	13.04%	1.88%
Sep-00	9.88%	34.77%	23.91%	1,434,146,000	6.46%	1.88%
Dec-00	9.89%	34.47%	23.75%	1,235,396,000	-13.86%	1.78%
Mar-01	9.42%	34.17%	24.06%	1,470,290,000	19.01%	1.39%
Jun-01	9.17%	35.24%	24.33%	1,350,276,000	-8.16%	1.38%
Sep-01	9.27%	34.70%	24.33%	1,350,143,500	-0.01%	1.39%
Dec-01	9.08%	34.91%	24.78%	1,331,333,000	-1.39%	1.38%
Mar-02	9.10%	34.38%	24.83%	1,364,853,000	2.52%	1.19%
Jun-02	9.23%	34.55%	24.63%	1,309,794,500	-4.03%	1.18%
Sep-02	9.89%	35.03%	24.66%	1,276,626,000	-2.53%	1.13%
Dec-02	9.88%	34.63%	24.44%	1,290,688,000	1.10%	1.18%
Mar-03	9.40%	34.53%	24.70%	1,352,791,000	4.81%	1.53%
Jun-03	9.24%	35.20%	24.27%	1,368,347,000	1.15%	1.42%
Sep-03	9.18%	34.94%	24.60%	1,423,405,500	4.02%	1.45%
Dec-03	9.36%	35.85%	24.67%	1,472,885,000	3.48%	1.46%
Mar-04	9.76%	36.55%	25.01%	1,552,657,000	5.42%	1.62%
Jun-04	9.90%	36.66%	24.55%	1,560,340,000	0.49%	1.62%
Sep-04	9.73%	36.25%	24.72%	1,618,687,000	3.74%	1.62%
Dec-04	9.88%	35.69%	24.94%	1,695,793,000	4.76%	1.68%
Mar-05	9.78%	36.45%	25.67%	1,737,643,000	2.47%	2.03%
Jun-05	9.76%	36.60%	25.94%	1,657,379,000	-4.62%	2.09%
Sep-05	9.98%	36.22%	25.61%	1,677,508,500	1.21%	1.94%
Dec-05	10.01%	36.36%	25.60%	1,743,128,000	3.91%	2.06%
Mar-06	10.03%	36.38%	25.57%	1,787,054,500	2.52%	1.95%
Jun-06	9.82%	36.46%	25.48%	1,801,752,500	0.82%	1.95%
Sep-06	10.13%	36.41%	25.39%	1,793,858,000	-0.44%	1.95%
Dec-06	10.18%	37.09%	25.53%	1,853,900,000	3.35%	1.91%
Mar-07	10.17%	37.33%	25.70%	1,949,888,500	5.18%	2.07%
Jun-07	10.00%	36.72%	25.73%	1,896,859,000	-2.72%	2.07%
Sep-07	9.83%	36.76%	25.90%	1,842,083,000	-2.89%	2.04%
Dec-07	9.82%	36.46%	25.89%	1,755,215,000	-4.72%	2.24%
Mar-08	9.50%	36.36%	26.38%	1,829,251,500	4.22%	1.90%
Jun-08	9.38%	36.42%	26.30%	1,802,953,000	-1.44%	1.90%
Sep-08	9.12%	36.42%	26.35%	1,877,628,000	4.14%	1.90%
Dec-08	8.19%	36.05%	26.63%	1,791,951,000	-4.56%	1.61%

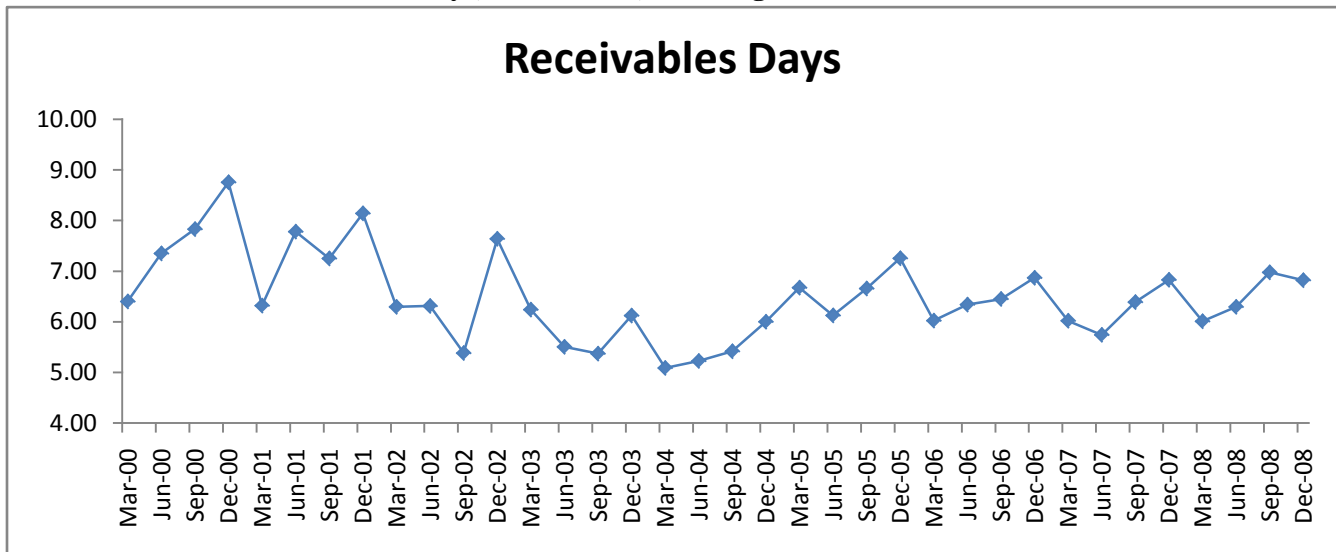
**Efficiency**

**Exhibit 11: Median Cash Cycle, 2000 – 2008, Retailing (2550)**



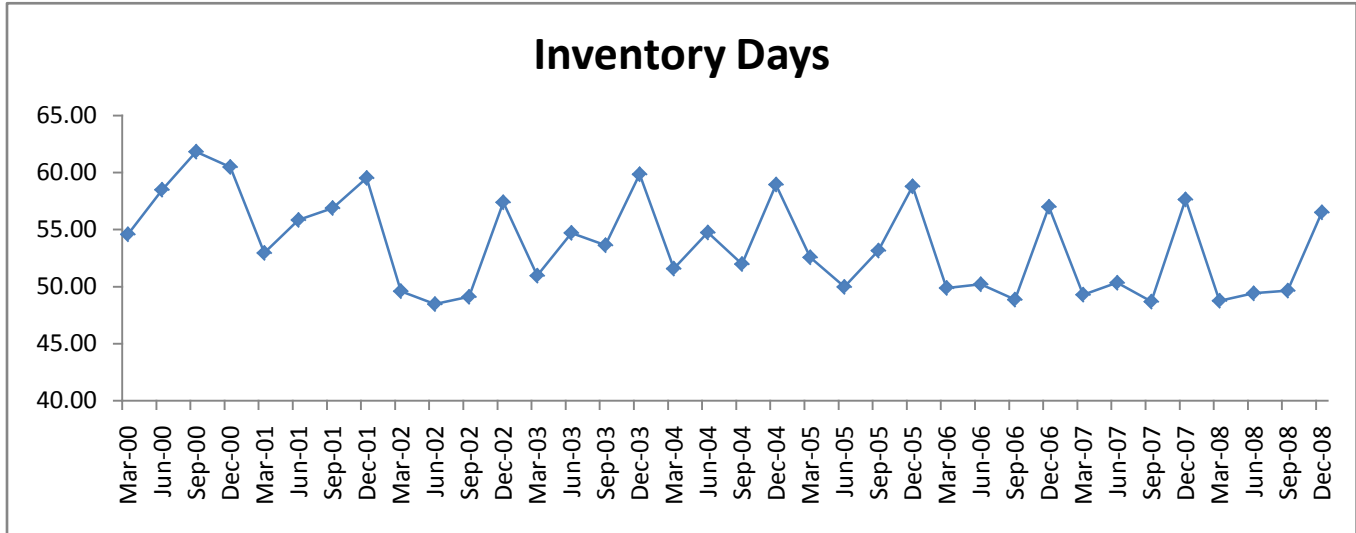
Refer to Table 4 for data supporting the graph.

**Exhibit 12: Median Receivables Days, 2000 – 2008, Retailing (2550)**



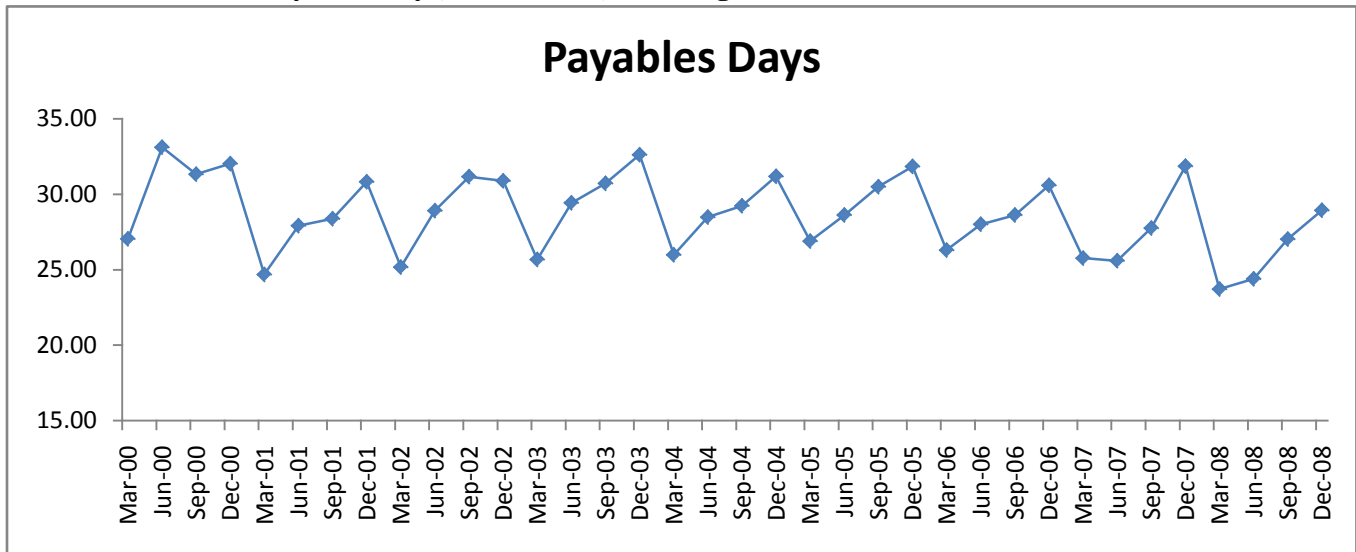
Refer to Table 4 for data supporting the graph.

**Exhibit 13: Median Inventory Days, 2000 – 2008, Retailing (2550)**



Refer to Table 4 for data supporting the graph.

**Exhibit 14: Median Payables Days, 2000 – 2008, Retailing (2550)**



Refer to Table 4 for data supporting the graph.

**Table 4: Efficiency, 2000 – 2008, Retailing (2550)**

Date	Cash Cycle (Days)	Receivables Days	Inventory Days	Payables Days
Mar-00	33.93	6.40	54.57	27.04
Jun-00	32.73	7.35	58.48	33.10
Sep-00	38.32	7.83	61.81	31.32
Dec-00	37.21	8.76	60.47	32.02
Mar-01	34.57	6.32	52.94	24.69
Jun-01	35.70	7.78	55.83	27.92
Sep-01	35.75	7.25	56.88	28.37
Dec-01	36.83	8.14	59.51	30.82
Mar-02	30.71	6.29	49.59	25.18
Jun-02	25.86	6.31	48.46	28.91
Sep-02	23.32	5.38	49.09	31.16
Dec-02	34.14	7.64	57.38	30.88
Mar-03	31.51	6.24	50.95	25.68
Jun-03	30.78	5.50	54.70	29.43
Sep-03	28.27	5.37	53.62	30.71
Dec-03	33.36	6.12	59.84	32.60
Mar-04	30.66	5.09	51.57	25.99
Jun-04	31.48	5.22	54.73	28.48
Sep-04	28.15	5.42	51.97	29.23
Dec-04	33.76	6.00	58.94	31.18
Mar-05	32.33	6.67	52.56	26.90
Jun-05	27.47	6.12	49.97	28.62
Sep-05	29.31	6.66	53.15	30.49
Dec-05	34.20	7.25	58.78	31.83
Mar-06	29.59	6.02	49.87	26.30
Jun-06	28.53	6.34	50.20	28.01
Sep-06	26.68	6.45	48.85	28.62
Dec-06	33.27	6.87	56.99	30.58
Mar-07	29.53	6.02	49.28	25.77
Jun-07	30.47	5.74	50.33	25.60
Sep-07	27.30	6.39	48.67	27.76
Dec-07	32.60	6.83	57.63	31.85
Mar-08	31.04	6.01	48.75	23.72
Jun-08	31.29	6.29	49.40	24.40
Sep-08	29.59	6.98	49.64	27.03
Dec-08	34.39	6.82	56.50	28.93

## Distributors (255010)

Exhibit 15: Median Free Cash Margin, 2000 – 2008, Distributors (255010)

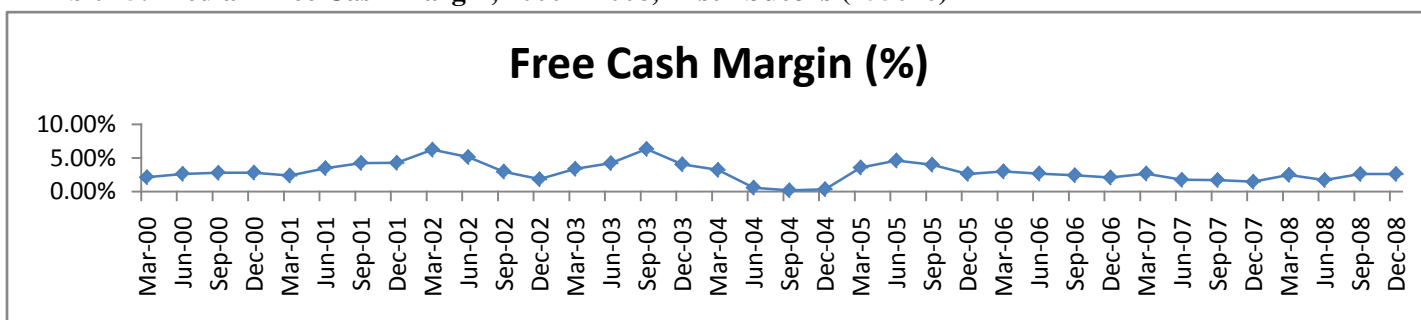


Table 5: 2000 – 2008, Distributors (255010)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Exp. to Revenue (%)	Net Margin (%)	Operating Cushion (%)	Income taxes paid to revenue (%)	Cash Cycle	Cash and Short-Term Investments
Mar-00	2.13%	2.92%	0.79%	4.13%	8.28%	2.86%	117.99	40,298,500
Jun-00	2.64%	3.41%	0.77%	3.98%	8.16%	2.86%	81.92	28,917,000
Sep-00	2.79%	3.51%	0.72%	3.87%	7.99%	2.86%	84.54	22,215,500
Dec-00	2.81%	3.54%	0.72%	3.80%	8.08%	3.23%	89.47	14,986,000
Mar-01	2.38%	3.06%	0.67%	3.78%	8.08%	3.23%	98.80	26,613,000
Jun-01	3.47%	4.13%	0.66%	3.84%	8.10%	3.23%	89.59	26,161,500
Sep-01	4.25%	4.91%	0.66%	3.88%	8.18%	3.23%	87.93	58,031,000
Dec-01	4.27%	4.81%	0.55%	3.48%	7.89%	2.01%	90.64	43,612,000
Mar-02	6.21%	6.72%	0.52%	3.54%	7.88%	2.01%	91.61	32,053,000
Jun-02	5.12%	5.67%	0.55%	3.61%	7.84%	2.01%	86.74	21,049,500
Sep-02	2.97%	3.57%	0.60%	3.66%	7.75%	2.01%	90.52	21,798,500
Dec-02	1.84%	2.49%	0.65%	4.02%	7.55%	1.05%	99.70	16,027,000
Mar-03	3.38%	4.12%	0.74%	3.99%	7.49%	1.05%	95.34	19,611,500
Jun-03	4.21%	4.94%	0.72%	4.34%	7.46%	1.05%	88.93	30,658,000
Sep-03	6.32%	7.02%	0.71%	4.32%	7.42%	1.05%	82.11	38,349,500
Dec-03	4.05%	6.39%	0.71%	4.36%	8.22%	2.13%	79.39	16,081,000
Mar-04	3.22%	5.11%	0.68%	4.40%	8.25%	2.13%	89.70	12,715,000
Jun-04	0.59%	5.17%	0.70%	4.29%	8.27%	2.13%	83.92	19,974,000
Sep-04	0.20%	6.10%	0.74%	4.32%	8.27%	2.13%	82.35	18,227,000
Dec-04	0.36%	6.10%	0.71%	4.35%	8.21%	2.26%	98.95	9,921,000
Mar-05	3.57%	6.39%	0.80%	4.35%	8.21%	2.26%	97.39	8,178,000
Jun-05	4.61%	6.74%	0.85%	4.37%	8.24%	2.26%	92.07	21,573,000
Sep-05	4.00%	4.85%	0.80%	3.91%	7.32%	2.04%	81.33	30,261,500
Dec-05	2.63%	4.14%	0.78%	3.93%	7.42%	2.46%	86.76	32,425,000
Mar-06	2.99%	4.45%	0.70%	3.43%	6.54%	2.41%	92.34	32,900,000
Jun-06	2.68%	4.23%	0.61%	3.52%	6.65%	2.41%	87.86	39,100,000
Sep-06	2.43%	4.54%	0.52%	3.51%	6.71%	2.41%	95.47	30,300,000
Dec-06	2.09%	4.15%	0.79%	3.76%	7.32%	1.91%	99.63	29,200,000
Mar-07	2.68%	5.50%	0.58%	3.73%	7.32%	1.91%	93.54	27,900,000
Jun-07	1.74%	3.47%	0.97%	3.76%	7.44%	1.91%	91.67	26,300,000
Sep-07	1.72%	2.52%	1.04%	3.81%	7.51%	1.91%	95.58	83,858,000
Dec-07	1.47%	2.25%	0.44%	3.50%	6.85%	1.90%	111.92	32,800,000
Mar-08	2.49%	3.31%	0.73%	3.49%	6.90%	1.90%	114.36	39,341,000
Jun-08	1.72%	2.73%	1.01%	3.52%	6.89%	1.90%	100.56	69,970,000
Sep-08	2.61%	3.62%	0.96%	3.60%	7.07%	1.90%	96.57	49,116,000
Dec-08	2.61%	3.62%	0.85%	3.60%	7.07%	2.02%	91.97	27,100,000

## Internet and Catalog Retail (255020)

Exhibit 16: Median Free Cash Margin, 2000 – 2008, Internet and Catalog Retail (255020)

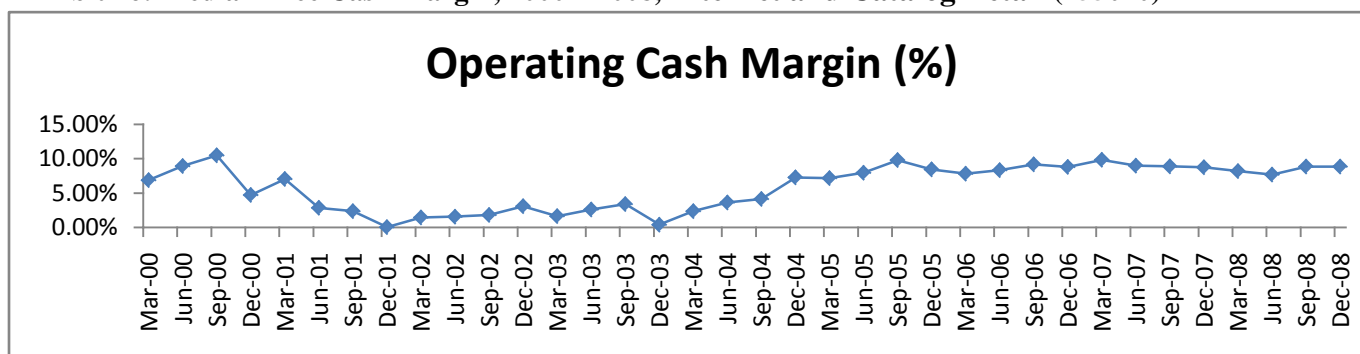


Table 6: 2000 – 2008, Internet and Catalog Retail (255020)

Date	Operating Cash Margin (%)	Net Margin (%)	Capital Ex. to Rev (%)	Operating Cushion %	Income taxes paid to revenue (%)	Composite Cash Cycle	Cash and Short-Term Investments
Mar-00	6.88%	21.92%	5.37%	16.85%	0.00%	-16.41	149,480,000
Jun-00	8.93%	22.44%	5.17%	15.85%	0.00%	-10.45	122,271,000
Sep-00	10.49%	23.82%	5.24%	13.52%	0.00%	-14.03	130,623,000
Dec-00	4.72%	25.51%	4.87%	9.32%	0.00%	-27.87	101,544,000
Mar-01	7.05%	17.34%	4.09%	6.61%	0.00%	-8.83	113,751,000
Jun-01	2.86%	15.54%	3.57%	4.16%	0.00%	-13.40	82,222,500
Sep-01	2.36%	5.75%	2.06%	2.65%	0.00%	-13.82	67,121,500
Dec-01	0.04%	1.12%	1.02%	1.27%	0.00%	-19.55	72,279,500
Mar-02	1.45%	1.81%	0.96%	3.49%	0.00%	-4.90	65,807,500
Jun-02	1.56%	0.30%	0.83%	4.31%	0.00%	-7.38	64,665,500
Sep-02	1.81%	1.26%	0.83%	4.86%	0.00%	-10.15	54,364,500
Dec-02	3.09%	2.86%	1.31%	5.47%	0.00%	-19.71	71,984,500
Mar-03	1.64%	3.37%	1.29%	5.74%	0.00%	-8.93	55,651,000
Jun-03	2.61%	2.22%	1.36%	3.90%	0.00%	-9.13	56,130,000
Sep-03	3.40%	0.34%	1.51%	3.94%	0.00%	-9.24	48,704,000
Dec-03	0.40%	1.03%	2.11%	2.46%	0.00%	-16.66	59,754,000
Mar-04	2.37%	1.86%	2.02%	2.80%	0.00%	-1.88	36,410,500
Jun-04	3.63%	0.72%	1.88%	4.10%	0.00%	-9.90	66,854,000
Sep-04	4.14%	3.20%	1.95%	4.50%	0.00%	-8.71	62,574,000
Dec-04	7.28%	3.45%	1.71%	5.58%	0.03%	-18.58	101,367,000
Mar-05	7.18%	3.40%	1.48%	5.53%	0.03%	-8.21	80,582,000
Jun-05	7.95%	3.55%	1.81%	8.20%	0.06%	-5.42	56,048,000
Sep-05	9.80%	6.18%	2.06%	9.04%	0.04%	-8.32	65,734,500
Dec-05	8.45%	6.32%	2.44%	8.91%	0.14%	-15.33	86,447,500
Mar-06	7.82%	6.74%	2.26%	8.55%	0.14%	-6.82	63,971,500
Jun-06	8.33%	6.26%	2.54%	9.34%	0.14%	-3.05	97,432,000
Sep-06	9.18%	6.41%	2.35%	10.44%	0.11%	-3.54	77,817,000
Dec-06	8.80%	5.06%	2.05%	12.11%	0.18%	2.69	111,963,500
Mar-07	9.84%	5.09%	1.95%	12.33%	0.18%	8.66	76,212,000
Jun-07	8.99%	5.51%	1.73%	12.24%	0.23%	6.19	89,152,000
Sep-07	8.88%	5.42%	1.76%	12.88%	0.23%	-0.98	86,276,000
Dec-07	8.75%	5.51%	2.06%	14.76%	0.83%	2.50	94,549,000
Mar-08	8.19%	5.50%	2.04%	13.96%	0.83%	10.09	61,615,500
Jun-08	7.69%	5.36%	2.21%	14.15%	0.83%	5.18	71,553,000
Sep-08	8.86%	4.16%	2.29%	14.07%	1.25%	4.59	64,256,000
Dec-08	8.85%	0.04%	2.24%	12.40%	0.25%	7.99	54,451,000

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.



## Multiline Retail (255030)

Exhibit 16: Median Free Cash Margin, 2000 – 2008, Multiline Retail (255030)

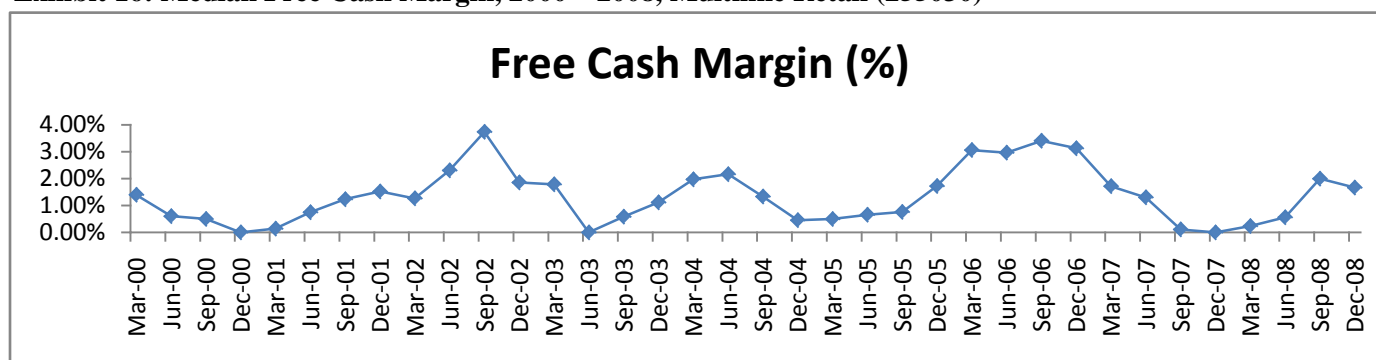


Table 6: 2000 – 2008, Multiline Retail (255030)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Exp. to Rev (%)	Net Margin (%)	Operating Cushion (%)	Income taxes paid to revenue (%)	Cash Cycle	Cash and Short-Term Investments
Mar-00	1.40%	5.36%	3.13%	2.83%	9.45%	1.02%	48.57	122,032,000
Jun-00	0.60%	4.51%	3.19%	2.77%	9.55%	1.02%	52.44	59,304,000
Sep-00	0.50%	5.86%	3.04%	2.53%	9.22%	1.02%	50.09	59,885,000
Dec-00	0.00%	4.12%	3.09%	1.99%	8.88%	0.86%	51.41	47,502,000
Mar-01	0.14%	5.02%	3.51%	1.80%	8.65%	0.46%	48.72	172,221,000
Jun-01	0.75%	4.45%	3.21%	1.64%	8.32%	0.46%	46.95	75,073,000
Sep-01	1.23%	4.53%	3.64%	1.50%	7.37%	0.46%	49.93	53,231,000
Dec-01	1.52%	5.20%	3.33%	1.74%	6.98%	0.46%	50.90	41,118,000
Mar-02	1.26%	6.16%	3.23%	2.16%	7.38%	0.27%	50.83	331,327,000
Jun-02	2.30%	6.29%	3.14%	1.53%	7.90%	0.27%	44.94	159,536,000
Sep-02	3.73%	6.52%	3.01%	1.50%	8.45%	0.27%	46.19	198,269,000
Dec-02	1.85%	5.06%	3.35%	1.93%	9.04%	1.21%	49.03	103,174,000
Mar-03	1.78%	4.56%	3.47%	1.98%	8.42%	0.66%	51.52	212,200,000
Jun-03	0.00%	4.56%	3.33%	2.29%	8.07%	0.30%	39.13	248,220,000
Sep-03	0.58%	4.66%	3.50%	2.54%	7.80%	0.30%	45.12	206,731,000
Dec-03	1.11%	5.66%	3.64%	2.57%	7.61%	0.30%	49.60	227,000,000
Mar-04	1.97%	5.85%	3.69%	2.59%	7.72%	0.58%	45.13	354,787,000
Jun-04	2.16%	5.59%	3.28%	2.56%	7.78%	0.58%	40.02	257,372,000
Sep-04	1.33%	6.27%	3.20%	2.93%	7.77%	0.58%	46.64	207,863,000
Dec-04	0.45%	5.92%	2.99%	3.93%	7.47%	0.58%	51.27	185,758,000
Mar-05	0.50%	5.42%	3.09%	3.95%	8.87%	0.97%	46.68	317,807,000
Jun-05	0.66%	3.93%	2.95%	4.02%	8.25%	0.97%	45.62	287,754,000
Sep-05	0.76%	3.86%	3.22%	3.64%	7.47%	0.72%	46.19	250,148,500
Dec-05	1.72%	5.69%	3.85%	2.67%	7.64%	0.72%	54.25	139,528,000
Mar-06	3.06%	6.59%	3.14%	2.51%	7.40%	2.08%	39.12	293,378,000
Jun-06	2.96%	6.24%	3.14%	2.52%	7.58%	2.08%	40.72	289,363,000
Sep-06	3.40%	7.11%	3.04%	2.65%	7.77%	2.08%	38.94	323,214,500
Dec-06	3.12%	6.97%	2.43%	2.77%	7.89%	2.17%	48.84	355,438,000
Mar-07	1.72%	6.24%	3.44%	3.33%	8.06%	1.75%	37.24	354,679,500
Jun-07	1.30%	4.91%	3.80%	3.23%	7.90%	1.75%	35.52	312,511,500
Sep-07	0.11%	4.65%	4.01%	3.19%	7.80%	1.75%	33.07	218,250,000
Dec-07	0.00%	3.56%	4.36%	3.48%	8.09%	1.42%	40.19	225,285,000
Mar-08	0.24%	4.75%	4.46%	3.46%	7.54%	1.64%	36.83	316,969,000
Jun-08	0.56%	5.36%	3.94%	3.35%	7.50%	1.64%	32.77	124,523,000
Sep-08	1.99%	5.10%	3.33%	3.42%	7.42%	1.41%	34.22	158,502,000
Dec-08	1.66%	5.49%	2.68%	3.38%	7.38%	1.41%	43.52	152,571,000

## Specialty Retail (255040)

Exhibit 16: Median Free Cash Margin, 2000 – 2008, Specialty Retail (255040)

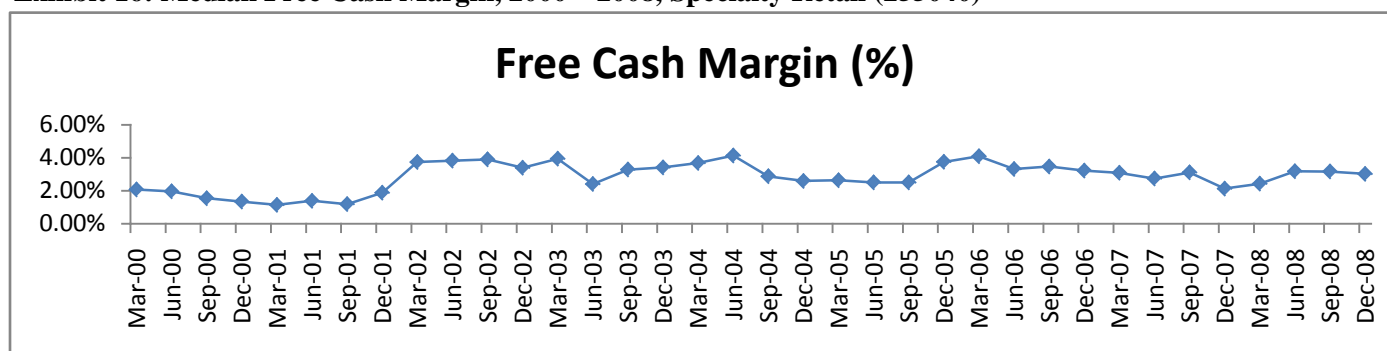


Table 6: 2000 – 2008, Specialty Retail (255040)

Date	Free Cash Margin (%)	Operating Cash Margin (%)	Capital Exp. to Rev (%)	Net Margin (%)	Operating Cushion (%)	Income taxes paid to revenue (%)	Cash Cycle	Cash and Short-Term Investments
Mar-00	2.08%	7.24%	4.28%	4.66%	10.45%	1.98%	32.82	39,550,000
Jun-00	1.97%	6.69%	4.13%	4.74%	10.66%	2.19%	33.77	30,102,000
Sep-00	1.55%	6.61%	4.09%	4.76%	10.68%	2.19%	35.70	28,647,000
Dec-00	1.35%	6.42%	4.06%	4.22%	10.87%	2.22%	38.36	18,777,500
Mar-01	1.15%	6.02%	3.98%	4.21%	10.48%	1.99%	33.40	31,962,000
Jun-01	1.39%	6.25%	3.88%	3.92%	10.34%	1.99%	33.88	26,100,000
Sep-01	1.19%	6.01%	3.75%	3.54%	10.03%	2.04%	32.20	29,286,000
Dec-01	1.88%	6.40%	3.53%	3.30%	9.45%	1.62%	40.82	25,322,000
Mar-02	3.74%	7.69%	3.61%	3.35%	9.56%	1.52%	26.97	45,191,000
Jun-02	3.83%	7.56%	3.45%	3.22%	9.79%	1.55%	24.37	63,824,500
Sep-02	3.90%	8.18%	3.73%	3.69%	10.41%	1.47%	22.69	53,139,000
Dec-02	3.40%	8.04%	3.55%	4.01%	10.19%	1.38%	34.49	37,043,000
Mar-03	3.94%	7.47%	3.31%	3.89%	9.91%	1.72%	30.04	55,929,000
Jun-03	2.41%	7.08%	3.49%	4.12%	9.68%	1.63%	29.85	56,327,500
Sep-03	3.29%	7.13%	3.43%	4.25%	9.60%	1.62%	26.87	50,400,500
Dec-03	3.41%	7.60%	3.34%	4.53%	10.01%	1.71%	33.44	57,777,000
Mar-04	3.68%	8.23%	3.28%	4.66%	10.09%	1.77%	30.01	85,655,000
Jun-04	4.14%	8.03%	3.33%	4.93%	10.40%	1.85%	30.93	86,164,000
Sep-04	2.88%	7.02%	3.49%	4.86%	10.19%	1.85%	27.71	78,981,000
Dec-04	2.59%	7.10%	4.07%	4.65%	10.18%	1.85%	35.58	58,825,000
Mar-05	2.64%	7.47%	4.06%	4.65%	10.55%	2.23%	31.87	79,448,000
Jun-05	2.51%	7.14%	4.39%	4.56%	9.88%	2.26%	28.23	66,358,000
Sep-05	2.51%	7.73%	4.45%	4.82%	9.99%	2.23%	28.89	52,790,000
Dec-05	3.76%	7.84%	4.22%	4.84%	10.10%	2.23%	34.61	58,107,000
Mar-06	4.09%	7.89%	3.66%	4.87%	10.34%	2.15%	32.05	86,878,500
Jun-06	3.32%	7.12%	3.75%	4.71%	10.39%	2.17%	29.52	87,483,000
Sep-06	3.47%	7.24%	3.68%	4.78%	10.30%	2.22%	29.01	67,803,000
Dec-06	3.22%	7.34%	3.71%	4.77%	10.77%	2.10%	34.38	73,359,000
Mar-07	3.09%	6.85%	3.81%	4.47%	10.33%	2.29%	30.02	92,357,000
Jun-07	2.74%	6.99%	4.03%	4.51%	10.20%	2.31%	32.44	81,823,000
Sep-07	3.12%	7.05%	3.99%	4.54%	9.90%	2.26%	27.12	68,212,000
Dec-07	2.13%	6.82%	3.72%	4.21%	9.86%	2.41%	34.60	55,423,500
Mar-08	2.43%	7.03%	3.72%	3.99%	9.50%	2.33%	32.63	73,734,000
Jun-08	3.18%	7.39%	3.95%	3.93%	9.42%	2.35%	32.32	63,077,000
Sep-08	3.17%	7.69%	3.83%	3.68%	9.07%	2.22%	29.43	66,591,000
Dec-08	3.02%	6.97%	3.51%	3.06%	8.45%	1.77%	36.91	65,215,500