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Cash Flow Trends and Their Fundamental Drivers: A Continuing Look

Comprehensive Industry Review (Qtr 4, 2008)

Health Care Equipment & Services (GICS 3510)

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 Health Care Equipment & Services (GICS 3510) through Q4, 2008.

The Health Care Equipment & Services Industry finished the 12-months ended December 2008 with a median free cash margin of 5.09% compared to 6.20% for the 12-months ended December 2007. A drop in median operating cash margin from 10% for the 12-months ended December 2007 to 8.81% for the 12-months ended December 2008 contributed to this fall even as median capital expenditures as a percentage to revenue declined from 3.65% to 2.99% over the same period. It is interesting to note, however, that the current free cash margin is the lowest since the 12-months ended June 2001 when free cash margin touched 7.15%.

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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Health Care Equipment & Services (GICS 3510)

Sub-industries included:	Page
Health Care Equipment & Supplies (GICS 351010)	15
Health Care Providers & Services (GICS 351020)	16
Health Care Technology (GICS 351030)	17

Observations

The Health Care Equipment & Services Industry finished the 12-months ended December 2008 with a median free cash margin of 5.09% compared to 6.20% for the 12-months ended December 2007. A drop in median operating cash margin from 10% for the 12-months ended December 2007 to 8.81% for the 12-months ended December 2008 contributed to this fall even as median capital expenditures as a percentage to revenue declined from 3.65% to 2.99% over the same period. It is interesting to note, however, that the current free cash margin is the lowest since the 12-months ended June 2001 when free cash margin touched 7.15%.

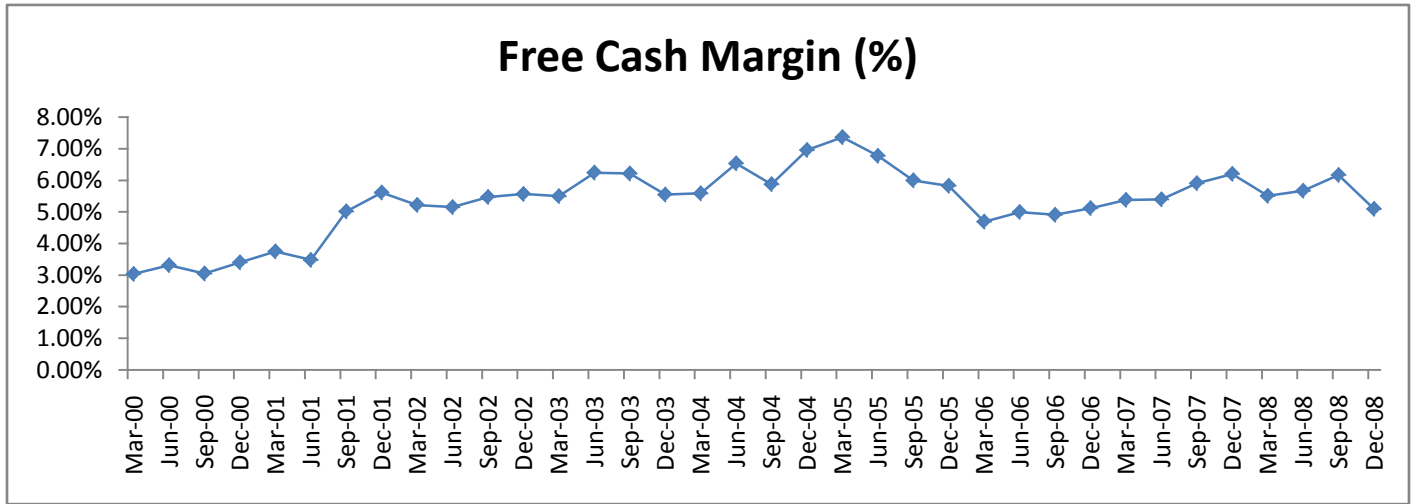
Median operating cash margin, a key indicator of operating performance, has in fact, been highly stable in the 9-10% range since mid-2005 until the 12-months ended December 2008 when it touched 8.85%. Median operating cushion, a key component of operating cash margin, remained relatively flat at 15.92% for the 12-months ended December 2008 compared to 16.19% for the 12-months ended December 2007 as median gross margin and SG&A remained steady at 50.51% and 22.65% respectively for the 12-months ended December 2008. Median cash cycle too remained relatively flat at 69.97 days compared to 72.46 days for the 12-months ended December 2007. A fall in median inventory days from 29.82 days for the 12-months ended December 2007 to 26.47 days for the 12-months ended December 2008 was offset by a similar decline in median payables days from 17.09 days to 14.90 days over the same period.

It is interesting to note however, that even as median free cash margin declined for the 12-months ended December 2008 compared to the 12-months ended December 2007, median net margin rose over the same period from 4.79% to 5.65%.

Analyzing the constituent sub-industries reveals mixed trends. For instance, Health Care Equipment & Supplies (GICS: 351010) saw a slight fall in median free cash margin from 7.35% for the 12-months ended December 2007 to 6.37% for the 12-months ended December 2008. Health Care Providers & Services (GICS: 351020), on the other hand, witnessed almost flat median free cash margin, which stood at 4.02% compared to 4.30% over the same period. Finally, Health Care Technology (GICS: 351030) witnessed a steep decline in median free cash margin from 17.40% to 13.68%.

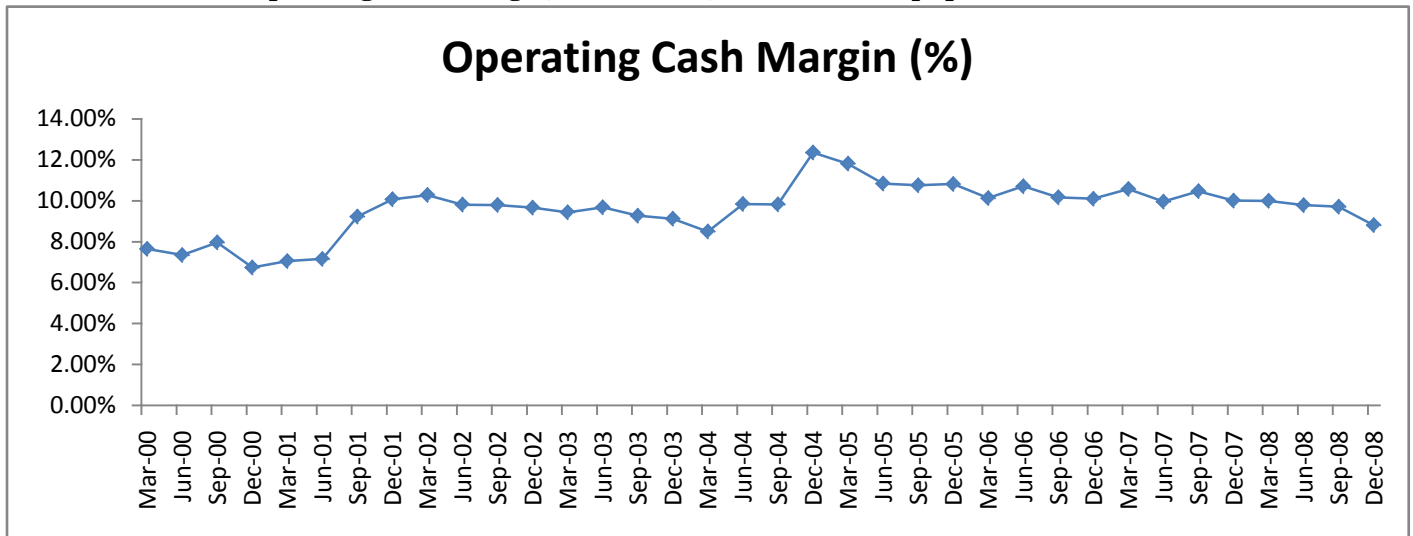
Cash Flow Margins

Exhibit 1: Median Free Cash Margin, 2000 – 2008, Health Care Equipment & Services (3510)



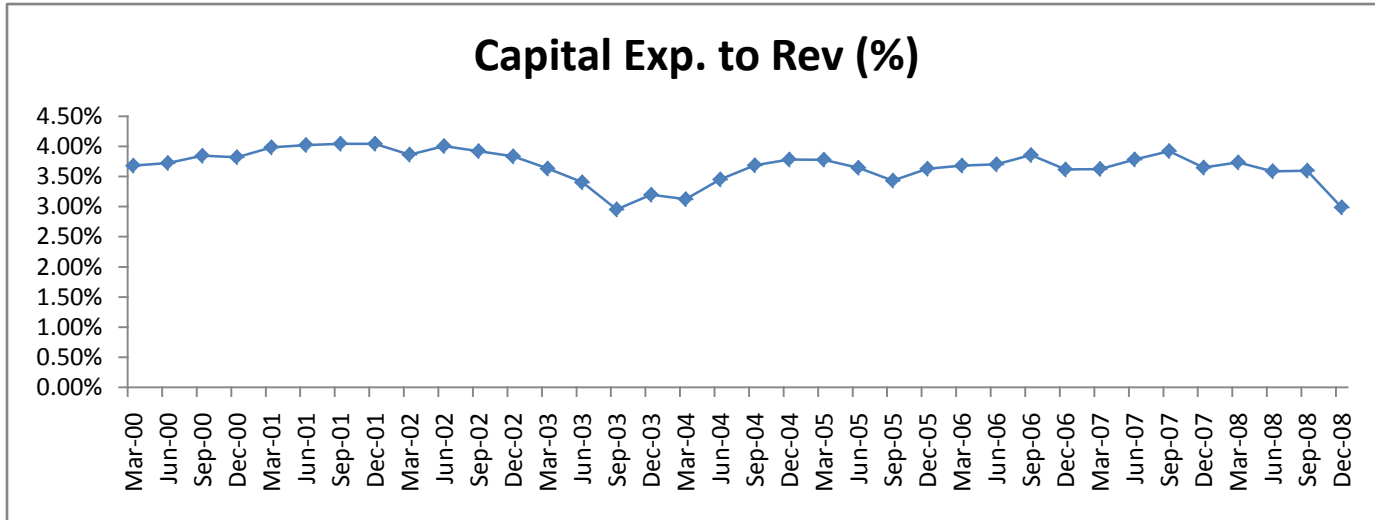
Refer to Table 1 for data supporting the graph.

Exhibit 2: Median Operating Cash Margin, 2000 – 2008, Health Care Equipment & Services (3510)



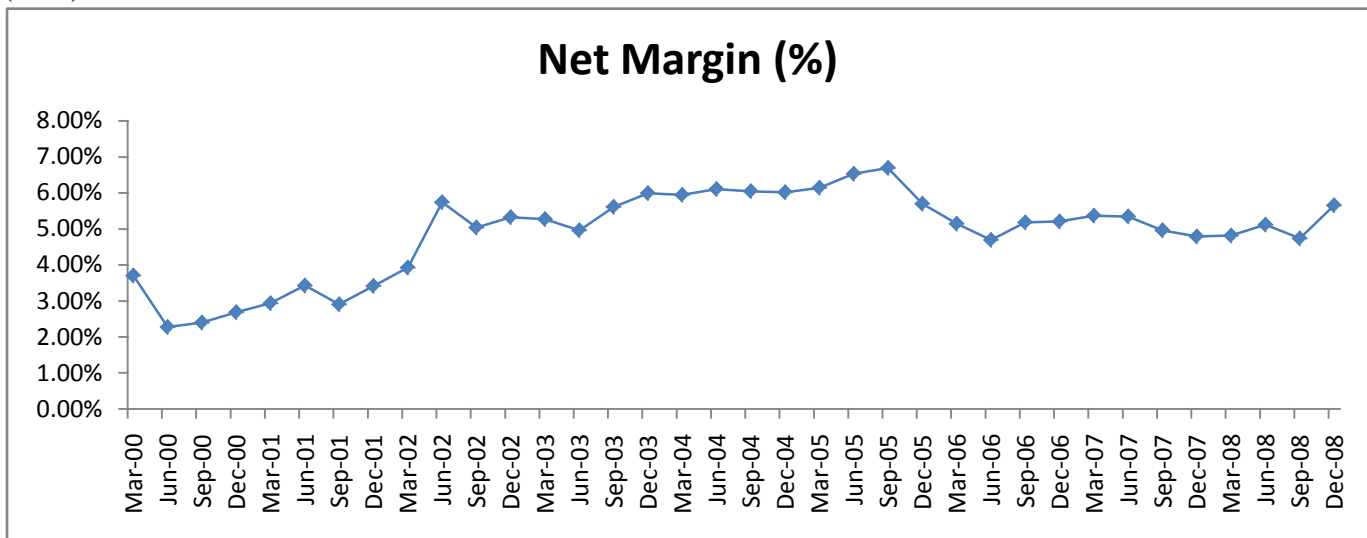
Refer to Table 1 for data supporting the graph.

Exhibit 3: Median Capital Exp. as a percentage to Revenue, 2000 – 2008, Health Care Equipment & Services (3510)



Refer to Table 1 for data supporting the graph.

Exhibit 4: Median Net Margin from Continuing Operations, 2000 – 2008, Health Care Equipment & Services (3510)



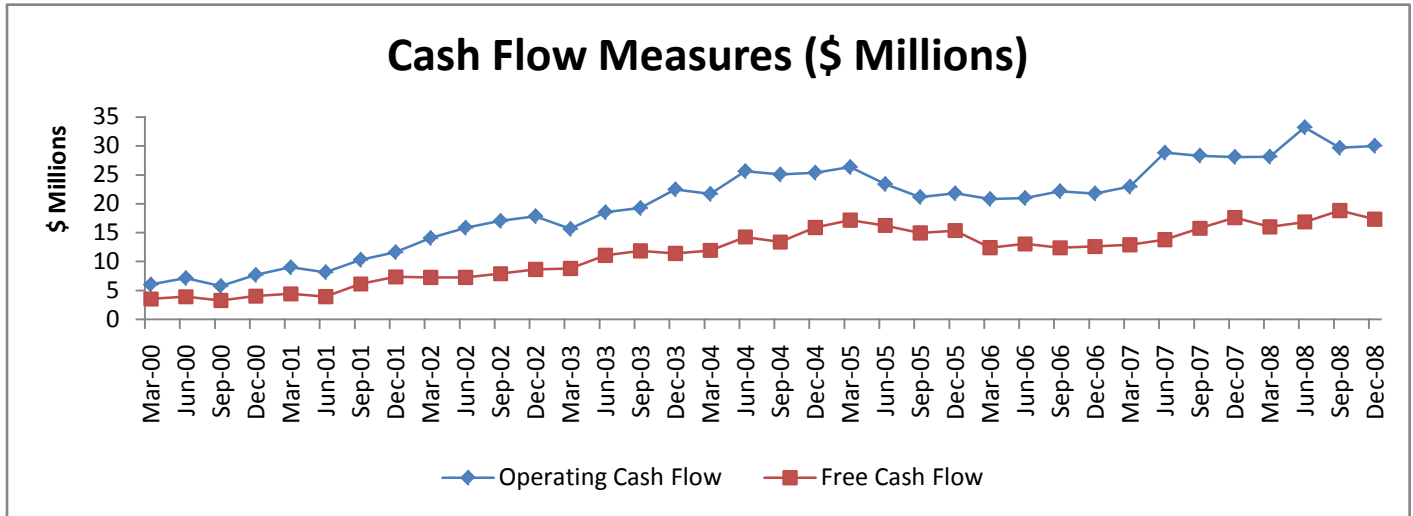
Refer to Table 1 for data supporting the graph.

Table 1: Median Margins, 2000 – 2008, Health Care Equipment & Services (3510)

Date	Operating Cash Margin (%)	Free Cash Margin (%)	Net Margin (%)	Capital Exp. to Rev (%)
Mar-00	7.65%	3.03%	3.70%	3.68%
Jun-00	7.34%	3.31%	2.28%	3.72%
Sep-00	7.96%	3.05%	2.40%	3.84%
Dec-00	6.74%	3.40%	2.69%	3.82%
Mar-01	7.05%	3.75%	2.94%	3.98%
Jun-01	7.15%	3.48%	3.43%	4.02%
Sep-01	9.23%	5.01%	2.91%	4.04%
Dec-01	10.07%	5.61%	3.42%	4.04%
Mar-02	10.28%	5.22%	3.93%	3.86%
Jun-02	9.81%	5.15%	5.74%	4.00%
Sep-02	9.79%	5.47%	5.04%	3.92%
Dec-02	9.66%	5.56%	5.32%	3.83%
Mar-03	9.44%	5.49%	5.27%	3.63%
Jun-03	9.68%	6.24%	4.96%	3.40%
Sep-03	9.27%	6.21%	5.61%	2.95%
Dec-03	9.12%	5.55%	5.99%	3.20%
Mar-04	8.50%	5.58%	5.94%	3.12%
Jun-04	9.84%	6.53%	6.10%	3.45%
Sep-04	9.82%	5.87%	6.05%	3.68%
Dec-04	12.36%	6.95%	6.02%	3.78%
Mar-05	11.81%	7.36%	6.14%	3.78%
Jun-05	10.84%	6.77%	6.53%	3.64%
Sep-05	10.75%	5.99%	6.69%	3.43%
Dec-05	10.82%	5.82%	5.70%	3.63%
Mar-06	10.13%	4.69%	5.14%	3.68%
Jun-06	10.71%	4.99%	4.69%	3.70%
Sep-06	10.17%	4.90%	5.18%	3.85%
Dec-06	10.10%	5.12%	5.21%	3.61%
Mar-07	10.57%	5.38%	5.37%	3.62%
Jun-07	9.96%	5.39%	5.34%	3.78%
Sep-07	10.47%	5.90%	4.96%	3.92%
Dec-07	10.00%	6.20%	4.79%	3.65%
Mar-08	10.00%	5.50%	4.81%	3.73%
Jun-08	9.78%	5.67%	5.12%	3.59%
Sep-08	9.71%	6.16%	4.73%	3.60%
Dec-08	8.81%	5.09%	5.65%	2.99%

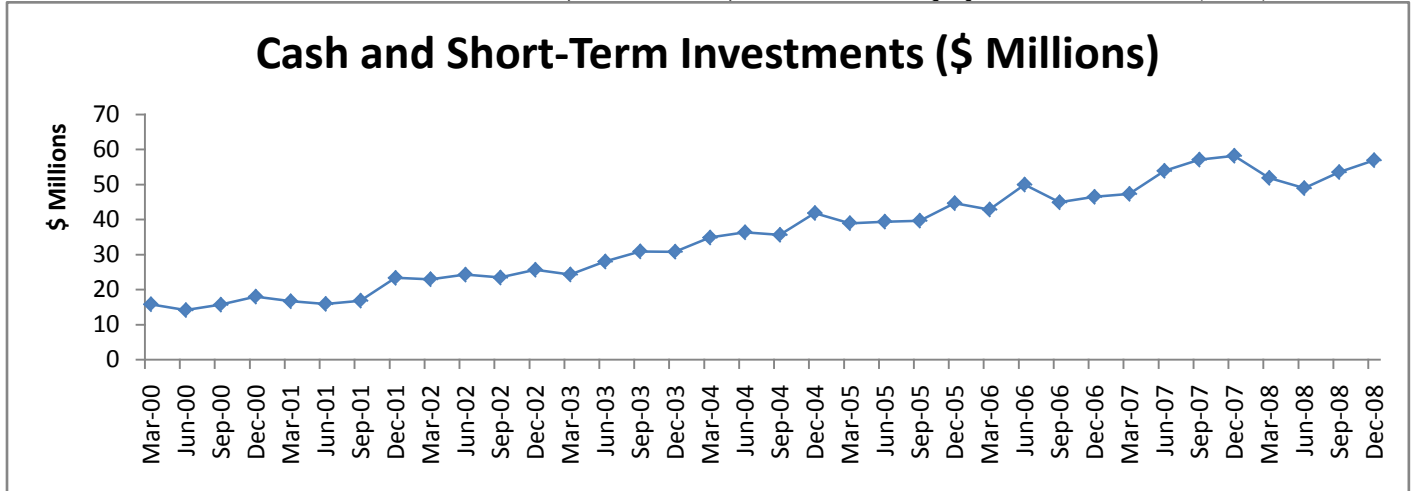
Cash Flow Measures

Exhibit 5: Median Free Cash Flow and Median Operating Cash Flow, 2000 – 2008, Health Care Equipment & Services (3510)



Refer to Table 2 for data supporting the graph.

Exhibit 6: Cash and Short-term Investments, 2000 – 2008, Health Care Equipment & Services (3510)



Refer to Table 2 for data supporting the graph.

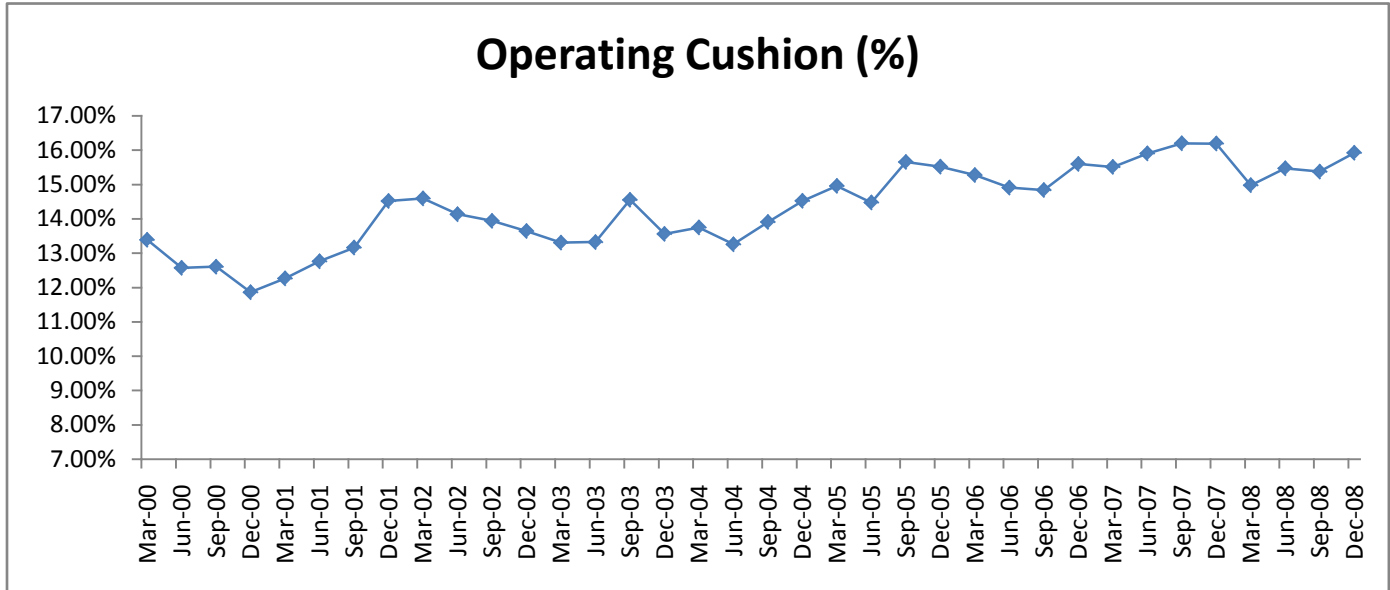
Table 2: Cash Flow Measures, 2000 – 2008, Health Care Equipment & Services (3510)

Date	Operating Cash Flow	% Change	Free Cash Flow	% Change	Cash and Short-Term Investments	% Change
Mar-00	6,036,000		3,523,870		15,813,000	
Jun-00	7,150,000	18.46%	3,903,814	10.78%	14,151,000	-10.51%
Sep-00	5,768,500	-19.32%	3,263,489	-16.40%	15,698,500	10.94%
Dec-00	7,699,000	33.47%	4,019,480	23.17%	17,992,000	14.61%
Mar-01	9,015,000	17.09%	4,417,283	9.90%	16,669,000	-7.35%
Jun-01	8,169,500	-9.38%	3,941,436	-10.77%	15,917,500	-4.51%
Sep-01	10,325,000	26.38%	6,119,469	55.26%	16,843,500	5.82%
Dec-01	11,629,000	12.63%	7,339,713	19.94%	23,343,500	38.59%
Mar-02	14,071,000	21.00%	7,260,750	-1.08%	22,958,000	-1.65%
Jun-02	15,853,000	12.66%	7,245,895	-0.20%	24,265,000	5.69%
Sep-02	17,028,000	7.41%	7,894,239	8.95%	23,431,000	-3.44%
Dec-02	17,841,000	4.77%	8,655,861	9.65%	25,652,000	9.48%
Mar-03	15,643,500	-12.32%	8,812,294	1.81%	24,311,000	-5.23%
Jun-03	18,517,000	18.37%	11,089,915	25.85%	28,012,000	15.22%
Sep-03	19,258,000	4.00%	11,861,830	6.96%	30,896,000	10.30%
Dec-03	22,480,000	16.73%	11,410,834	-3.80%	30,820,000	-0.25%
Mar-04	21,691,000	-3.51%	11,928,052	4.53%	34,848,000	13.07%
Jun-04	25,628,500	18.15%	14,263,439	19.58%	36,341,500	4.29%
Sep-04	25,045,500	-2.27%	13,382,923	-6.17%	35,626,000	-1.97%
Dec-04	25,366,500	1.28%	15,886,900	18.71%	41,841,500	17.45%
Mar-05	26,333,000	3.81%	17,179,160	8.13%	38,939,000	-6.94%
Jun-05	23,397,000	-11.15%	16,258,020	-5.36%	39,385,000	1.15%
Sep-05	21,157,000	-9.57%	14,958,626	-7.99%	39,664,000	0.71%
Dec-05	21,790,000	2.99%	15,359,094	2.68%	44,650,000	12.57%
Mar-06	20,808,500	-4.50%	12,413,799	-19.18%	42,844,000	-4.04%
Jun-06	20,983,000	0.84%	13,048,407	5.11%	49,961,000	16.61%
Sep-06	22,155,000	5.59%	12,381,423	-5.11%	44,907,000	-10.12%
Dec-06	21,773,000	-1.72%	12,603,641	1.79%	46,462,000	3.46%
Mar-07	22,942,000	5.37%	12,895,196	2.31%	47,304,500	1.81%
Jun-07	28,817,500	25.61%	13,784,502	6.90%	53,879,000	13.90%
Sep-07	28,305,000	-1.78%	15,764,034	14.36%	57,073,000	5.93%
Dec-07	28,082,500	-0.79%	17,621,122	11.78%	58,177,500	1.94%
Mar-08	28,125,000	0.15%	15,990,661	-9.25%	51,868,000	-10.85%
Jun-08	33,200,000	18.04%	16,868,387	5.49%	48,942,000	-5.64%
Sep-08	29,659,692	-10.66%	18,836,013	11.66%	53,525,000	9.36%
Dec-08	30,006,566	1.17%	17,343,713	-7.92%	56,915,000	6.33%

Cash Flow Drivers

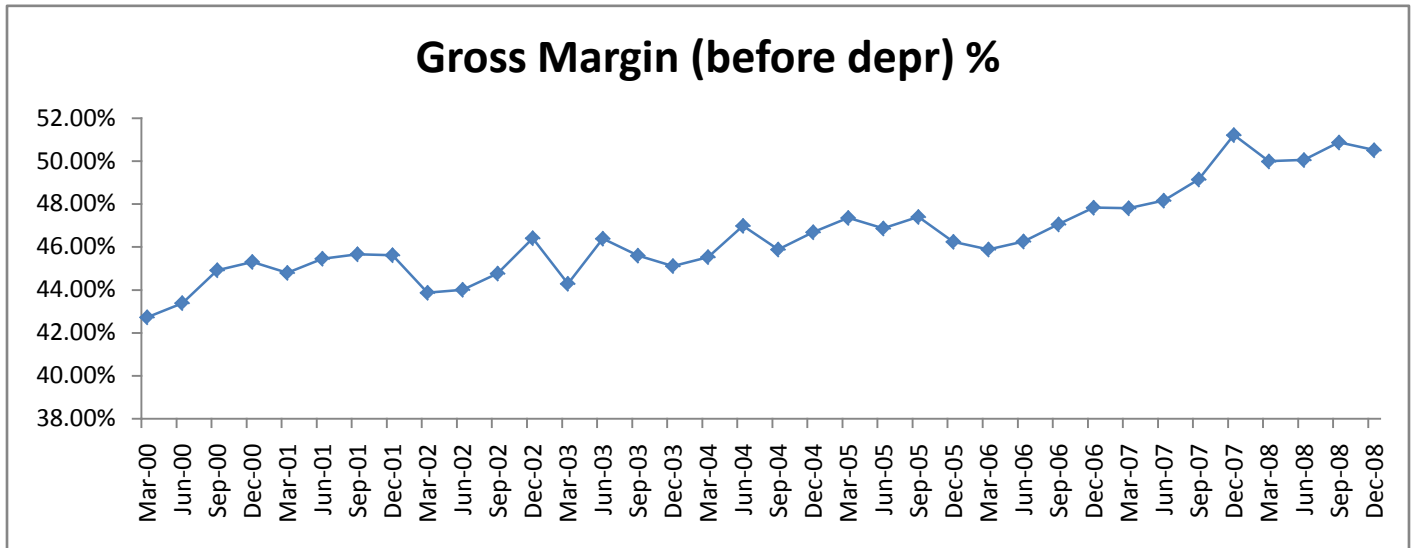
Profitability

Exhibit 7: Median Operating Cushion, 2000 – 2008, Health Care Equipment & Services (3510)



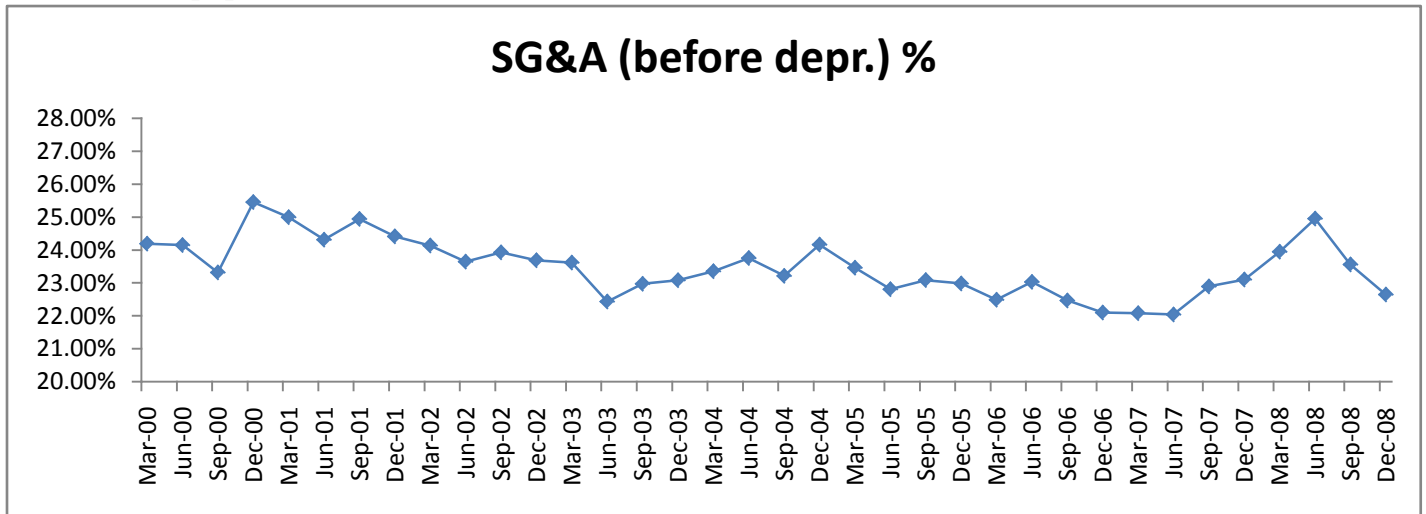
Refer to Table 3 for data supporting the graph.

Exhibit 8: Median Gross Margin % (before depreciation), 2000 – 2008, Health Care Equipment & Services (3510)



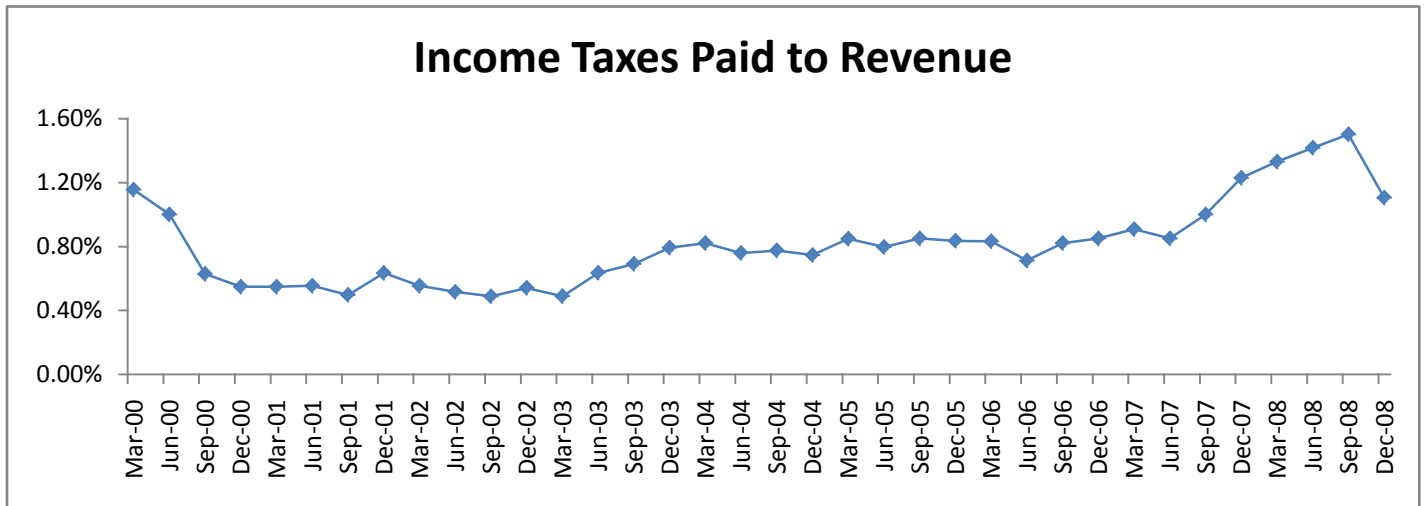
Refer to Table 3 for data supporting the graph.

Exhibit 9: Median Selling, General and Administrative Expense % (before depreciation), 2000 – 2008, Health Care Equipment & Services (3510)



Refer to Table 3 for data supporting the graph.

Exhibit 10: Median Income Taxes Paid % (before depreciation), 2000 – 2008, Health Care Equipment & Services (3510)



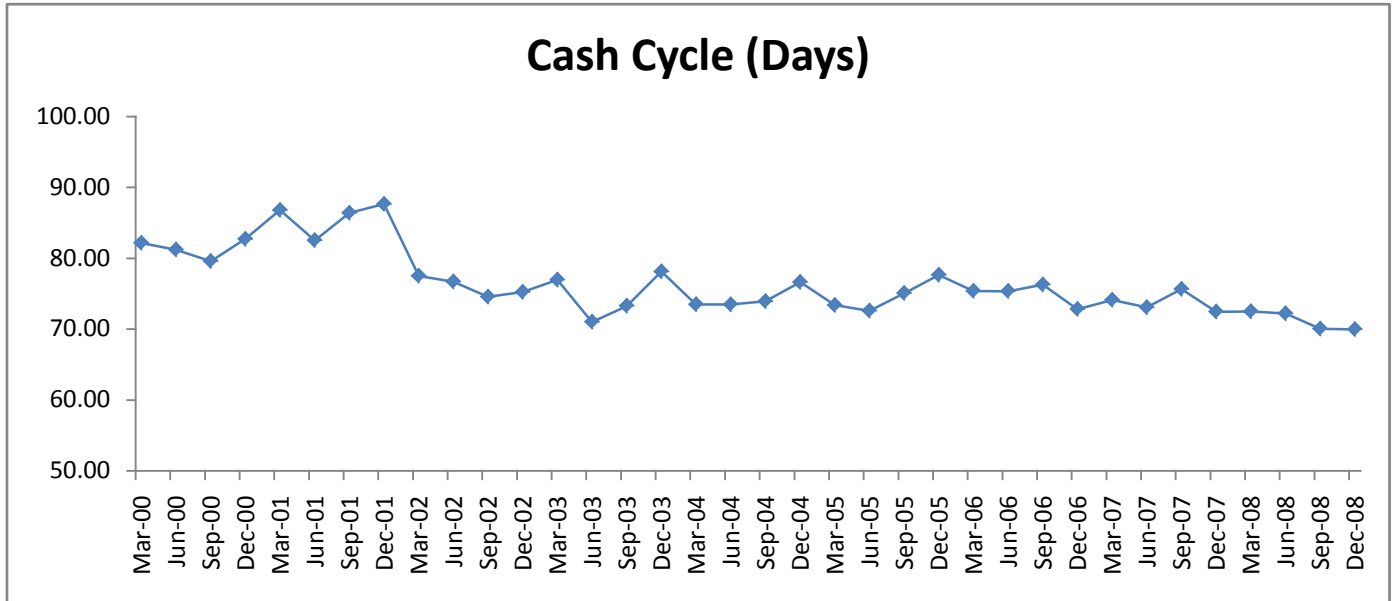
Refer to Table 3 for data supporting the graph.

Table 3: Profitability, 2000 – 2008, Health Care Equipment & Services (3510)

Date	Operating Cushion (%)	Gross Margin (before depr) %	SG&A (before depr.) %	Revenue	% Change	Income Taxes Paid to Revenue
Mar-00	13.39%	42.73%	24.19%	116,146,000		1.16%
Jun-00	12.57%	43.39%	24.15%	117,940,000	1.54%	1.00%
Sep-00	12.61%	44.92%	23.32%	107,105,000	-9.19%	0.63%
Dec-00	11.87%	45.30%	25.45%	118,220,000	10.38%	0.55%
Mar-01	12.27%	44.79%	25.00%	117,920,000	-0.25%	0.55%
Jun-01	12.77%	45.45%	24.31%	113,390,000	-3.84%	0.56%
Sep-01	13.17%	45.66%	24.94%	122,072,000	7.66%	0.50%
Dec-01	14.52%	45.62%	24.41%	130,856,000	7.20%	0.64%
Mar-02	14.60%	43.87%	24.14%	139,201,500	6.38%	0.56%
Jun-02	14.14%	44.01%	23.65%	140,779,000	1.13%	0.52%
Sep-02	13.94%	44.76%	23.93%	144,398,000	2.57%	0.49%
Dec-02	13.65%	46.41%	23.69%	155,597,000	7.76%	0.54%
Mar-03	13.31%	44.29%	23.62%	160,398,500	3.09%	0.49%
Jun-03	13.32%	46.39%	22.44%	177,723,000	10.80%	0.64%
Sep-03	14.55%	45.60%	22.97%	190,981,000	7.46%	0.69%
Dec-03	13.56%	45.11%	23.08%	205,786,000	7.75%	0.79%
Mar-04	13.75%	45.53%	23.36%	213,649,500	3.82%	0.82%
Jun-04	13.26%	46.98%	23.76%	218,362,500	2.21%	0.76%
Sep-04	13.91%	45.88%	23.21%	227,872,000	4.35%	0.78%
Dec-04	14.53%	46.69%	24.16%	228,457,000	0.26%	0.75%
Mar-05	14.96%	47.35%	23.46%	233,412,500	2.17%	0.85%
Jun-05	14.48%	46.86%	22.81%	240,148,000	2.89%	0.80%
Sep-05	15.66%	47.40%	23.09%	249,560,000	3.92%	0.85%
Dec-05	15.52%	46.24%	22.98%	263,766,000	5.69%	0.84%
Mar-06	15.28%	45.88%	22.49%	264,743,000	0.37%	0.83%
Jun-06	14.91%	46.26%	23.03%	261,334,000	-1.29%	0.71%
Sep-06	14.84%	47.05%	22.47%	252,476,000	-3.39%	0.82%
Dec-06	15.60%	47.83%	22.10%	246,405,500	-2.40%	0.85%
Mar-07	15.51%	47.80%	22.08%	239,866,000	-2.65%	0.91%
Jun-07	15.91%	48.16%	22.04%	255,552,500	6.54%	0.85%
Sep-07	16.20%	49.14%	22.89%	267,006,000	4.48%	1.00%
Dec-07	16.19%	51.21%	23.10%	284,257,500	6.46%	1.23%
Mar-08	14.98%	49.99%	23.95%	290,528,000	2.21%	1.33%
Jun-08	15.47%	50.05%	24.95%	297,765,000	2.49%	1.42%
Sep-08	15.38%	50.87%	23.56%	305,581,000	2.62%	1.50%
Dec-08	15.92%	50.51%	22.65%	340,674,000	11.48%	1.11%

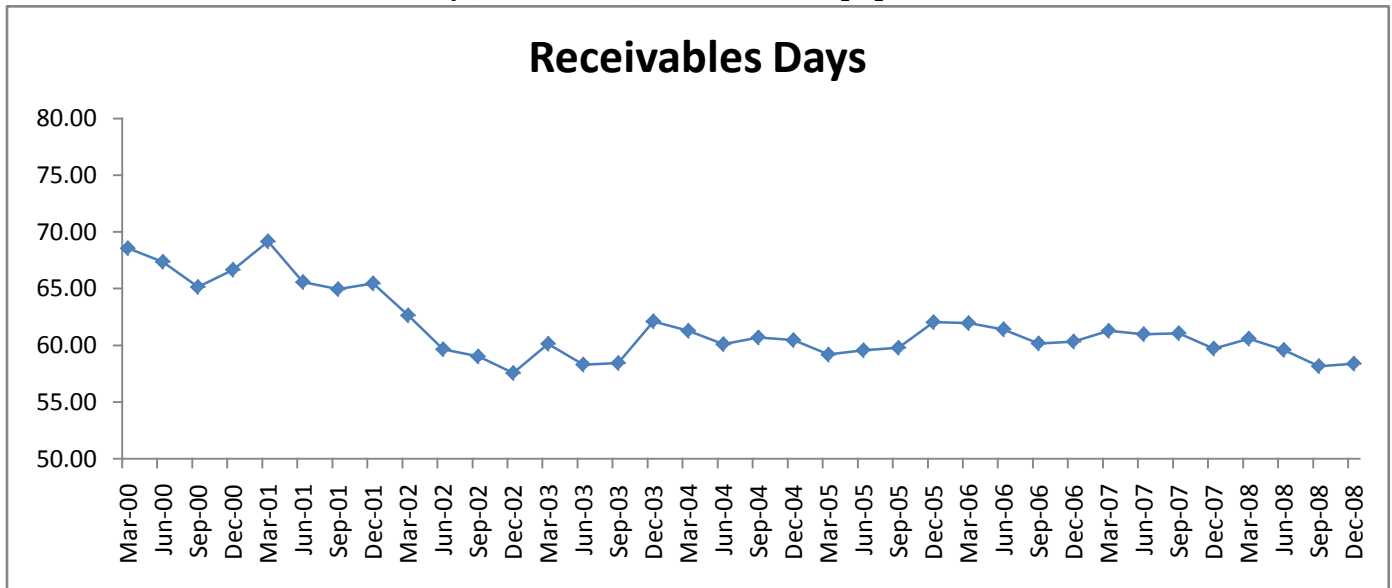
Efficiency

Exhibit 11: Median Cash Cycle, 2000 – 2008, Health Care Equipment & Services (3510)



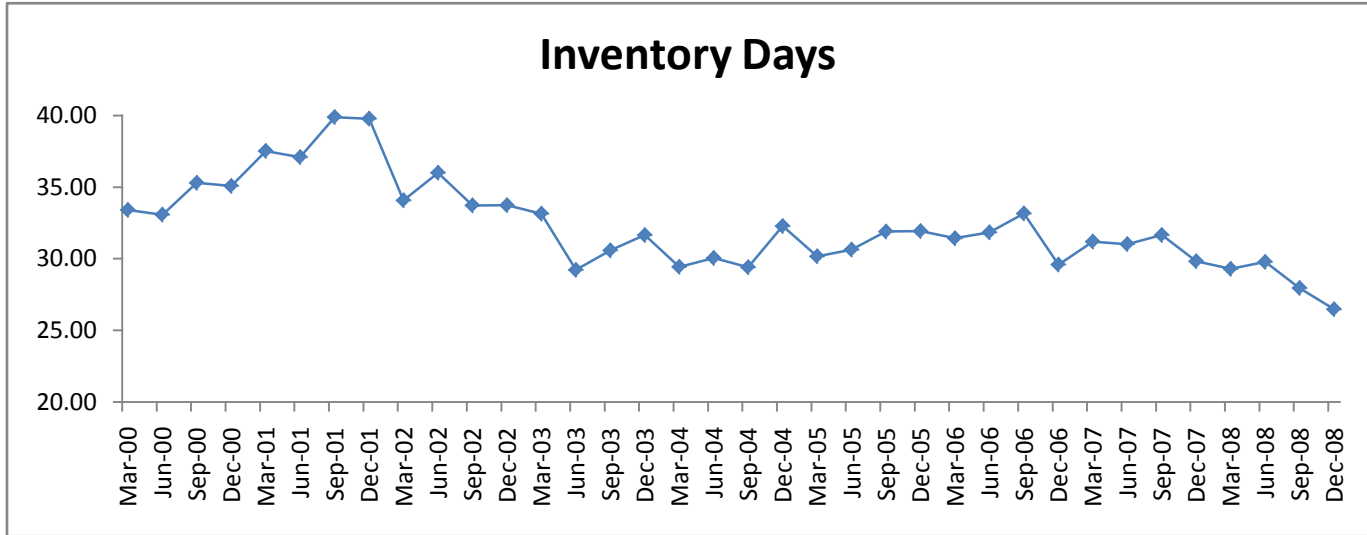
Refer to Table 4 for data supporting the graph.

Exhibit 12: Median Receivables Days, 2000 – 2008, Health Care Equipment & Services (3510)



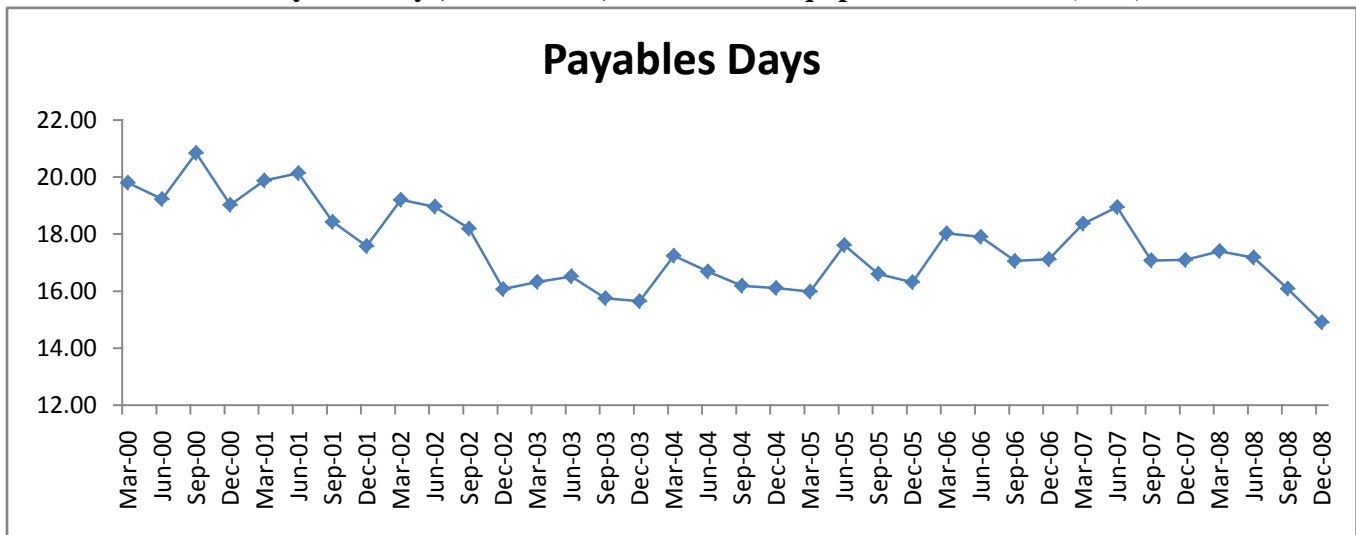
Refer to Table 4 for data supporting the graph.

Exhibit 13: Median Inventory Days, 2000 – 2008, Health Care Equipment & Services (3510)



Refer to Table 4 for data supporting the graph.

Exhibit 14: Median Payables Days, 2000 – 2008, Health Care Equipment & Services (3510)



Refer to Table 4 for data supporting the graph.

Table 4: Efficiency, 2000 – 2008, Health Care Equipment & Services (3510)

Date	Cash Cycle (Days)	Receivables Days	Inventory Days	Payables Days
Mar-00	82.17	68.56	33.40	19.79
Jun-00	81.22	67.37	33.07	19.22
Sep-00	79.60	65.15	35.29	20.84
Dec-00	82.73	66.67	35.08	19.02
Mar-01	86.81	69.17	37.52	19.87
Jun-01	82.54	65.58	37.09	20.13
Sep-01	86.41	64.96	39.88	18.42
Dec-01	87.67	65.47	39.77	17.57
Mar-02	77.52	62.65	34.07	19.20
Jun-02	76.70	59.66	36.00	18.96
Sep-02	74.56	59.03	33.72	18.19
Dec-02	75.24	57.57	33.73	16.06
Mar-03	76.97	60.15	33.14	16.32
Jun-03	71.02	58.32	29.22	16.51
Sep-03	73.28	58.45	30.58	15.75
Dec-03	78.13	62.12	31.65	15.64
Mar-04	73.49	61.29	29.43	17.24
Jun-04	73.47	60.11	30.05	16.68
Sep-04	73.92	60.70	29.40	16.18
Dec-04	76.64	60.46	32.28	16.10
Mar-05	73.38	59.19	30.17	15.98
Jun-05	72.60	59.57	30.63	17.61
Sep-05	75.09	59.79	31.89	16.60
Dec-05	77.66	62.04	31.93	16.31
Mar-06	75.38	61.97	31.42	18.02
Jun-06	75.36	61.42	31.84	17.90
Sep-06	76.28	60.18	33.16	17.05
Dec-06	72.82	60.35	29.59	17.11
Mar-07	74.12	61.29	31.19	18.36
Jun-07	73.06	60.99	31.01	18.94
Sep-07	75.65	61.08	31.65	17.07
Dec-07	72.46	59.73	29.82	17.09
Mar-08	72.49	60.60	29.29	17.40
Jun-08	72.21	59.61	29.77	17.17
Sep-08	70.05	58.17	27.96	16.08
Dec-08	69.97	58.40	26.47	14.90

Health Care Equipment & Supplies (351010)

Exhibit 15: Median Free Cash Margin, 2000 – 2008, Health Care Equipment & Supplies (351010)

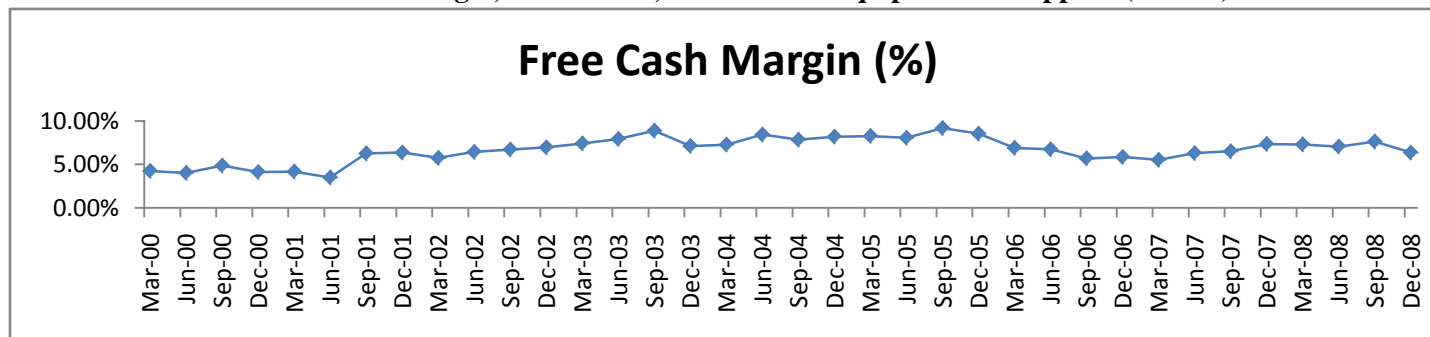


Table 5: 2000 – 2008, Health Care Equipment & Supplies (351010)

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	4.26%	9.69%	3.68%	6.14%	17.30%	1.04%	114.20	13,407,000
Jun-00	4.03%	10.63%	3.72%	6.21%	15.67%	0.81%	110.58	13,987,000
Sep-00	4.87%	10.74%	3.84%	5.65%	16.13%	0.35%	112.62	17,135,500
Dec-00	4.14%	8.02%	3.82%	4.98%	16.26%	0.73%	117.71	19,115,500
Mar-01	4.19%	9.05%	3.98%	4.47%	15.43%	0.71%	116.93	18,148,000
Jun-01	3.52%	9.76%	4.02%	5.64%	17.36%	0.56%	118.02	15,917,500
Sep-01	6.27%	10.17%	4.04%	5.41%	17.05%	0.51%	117.13	16,308,000
Dec-01	6.37%	11.85%	4.04%	6.15%	16.94%	0.61%	114.71	31,280,000
Mar-02	5.75%	12.98%	3.86%	6.33%	17.07%	0.56%	114.74	26,230,000
Jun-02	6.44%	13.50%	4.00%	7.29%	16.83%	0.59%	114.13	26,193,500
Sep-02	6.72%	13.68%	3.92%	7.12%	16.81%	0.59%	110.94	23,580,000
Dec-02	6.96%	12.56%	3.83%	7.68%	16.70%	0.37%	108.34	28,321,000
Mar-03	7.41%	11.76%	3.63%	7.14%	17.13%	0.41%	108.02	28,411,000
Jun-03	7.92%	12.20%	3.40%	6.71%	17.38%	0.56%	108.50	34,273,000
Sep-03	8.87%	12.69%	2.95%	7.96%	18.22%	1.06%	100.58	35,341,000
Dec-03	7.13%	11.71%	3.20%	8.55%	18.04%	0.90%	103.66	33,559,000
Mar-04	7.28%	11.80%	3.12%	8.05%	17.38%	1.05%	100.96	38,941,000
Jun-04	8.43%	13.44%	3.45%	8.30%	17.63%	0.88%	98.74	40,000,000
Sep-04	7.84%	12.79%	3.68%	7.74%	17.85%	0.83%	100.06	35,419,500
Dec-04	8.19%	14.07%	3.78%	7.86%	18.61%	0.68%	99.54	44,656,000
Mar-05	8.27%	13.75%	3.78%	7.72%	19.43%	0.75%	97.83	38,939,000
Jun-05	8.06%	14.02%	3.64%	8.58%	18.73%	0.80%	100.24	39,870,000
Sep-05	9.18%	14.90%	3.43%	8.91%	20.79%	0.85%	102.74	41,814,000
Dec-05	8.53%	13.53%	3.63%	8.97%	19.10%	0.85%	101.86	46,390,000
Mar-06	6.91%	14.21%	3.68%	8.61%	18.82%	0.87%	98.46	45,127,000
Jun-06	6.75%	13.93%	3.70%	7.31%	19.94%	0.70%	98.64	53,412,000
Sep-06	5.70%	13.06%	3.85%	7.09%	19.93%	0.80%	97.28	45,217,500
Dec-06	5.86%	13.02%	3.61%	7.02%	20.18%	0.83%	98.82	49,653,000
Mar-07	5.53%	13.65%	3.62%	6.32%	19.72%	0.82%	100.35	54,212,000
Jun-07	6.30%	12.39%	3.78%	6.46%	18.81%	0.82%	102.36	62,041,000
Sep-07	6.51%	11.99%	3.92%	6.52%	18.83%	1.04%	99.60	60,540,500
Dec-07	7.35%	12.39%	3.65%	6.67%	19.79%	1.26%	100.11	60,346,500
Mar-08	7.30%	11.78%	3.73%	6.54%	18.33%	1.31%	101.07	60,220,000
Jun-08	7.06%	11.63%	3.59%	6.84%	18.27%	1.13%	98.25	61,127,000
Sep-08	7.64%	11.95%	3.60%	6.19%	18.70%	1.49%	96.78	67,085,000
Dec-08	6.37%	10.28%	2.99%	8.19%	19.18%	1.52%	100.00	68,142,000

Health Care Providers & Services (351020)

Exhibit 16: Median Free Cash Margin, 2000 – 2008, Health Care Providers & Services (351020)

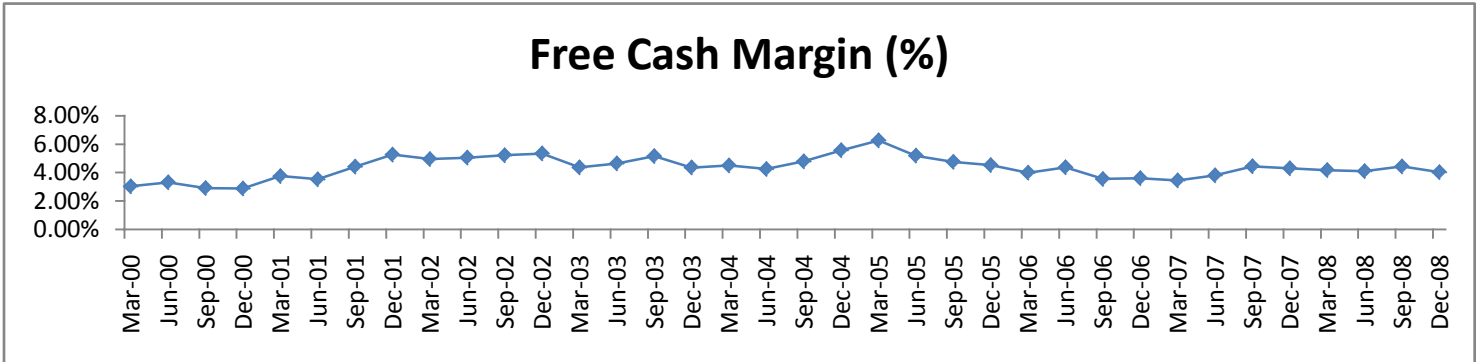


Table 6: 2000 – 2008, Health Care Providers & Services (351020)

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	3.03%	6.32%	5.55%	1.94%	10.99%	1.51%	43.37	16,823,000
Jun-00	3.31%	6.62%	5.56%	1.52%	11.17%	1.28%	45.42	11,098,500
Sep-00	2.91%	6.95%	5.54%	1.83%	10.42%	1.41%	46.61	8,153,000
Dec-00	2.88%	6.58%	4.68%	2.38%	10.47%	0.66%	49.21	10,756,000
Mar-01	3.75%	6.08%	5.32%	2.61%	10.79%	0.68%	45.84	12,209,000
Jun-01	3.52%	6.22%	5.40%	2.98%	11.45%	0.79%	45.14	12,624,000
Sep-01	4.42%	7.60%	5.62%	2.76%	11.62%	0.66%	45.31	16,368,000
Dec-01	5.26%	7.17%	4.99%	2.87%	11.16%	0.76%	44.00	20,805,000
Mar-02	4.94%	7.18%	5.05%	3.21%	11.42%	0.73%	43.51	22,218,000
Jun-02	5.05%	7.50%	4.89%	3.46%	11.39%	0.73%	41.73	20,894,000
Sep-02	5.21%	7.69%	5.46%	4.24%	11.64%	0.71%	43.68	22,631,500
Dec-02	5.34%	8.17%	5.03%	4.18%	10.65%	0.87%	41.20	23,000,000
Mar-03	4.36%	6.84%	4.34%	4.36%	10.47%	0.78%	43.14	21,755,000
Jun-03	4.64%	6.30%	4.60%	3.92%	10.37%	0.76%	41.75	25,306,000
Sep-03	5.15%	6.53%	4.21%	3.34%	10.09%	0.76%	42.11	27,428,000
Dec-03	4.35%	6.87%	4.11%	3.56%	10.24%	0.78%	40.41	26,715,000
Mar-04	4.50%	6.65%	4.19%	4.12%	10.39%	0.79%	41.18	30,221,500
Jun-04	4.25%	7.40%	4.67%	4.20%	11.06%	0.78%	40.53	31,264,500
Sep-04	4.78%	8.39%	5.13%	4.52%	11.71%	0.85%	39.50	42,318,500
Dec-04	5.57%	8.41%	4.59%	3.58%	12.35%	1.06%	39.15	35,824,000
Mar-05	6.26%	9.11%	4.63%	4.21%	12.46%	1.06%	41.85	38,193,000
Jun-05	5.19%	8.39%	4.68%	4.31%	12.26%	0.97%	38.14	35,776,000
Sep-05	4.75%	6.12%	4.85%	3.46%	12.30%	0.97%	39.03	34,073,000
Dec-05	4.52%	6.64%	4.95%	3.51%	12.26%	0.92%	39.63	34,633,000
Mar-06	3.99%	6.51%	4.88%	3.79%	12.64%	0.87%	41.42	35,510,500
Jun-06	4.37%	6.65%	5.19%	3.25%	12.37%	0.85%	39.93	31,706,000
Sep-06	3.54%	6.62%	5.24%	3.41%	12.68%	0.92%	39.97	25,494,000
Dec-06	3.60%	7.14%	5.24%	3.40%	12.85%	0.91%	40.38	26,223,000
Mar-07	3.44%	6.83%	4.58%	3.59%	12.73%	1.00%	41.62	30,581,000
Jun-07	3.80%	7.38%	4.71%	3.10%	12.31%	0.94%	38.43	28,930,000
Sep-07	4.44%	7.44%	4.76%	3.27%	12.71%	1.00%	38.85	34,375,000
Dec-07	4.30%	7.23%	4.49%	3.42%	12.77%	1.41%	39.37	39,975,000
Mar-08	4.17%	6.94%	4.63%	3.39%	12.19%	1.47%	41.43	32,900,000
Jun-08	4.10%	7.84%	4.38%	3.72%	12.30%	1.51%	39.92	32,134,000
Sep-08	4.43%	8.18%	4.28%	3.98%	12.22%	1.55%	39.33	44,286,000
Dec-08	4.02%	7.09%	3.72%	3.83%	12.47%	1.11%	38.85	37,703,000

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.

Health Care Technology (351030)

Exhibit 17: Median Free Cash Margin, 2000 – 2008, Health Care Technology (351030)

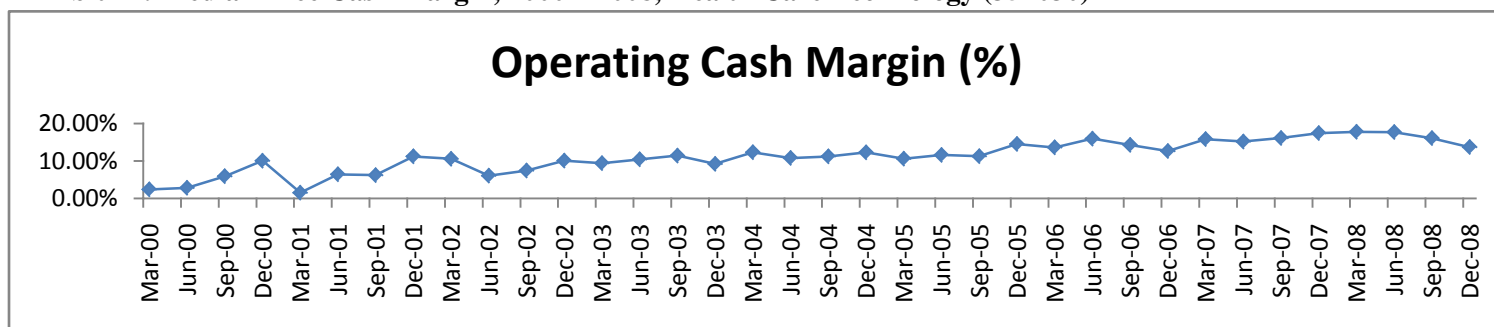


Table 7: 2000 – 2008, Health Care Technology (351030)

Date	Operating Cash Margin (%)	Net Margin (%)	Capital Exp. to Rev (%)	Operating Cushion (%)	Income taxes paid to revenue (%)	Cash Cycle	Cash and Short-Term Investments
Mar-00	2.39%	4.90%	2.74%	11.51%	0.30%	95.71	31,928,000
Jun-00	2.81%	10.14%	2.42%	10.17%	0.30%	69.37	23,084,000
Sep-00	5.90%	19.71%	1.63%	3.08%	0.30%	73.33	17,900,000
Dec-00	10.02%	20.25%	1.96%	11.97%	0.14%	93.14	20,799,000
Mar-01	1.50%	21.26%	1.77%	6.29%	0.14%	88.63	52,449,000
Jun-01	6.41%	14.30%	1.94%	2.26%	0.14%	74.81	49,534,000
Sep-01	6.18%	7.25%	2.24%	4.92%	0.03%	57.81	24,819,000
Dec-01	11.20%	4.27%	1.98%	13.32%	0.01%	71.47	28,026,000
Mar-02	10.53%	1.04%	1.82%	15.63%	0.01%	67.05	27,391,000
Jun-02	6.05%	6.39%	1.86%	13.02%	0.00%	61.85	23,320,000
Sep-02	7.41%	3.74%	1.90%	11.86%	0.00%	77.11	24,175,000
Dec-02	10.06%	6.49%	1.73%	8.10%	0.12%	69.34	26,191,000
Mar-03	9.37%	8.15%	1.94%	14.69%	0.08%	68.36	23,306,500
Jun-03	10.40%	6.77%	1.69%	15.60%	0.08%	66.16	32,069,000
Sep-03	11.39%	7.85%	1.66%	16.38%	0.15%	57.57	34,845,000
Dec-03	9.18%	7.15%	1.97%	13.03%	0.45%	65.03	33,857,500
Mar-04	12.29%	6.20%	2.00%	10.55%	0.42%	62.21	34,763,000
Jun-04	10.76%	6.44%	1.90%	9.95%	0.42%	61.76	36,348,000
Sep-04	11.19%	3.99%	2.19%	9.88%	0.26%	66.34	31,888,000
Dec-04	12.26%	2.96%	2.43%	12.22%	0.37%	65.50	33,132,000
Mar-05	10.57%	3.74%	2.17%	12.14%	0.37%	62.35	49,101,500
Jun-05	11.57%	2.16%	2.51%	12.21%	0.37%	61.93	52,550,500
Sep-05	11.23%	2.82%	2.28%	15.56%	0.37%	73.64	50,831,000
Dec-05	14.49%	1.98%	2.20%	13.32%	0.19%	79.61	62,432,000
Mar-06	13.59%	4.06%	2.30%	13.94%	0.19%	76.44	64,216,500
Jun-06	15.91%	5.50%	2.13%	14.73%	0.23%	66.09	63,733,000
Sep-06	14.24%	6.93%	2.21%	15.26%	0.33%	62.39	63,477,000
Dec-06	12.61%	9.47%	2.31%	16.87%	0.46%	57.66	70,944,000
Mar-07	15.80%	11.09%	2.38%	18.25%	0.46%	61.58	76,967,000
Jun-07	15.14%	11.84%	2.37%	16.81%	0.46%	59.23	134,549,000
Sep-07	16.08%	11.87%	2.31%	16.04%	0.45%	64.33	119,648,000
Dec-07	17.40%	11.21%	2.23%	18.05%	0.29%	63.32	136,972,000
Mar-08	17.74%	10.70%	2.45%	19.15%	0.29%	61.36	96,562,000
Jun-08	17.68%	9.22%	2.56%	16.53%	0.29%	54.73	67,510,000
Sep-08	16.05%	9.80%	2.72%	16.10%	0.29%	53.57	69,380,000
Dec-08	13.68%	11.26%	2.24%	17.79%	0.39%	59.24	83,603,500