## **CPI** Insights



Volume 3, November 29, 2016

CPI, for corporate performance index, is a summary score of financial excellence that rates a company against its industry peers on a percentile scale. It tends to confirm a company's TSR rank when the rank is right, challenges TSR when it is wrong, and explains the factors that are determining TSR in any case.

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**The Dandy Dons of Corporate America**. Don Meredith was a popular quarterback and sportscaster, famous for his rendition of "Turn the lights out, the party's over" on Monday night football. Reports indicate, though, that beneath a happy-go-lucky façade lurked a heavy boozing, pill popping, mad man. Here we present the corporate equivalent – the 50 companies that superficially look good per TSR but which CPI reveals to have deep seated issues.

| Ticker   Name   Sub-Industry   Sale   CPI   TRM   EVA   Store   Number   Time   Impl     1   A.A.   AMERICAN ARLINES GROUP INC   Artihes   Sale  |    | · ·    | , , ,                       | 5 1  |         | _     | 3-   | CDI  | N/11/A        |      | EVA    |      | 2 V.   |      | Mkt    |      |
|--|----|--------|-----------------------------|--|---------|-------|------|------|---------------|------|--------|------|--------|------|--------|------|
| Ticker   Name   Sub-Industry   Set PVA   <   |    |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| Titler   Name   Sub-Industry   Sales   Score   Instruct   Score   Score   Instruct   Score   Score <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td>   |    |        |                             |  |         |       |      |      | -             |      | -      |      |        |      |        |      |
| 1 AAL AMERICAN ARLINES GROUP NC Attines 540021 22 100 27 3.8 27 3.58 27 3.58 27 3.58 27 3.58 27 3.58 27 3.58 2.33 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.238 9 2.25 65 4.448 77 5.56 41 4.458 77 5.56 41 4.458 7 5.56 41 4.458 2.55 5.2 5.56 41 4.858 2.2 2.908 1.898 1.008 58 58 -0.518 58 0.618 58 0.2448 58 0.518 2.0333 31 1.848 58 -0.518 2.038 31 4.85 8.0178 2.0138 58 58 57 51.57 7.1188  |    |        |                             |  |         | CPI   | TSR  | TSR  | MVA           | %    | EVA    | %    | EVA    |      | EVA    |      |
| 2   ALC   MACQUARE INFRASTRUCTURE CP<br>INTRASTRUCTURE CP<br>INTRASTRUCTURE CP   Freight Transportation<br>Communications Equipment<br>S7410   S7410   81   807   80.7   21.38   9   2.238   1.188   1.188   1.188   1.188   1.188   1.188   1.188   1.188   1.188   1.188   1.188   1.188   1.1181   1.1181   1.1181  |    | Ticker | Name                        | Sub-Industry                               | Sales   | Score | Rank | Rank | /Sales        | tile | /Sales | tile | Мо     | tile | Мо     | tile |
| 3   HARRIS CORP   Communications Equipment   \$7410   14   81   65   20%   65   2.7%   5   1.07%   48     5   EXPEDIA.INC   III & Gas Diffield   \$1359   27   93   66   13%   62   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.2%   52   -0.3%   59   -0.4%   59   50   50   55   -0.1%   50   0.6%   50   -0.5%   50   0.4%   24   -0.4%   1.13%   70   1.13%   70   1.13%   70   1.13%   70   1.14%   71   1.14%   70   1.14%   71   1.14%   70   1.14%   70   1.14%   70 <t< td=""><td>1</td><td>AAL</td><td>AMERICAN AIRLINES GROUP INC</td><td>Airlines</td><td>\$40021</td><td>22</td><td>100</td><td>-78</td><td>-1%</td><td>27</td><td>3.8%</td><td>27</td><td>1.53%</td><td>30</td><td>-0.50%</td><td>64</td></t<>  | 1  | AAL    | AMERICAN AIRLINES GROUP INC | Airlines                                   | \$40021 | 22    | 100  | -78  | -1%           | 27   | 3.8%   | 27   | 1.53%  | 30   | -0.50% | 64   |
| 4   HELARENCH & PAYNE   OII & Gas Drilling   \$1359   24   90   66   114%   92   14.4%   77   5.80%   17   2.80%   67     6   LXK   LEXMARK INT, INC, -CL, A   Technology Hardware   \$3432   15   79   66   38   27   -5.0%   41   -1.43%   30   0.63%   57   -0.08%   11.8%   67   -0.09%   12   -2.0%   91   18.9%   100   57   63   31   4.5%   50   -0.09%   12   -2.0%   9   -0.01%   -0.09%   12   -0.09%   12   -0.09%   12   -0.01%   11.8%   67   -0.09%   12   -0.01%   11.3%   50   -0.5%   9   0.43%   61   -0.17%   24   10   12.5%   1.00   1.48%   14   12.8%   14   12.5%   1.01   11.12%   7   1.01   1.14%   1.01   1.48%   1.01   1.48%   1.48%   1.45%   1.01   <   | 2  | MIC    | MACQUARIE INFRASTRUCTURE CP | Freight Transportation                     | \$1616  | 24    | 94   | -70  | 217%          | 93   | -7.2%  | 9    | -2.33% | 9    | 2.23%  | 98   |
| 5   EDPEDIA.INC   Internet & Catalog Retail   58379   27   358   26   135%   62   0.28%   24   1.18%   67     1   XK   EVAMARK INTL.INC -CLA   Brown Tochology Hardware   \$3482   15   79   664   132%   81   8.6%   22   2.0%   9   1.8%   70   70   76   | 3  | HRS    | HARRIS CORP                 | Communications Equipment                   | \$7410  | 14    | 81   | -67  | 80%           | 65   | -3.5%  | 55   | -2.71% | 5    | 1.07%  | 48   |
| 6   LXX   LEXMARK INTL. INC. CL. A   Technology Hardware   \$3482   15   79   664   35   27   5.05   41   1.435   32   0.635   59     7   CHTR CHARTRE COMMUNICATIONS INC   Food B Everage   \$318231   28   91   80   375   23   2.445   48   0.465   57   0.099   12     9   DLTR DOLLAR TREE INC   Department Stores   \$106   31   41   100   59   633   1.4   48   80   0.515   9   0.435   61   0.1775   2.4     17   FS   FELUTIV MATIONAL INFO SVCS   Industrial Conglomerates   \$3658   45   100   55   1.412, 1.225   11.111   1.298   7   1.111   1.298   7   1.111   1.298   7   1.111   1.298   7   1.115   7   1.414   1.298   7   1.115   7   1.118   7   1.418   1.298   1.112   1.112   1.414   1.298   1.1  | 4  | HP     | HELMERICH & PAYNE           | Oil & Gas Drilling                         | \$1859  | 24    | 90   | -66  | 114%          | 92   | -14.4% | 77   | -5.80% | 17   | 2.86%  | 46   |
| 7 CHTR CHARTER COMMUNICATIONS INC Broadcastit Cableds stellite \$13653 27 90 60 182% 81 8.6.6% 22 2.90% 9 1.8% 100   9 DLTR DOLLAR TREE INC Department Stores \$20333 41 100 59 63% 83 1.4% 58 0.6.1% 7 0.000 14 70 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 59 0.4% 50 0.4% 50 0.5% 57 1.0% 10 1.4% 70 0.44% 64 100 55 106% 10 11 1.2% 74 0.4% 57 1.2% 14 10 57 1.2% 14 10.5% 14 10.7% 14 10.7% 14 10.7% 14 10.7% 14 10.7% 14 10.7% 14 <t< td=""><td>5</td><td>EXPE</td><td>EXPEDIA INC</td><td>Internet &amp; Catalog Retail</td><td></td><td>27</td><td></td><td>-65</td><td>135%</td><td>62</td><td>-0.2%</td><td>52</td><td>-0.28%</td><td>24</td><td>1.18%</td><td>67</td></t<>   | 5  | EXPE   | EXPEDIA INC                 | Internet & Catalog Retail                  |         | 27    |      | -65  | 135%          | 62   | -0.2%  | 52   | -0.28% | 24   | 1.18%  | 67   |
| 8 TSN TSON FOODS INCCL. A Food & Beverage \$382.31 22 91 R5 37% 23 2.4% 48 0.4% 57 0.09% 12% 50% 14% 58 0.05% 537.85 23 2.4% 48 0.4% 57 0.09% 12% 58 63% 83 1.4% 58 0.05% 57 1.0% 51 2.0% 15 1.01% 11 1.2% 74   11 F15 F15 F16 F11 Coll Coll Coll Coll 55 1.00% 15 1.1% 71 1.1% 7 0.44% 44 250% 50% 6 1.05% 25 13 0.46% 34 37% 2 2.8% 7.2% 1.1% 7 0.44% 45 37% 4 1.5% 7 1.1% 7 0.44% 45 56 14 4 653 56 56 46 1.4% 653 56 46 1.4% 7.0% 3.0% 0.8% 0.03% 0.03% 1.2% 1.  | 6  | LXK    | LEXMARK INTL INC -CL A      | Technology Hardware                        | \$3482  | 15    | 79   | -64  | 3%            | 27   | -5.0%  | 41   | -1.43% | 32   | 0.63%  | 59   |
| 9   DLLAR   DOLLAR   TREE   DOLLAR   TREE   NC   Department Störes   \$52033   41   0   83   1.4%   58   0.51%   27   0.13%   58     11   FIS   FDELITY NATIONAL INFO SVCS   Outsourced Services   \$8670   14   70   55   70.5%   91   2.0%   15   -1.01%   11   1.2%   7   1.11%   7   0.44%   61   0.14%   14     12   CSL   CARLISE COS INC   Industrial Conglomerates   \$3608   61   0.55   51   2.0%   7   1.11%   7   0.44%   64     14   ZBRA TECHNOLOGIES COS INC   Communications Equipment   \$3608   67   59   52   7   1.11%   7   0.44%   68   1.05%   54   2.55%   7   1.11%   7   0.44%   68   1.05%   61   0.018%   43   68   1.06%   68   1.06%   61   0.018%   44   68   1.06%   | 7  | CHTR   | CHARTER COMMUNICATIONS INC  | Broadcast&Cable&Satellite                  | \$13653 | 27    | 90   | -63  | 182%          | 81   | -8.6%  | 22   | -2.90% | 9    | 1.89%  | 100  |
| 10 GOODYEAR TIRE & RUBBER CO. Aufo & Suppliers \$15480 14 72 58 938.0 -6.58 9 0.438.61 -0.17% 24   12 CSL CARLISLE COS INC Industrial Conglomerates \$3658 45 100 555 108 52 5.15.57 1.01% 11 12% 7.4   13 POST FOST HOLDINGS INC Food & Beverage \$3608 6 60 555 38% 25 -2.5% 7 -1.1% 7 0.48% 64   15 OSK OSHKOSH HOLDING CO INC ComstaggBrarm Machinery \$5608 6 60 55 46 -1.7% 32 -0.2% 30 0.68% 34   16 COMM CORE HOLDING CO INC ComstaggBrarm Machinery \$562 9% 13 -0.5% 30 0.80% 64 -1.0% 32 3.7% 43   17 MAK MALLINCKRODT FLC Pharmaceuticals \$3638 74 49 455 49% 51.1% 7 -1.0% 28 1.52% 18 -0.2% 55  | 8  | TSN    | TYSON FOODS INC -CL A       | Food & Beverage                            | \$38231 | 28    | 91   | -63  | 37%           | 23   | 2.4%   | 48   | 0.46%  | 57   | -0.09% | 12   |
| 11 FIS FDELITY NATIONAL INFO SVCS Outsourced services \$8670 14 70 551 1-0.58 17.08 10 1.29% 74   13 POST FOST HELDINGS INC Food & Beverage \$5076 6 61 555 383 25 2.5% 7 1.11% 7 0.48% 64   14 ZBRA TECHNOLOGIES CP - CL A ElectronicAOffice Equipment \$3608 60 54 50% 41 -0.7% 41 -1.52% 13 0.46% 34   16 COMM COMMSCOPE HOLDING CO INC ComstungleFarm Machinery \$4566 41 94 52 9% 68 -0.08% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.81% 30 0.75% 64 40% 32 31% 0 0.98% 4  | 9  | DLTR   | DOLLAR TREE INC             | Department Stores                          | \$20393 | 41    | 100  | -59  | 63%           | 83   | 1.4%   | 58   | -0.51% | 27   | 0.13%  | 58   |
| 12 CSL CARLISLE COS INC Industrial Conglomerates \$3658 45 100 557 12.0% 100 0.14% 14   13 POST POST FOOD & Beverage 5076 6 61 555 388 25 -2.58 7 1.11% 7 0.44% 64   15 OSK OSHKOSH CORP ConstAggBrarm Machinery \$6279 10 22 55 54 1.0.77% 41 1.5.2% 13 0.46% 34   16 COMM COME HOLDING CO INC ConstAggBrarm Machinery \$6279 10 22 55 54 1.0.77% 41 -1.52% 13 0.46% 34   17 MNK MALLINCKRODT PLC Pharmaceuticals \$3666 7 59 52 9% 13 -0.09% 4 -0.03% 60 0.03% 64 1.60% 51 1.60% 50 1.60% 56 1.60% 56 1.60% 56 1.60% 56 1.60% 50 0.03% 64 1.60% 50 0.03% 56 1.60%  | 10 | GT     | GOODYEAR TIRE & RUBBER CO   | Auto & Suppliers                           | \$15480 | 14    | 72   | -58  | - <b>9</b> 3% | 0    | -6.5%  | 9    | 0.43%  | 61   | -0.17% | 24   |
| 13 POST <   | 11 | FIS    | FIDELITY NATIONAL INFO SVCS | Outsourced Services                        | \$8670  | 14    | 70   | -55  | 176%          | 51   | -2.0%  | 15   | -1.01% | 11   | 1.29%  | 74   |
| 14 ZERA, TECHNOLOGIES CP -CL A Electronic@Office Equipment \$3408 6 60 554 50% 41 -0.7% 41 -1.52% 13 0.46% 34   15 OSK OSHKOSH COPP Cons&Ag@fram Machinery \$5229 10 62 53 5% 66 -1.7% 32 0.24% 26 0.23% 46   16 COMMSCOPE HOLDING CO INC Communications Equipment \$4566 41 9.4 55 72 4.7% 54 -0.03% 30 0.81% 43   17 MNK MALLINCRRODT PLC Pharmaceuticals \$3069 47 96 32.1% 4-0.03% 30 0.87% 64 -0.9% 64 -0.05% 60 1.87% 41 -0.5% 30 0.87% 64 -0.9% 42 -0.3% 30 0.87% 64 -0.87% 30 0.87% 64 -0.37% 42 -0.37% 64 69% 32.1% 0.07% 30 0.67% 30 0.67% 50 0.37% 50 0.37% 50 0.37% <t< td=""><td>12</td><td>CSL</td><td>CARLISLE COS INC</td><td>Industrial Conglomerates</td><td>\$3658</td><td>45</td><td>100</td><td>-55</td><td>108%</td><td>29</td><td>5.1%</td><td>57</td><td>1.20%</td><td>100</td><td>0.14%</td><td>14</td></t<>  | 12 | CSL    | CARLISLE COS INC            | Industrial Conglomerates                   | \$3658  | 45    | 100  | -55  | 108%          | 29   | 5.1%   | 57   | 1.20%  | 100  | 0.14%  | 14   |
| 15 05K 05HK05H CORP ConsBagBram Machinery \$627 938 558 46 -1.78 32 -0.848 26 -0.238 66   16 COMM SCOPE HOLDING CO INC Communications Equipment \$4566 41 94 953 938 68 -1.08 54 -2.568 33 0.808 28 13 -6.98 54 -2.568 33 0.808 28 12.28 18   17 MAK MALLINCKRODT PLC Pharmaceuticals \$3686 7 59 52 938 68 -1.08 54 -2.568 32 0.878 64 .087 54 -0.038 28 12.28 18   20 CAB CABELAS INC Specialty Stores \$4194 305 -3 -46 49% 63 -3.1% 0 -0.08% 4 -0.08% 4 -0.08% 61 -0.18% 52 24 44 564 12.5% 78 -3.33% 30 0.67% 78 -0.09% 61 -0.01% 50 0.9% 59 0.9%   | 13 | POST   | POST HOLDINGS INC           | Food & Beverage                            | \$5076  | 6     | 61   | -55  | 38%           | 25   | -2.5%  | 7    | -1.11% | 7    | 0.48%  | 64   |
| 16 COMMS COPE HOLDING CO INC Communications Equipment \$4566 41 94 93 68 -1.0% 78 -0.50% 30 0.81% 43   17 MNK MALLINCKRODT PLC Pharmaceuticals \$3686 7 59 52 9% 73 -6.9% 54 -2.56% 30 0.81% 43   19 MSFT MLCROSOFT CORP Software \$\$8399 47 96 -49 255% 72 4.7% 54 -0.03% 30 0.80% 28   20 CAB CABELAS INC Specialty Stores \$\$4199 15 62 +46 49% 63 -3.1% 0 -0.98% 4 0.06% 62 12.12% 18 0.04% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61 -0.18% 61   | 14 | ZBRA   | ZEBRA TECHNOLOGIES CP -CL A | Electronic&Office Equipment                | \$3608  | 6     | 60   | -54  | 50%           | 41   | -0.7%  | 41   | -1.52% | 13   | 0.46%  | 34   |
| 16 COMMS COMMS COPE HOLDING CO INC Communications Equipment \$4566 41 94 #53 93% 68 -1.0% 78 -0.50% 30 0.81% 43   17 MNK MALLINCKRODT PLC Pharmaceuticals \$3089 47 796 #52 9% 13 -6.9% 54 -2.66% 33 0.80% 28   19 MSFT MLCROSOFT CORP Software \$83394 47 796 #49 153 0 -0.9% 44 0.6% 63 -1.6% 24 -0.0% 63 -1.6% 24 0.6% 63 -1.6% 20 -1.6% 20 -1.6% 23 .7% 58 0.54% 61 -1.6% 23 .7% 58 0.54% 61 -0.8% 20.7% 23 .7% 58 0.54% 61 .0.8% 41 0.0% 63 .1% 0.0.9% 50 .0.8% 30 .67% 73 -3.33% 33 0.67% 27 .6% 18 .6% 12.5% FE FE FE FE FE   | 15 | OSK    | OSHKOSH CORP                |  | \$6279  | 10    | 62   | -53  | 5%            | 46   | -1.7%  | 32   | -0.84% | 26   | 0.23%  | 46   |
| 18 GEN GLOBAL PAYMENTS INC Outsourced Services \$3089 47 96 49 255% 72 4.7% 54 -0.03% 36 0.87% 64   19 MSFT MICROSOFT CORP Software \$83394 35 83 -48 416% 67 16.9% 96 -1.60% 28 1.52% 18   20 CAB CABELAS INC Specialty Stores \$4199 15 62 -46 49% 63 -1.8% 64 -0.98% 4 0.09% 4 0.09% 4 0.07% 27   21 LLY LUY DC Pharmaceuticals \$20837 24 66% 61 3.5% 68 1.08% 81 0.00% 18   24 KK KROGER CO Prood & staples Retailing \$11249 38 80 -42 14% 52 -7.7% 3.33 30 0.07% 27   25 SPB SPECTRUM BRANDS HOLDINGS INC Household/Personal Products \$5098 52 94 42 14% 52 -7.7% <td>16</td> <td>COWW</td> <td>COMMSCOPE HOLDING CO INC</td> <td></td> <td>\$4566</td> <td>41</td> <td>94</td> <td>-53</td> <td>93%</td> <td>68</td> <td>-1.0%</td> <td>78</td> <td>-0.50%</td> <td>30</td> <td>0.81%</td> <td>43</td>  | 16 | COWW   | COMMSCOPE HOLDING CO INC    |  | \$4566  | 41    | 94   | -53  | 93%           | 68   | -1.0%  | 78   | -0.50% | 30   | 0.81%  | 43   |
| 19 MSFT MICROSOFT CORP Software \$85394 35 83 48 416% 67 16.9% 96 1.6% 28 1.52% 18   20 CAB CABELAS INC Specialty Stores \$4199 15 62 46 49% 63 3.1% 0 -0.98% 4 0.60% 96   21 LLY LLLY (ELI) 0.CO Pharmaceuticals \$20837 24 69 45 192% 38 5.7% 73 -3.33% 33 0.67% 27   23 HII HUNTINGTON INGALLS IND INC Arospace & Defense \$7168 52 96 442 16% 50 0.9% 60 -0.03% 5   25 SPB SPECTRUM BRANDS HOLDINGS INC Construction & Engineering \$7345 16 58 42 14% 50 1.3% 20 0.03% 6 -0.03% 6 0.4% 60 -0.13% 10 -44 10.7% 10 44 0.7% 10 44 0.7% 6 1.04% 6 1.03% 6 <td>17</td> <td>MNK</td> <td>MALLINCKRODT PLC</td> <td>Pharmaceuticals</td> <td>\$3686</td> <td>7</td> <td>59</td> <td>-52</td> <td>9%</td> <td>13</td> <td>-6.9%</td> <td>54</td> <td>-2.56%</td> <td>33</td> <td>0.80%</td> <td>28</td>   | 17 | MNK    | MALLINCKRODT PLC            | Pharmaceuticals                            | \$3686  | 7     | 59   | -52  | 9%            | 13   | -6.9%  | 54   | -2.56% | 33   | 0.80%  | 28   |
| 19 MSFT MICROSOFT CORP Software \$85394 35 83 48 416% 67 16.9% 96 1.6% 28 1.52% 18   20 CAB CABELAS INC Specialty Stores \$4199 15 62 46 49% 63 3.1% 0 -0.98% 4 0.60% 96   21 LLY LLLY (ELI) 0.CO Pharmaceuticals \$20837 24 69 45 192% 38 5.7% 73 -3.33% 33 0.67% 27   23 HII HUNTINGTON INGALLS IND INC Arospace & Defense \$7168 52 96 442 16% 50 0.9% 60 -0.03% 5   25 SPB SPECTRUM BRANDS HOLDINGS INC Construction & Engineering \$7345 16 58 42 14% 50 1.3% 20 0.03% 6 -0.03% 6 0.4% 60 -0.13% 10 -44 10.7% 10 44 0.7% 10 44 0.7% 6 1.04% 6 1.03% 6 <td>18</td> <td>GPN</td> <td>GLOBAL PAYMENTS INC</td> <td>Outsourced Services</td> <td>\$3089</td> <td>47</td> <td>96</td> <td>-49</td> <td>255%</td> <td>72</td> <td>4.7%</td> <td>54</td> <td>-0.03%</td> <td>36</td> <td>0.87%</td> <td>64</td>  | 18 | GPN    | GLOBAL PAYMENTS INC         | Outsourced Services                        | \$3089  | 47    | 96   | -49  | 255%          | 72   | 4.7%   | 54   | -0.03% | 36   | 0.87%  | 64   |
| 20 CAB CABELAS INC Specialty Stores \$4199 15 62 446 49% 63 -3.1% 0 -0.98% 4 0.60% 96   21 PPC PILGRIMS PRIDE CORP Food & Beverage \$7984 30 76 46 49% 32 3.7% 58 0.5% 61 -0.08% 4 0.60% 96   23 HII HUNTINGTON INGALLS IND INC Aerospace & Defense \$7168 52 96 444 66% 61 3.5% 68 1.00% 18   24 KR KR KNOGER CO Food & Staples Retailing \$112409 88 0.42 16% 50 0.9% 0.0% 0.0%3 55   25 SPB SPECTRUM BRANDS HOLDINGS INC Household&Personal Products \$5098 52 94 42 94% 50 1.3% 46 0.0%3 50 0.4% 40 0.3% 50 0.4% 40 0.3% 50 0.4% 40 0.3% 50 0.4% 40 0.3% 50 0.4% 40 0.3%<  | 19 | MSFT   | MICROSOFT CORP              |  | \$85394 | 35    | 83   | -48  | 416%          | 67   | 16.9%  | 96   | -1.60% | 28   | 1.52%  | 18   |
| 121 PPC PLCGRMS PRIDE CORP Food & Éverage \$7984 30 76 446 49% 32 3.7% 58 0.54% 61 -0.18% 5   22 LLY LILY (EL) & CO Pharmaceuticals \$20837 24 69 45 192% 38 5.7% 73 -3.33% 33 0.67% 27   23 HII HUNTINGTON INGALLS IND INC Aerospace & Defense \$7168 52 94 460% 50 0.9% 59 0.09% 60 0.03% 55   25 SPB SPECTRUM BRANDS HOLDINGS INC Household&Personal Products \$5098 52 94 42 94% 50 1.3% 27 0.66% 80 0.35% 65   27 SIG SIGMET JEWELERS LTD Construction & Engineering \$7345 16 58 442 14% 50 1.2% 60 0.7% 10.44% 78   28 SCI SERVICE CORP INTERNATIONAL Construction & Engineering \$7473 83 36 -1.0% 50 0.1% 50 0.1  | 20 | CAB    |                             | Specialty Stores                           | \$4199  | 15    | 62   | -46  | 49%           | 63   | -3.1%  | 0    | -0.98% | 4    | 0.60%  | 96   |
| 22 LLY LILY (EL) 0 Pharmaceuticals \$20837 24 69 45 192% 38 5.7% 73 -3.33% 33 0.67% 27   23 HII HUNTINGTON INGALLS IND INC Aerospace & Defense \$7168 52 56 44 66% 61 .3.5% 68 1.0.8% 81 0.00% 18   24 KR RK ROGER CO Food & Staples Retailing \$112409 38 0.42 16% 50 0.9% 50 0.3% 56   25 SPB SPECTRUM BRANDS HOLDINGS INC Household&Personal Products \$5098 52 94 442 94% 50 1.3% 27 0.66% 80 0.35% 65   26 PWR QUANTA SERVICES INC Construction & Engineering \$7345 16 88 40 81 40 81 40 81 40 81 40 81 40 81 40 81 40 81 40 81 40.03% 52 41.66% 61 44% 60 <   | 21 | PPC    | PILGRIM'S PRIDE CORP        |  | \$7984  | 30    | 76   | -46  | 49%           | 32   | 3.7%   | 58   |        | 61   | -0.18% | 5    |
| 23 HII HUNTINGTON INGALLS IND INC Aerospace & Defense \$7168 52 96 #44 66% 61 3.5% 68 1.08% 81 0.00% 18   24 KR RKROGER CO Food & Staples Retailing \$112409 38 80 -42 16% 50 0.9% 59 0.09% 60 -0.03% 55   25 SPE SPECTEUM BRANDS HOLDINGS INC Household@Personal Products \$5098 52 94 -42 94% 50 0.9% 60 0.03% 65   27 SIG SIGNET JEWELERS LTD Specialty Stores \$2991 49 89 -40 81% 50 1.2% 60 0.7% 55 -0.61% 53 0.14% 56   29 NCR NCR CORP Technology Hardware \$6421 23 63 -39 8% 66 -1.0% 55 -0.61% 53 0.14% 56 0.49% 73 25 34 1.6% 62 1.32% 75 1.85% 28 28 1.0% 1.11% 30 <  |    | LLY    |                             |  | \$20837 | 24    | 69   | -45  | 192%          | 38   | 5.7%   | 73   | -3.33% | 33   | 0.67%  | 27   |
| 24   KR   KROGER CO   Food & Staples Retailing   \$112409   38   80   42   16%   50   0.9%   59   0.09%   60   -0.03%   5     25   SPB   SPECTRUM BRANDS HOLDINGS INC   HouseholdtPersonal Products   \$5098   52   94   42   94%   50   1.3%   27   0.66%   80   0.35%   65     26   PWR   COnstruction & Engineering   \$7345   16   58   42   14%   52   2.7%   22   .10.0%   17   19     28   SCI   SERVICE CORP INTERNATIONAL   Consumer Services   \$2991   49   89   -40   81%   50   1.2%   46   0.70%   61   0.44%   67     29   NCR   NCR CORP   Technology Hardware   \$4349   37   75   38   87%   46   -0.3%   52   0.49%   73     30   CDNS   CADENCE DESIGN SYSTEMS INC   Software   Software   \$1788   49 <t< td=""><td>23</td><td>HII</td><td></td><td>Aerospace &amp; Defense</td><td>\$7168</td><td>52</td><td>96</td><td>-44</td><td>66%</td><td>61</td><td>3.5%</td><td>68</td><td>1.08%</td><td>81</td><td>0.00%</td><td>18</td></t<> | 23 | HII    |                             | Aerospace & Defense                        | \$7168  | 52    | 96   | -44  | 66%           | 61   | 3.5%   | 68   | 1.08%  | 81   | 0.00%  | 18   |
| 25 SPR SPECTRUM BRANDS HOLDINGS INC Household&Personal Products \$5098 52 94 -42 94% 50 1.3% 27 0.66% 80 0.35% 65   26 PWR QUANTA SERVICES INC Construction & Engineering \$7345 16 58 -42 14% 52 -2.7% 22 -1.0% 17 0.44% 78   27 SIG SIGNET JURVILEES INC Specialty Stores \$6580 38 80 -42 29% 56 2.5% 63 0.14% 64 0.17% 19   28 SCI SERVICE CORP INTERNATIONAL Consumer Services \$2991 49 89 -40 81% 50 1.2% 46 0.7% 5 1.61% 57 1.8% 28 1.4% 67 1.2% 46 0.7% 75 1.8% 36 1.0% 50 0.44% 73 3 16 0.7% 7 3.8% 46 -0.3% 12 0.03% 56 0.44% 73 38 71 0.16% 71 0.03% 56  |    | KR     |                             |  |         |       | 80   | -42  | 16%           | 50   | 0.9%   | 59   |        | 60   | -0.03% | 5    |
| 26 PWR QUANTA SERVICES INC Construction & Engineering \$7345 16 58 42 14% 52 -2.7% 22 1.00% 17 0.44% 78   27 SIG SIGNET_JEWELERS LTD Specialty Stores \$66580 38 80 -42 29% 56 2.5% 63 0.14% 54 -0.17% 19   28 SCI SERVICE CORP INTERNATIONAL Consumer Services \$2991 49 9 -40 81% 36 -1.0% 55 -0.61% 53 0.14% 67   29 NCR NCR CORP Technology Hardware \$6421 23 63 39 8% 36 -1.0% 57 -0.61% 53 0.14% 67   30 CDNY COTY INC Household@Personal Products \$4349 89 -39 225 34 1.6% 62 1.32% 75 1.8% 29 0.09% 73   32 BLL BALL_CORP Metal & Glass Containers \$7687 45 83 -38 20% 71 0.16%<  |    | SPB    |                             |  |         | 52    | 94   | -42  | 94%           | 50   | 1.3%   | 27   |        | 80   | 0.35%  | 65   |
| 27 SIG SIGNET JEWELERS LTD Specialty Stores \$6580 38 80 +42 29% 56 2.5% 63 0.14% 54 -0.17% 19   28 SCI SERVICE CORP Technology Hardware \$6421 23 63 39 8% 36 -1.0% 55 -0.61% 53 0.14% 36   29 NCR NCR CORP Technology Hardware \$6421 23 63 39 8% 36 -1.0% 55 -0.61% 53 0.14% 36 0.0% 55 -0.61% 53 0.14% 36 0.0% 57 34 1.6% 62 1.3% 75 38 87% 46 -0.3% 12 -0.03% 56 0.49% 73   32 BLL BALL CORP Metal & Glass Containers \$7687 45 83 -38 69% 71 1.3% 90 .42 0.3% 60 .23% 29 0.09% 29 34 53 8.1% 90 .18% 90 .42 .0.3% 60   | 26 | PWR    |                             |  | \$7345  | 16    | 58   | -42  | 14%           | 52   | -2.7%  | 22   | -1.00% | 17   | 0.44%  | 78   |
| 28 SCI SERVICE CORP INTERNATIONAL Consumer Services \$2991 49 89 40 81% 50 1.2% 46 0.70% 61 0.44% 67   29 NCR NCR CORP Technology Hardware \$6421 23 63 -39 8% 36 -1.0% 55 -0.61% 53 0.14% 36   30 CDNS CADENCE DESIGN SYSTEMS INC Software \$1788 49 89 39 22% 34 1.6% 62 1.32% 75 1.85% 28   31 COTY COTY INC Household@Personal Products \$4349 37 75 -38 87% 46 -0.3% 12 -0.03% 16 -0.49% 71 2.3% 86 -0.23% 29 0.09% 29 37 74 81 81% 90 -1.8% 26 1.00% 16 -0.07% 71 0.18% 26 1.00% 16 -0.23% 16 0.23% 39 0.0% 42 -0.03% 36 0.23% 39 0.0% 42<   |    | SIG    |                             |  |         |       | 80   | -42  | 29%           | 56   |        | 63   | 0.14%  | 54   | -0.17% | 19   |
| 29 NCR NCR CORP Technology Hardware \$6421 23 63 39 8% 36 -1.0% 55 -0.61% 53 0.14% 36   30 CONS CADENCE DESIGN SYSTEMS INC Software \$1788 49 89 -39 225% 34 1.6% 62 1.32% 75 1.85% 28   31 COTY COTY INC Household&Personal Products \$4349 37 75 38 87% 46 -0.3% 12 -0.03% 56 0.49% 73   32 BLL BALL CORP Metal & Glass Containers \$7687 45 83 -38 6% 71 2.3% 60 -0.3% 56 0.49% 79 23   34 MUSA MURPHY USA INC Internet Software & Services \$4973 26 64 38 211% 53 8.1% 90 -1.8% 26 1.00% 36 0.25% 39   35 LL -3 COMMUNICATIONS HLDGS INC Automotive Retail \$942 45 83 -38 200  | 28 | SCI    | SERVICE CORP INTERNATIONAL  |  | \$2991  | 49    | 89   | -40  | 81%           | 50   | 1.2%   | 46   | 0.70%  | 61   | 0.44%  | 67   |
| 30 CDNS CADENCE DESIGN SYSTEMS INC Software \$1788 49 89 39 225% 34 1.6% 62 1.32% 75 1.85% 28   31 COTY COTY INC Household&Personal Products \$4349 37 75 -38 87% 46 -0.3% 12 -0.03% 56 0.49% 73   32 BLL BALL CORP Metal & Glass Containers \$7687 45 83 -38 69% 71 2.3% 86 -0.23% 29 0.09% 29   33 YHOO Internet Software & Services \$4973 26 64 -38 211% 53 8.1% 90 -1.88% 26 1.00% 16   34 MUSA MURPHY USA INC Automotive Retail \$9492 45 33 -38 20% 57 1.5% 71 0.16% 71 -0.07% 7   35 LLL L-3 COMMUNICATIONS HLDGS INC Aerospace & Defense \$10393 24 62 -37 42% 39 0.0% 42 -0.30% </td <td></td> <td>NCR</td> <td></td> <td></td> <td></td> <td>23</td> <td>63</td> <td>-39</td> <td>8%</td> <td>36</td> <td>-1.0%</td> <td></td> <td></td> <td>53</td> <td>0.14%</td> <td>36</td>   |    | NCR    |                             |  |         | 23    | 63   | -39  | 8%            | 36   | -1.0%  |      |        | 53   | 0.14%  | 36   |
| 31 COTY COTY INC Household&Personal Products \$4349 37 75 38 87% 46 -0.3% 12 -0.03% 56 0.49% 73   32 BLL BALL CORP Metal & Glass Containers \$7687 45 83 -38 69% 71 2.3% 86 -0.23% 29 0.09% 29   33 YHOO YAHOO INC Internet Software & Services \$4973 26 64 -38 211% 53 8.1% 90 -1.88% 26 1.00% 16   34 MUSA MURPHY USA INC Automotive Retail \$9492 45 83 -38 20% 57 1.5% 71 0.16% 71 -0.07% 7   35 LL L-3 COMMUNICATIONS HLDGS INC Aerospace & Defense \$10393 24 62 -37 34% 57 -1.3% 36 -2.32% 11 0.48% 64   37 IAC IAC/INTERACTIVECORP Internet Software & Services \$3252 24 60 -36 142% 39  |    | CDNS   |                             |  |         |       | 89   |      | 225%          | 34   | 1.6%   |      |        |      | 1.85%  | 28   |
| 32 BLL BALL CORP Metal & Glass Containers \$7687 45 83 -38 69% 71 2.3% 86 -0.23% 29 0.09% 29   33 YHOO YAHOO INC Internet Software & Services \$4973 26 64 -38 211% 53 8.1% 90 -1.88% 26 1.00% 16   34 MUSA MURPHY USA INC Automotive Retail \$9492 45 83 -38 20% 57 1.5% 71 0.16% 71 -0.07% 7   35 LLL -3 COMMUNICATIONS HLDGS INC Aerospace & Defense \$10393 24 62 37 42% 39 0.0% 42 -0.30% 66 -25% 39   36 DE DECRE & CO Cons&Ag&Farm Machinery \$23669 16 54 -37 44% 39 8.1% 91 -1.40% 31 0.11% 3   38 LVT LEVEL 3 COMMUNICATIONS INC Alternative Carriers \$8193 50 86 -35 85% 20 -3.8% <  | 31 | COTY   |                             | Household&Personal Products                |         |       | 75   |      |               | 46   | -0.3%  | 12   | -0.03% | 56   |        | 73   |
| 33 YHOO YAHOO Internet Software & Services \$4973 26 64 -38 211% 53 8.1% 90 -1.88% 26 1.00% 16   34 MUSA MURPHY USA INC Automotive Retail \$9492 45 83 -38 20% 57 1.5% 71 0.16% 71 -0.07% 7   35 LLL L-3 COMMUNICATIONS HLDGS INC Aerospace & Defense \$10393 24 62 -37 42% 39 0.0% 42 -0.30% 36 0.25% 39   36 DE DEERE & CO Cons&Ag&Farm Machinery \$23669 16 54 -37 34% 57 -1.3% 36 -2.32% 11 0.48% 64   37 IAC IAC/INTERACTIVECORP Internet Software & Services \$3252 24 60 -36 142% 39 8.1% 91 -1.40% 31 0.11% 33   38 LVLT EVEL3 COMMUNICATIONS INC Alternative Carriers \$8193 50 86 -35 8% 20  | 32 | BLL    |                             |  |         |       | 83   |      | 69%           | 71   |        |      |        | 29   | 0.09%  | 29   |
| 34 MUSA MURPHY USA INC Automotive Retail \$9492 45 83 -38 20% 57 1.5% 71 0.16% 71 -0.07% 7   35 LLL L-3 COMMUNICATIONS HLDGS INC Aerospace & Defense \$10393 24 62 -37 42% 39 0.0% 42 -0.30% 36 0.25% 39   36 DE DEERE & CO Cons&Ag&Farm Machinery \$23669 16 54 -37 34% 57 -1.3% 36 -2.32% 11 0.48% 64   37 IAC IAC/INTERACTIVECORP Internet Software & Services \$3252 24 60 -36 142% 39 8.1% 91 -1.4% 31 0.11% 3   38 LVLT LEVEL 3 COMMUNICATIONS INC Alternative Carriers \$813806 9 44 -35 81% 14 0.7% 43 0.01% 43 0.12% 0   39 TXT TEXTRON INC Industrial Conglomerates \$13806 9 44 -35 9% 43   |    |        |                             |  | \$4973  | 26    | 64   | -38  | 211%          | 53   | 8.1%   |      |        | 26   | 1.00%  | 16   |
| 35 LLL L-3 COMMUNICATIONS HLDGS INC Aerospace & Defense \$10393 24 62 -37 42% 39 0.0% 42 -0.30% 36 0.25% 39   36 DE DEERE & CO Cons&Ag&Farm Machinery \$23669 16 54 -37 34% 57 -1.3% 36 -2.32% 11 0.48% 64   37 IAC IAC/INTERACTIVECORP Internet Software & Services \$3252 24 60 -36 142% 39 8.1% 91 -1.40% 31 0.11% 3   38 LVLT LEVEL 3 COMMUNICATIONS INC Alternative Carriers \$8193 50 86 -35 85% 20 -3.8% 70 0.35% 63 0.95% 20   39 TXT TEXTRON INC Industrial Conglomerates \$13806 9 44 -35 31% 14 0.7% 43 -0.01% 43 0.12% 0   40 ABC AMERISOURCEBERGEN CORP Health Care Distributors \$144759 9 44 -35 11% 76 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>83</td> <td></td> <td></td> <td>57</td> <td>1.5%</td> <td>71</td> <td></td> <td>71</td> <td>-0.07%</td> <td>7</td>  |    |        |                             |  |         |       | 83   |      |               | 57   | 1.5%   | 71   |        | 71   | -0.07% | 7    |
| 36 DE DEERE & CO Const Ag&Farm Machinery \$23669 16 54 -37 34% 57 -1.3% 36 -2.32% 11 0.48% 64   37 IAC IAC/INTERACTIVECORP Internet Software & Services \$3252 24 60 -36 142% 39 8.1% 91 -1.40% 31 0.11% 3   38 LVLT LEVEL 3 COMMUNICATIONS INC Alternative Carriers \$8193 50 86 -35 85% 20 -3.8% 70 0.35% 63 0.95% 20   39 TXT TEXTRON INC Industrial Conglomerates \$13806 9 44 -35 31% 14 0.7% 43 0.12% 0   40 ABC AMERISOURCEBERGEN CORP Health Care Distributors \$144759 9 44 -35 9% 43 0.5% 29 0.02% 29 -0.02% 29 -0.02% 29 -0.02% 29 -0.02% 29 -0.02% 29 -0.02% 29 -0.02% 29 -0.02% 29  |    |        |                             |  | \$10393 |       |      |      | 42%           | 39   | 0.0%   |      |        | 36   |        | 39   |
| 37 IAC IAC/INTERACTIVECORP Internet Software & Services \$3252 24 60 -36 142% 39 8.1% 91 -1.40% 31 0.11% 3   38 LVLT LEVEL 3 COMMUNICATIONS INC Alternative Carriers \$8193 50 86 -35 85% 20 -3.8% 70 0.35% 63 0.95% 20   39 TXT TEXTRON INC Industrial Conglomerates \$13806 9 44 -35 31% 14 0.7% 43 -0.01% 43 0.12% 0   40 ABC AMERISOURCEBERGEN CORP Health Care Distributors \$144759 9 44 -35 9% 43 0.5% 29 0.02% 29 -0.02% 29   41 LMT LOCKHEED MARTIN CORP Aerospace & Defense \$46413 50 84 -35 118% 76 3.1% 66 -0.28% 39 0.47% 71   42 SYY SYSCO CORP Food & Staples Retailing \$50367 59 94 -35 43% 77   |    | DE     |                             |  |         |       | 54   | -37  |               | 57   | -1.3%  |      |        |      | 0.48%  | 64   |
| 38 LVLT LEVEL 3 COMMUNICATIONS INC Alternative Carriers \$8193 50 86 -35 85% 20 -3.8% 70 0.35% 63 0.95% 20   39 TXT TEXTRON INC Industrial Conglomerates \$13806 9 44 -35 31% 14 0.7% 43 -0.01% 43 0.12% 0   40 ABC AMERISOURCEBERGEN CORP Health Care Distributors \$144759 9 44 -35 9% 43 0.5% 29 -0.02% 29  |    |        |                             |  |         |       | 60   |      | 142%          | 39   | 8.1%   | 91   |        | 31   |        | 3    |
| 39 TXT TEXTRON INC Industrial Conglomerates \$13806 9 44 -35 31% 14 0.7% 43 -0.01% 43 0.12% 0   40 ABC AMERISOURCEBERGEN CORP Health Care Distributors \$144759 9 44 -35 9% 43 0.5% 29 0.02% 29 -0.02% 29   41 LMT LOCKHEED MARTIN CORP Aerospace & Defense \$46413 50 84 -35 118% 76 3.1% 66 -0.28% 39 0.47% 71   42 SYY SYSCO CORP Food & Staples Retailing \$50367 59 94 -35 43% 77 1.2% 64 0.02% 40 0.9% 82   43 VNTV VANTIV INC Outsourced Services \$3476 58 93 -35 25% 62 2.4% 33 0.91% 67   44 SKX SKECHERS U S A INC Textiles Apparel & Luxury \$3522 61 95 -34 39% 55 3.6% 72 2.33% <  | 38 | LVLT   |                             | Alternative Carriers                       | \$8193  | 50    | 86   | -35  | 85%           | 20   | -3.8%  | 70   | 0.35%  | 63   | 0.95%  | 20   |
| 40 ABC AMERISOURCEBERGEN CORP Health Care Distributors \$144759 9 44 -35 9% 43 0.5% 29 0.02% 29 -0.02% 29   41 LMT LOCKHEED MARTIN CORP Aerospace & Defense \$46413 50 84 -35 118% 76 3.1% 66 -0.28% 39 0.47% 71   42 SYY SYSCO CORP Food & Staples Retailing \$50367 59 94 -35 43% 77 1.2% 64 0.02% 40 0.09% 82   43 VNTV VANTIV INC Outsourced Services \$3476 58 93 -35 225% 62 2.4% 33 0.91% 64 0.91% 67   44 SKX SKECHERS U S A INC Textiles Apparel & Luxury \$3522 61 95 -34 9% 45 5.5% 62 2.4% 33 0.91% 67   45 SPR SPIRIT AEROSYS TEMS HOLDINGS Aerospace & Defense \$6832 54 88 -34 45% 45 4.5%<   |    |        |                             |  |         |       | 44   |      |               | 14   |        | 43   |        |      |        | 0    |
| 41 LMT LOCKHEED MARTIN CORP Aerospace & Defense \$46413 50 84 -35 118% 76 3.1% 66 -0.28% 39 0.47% 71   42 SYY SYSCO CORP Food & Staples Retailing \$50367 59 94 -35 43% 77 1.2% 64 0.02% 40 0.09% 82   43 VNTV VANTIV INC Outsourced Services \$3476 58 93 -35 225% 62 2.4% 33 0.91% 64 0.91% 67   44 SKX SKECHERS U S A INC Textiles Apparel & Luxury \$3522 61 95 -34 39% 55 3.6% 72 2.33% 96 -0.19% 10   45 SPR SPIRIT AEROSYSTEMS HOLDINGS Aerospace & Defense \$6832 54 88 -34 45% 45 4.5% 76 2.57% 92 -0.27% 0   46 OMC OMNICOM GROUP Advertising \$15328 24 58 -34 108% 67 5.7% 83 </td <td></td>   |    |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| 42 SYY SYSCO CORP Food & Staples Retailing \$50367 59 94 -35 43% 77 1.2% 64 0.02% 40 0.09% 82   43 VNTV VANTIV INC Outsourced Services \$3476 58 93 -35 225% 62 2.4% 33 0.91% 64 0.91% 67   44 SKX SKECHERS U S A INC Textiles Apparel & Luxury \$3522 61 95 -34 39% 55 3.6% 72 2.33% 96 -0.19% 10   45 SPR SPIRIT AEROSYSTEMS HOLDINGS Aerospace & Defense \$6832 54 88 -34 45% 45 4.5% 76 2.57% 92 -0.27% 0   46 OMC OMNICOM GROUP Advertising \$15328 24 58 -34 108% 67 5.7% 83 0.34% 50 -0.12% 0   47 SNPS SYNOPSYS INC Software \$2376 36 68 -32 18% 30 0.5% 57 0.20% </td <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td> <td></td>   |    |        |                             |  |         | -     |      |      |               |      |        |      |        |      |        |      |
| 43 VNTV VANTIV INC Outsourced Services \$3476 58 93 -35 225% 62 2.4% 33 0.91% 64 0.91% 67   44 SKX SKECHERS U S A INC Textiles Apparel & Luxury \$3522 61 95 -34 39% 55 3.6% 72 2.33% 96 -0.19% 10   45 SPR SPIRIT AEROSYSTEMS HOLDINGS Aerospace & Defense \$6832 54 88 -34 45% 45 4.5% 76 2.57% 92 -0.27% 0   46 OMC OMNICOM GROUP Advertising \$15328 24 58 -34 108% 67 5.7% 83 0.34% 50 -0.12% 0   47 SNPS SYNOPSYS INC Software \$2376 36 68 -32 18% 30 0.5% 57 0.20% 58 1.63% 25   48 LEA LEAR CORP Auto & Suppliers \$18639 60 92 -32 13% 47 2.2% 68 0.19%  | -  |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| 44 SKX SKECHERS U S A INC Textiles Apparel & Luxury \$3522 61 95 -34 39% 55 3.6% 72 2.33% 96 -0.19% 10   45 SPR SPIRIT AEROSYSTEMS HOLDINGS Aerospace & Defense \$6832 54 88 -34 45% 45 4.5% 76 2.57% 92 -0.27% 0   46 OMC OMNICOM GROUP Advertising \$15328 24 58 -34 108% 67 5.7% 83 0.34% 50 -0.12% 0   47 SNPS SYNOPSYS INC Software \$2376 36 68 -32 18% 30 0.5% 57 0.20% 58 1.63% 25   48 LEA LEAR CORP Auto & Suppliers \$18639 60 92 -32 13% 47 2.2% 68 0.72% 81 -0.19% 21   |    |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| 45 SPR SPIRIT AEROSYSTEMS HOLDINGS Aerospace & Defense \$6832 54 88 -34 45% 45 4.5% 76 2.57% 92 -0.27% 0   46 OMC OMNICOM GROUP Advertising \$15328 24 58 -34 108% 67 5.7% 83 0.34% 50 -0.12% 0   47 SNPS SYNOPSYS INC Software \$2376 36 68 -32 180% 30 0.5% 57 0.20% 58 1.63% 25   48 LEA LEAR CORP Auto & Suppliers \$18639 60 92 -32 13% 47 2.2% 68 0.72% 81 -0.19% 21   | _  |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| 46   OMC   OMNICOM GROUP   Advertising   \$15328   24   58   -34   108%   67   5.7%   83   0.34%   50   -0.12%   0     47   SNPS   SYNOPSYS INC   Software   \$2376   36   68   -32   180%   30   0.5%   57   0.20%   58   1.63%   25     48   LEA   LEAR CORP   Auto & Suppliers   \$18639   60   92   -32   13%   47   2.2%   68   0.72%   81   -0.19%   21  |    |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| 47   SNPS   SYNOPSYS INC   Software   \$2376   36   68   -32   180%   30   0.5%   57   0.20%   58   1.63%   25     48   LEA   LEAR CORP   Auto & Suppliers   \$18639   60   92   -32   13%   47   2.2%   68   0.72%   81   -0.19%   21   |    |        |                             |  |         |       |      |      |               |      |        |      |        |      |        | -    |
| 48   LEA   LEAR CORP   Auto & Suppliers   \$18639   60   92   -32   13%   47   2.2%   68   0.72%   81   -0.19%   21  |    |        |                             | 5  |         |       |      |      |               |      |        |      |        |      |        | _    |
|  | _  |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
|  | _  |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| 50 MAN MANPOWERGROUP Human Resource & Employme \$19652 29 61 -32 10% 35 0.7% 50 0.20% 42 -0.02% 40   |    |        |                             |  |         |       |      |      |               |      |        |      |        |      |        |      |
| All data as of November 3. 2016  | 50 |        | the second second second    | territor a construction of the composition | V.7002  |       |      |      |               |      |        |      |        |      |        |      |

All data as of November 3, 2016

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The Dandy Don companies were filtered from the Russell 1000 universe of stocks by:

- 1. Excluding financials, utilities, and real estate firms.
- 2. Setting aside firms with robust growth or profit rebounds in the offing. To do this, companies that the market is projecting will expand EVA at a rate of more than 3% of current sales each year were purged. The market so highly regards the prospects for these firms that they do not deserve to appear on the Dandy Don list.

The final table consists of the 50 remaining companies with the largest gap between their TSR rank and CPI score. These firms have generated impressive TSRs, but the financial foundations are suspect. Their boards and top managers need to stay alert, and governance authorities should not necessarily give them a pass.

American Airlines (AAL) tops the misfits. Although its 3-year TSR was astronomical—averaging 76.6% *per year*, best in class its CPI score is a terrestrial 22. The rate of return is so large only because a modest improvement in value is being compared to a very depressed valuation base (MVA was -\$2B three years ago vs. -\$513M today). True, its EVA is positive and has shown

| AAL       | USA          | CPI Score: 22       |  |  |  |  |
|-----------|--------------|---------------------|--|--|--|--|
| Sales     | Sales Growth | 3-Year Trend Growth |  |  |  |  |
| \$ 40,021 | -3.6%        | 12.9%               |  |  |  |  |
| EVA       | EVA Margin 🕜 | 3-Yr Trend EVA Mo 🛛 |  |  |  |  |
| \$ 1,507  | 3.8% (27)    | 1.53% (30)          |  |  |  |  |
| MVA 🔞     | MVA Margin 🔞 | Mkt-Imp Mo 🚱        |  |  |  |  |
| \$ -513   | -1% (27)     | -0.50% (64)         |  |  |  |  |

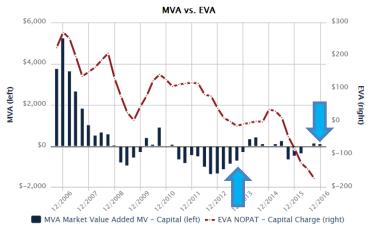
growth, but the EVA Margin and Momentum statistics don't stack up well against peers. It's the relative performance that counts. Even the EVA outlook statistic isn't impressive, just 64<sup>th</sup> percentile, and that is coming off a relatively

| LXK      | USA          | CPI Score: 15       |  |  |  |  |
|----------|--------------|---------------------|--|--|--|--|
| Sales    | Sales Growth | 3-Year Trend Growth |  |  |  |  |
| \$ 3,482 | -3.4%        | -1.5%               |  |  |  |  |
| EVA      | EVA Margin 🚱 | 3-Yr Trend EVA Mo 🔞 |  |  |  |  |
| \$ -172  | -5.0% (41)   | -1.43% (32)         |  |  |  |  |
| MVA 🚱    | MVA Margin 🚱 | Mkt-Imp Mo 🚱        |  |  |  |  |
| \$ 113   | 3% (27)      | 0.63% (59)          |  |  |  |  |

unprofitable platform. AAL is a classic Dandy Don. TSR significantly overstates the company's true financial condition.

Lexmark (LXK), #6 on the Dandy Don revue, is an even more telling example. Whereas its 3-year TSR was 79<sup>th</sup> percentile among tech hardware peers, it's CPI score is currently a truly anemic 15, a function of:

- A negative 5% EVA Margin. While essentially breaking even on net income, LXK is failing to cover its full cost of capital and deliver a decent return to its shareholders—even after considering R&D spending to be a capital investment and not a period expense. One reason—nearly \$2 billion in intangible assets are subject to the EVA capital charge. LXK's profits have been purchased at a great capital expense, pushing its EVA Margin in the red. Its profitability score is just <u>41<sup>st</sup> percentile</u>.
- 2. MVA is a piddling 3 cents per \$1 of sales, a meager 27<sup>th</sup> percentile wealth premium
- A deteriorating trend in EVA profits over the past three years. EVA evaporated at the average annual rate of 1.43% of sales, or <u>32<sup>nd</sup> percentile</u>. That's partially due to a major \$1B acquisition, Kofax, in May, 2015, which weighted down EVA.
- 4. The implied buy-side consensus for long-run EVA growth is the one modest exception to the otherwise bleak EVA statistics. Investors are projecting LXK will expand EVA at the rate of 0.63% of sales— <u>59<sup>th</sup> percentile</u> among peers—rather pedestrian and doubly unimpressive considering the forecast is coming off a sub-par EVA Margin and EVA growth trend.

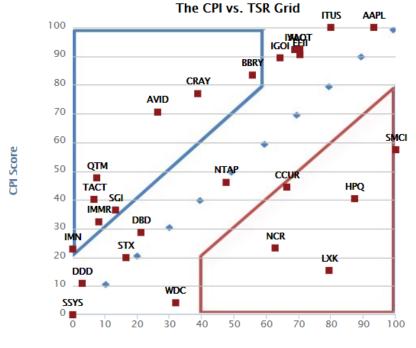


Given the unflattering grades, why has Lexmark's TSR been so stellar? The EVA vs. MVA chart shows why:

✓ Three years ago MVA was *negative* \$724 million. Lexmark was in a deep, deep valuation hole.

✓ MVA currently stands at \$113 million, a rebound, sure, but the significance of the move is vastly overstated by comparing it, as TSR does, to the depressed valuation base.

LXK is like a critical care patient that did not die, but that remains in guarded condition. It has recovered from a near death experience, but it still requires massive doses of therapy to get back on its feet and stand tall among industry leaders. It should come as no surprise, then, that Lexmark has agreed to be acquired by a Chinese company. A high TSR offers no respite from a weak CPI.



**<sup>3-</sup>Year TSR Rating Percentile** 

prospects. It rates a CPI score of 100 compared to just 47 for the firm on the right.

Lexmark, like all the companies on the Dandy Don list, plots in the lower-right red zone on the CPI vs. TSR grid, shown at left for the U.S. techology hardware and periperals sector. The lower-left to upper-right alignment tendency is evident once all stocks in the industry are plotted together. But those that fall into the red-zone, firms like LXK that CPI rates considerably lower than TSR, are ones that remain exposed to criticism, vulnerable to activists, and susceptible to takeover, or should be, regardless of an impressive TSR rating.

Here's a pop quiz. Which of the two firms below, operating in the same business, produced the greater 3-year TSR? The one at left clearly boasts the superior set of statistics: Its EVA Margin is 2.5 times as large, its Trend EVA Momentum is nine times larger, its MVA wealth

SFM USA KR USA CPI Score: 47 CPI Score: 100 Sales Growth Sales Growth 3-Year Trend Growth Sales 3-Year Trend Growth Sales \$ 3,858 18.3% 20.5% \$ 112,409 3.3% 4.4% EVA 🕜 EVA Margin 🕜 3-Yr Trend EVA Mo EVA 🕜 EVA Margin 🕜 3-Yr Trend EVA Mo \$ 95 2.5% (100) 0.80% (100) \$ 1,004 0.9% (64) 0.09% (65) **MVA** MVA Margin 🕜 Mkt-Imp Mo 🕜 MVA 🕜 MVA Margin 🕜 Mkt-Imp Mo 🕜 \$ 16,795 -0.04% (5) \$ 2,545 66% (95) 0.04% (59) 15% (50)

premium is over 4 times greater compared to sales, and the market judges it to have materially brighter growth

TSR sees things quite differently. The left-hand company is Sprouts Farmers' Market. As was discussed in Isssue #2, its 3-year TSR was *negative* 22.2% per annum, the *lowest* in the industry. It's a classic blue-zone stock. A Dangerfield. The one at right is Kroger. Its 3-year TSR averaged *positive* 15.7%, or <u>87<sup>th</sup> percentile</u> in the food retailing business. It's another classic red-zone stock. It sits at #24 among the Dandy Don's. It's not really performing as well as TSR suggests.

A long-term incentive plan based on relative TSR would richly reward Kroger's team and pay nothing to Sprouts'. Does that seem equitable? Would that motivate the right decisions? Would that retain the best people?

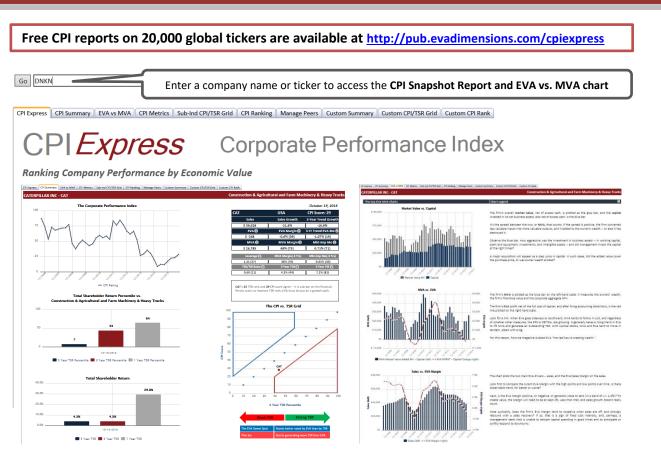
**Up next** – can CPI help you pick undervalued stocks? No, but another model, called PRVit ("prove-it'"), can. See them in action for Amazon, a CPI winner, but PRVit loser—its a great company but not a great stock at its *current* price.

Want a fuller explanation of EVA and CPI? Then tune into a 30 minute video-cast conducted by our CEO, Bennett Stewart. Click here: Using the CPI Corporate Performance Index to Fix TSR Flaws

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