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An Analysis of the Restructuring of Corporate America

Chanh Q. Do

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NORTHERN ILLINOIS UNIVERSITY

An Analysis of The Restructuring of Corporate America

A Thesis submitted to the

University Honors Program

In Partial Fulfillment of the

Requirements of the Baccalaureate Degree

With University Honors

Department of Finance

BY CHANH Q. DO

DeKalb, Illinois

May, 1994

**University Honors Program
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Date: Monday, May 2nd, 1994

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University Honors Program Honors Thesis Abstract

AUTHOR: Chanh Q. Do

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ABSTRACT:

During the past decade, numerous American companies have restructured their operations in an attempt to remain competitive in a global marketplace. This thesis focuses on corporate restructurings that involve a substantial reduction in a firm's labor force. A restructuring is defined as a reduction of five percent or more in a firm's labor force. This thesis addresses two questions relevant to firm restructuring: 1.) what motivates the firms to restructure their operations 2.) what happens to a firm's performance following a restructuring.

The results of the analysis indicate that firms that have declining profitability ratios that fall below industry averages for two consecutive years restructure and incur an additional year of below industry average profitability. One year following the restructuring however, profitability ratios improve dramatically. The second year following restructuring indicates a return to industry averages.

INTRODUCTION

Downsizing has become a common occurrence in the U.S. Gone are the days of lifetime employment with a single firm. Firms that many thought were immune to restructuring have reduced their employees by the thousands. Included in this class of firms are American Telephone & Telegraph, Chrysler, International Business Machines, General Motors....etc.

This section will delineate this thesis' purpose, literature review and limitations.

Purpose

This thesis examines:

1. the financial performance of companies prior to their restructure. By examining this data, we will be able to generalize the trends of firms prior to their restructure.
2. the financial results of these downsized firms. By examining this data, we will be able to generalize the trends of firms following their restructure.

Literature Review

Sources of data for this thesis were the annual reports of the sample companies. Annual reports were obtained from the respective companies and Northern Illinois University's Founder's Memorial Library. Robert Morris Associates Industry Averages were obtained from Founder's Memorial Library.

Newspaper articles and journal articles were also reviewed. Of particular interest is "Layoff Announcements and Stockholder Wealth" by Worrell, Davidson and Sharma, a joint study with the Appalachian State University, Southern Illinois University and the University of North Texas published in the Academy of Management Journal. The authors separated layoffs into four categories according to the reasons behind the layoffs. This article tracked layoffs from 1979 to 1987 and monitored market reaction prior to and immediately following layoff announcements. The study concluded that investors typically responded negatively to layoff announcements. The market reacted much more negatively to announcements of layoffs relating to financial reasons rather than layoffs not

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related to the financial condition of the firm.

This thesis differs from the previous study. This thesis examines the financial performance of the firm prior to restructure. In addition, financial performance following the restructure will be examined. Financial performance will then be compared to industry trends to eliminate any deviation due to industry trends as opposed to deviation due to restructure. The study by Worrell, Davidson and Sharma examined stock performance of firms prior to and after restructure. This study will examine financial performance prior to and after restructure. This data will help future investors detect signs of possible restructurings.

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Limitations:

The limitations encountered while researching this thesis are as follows:

1. The financial figures used to calculate the ratios of independent companies are subject to some discretion of the company's management and accounting firm. The results of this thesis are directly dependent upon such records supplied by the annual report.
2. The sample size of ten companies spanning 11 years does not allow for statistical tests to substantiate the findings of this thesis.
3. The firms examined tend to be very large, well-known companies and therefore the results may not be applicable to smaller, lesser-known companies.
4. Other activities may have taken place at the time of restructure. This activity may or may not have a bearing on the financial performance of the company.

Even though there are limitations, there is support for this study. Financial statements are audited by accounting firms. Management has discretion in their reporting, but this discretion is limited. The ten firms in this study come from several different industries and time periods. This fact does not limit the results of this study to specific industries or time periods. Though the firms are large, the results do not mean that they are representative of only large firms but may be representative of small firms as well. Finally, other activities may have occurred while these firms have restructured, however, any distortion due to these activities will more than likely have been negated due to the sample size containing several different industries spanning over many years.

RESEARCH METHODS

The sample was chosen by identifying companies that announced layoffs of at least five percent of their labor force. This was done by scanning Barron's financial weekly for the years 1980 through 1991. This certain time frame was chosen in order to ensure that enough financial data was available prior to and following the year of downsizing.

Exhibit 1 contains a list of the companies, the year they restructured and percentage of employee decrease in the restructuring year. The year of restructure represents the most significant decline in employees within the years 1980 though 1991.

The annual reports of the sample companies were obtained either through the investor's relations office of the respective companies or through microfilm found in Founder's Memorial Library. Numerous ratios (which can be found in the appendices) were calculated for each company. The following ratios have been chosen for further consideration:

Net Profit Margin
Return on Assets
Operating Income Margin
Current Ratio
Sales to Working Capital
Times Interest Earned
Total Asset Turnover

Exhibit 1 - Sample Characteristics

Company	Year	Employee Decrease
AT & T	1985	7.56%
Chrysler	1990	12.35%
Ford	1987	8.36%
GM	1981	11.34%
Honeywell	1983	25.69%
IBM	1991	7.87%
Lockheed	1990	11.52%
Pacific Telesis	1984	21.27%
Unisys	1991	19.92%
Westinghouse	1983	8.48%

Ratios were calculated for four years prior and two years after each company's downsizing. Firm ratios were then adjusted by the industry ratio to eliminate any industry effect that was unrelated to the restructuring. The adjusted figure was then averaged. These averages were then compared to the averages of the industry ratios. The deviation of the company ratios was then plotted to observe the possibility of trends.

RESULTS

Exhibits 2 through 8 are graphs of the ratios chosen for further study indicated above. The x-axis represents four years prior to the restructure, the year of restructure and two years following the restructure. The y-axis represents the deviation of the sample from the industry averages. Industry and company averages are listed below the graph.

Exhibit 2 depicts the Net Profit Margin Measure. Y represents the year the restructuring took place. Y-5 through Y-3 indicates that this sample of companies outperformed their industry averages by at least 50% each year. Y-2 through Y represents a different scenario however. These companies underperformed relative to their industry with the most significant deviation occurring in Y, performing on average 97.87% below the industry. This trend reverses in Y + 1 and Y + 2, eventually underperforming the industry average by 6.14% in Y + 2. The trough located at Y can be attributed to management's attempt to reverse the downturn that began at Y-2. The decision to reduce employees is not without its costs, severance packages are the reason behind the underperformance of the industry by 97.87%. Once this charge is taken, management can then turn their attention to the operations of the business with a leaner, more efficient workforce. This results in a dramatic increase in net profit margins in Y + 1 and Y + 2.

Exhibit 3 depicts the Return on Assets Measure. This graph generally represents a similar scenario as described above. On average, the sample outperformed the industry by at least 200% in Y-5 through Y-3 and experienced a reversal of performance in Y-2 through Y. Y again represents the greatest deviation below the industry average. This downturn is short-lived however, as indicated by the ROA rebound in Y + 1 and Y + 2. Two years after restructuring, these firms outperform the industry by 237.39%.

Exhibit 4 depicts Operating Income Margin Measure. Again, this measure of profitability of operating income presents a similar condition as in the two previous analyses. The sample operating income margin exceed the industry by at least 10% in Y-5 through Y-3. Y-2 through Y represents the most difficult period for the companies due to expenses related to restructuring. Once the restructure expenses are taken, Y + 1 and Y + 2 operating income margin improve dramatically.

Exhibit 5 depicts Times Interest Earned. This indication of a firm's long-term debt-paying ability fluctuates dramatically throughout the seven year period. The TIE ratios in Y-5 through Y-3 are slightly below industry averages. Y-2 through Y + 1 actually present a brighter picture for these companies than the profitability ratios present. Though net profit margin, return on assets and operating income margin are at their lowest points in

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this span, TIE ratios are the highest of the seven year period. This is most likely due to a reduction of debt which would lead to a drastic reduction in interest payments required. This conclusion can be made due to the definition of the computation of a TIE ratio. This ratio is computed by dividing the recurring earnings by the interest expense. Given that earnings are decreasing as indicated by the profitability measures, interest expense must decrease. Y + 2 presents a downturn in the TIE below the industry average. Again, this fluctuating ratio presents the instability of the firms.

Exhibit 6 depicts Total Asset Turnover Measure. Total Asset Turnover measures the activity of the assets and the ability of the firm to generate sales through the use of these assets. The graph depicts an unstable, unfavorable Total Asset Turnover ratio. Though there are periods of ups and downs as in the previous ratios, this graph differs in that at no point in time does the ratio approach the industry average. This indicates that these companies are not able to generate the amount of sales that companies of similar assets are able to generate.

Exhibit 7 depicts the Sales to Working Capital Ratio. Y-5 through Y indicates a below industry average trend which reverses in Y + 1. This ratio gives an indication of the turnover in working capital per year. A low working capital ratio indicates an unprofitable use of working capital. This is similar to the analysis provided for the total asset turnover ratio, in that the sales generated is less than those companies with similar working capital.

Exhibit 8 depicts the Current Ratio. This ratio provides a measure of a firm's short-term debt-paying ability. In comparison to other firms in their industries, the firms in this study have below average current ratios. Their deviation from the average range from 8.55% to 29.80% below the industry. At no point in time however does the ratio drop below 1.00.

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Conclusion

The purpose of this thesis was to examine:

1. the financial performance of companies prior to their restructure.
2. the financial results of these downsized firms.

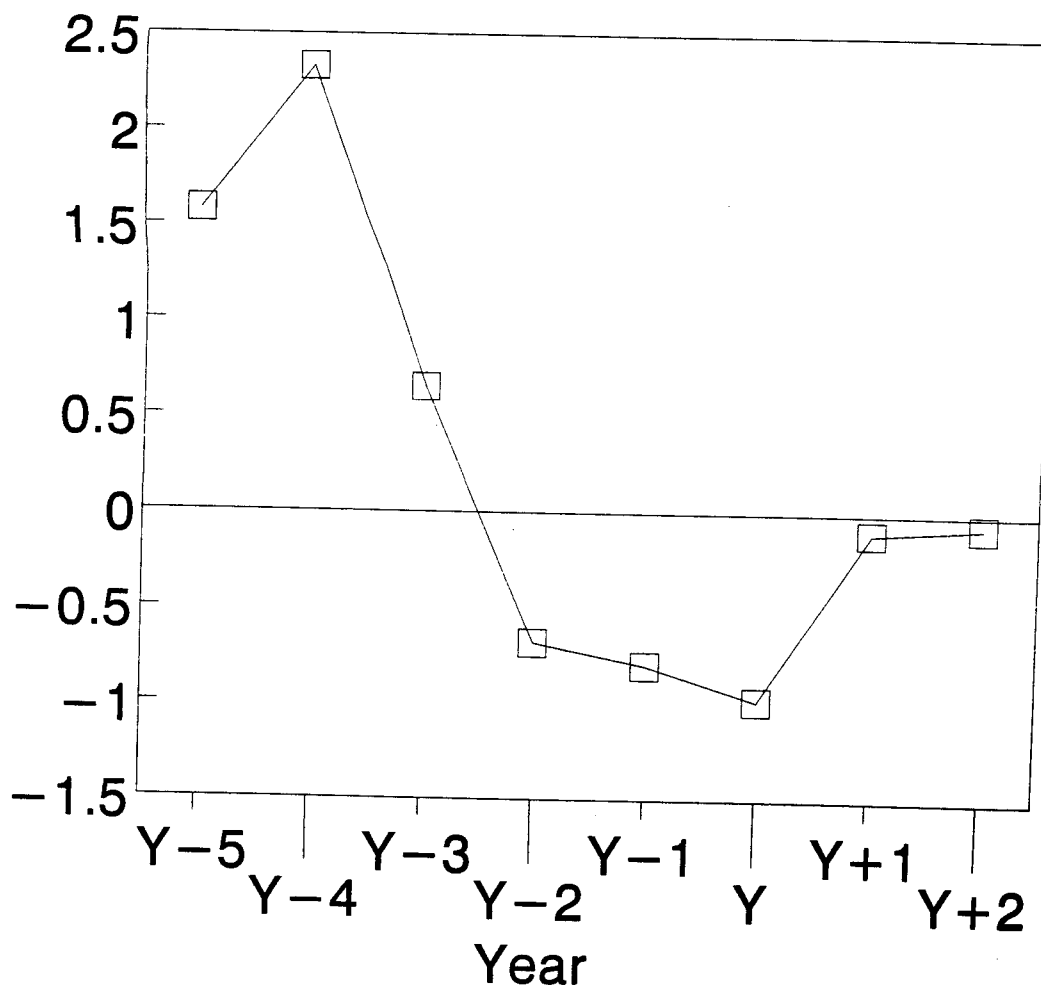
The results of the analysis signify that profitability measures of firms that restructure drop below industry averages for a period of two years prior to the year of restructure with the least profitable year occurring the year of restructure.

The year following the restructure provides a different picture for the firms. Profitability measures increase dramatically following restructuring. Net profit margins approach industry averages while return on assets and operating margin outperform the industry.

Exhibit 2

Net Profit Margin

Percent Deviation From Industry Average



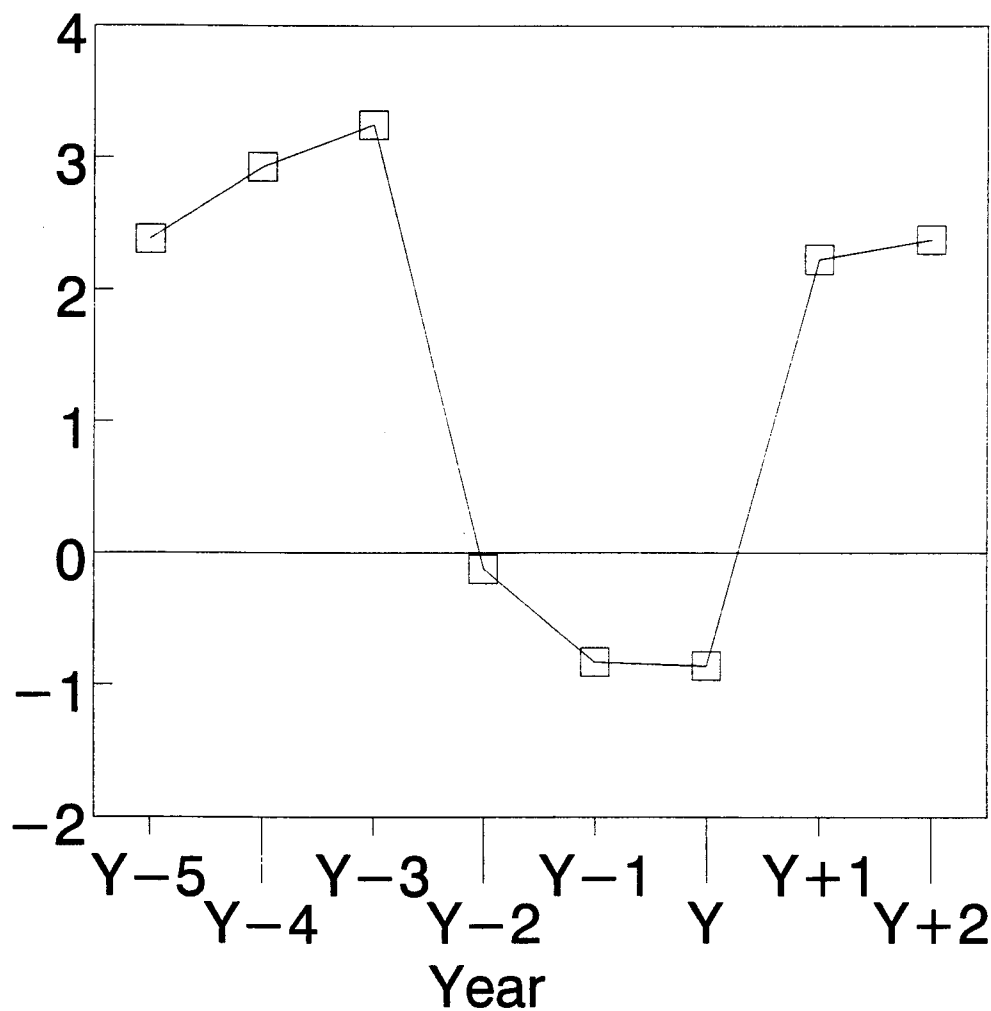
	Y-5	Y-4	Y-3	Y-2	Y-1	Y	Y+1	Y+2
Industry Average Net Profit Margin	2.35%	2.28%	3.98%	5.55%	5.66%	5.16%	5.30%	5.36%
Company Average Net Profit Margin	6.06%	7.59%	6.57%	1.78%	1.15%	0.11%	4.78%	6.17%
Percent Deviation	157.87%	232.89%	65.08%	-67.93%	-79.68%	-97.87%	-9.81%	-13.45%

Y represents the year of Restructure

Exhibit 3

Return on Assets

Percent Deviation From Industry Average

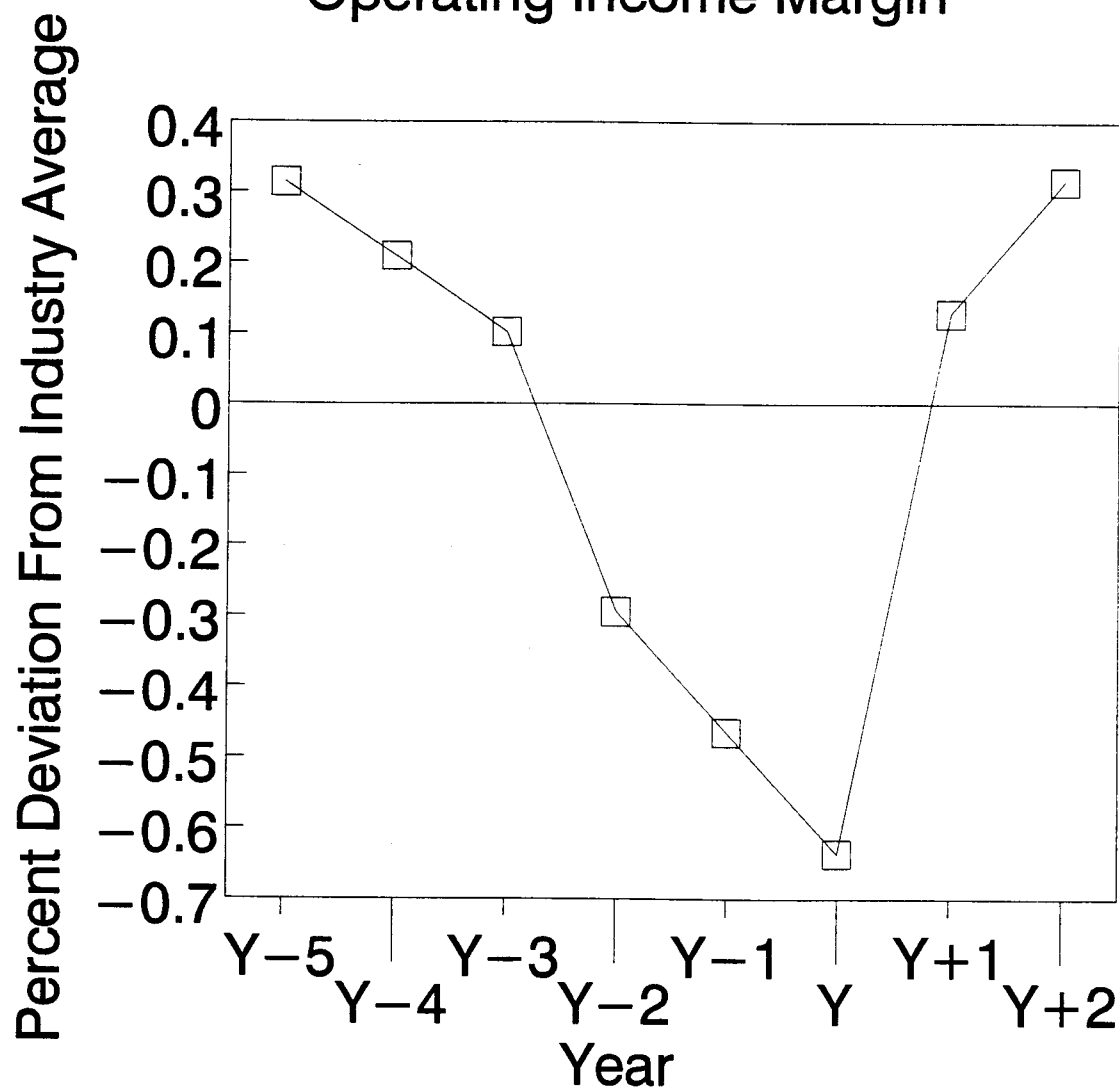


Industry Average ROA	2.00%	1.75%	1.52%	1.72%	2.79%	2.22%	1.75%	2.30%
Company Average ROA	6.76%	6.87%	6.46%	1.51%	0.48%	0.32%	5.64%	7.76%
Percent Deviation	238.00%	292.57%	325.00%	-12.21%	-82.80%	-85.59%	222.29%	237.39%

Y represents the year of Restructure

Exhibit 4

Operating Income Margin

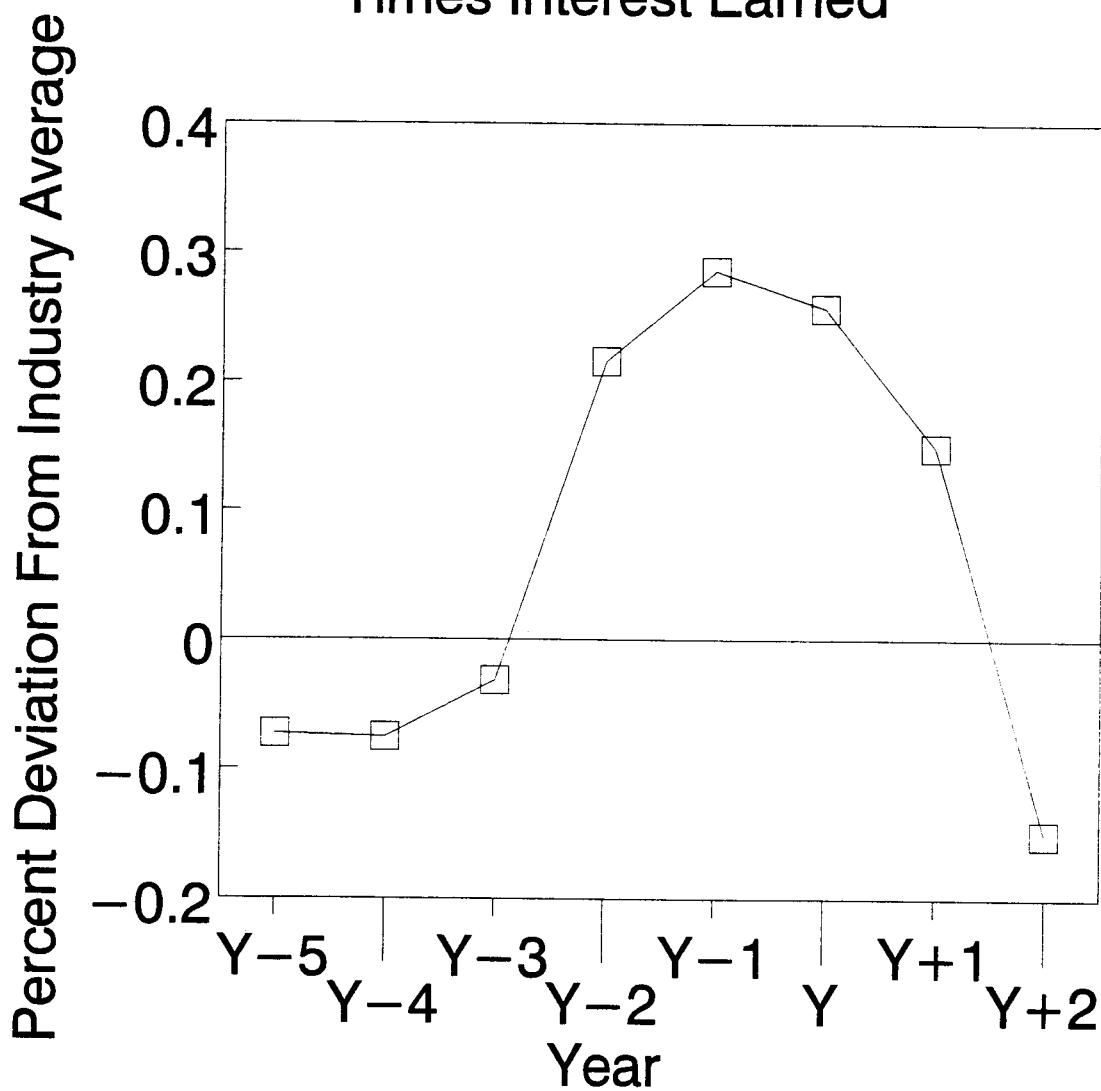


	Y-5	Y-4	Y-3	Y-2	Y-1	Y	Y+1	Y+2
Industry Average Operating Margin	8.02%	10.43%	9.78%	9.04%	7.09%	7.32%	7.73%	8.24%
Company Average Operating Margin	10.54%	12.61%	10.77%	6.38%	3.79%	2.66%	8.72%	10.85%
Percent Deviation	31.42%	20.90%	10.12%	-29.42%	-46.54%	-63.66%	12.81%	31.67%

Y represents the year of Restructure

Exhibit 5

Times Interest Earned

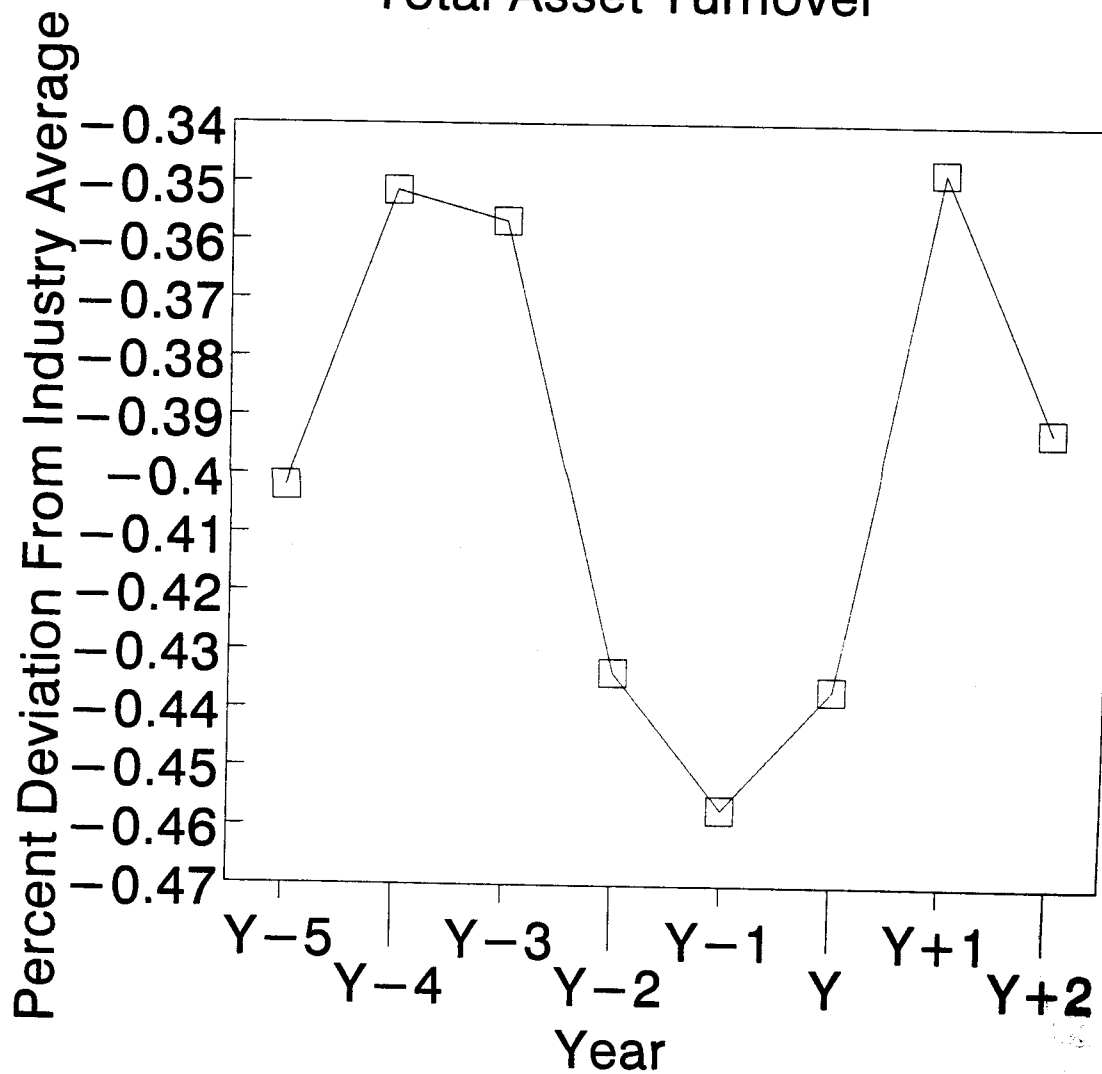


	Y-5	Y-4	Y-3	Y-2	Y-1	Y	Y+1	Y+2
Industry Average TIE	2.74	2.95	3.89	3.56	2.79	2.34	4.28	5.03
Company Average TIE	5.27	8.03	3.16	2.27	-0.12	-0.41	2.06	7.74
Percent Deviation	-7.30%	-7.54%	-3.18%	21.57%	28.53%	25.63%	14.65%	-15.03%

Y represents the year of Restructure

Exhibit 6

Total Asset Turnover



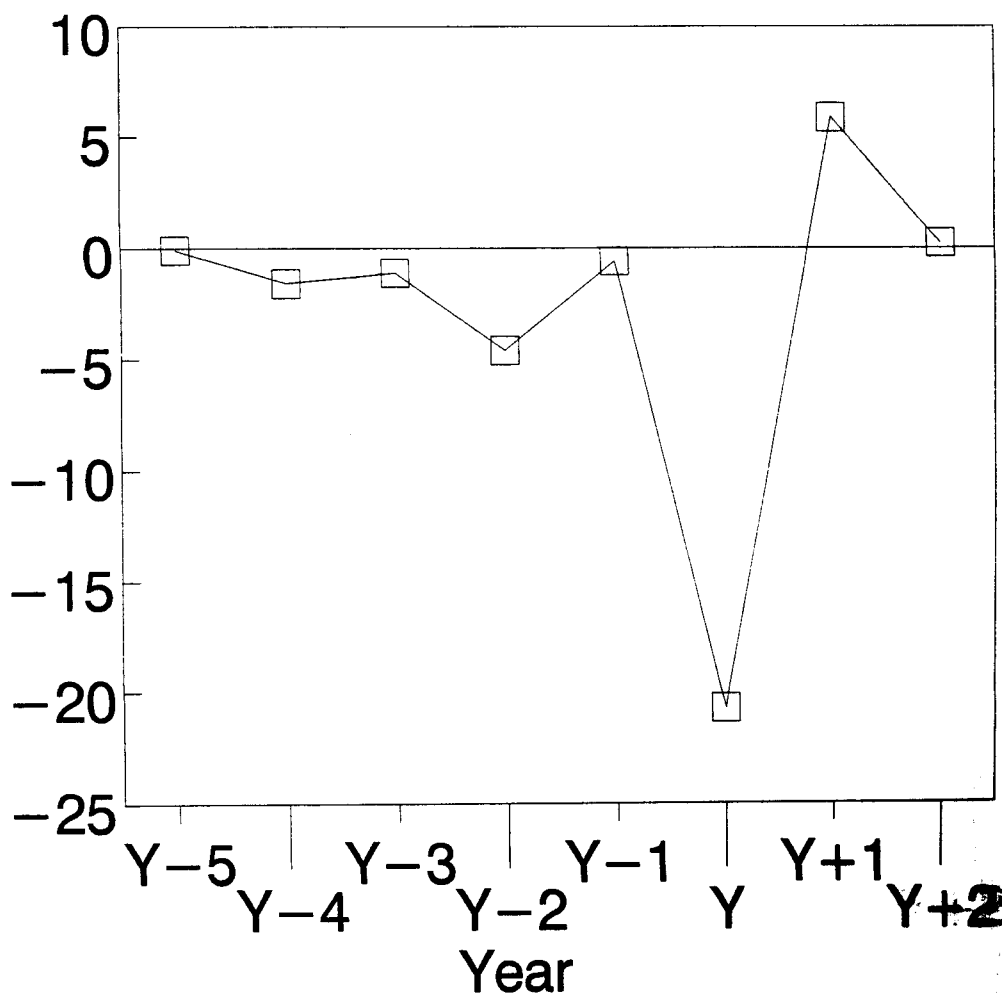
	Y-5	Y-4	Y-3	Y-2	Y-1	Y	Y+1	Y+2
Industry Average TAT	1.94	1.65	1.71	1.06	2.10	2.13	2.00	1.95
Company Average TAT	1.16	1.07	1.10	1.11	1.14	1.20	1.15	1.10
Percent Deviation	-40.21%	-35.15%	-35.67%	-43.37%	-45.71%	-42.25%	-42.50%	-41.03%

Y represents the year of Restructure

Exhibit 7

Sales to Working Capital

Percent Deviation From Industry Average

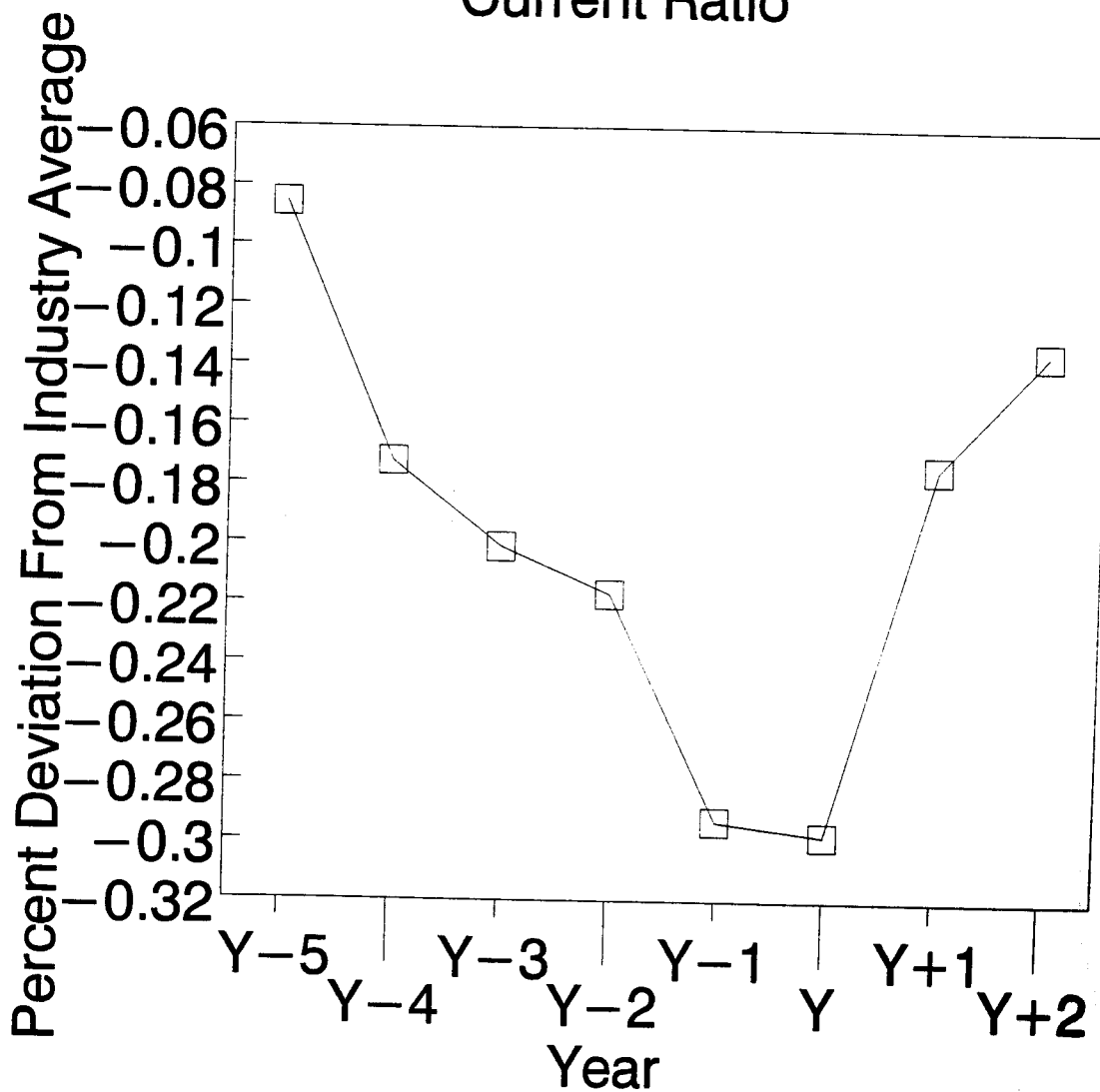


	Y-5	Y-4	Y-3	Y-2	Y-1	Y	Y+1
Industry Average Sales to Work Cap.	-34.64	-67.38	22.66	-5.98	-10.89	-10.78	-14.88
Company Average Sales to Work Cap.	-31.26	39.71	-3.03	21.68	-3.81	211.76	-108.88
Percent Deviation	-9.76%	-158.93%	-113.10%	-462.54%	-62.69%	-202.67%	670.11%

Y represents the year of Restructure

Exhibit 8

Current Ratio



	Y-5	Y-4	Y-3	Y-2	Y-1	Y	Y+1	Y+2
Industry Average Current Ratio	1.52	1.45	1.54	1.52	1.50	1.51	1.49	1.48
Company Average Current Ratio	1.39	1.20	1.23	1.19	1.06	1.06	1.28	1.34
Percent Deviation	-8.55%	-17.24%	-20.13%	-21.71%	-29.33%	-29.80%	-17.45%	-10.75%

Y represents the year of Restructure

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Appendix A - Definition of Financial Ratios

Ratio	Definition of Ratio
Net Profit Margin	Net Income/Net Sales
Total Asset Turnover	Net Sales/Average Total Assets
Return on Assets	Net Income/Average Total Assets
Operating Income Margin	Operating Income/Net Sales
Current Ratio	Current Assets/Current Liabilities
Return on Operating Assets	Operating Income/Ave. Operating Assets
Sales to Fixed Assets	Net Sales/Average Net Fixed Assets
Working Capital	Current Assets--Current Liabilities
Sales to Working Capital	Sales/Average Working Capital
Times Interest Earned	Recurring Earnings/Interest Expense
Debt Ratio	Total Liabilities/Total Assets
Return on Common Equity	<u>Net Income--Preferred Dividends</u> Ave. Common Equity
Gross Profit Margin	Gross Income/Net Sales
Cash Flow per Share	<u>Operating Cash Flow</u> Common Shares Outstanding
Net Income per Employee	Net Income/Year End Employees
Earnings per Share	<u>Net Income--Preferred Dividends</u> Ave. # of Common Shares Outstanding
Price to Earnings	Market Price Per Share/Fully Diluted EPS
Dividend Payout	<u>Dividends Per Common Share</u> Fully Diluted EPS

Appendix B - Financial Ratios

An Analysis of The Restructuring of Corporate America

AT & T	1980	1981	1982	1983
Net Profit Margin	11.71%	13.16%	12.39%	0.39%
Total Asset Turnover	0.41	0.39	0.39	0.39
Return on Assets	4.83%	5.10%	4.86%	0.15%
Operating Income Margin	19.78%	17.07%	17.46%	14.99%
Current Ratio	1.13	1.16	0.89	1.05
Return on Operating Assets	9.30%	7.45%	8.01%	7.76%
Sales to Fixed Assets	0.40	0.37	0.37	0.38
Working Capital	1021.1	1408.5	-1501.7	747.8
Sales to Working Capital	50.7	37.2	-39.1	85.7
Times Interest Earned	1.39	1.58	1.85	0.06
Debt Ratio	1.70	1.76	1.88	0.45
Return on Common Equity	11.98%	12.25%	11.53%	0.20%
Gross Profit Margin	36.46%	35.77%	34.15%	28.53%
Cash Flow per Share	\$0.02	\$0.02	\$0.00	\$0.00
Net Income per Employee	NA	NA	NA	NA
Earnings Per Share	\$8.17	\$8.55	\$8.40	\$0.13
Price to Earnings	6.5	7.2	7.7	508.7
Dividend Payout	61.20%	63.16%	64.29%	4500%
Employees	NA	NA	NA	NA

An Analysis of The Restructuring of Corporate America

AT & T	1984	1985●	1986	1987
Net Profit Margin	4.13%	4.46%	0.41%	6.08%
Total Asset Turnover	0.35	1.56	1.51	0.27
Return on Assets	1.45%	6.95%	0.62%	1.66%
Operating Income Margin	6.91%	8.55%	0.97%	10.35%
Current Ratio	0.13	0.13	1.39	1.42
Return on Operating Assets	10.90%	13.50%	1.58%	16.81%
Sales to Fixed Assets	1.50	1.54	1.53	0.15
Working Capital	-9772.6	-10030.4	4355	4395
Sales to Working Capital	-3.4	-3.5	7.8	7.6
Times Interest Earned	1.58	2.25	0.23	3.22
Debt Ratio	1.67	1.73	1.79	1.84
Return on Common Equity	9.14%	3.33%	0.39%	15.16%
Gross Profit Margin	47.30%	46.75%	55.26%	50.71%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$3,751	\$4,612	\$439	\$6,746
Earnings Per Share	\$1.23	\$1.37	\$0.05	\$1.83
Price to Earnings	16.3	18.3	457.6	18.7
Dividend Payout	97.96%	87.59%	2400%	65.57%
Employees	365200	337600	316900	303000

● Year of Restructure

An Analysis of The Restructuring of Corporate America

AT & T	1988	1989	1990	1991	1992
Net Profit Margin	-4.74%	7.47%	4.99%	0.83%	5.87%
Total Asset Turnover	0.29	1.81	2.96	2.99	3.10
Return on Assets	-1.4%	13.5%	14.8%	2.5%	18.2%
Operating Income Margin	-8.8%	11.9%	8.8%	2.2%	9.7%
Current Ratio	1.39	1.25	1.19	1.17	1.24
Return on Operating Assets	-20.1%	2.7%	29.5%	7.3%	32.4%
Sales to Fixed Assets	1.88	1.70	3.00	2.93	3.19
Working Capital	4377	3054	3314	3622	5128
Sales to Working Capital	8.0	11.8	18.8	17.4	12.7
Times Interest Earned	-2.86	3.90	3.55	0.72	5.74
Debt Ratio	1.68	1.69	1.46	1.45	1.51
Return on Common Equity	-14.6%	21.2%	19.5%	3.2%	20.1%
Gross Profit Margin	33.0%	54.2%	37.5%	38.5%	38.8%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	-\$5,477	\$9,513	\$9,438	\$1,646	12,175
Earnings Per Share	-\$1.55	\$2.50	\$2.42	\$0.40	\$2.86
Price to Earnings	-19.4	18.8	12.4	97.8	18.6
Dividend Payout	-77%	48%	55%	330%	47%
Employees	304700	283500	328900	317100	312700

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Chrysler	1980	1981	1982	1983
Net Profit Margin	-18.53%	-4.77%	1.69%	5.29%
Total Asset Turnover	1.39	1.55	1.60	2.03
Return on Assets	-25.77%	-7.38%	2.71%	10.75%
Operating Income Margin	-18.10%	-5.39%	-0.68%	7.00%
Current Ratio	0.94	1.08	1.12	0.80
Return on Operating Assets	-68.61%	-21.98%	-2.75%	33.55%
Sales to Fixed Assets	2.42	2.57	2.54	3.14
Working Capital	-168.1	182.3	256.5	-700.1
Sales to Working Capital	-54.9	54.7	39.2	-18.9
Times Interest Earned	-6.21	-1.82	1.08	8.54
Debt Ratio	1.07	1.19	1.46	1.49
Return on Common Equity	-243.24%	-41.26%	14.25%	28.74%
Gross Profit Margin	-18.10%	-5.39%	-0.68%	7.00%
Cash Flow per Share	(\$0.02)	\$0.00	\$0.01	\$0.02
Net Income per Employee	(\$0.02)	(\$0.01)	\$0.00	\$0.01
Earnings Per Share	(\$26.00)	(\$8.31)	(\$1.28)	\$2.34
Price to Earnings	-0.4	-0.7	-12.2	13.9
Dividend Payout	0.00%	0.00%	0.00%	0.00%
Employees	92596	87825	73714	81475

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Chrysler	1984	1985	1986	1987
Net Profit Margin	12.16%	7.57%	6.15%	5.10%
Total Asset Turnover	2.47	1.96	1.67	1.47
Return on Assets	30.06%	14.86%	10.29%	7.51%
Operating Income Margin	12.16%	7.69%	10.30%	8.62%
Current Ratio	0.97	1.12	1.05	0.93
Return on Operating Assets	90.52%	35.24%	38.01%	30.21%
Sales to Fixed Assets	3.79	3.58	3.19	3.16
Working Capital	-135.8	584.3	243	-467.1
Sales to Working Capital	-144.1	36.4	92.9	-54.1
Times Interest Earned	46.94	6.00	3.18	0.63
Debt Ratio	3.27	1.50	1.58	1.48
Return on Common Equity	70.61%	37.89%	24.81%	17.91%
Gross Profit Margin	12.42%	10.92%	10.17%	8.62%
Cash Flow per Share	\$0.00	\$0.01	\$0.01	\$0.01
Net Income per Employee	\$0.03	\$0.02	\$0.02	\$0.02
Earnings Per Share	\$8.37	\$6.16	\$6.25	\$5.90
Price to Earnings	2.6	5.1	4.4	7.4
Dividend Payout	4.5%	7.1%	12.8%	16.9%
Employees	87825	107850	115074	122745

An Analysis of The Restructuring of Corporate America

Chrysler	1988	1989	1990●	1991	1992
Net Profit Margin	3.44%	1.17%	0.22%	-2.71%	1.96%
Total Asset Turnover	0.90	0.62	0.63	0.66	0.88
Return on Assets	3.08%	0.72%	0.14%	-1.78%	1.73%
Operating Income Margin	5.27%	1.84%	0.48%	-2.76%	2.53%
Current Ratio	0.94	1.03	1.04	0.92	1.48
Return on Operating Assets	19.09%	8.60%	2.18%	-10.92%	11.32%
Sales to Fixed Assets	3.30	3.12	3.30	2.94	3.39
Working Capital	-473	241	371	-774	3812
Sales to Working Capital	-64.5	127.7	82.5	-37.9	9.7
Times Interest Earned	0.43	0.13	0.03	-0.43	0.51
Debt Ratio	1.20	1.18	1.18	1.17	1.23
Return on Common Equity	13.16%	4.58%	0.93%	-12.04%	8.72%
Gross Profit Margin	5.27%	1.84%	0.48%	-2.76%	2.53%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.01	\$0.00	\$0.00	(\$0.01)	\$0.01
Earnings Per Share	\$4.66	\$1.55	\$0.30	(\$3.28)	\$2.21
Price to Earnings	6.0	16.8	47.1	-4.0	15.3
Dividend Payout	21.5%	77.4%	400.%	-18.3%	27.2%
Employees	130242	125434	109943	99947	112996

● Year of Restructure

An Analysis of The Restructuring of Corporate America

Ford Motor Company	1981	1982	1983	1984
Net Profit Margin	-2.77%	-1.77%	4.20%	5.55%
Total Asset Turnover	1.61	1.65	1.92	2.05
Return on Assets	-4.48%	-2.92%	8.05%	11.36%
Operating Income Margin	-3.28%	-1.30%	4.06%	6.54%
Current Ratio	1.02	0.84	1.05	1.11
Return on Operating Assets	-16.89%	-6.47%	24.74%	32.35%
Sales to Fixed Assets	3.88	3.66	4.54	4.96
Working Capital	236.6	-1625.1	503.2	1363
Sales to Working Capital	161.7	-22.8	88.3	38.4
Times Interest Earned	-1.57	-0.88	3.29	5.42
Debt Ratio	1.47	1.38	1.46	1.56
Return on Common Equity	-12.37%	-10.82%	24.74%	29.55%
Gross Profit Margin	-2.98%	-1.10%	4.87%	8.18%
Cash Flow Per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income Per Employee	\$0.00	\$0.00	\$0.00	\$0.01
Earnings Per Share	(\$1.96)	(\$1.21)	\$3.21	\$4.97
Price to Earnings	-2.9	-7.6	4.8	3.4
Dividend Payout	-13.78%	0.00%	5.30%	13.48%
Employees	404800	385487	386342	389917

An Analysis of The Restructuring of Corporate America

Ford Motor Company	1985	1986	1987●	1988
Net Profit Margin	4.77%	5.24%	6.46%	6.45%
Total Asset Turnover	1.79	1.80	1.73	1.98
Return on Assets	8.51%	9.45%	11.16%	12.79%
Operating Income Margin	5.17%	6.47%	8.73%	8.04%
Current Ratio	1.10	1.18	1.24	1.13
Return on Operating Assets	22.97%	41.37%	43.45%	42.40%
Sales to Fixed Assets	4.25	4.75	4.54	4.95
Working Capital	1236.8	2832.4	4188.1	2514.2
Sales to Working Capital	42.7	22.1	17.1	32.7
Times Interest Earned	5.63	6.70	10.21	14.97
Debt Ratio	1.63	1.72	1.43	1.19
Return on Common Equity	20.50%	22.11%	25.66%	24.62%
Gross Profit Margin	6.88%	8.96%	11.01%	10.15%
Cash Flow Per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income Per Employee	\$0.01	\$0.01	\$0.02	\$0.02
Earnings Per Share	\$4.40	\$6.05	\$8.92	\$10.80
Price to Earnings	4.5	5.2	6.3	5.1
Dividend Payout	18.18%	18.35%	17.71%	21.30%
Employees	369314	382274	350320	358939

● Year of Restructure

An Analysis of The Restructuring of Corporate America

Ford Motor Company	1989	1990	1991
Net Profit Margin	6.22%	0.34%	-5.62%
Total Asset Turnover	1.86	1.69	1.40
Return on Assets	11.59%	0.57%	-7.85%
Operating Income Margin	5.13%	0.39%	-5.23%
Current Ratio	1.03	0.93	1.00
Return on Operating Assets	23.44%	1.42%	-16.73%
Sales to Fixed Assets	3.81	2.83	2.55
Working Capital	671.4	-1365.3	35.1
Sales to Working Capital	123.4	-59.9	2052.7
Times Interest Earned	16.06	0.49	-4.49
Debt Ratio	1.52	1.42	1.37
Return on Common Equity	22.66%	1.18%	-17.88%
Gross Profit Margin	7.28%	1.83%	-3.59%
Cash Flow Per Share	\$0.00	\$0.00	\$0.00
Net Income Per Employee	\$0.01	\$0.00	(\$0.01)
Earnings Per Share	\$8.22	\$1.86	(\$4.79)
Price to Earnings	6.9	26.4	-7.9
Dividend Payout	36.50%	161.29%	-40.71%
Employees	366641	370383	332700

An Analysis of The Restructuring of Corporate America

General Motors	1981●	1982	1983	1984
Net Profit Margin	0.53%	1.60%	5.00%	5.38%
Total Asset Turnover	1.69	1.49	1.71	1.71
Return on Assets	0.90%	2.40%	8.57%	9.23%
Operating Income Margin	0.63%	1.60%	7.39%	5.60%
Current Ratio	1.09	1.13	1.40	1.36
Return on Operating Assets	1.96%	4.47%	28.74%	24.22%
Sales to Fixed Assets	0.10	0.09	0.10	0.10
Working Capital	1161	1658.1	5890.8	6276.7
Sales to Working Capital	54.0	36.2	12.7	13.4
Times Interest Earned	0.37	0.68	2.76	4.97
Debt Ratio	1.83	1.79	1.83	1.87
Return on Common Equity	1.84%	5.28%	17.66%	18.25%
Gross Profit Margin	-0.22%	0.04%	6.67%	6.56%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.00	\$0.00	\$0.01	\$0.01
Earnings Per Share	\$1.07	\$3.09	\$11.84	\$14.27
Price to Earnings	36.0	20.2	6.3	5.8
Dividend Payout	224.30%	77.67%	23.65%	33.29%
Average Labor Cost per Hour	\$19.80	\$21.50	\$21.80	\$22.60
Employees	741000	657000	691000	748000

● Year of Restructure

An Analysis of The Restructuring of Corporate America

General Motors	1985	1986	1987	1988
Net Profit Margin	4.15%	2.86%	3.55%	4.49%
Total Asset Turnover	1.66	1.51	1.25	1.21
Return on Assets	6.90%	4.32%	4.44%	5.44%
Operating Income Margin	4.37%	1.39%	2.57%	4.25%
Current Ratio	1.09	1.17	1.56	1.78
Return on Operating Assets	17.09%	4.71%	8.02%	14.38%
Sales to Fixed Assets	0.08	0.07	0.06	0.06
Working Capital	1957.5	3920.3	14243.3	17728.9
Sales to Working Capital	49.2	26.2	7.0	6.1
Times Interest Earned	4.48	3.09	2.98	3.16
Debt Ratio	1.86	1.73	1.61	1.64
Return on Common Equity	13.37%	9.54%	14.64%	11.75%
Gross Profit Margin	4.80%	1.42%	2.01%	4.53%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.01	\$0.00	\$0.00	\$0.01
Earnings Per Share	\$12.28	\$8.21	\$5.03	\$7.17
Price to Earnings	6.1	9.4	16.7	6.1
Dividend Payout	40.72%	60.90%	49.70%	41.84%
Average Labor Cost per Hour	\$23.40	\$24.00	\$25.90	\$27.90
Employees	811000	876000	813400	765700

An Analysis of The Restructuring of Corporate America

General Motors	1989	1990	1991	1992
Net Profit Margin	3.84%	-1.85%	-4.24%	-20.74%
Total Asset Turnover	1.17	1.08	1.01	1.00
Return on Assets	4.49%	-1.99%	-4.29%	-20.79%
Operating Income Margin	4.36%	-3.17%	-6.55%	-3.73%
Current Ratio	1.72	1.37	1.36	1.32
Return on Operating Assets	14.08%	-9.43%	-15.03%	-9.79%
Sales to Fixed Assets	0.06	0.06	0.04	0.05
Working Capital	17229.8	10815.1	10807.1	10938.6
Sales to Working Capital	6.4	9.9	9.7	10.4
Times Interest Earned	1.90	-0.97	-1.87	-11.21
Debt Ratio	1.57	1.41	1.35	1.05
Return on Common Equity	-5.8%	-6.7%	-16.6%	-195.4%
Gross Profit Margin	4.45%	-3.39%	-6.49%	-4.35%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.01	\$0.00	(\$0.01)	(\$0.01)
Earnings Per Share	\$6.33	(\$4.09)	(\$7.97)	(\$38.28)
Price to Earnings	7.7	-9.8	-4.9	-0.9
Dividend Payout	47.39%	-73.35%	-20.08%	-3.66%
Average Labor Cost per Hour	\$29.50	\$32.60	\$36.85	\$42.21
Employees	775100	767200	756300	750000

Honeywell	1980	1981	1982	1983●
Net Profit Margin	5.86%	4.85%	4.97%	4.02%
Total Asset Turnover	1.14	1.30	1.31	1.26
Return on Assets	6.67%	6.31%	6.53%	5.06%
Operating Income Margin	7.37%	7.43%	6.29%	5.86%
Current Ratio	1.86	1.87	1.92	1.88
Return on Operating Assets	36.10%	39.33%	42.61%	48.84%
Sales to Fixed Assets	3.53	4.85	3.36	3.07
Working Capital	955.4	1002.7	1167.4	1184.1
Sales to Working Capital	5.2	5.3	4.7	4.9
Times Interest Earned	4.34	2.73	2.31	2.52
Debt Ratio	1.94	1.93	1.92	1.98
Return on Common Equity	21.83%	12.36%	11.59%	8.80%
Gross Profit Margin	39.15%	36.41%	35.49%	33.69%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.00	\$0.00	\$0.00	\$0.00
Earnings Per Share	\$2.00	\$2.00	\$6.08	\$5.03
Price to Earnings	0.8	1.6	8.7	13.9
Dividend Payout	100%	100%	28.78%	35.79%
Employees	97202	96923	94062	69901

● Year of Restructure

Honeywell	1984	1985	1986	1987
Net Profit Margin	3.94%	4.25%	-7.40%	3.80%
Total Asset Turnover	1.29	1.35	1.06	1.28
Return on Assets	5.07%	5.75%	-7.83%	4.87%
Operating Income Margin	7.49%	6.86%	1.57%	7.71%
Current Ratio	1.85	1.72	8.99	1.24
Return on Operating Assets	75.24%	81.50%	6.32%	37.42%
Sales to Fixed Assets	3.11	2.87	2.47	2.75
Working Capital	1174.2	1122.3	1765.6	510.4
Sales to Working Capital	5.2	5.9	3.0	13.1
Times Interest Earned	2.70	2.70	-4.99	2.03
Debt Ratio	2.00	2.04	1.76	1.74
Return on Common Equity	8.87%	9.60%	-16.17%	8.93%
Gross Profit Margin	34.47%	34.09%	28.45%	28.43%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.01	\$0.01	\$0.00	\$0.01
Earnings Per Share	\$5.10	\$6.02	(\$8.83)	\$5.75
Price to Earnings	12.4	14.4	-8.6	14.3
Dividend Payout	37.25%	32.39%	-22.65%	35.22%
Employees	70715	63690	71151	71520

An Analysis of The Restructuring of Corporate America

Honeywell	1988	1989	1990	1991	1992
Net Profit Margin	-6.08%	9.97%	6.05%	5.35%	3.97%
Total Asset Turnover	1.38	1.17	1.26	1.30	1.29
Return on Assets	-8.38%	11.68%	7.63%	6.93%	5.10%
Operating Income Margin	0.09%	11.16%	8.19%	8.23%	10.20%
Current Ratio	1.15	1.16	1.19	1.29	1.38
Return on Operating Assets	0.46%	56.85%	44.89%	44.44%	57.00%
Sales to Fixed Assets	2.81	2.66	2.72	2.53	2.49
Working Capital	369.6	384.9	407.1	603.9	738.6
Sales to Working Capital	19.3	15.7	15.5	10.3	8.4
Times Interest Earned	-2.01	4.47	2.30	3.70	2.75
Debt Ratio	1.52	1.57	1.42	1.58	1.65
Return on Common Equity	-19.24%	20.08%	10.76%	8.58%	5.91%
Gross Profit Margin	24.09%	31.13%	31.71%	32.42%	32.58%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01
Earnings Per Share	(\$10.22)	\$7.09	\$5.03	\$2.35	\$2.88
Price to Earnings	-6.4	6.1	9.4	13.7	12.1
Dividend Payout	-20.55%	15.96%	27.96%	32.77%	29.17%
Employees	70881	65312	60332	58200	55400

IBM	1980	1981	1982	1983	1984
Net Profit Margin	13.59%	11.38%	12.83%	13.65%	14.33%
Total Asset Turnover	0.98	1.03	1.11	1.15	1.15
Return on Assets	13.34%	11.75%	14.19%	15.72%	16.44%
Operating Income Margin	22.50%	20.60%	22.97%	22.89%	23.56%
Current Ratio	1.41	1.52	1.59	1.82	2.11
Return on Operating Assets	88.89%	77.89%	93.46%	98.60%	80.69%
Sales to Fixed Assets	2.38	2.25	2.41	2.55	1.99
Working Capital	3399	2983	4805	7763	10735
Sales to Working Capital	8.6	8.8	7.2	5.2	4.3
Times Interest Earned	13.05	8.13	9.71	14.06	16.13
Debt Ratio	2.61	2.59	2.59	2.66	2.62
Return on Common Equity	21.61%	18.08%	20.73%	21.69%	22.32%
Gross Profit Margin	64.30%	55.26%	77.03%	77.11%	76.44%
Net Income Per Employee	\$0.02	\$0.02	\$0.02	\$0.02	\$0.03
Earnings Per Share	\$7.04	\$6.73	\$7.63	\$9.04	\$10.77
Price to Earnings	8.2	10.8	13.0	13.5	11.9
Dividend Payout	53.98%	51.11%	45.09%	41.04%	38.07%
Employees	354936	341279	364796	369545	394930

IBM	1985	1986	1987	1988
Net Profit Margin	13.10%	9.34%	9.70%	9.73%
Total Asset Turnover	1.05	0.93	0.89	0.89
<i>Return on Assets</i>	13.74%	8.67%	8.66%	8.68%
Operating Income Margin	22.43%	15.33%	15.05%	14.65%
Current Ratio	2.28	2.18	2.32	1.98
Return on Operating Assets	62.92%	36.95%	3.56%	37.33%
Sales to Fixed Assets	1.68	1.34	1.26	1.33
Working Capital	14637	15006	17643	17082
Sales to Working Capital	3.4	3.4	3.1	3.5
Times Interest Earned	14.80	10.08	10.84	27.78
Debt Ratio	2.55	2.47	2.50	2.09
Return on Common Equity	19.57%	14.02%	13.97%	16.39%
Gross Profit Margin	57.84%	55.70%	54.61%	57.02%
<i>Net Income Per Employee</i>	\$0.03	\$0.02	\$0.02	\$0.02
Earnings Per Share	\$10.67	\$7.81	\$8.72	\$9.80
Price to Earnings	14.9	17.5	18.0	12.8
Dividend Payout	41.24%	56.34%	50.46%	44.90%
Employees	405535	403508	389348	387112

IBM	1989	1990	1991●	1992
Net Profit Margin	5.99%	8.72%	-4.42%	-7.69%
Total Asset Turnover	0.85	0.84	0.72	0.72
Return on Assets	5.09%	7.28%	-3.18%	-5.54%
Operating Income Margin	10.99%	15.98%	1.45%	-12.77%
Current Ratio	1.65	1.54	1.21	1.08
Return on Operating Assets	27.64%	40.50%	3.40%	-38.15%
Sales to Fixed Assets	1.30	1.29	1.16	1.22
Working Capital	14175	13644	7018	2955
Sales to Working Capital	4.4	5.1	9.2	21.8
Times Interest Earned	3.85	4.55	-2.01	-3.65
Debt Ratio	1.98	1.96	1.66	1.47
Return on Common Equity	10.21%	15.21%	-8.54%	-19.32%
Gross Profit Margin	55.83%	55.49%	50. %	45.65%
Net Income Per Employee	\$0.02	\$0.03	\$0.00	(\$0.03)
Earnings Per Share	\$6.47	\$10.51	(\$5.01)	(\$8.70)
Price to Earnings	17.9	10.2	-20.9	-9.3
Dividend Payout	73.11%	46.05%	-96.61%	-55.63%
Employees	383220	373816	344396	301542

● Year of Restructure

Lockheed	1980	1981	1982	1983
Net Profit Margin	0.63%	-5.58%	3.69%	4.05%
Total Asset Turnover	1.82	2.28	2.46	2.45
Return on Assets	1.15%	-12.71%	9.06%	9.93%
Operating Income Margin	7.72%	8.91%	8.14%	8.12%
Current Ratio	1.37	1.18	1.43	1.34
Return on Operating Assets	96.08%	99.14%	80.60%	74.33%
Sales to Fixed Assets	10.71	9.55	8.45	7.90
Working Capital	457.2	217.1	503.1	479.4
Sales to Working Capital	9.7	23.8	11.2	13.5
Times Interest Earned	0.26	-1.55	1.59	3.98
Debt Ratio	1.17	1.07	1.22	1.44
Return on Common Equity	5.62%	-285.95%	46.83%	30.45%
Gross Profit Margin	12.15%	11.98%	24.02%	20.28%
Cash Flow per Share	\$18.38	\$9.13	\$7.93	\$8.38
Net Income per Employee	\$375	(\$4,053)	\$2,949	\$3,660
Earnings Per Share	\$1.50	(\$5.72)	\$3.59	\$4.18
Price to Earnings	21.3	-8.3	13.9	11.4
Dividend Payout	0.00%	0.00%	0.00%	0.00%
Employees	74600	71300	70200	71800

Lockheed	1984	1985	1986	1987
Net Profit Margin	4.25%	4.21%	3.97%	3.80%
Total Asset Turnover	2.71	2.59	2.03	1.81
Return on Assets	11.49%	10.91%	8.06%	6.89%
Operating Income Margin	8.01%	8.11%	7.43%	7.14%
Current Ratio	1.13	0.98	1.02	0.92
Return on Operating Assets	75.32%	70.40%	52.22%	43.82%
Sales to Fixed Assets	8.05	7.43	5.84	3.24
Working Capital	230.4	-40	58	-291
Sales to Working Capital	35.2	-238.4	177.1	-38.6
Times Interest Earned	5.55	7.57	6.18	4.07
Debt Ratio	1.58	1.57	1.46	1.48
Return on Common Equity	28.92%	26.54%	21.86%	20.46%
Gross Profit Margin	20.02%	28.53%	27.14%	24.81%
Cash Flow per Share	\$9.97	\$11.76	\$15.30	\$12.02
Net Income per Employee	\$4,236	\$4,567	\$4,211	\$4,481
Earnings Per Share	\$5.28	\$6.10	\$8.18	\$6.41
Price to Earnings	9.1	7.8	7.4	9.0
Dividend Payout	8.52%	12.30%	11.61%	20.28%
Employees	81300	87800	96900	95300

Lockheed	1988	1989	1990●	1991	1992
Net Profit Margin	5.89%	0.02%	3.36%	3.14%	-2.80%
Total Asset Turnover	1.62	1.47	1.46	1.46	1.51
Return on Assets	9.52%	0.03%	4.91%	4.57%	-4.23%
Operating Income Margin	6.44%	0.54%	5.63%	5.87%	6.38%
Current Ratio	0.91	1.17	1.36	1.23	1.25
Return on Operating Assets	36.71%	3.37%	36.43%	32.93%	35.96%
Sales to Fixed Assets	2.81	5.20	5.36	5.33	5.37
Working Capital	-312	503	956	637	645
Sales to Working Capital	-33.9	19.7	10.4	15.4	15.7
Times Interest Earned	6.71	0.02	2.43	2.61	-2.38
Debt Ratio	1.59	1.84	1.83	1.61	1.43
Return on Common Equity	25.20%	0.06%	10.78%	12.31%	-13.86%
Gross Profit Margin	22.25%	-1.33%	16.99%	18.68%	20.79%
Cash Flow per Share	\$11.33	\$0.80	\$8.88	\$9.09	\$10.42
Net Income per Employee	\$7,189	\$24	\$4,589	\$4,260	-\$3,947
Earnings Per Share	\$10.37	\$0.03	\$5.30	\$4.86	(\$4.58)
Price to Earnings	4.3	1666.7	6.5	9.7	-12.7
Dividend Payout	14.95%	5833%	34.0%	40.1%	-45.6%
Employees	86800	82500	73000	72300	71700

● Year of Restructure

Pacific Telesis	1980	1981	1982	1983
Net Profit Margin	6.28%	6.44%	10.12%	10.42%
Total Asset Turnover	0.36	0.44	0.44	0.45
Return on Assets	2.24%	2.81%	4.49%	4.65%
Operating Income Margin	17.39%	18.15%	21.70%	21.24%
Current Ratio	0.34	0.36	0.84	0.91
Return on Operating Assets	6.20%	6.80%	8.96%	10.09%
Sales to Fixed Assets	0.38	0.40	0.46	0.54
Working Capital	-2309.1	-2259.4	-306.6	-159.2
Sales to Working Capital	-2.5	-3.0	-26.0	-51.1
Times Interest Earned	0.52	0.51	1.08	1.25
Debt Ratio	1.57	1.37	1.53	1.54
Return on Common Equity	9.01%	9.11%	14.02%	12.65%
Gross Profit Margin	6.60%	6.76%	10.62%	10.94%
Cash Flow per Share	\$6.13	\$6.14	NM	NM
Net Income per Employee	\$8,980	\$10,788	\$16,289	\$17,690
Earnings Per Share	\$1.81	\$1.90	NM	NM
Price to Earnings	8.7	10.9	NM	NM
Dividend Payout	77.35%	73.68%	NM	NM
Employees	111999	114725	106243	97647

NM--Single Share of Stock Owned By American Telephone & Telegraph.

An Analysis of The Restructuring of Corporate America

Pacific Telesis	1984●	1985	1986	1987
Net Profit Margin	10.59%	10.91%	12.02%	10.38%
Total Asset Turnover	0.44	0.45	0.45	0.44
Return on Assets	4.71%	4.93%	5.41%	4.55%
Operating Income Margin	25.23%	26.51%	27.73%	23.07%
Current Ratio	0.81	0.99	0.90	0.76
Return on Operating Assets	10.92%	10.65%	11.14%	11.61%
Sales to Fixed Assets	0.49	0.50	0.44	0.52
Working Capital	-388.5	-11.1	-248.8	-694
Sales to Working Capital	-20.1	-765.6	-36.1	-13.2
Times Interest Earned	1.46	1.56	1.95	1.71
Debt Ratio	1.56	1.60	1.62	1.59
Return on Common Equity	12.78%	12.67%	13.92%	12.04%
Gross Profit Margin	11.12%	11.31%	12.28%	16.98%
Cash Flow per Share	\$9.25	\$9.96	\$12.64	\$6.33
Net Income per Employee	\$25,681	\$31,516	\$33,215	\$29,384
Earnings Per Share	\$4.23	\$4.54	\$5.02	\$2.21
Price to Earnings	8.1	9.3	8.6	13.5
Dividend Payout	63.83%	63.00%	60.56%	74.21%
Employees	76881	71488	74937	71877

● Year of Restructure

Pacific Telesis	1988	1989	1990	1991	1992
Net Profit Margin	12.53%	12.95%	10.60%	10.26%	11.49%
Total Asset Turnover	0.44	0.45	0.45	0.46	0.45
Return on Assets	5.55%	5.82%	4.81%	4.68%	5.15%
Operating Income Margin	26.29%	26.28%	22.92%	21.36%	21.46%
Current Ratio	0.88	0.85	0.70	0.71	0.70
Return on Operating Assets	13.70%	10.30%	8.39%	8.12%	0.77%
Sales to Fixed Assets	0.55	0.56	0.57	0.58	0.57
Working Capital	-300	-436	-1060	-1024	-1142
Sales to Working Capital	-31.6	-22.0	-9.2	-9.7	-8.7
Times Interest Earned	1.92	2.27	1.59	1.74	2.24
Debt Ratio	1.64	1.60	1.53	1.55	1.58
Return on Common Equity	14.7%	15.8%	13.9%	13.1%	13.8%
Gross Profit Margin	19.8%	20.6%	16.2%	15.5%	16.3%
Cash Flow per Share	\$7.17	\$7.38	\$6.84	\$6.65	\$7.58
Net Income per Employee	35,770	36,829	33,830	33,957	34,754
Earnings Per Share	\$2.81	\$3.02	\$2.59	\$2.58	\$2.83
Price to Earnings	11.6	13.2	18.3	17.3	16.6
Dividend Payout	63%	62%	78%	83%	77%
Employees	69696	68452	65829	62256	61346

An Analysis of The Restructuring of Corporate America

Unisys	1981	1982	1983	1984
Net Profit Margin	4.37%	3.34%	4.58%	5.09%
Total Asset Turnover	0.77	0.96	1.05	1.12
Return on Assets	3.35%	3.19%	4.79%	5.69%
Operating Income Margin	7.46%	1.83%	7.05%	-3.08%
Current Ratio	1.70	1.82	1.93	1.92
Return on Operating Assets	19.50%	5.07%	19.18%	-8.59%
Sales to Fixed Assets	5.62	6.18	4.90	5.06
Working Capital	950.1	1072	1155.4	1311
Sales to Working Capital	3.6	3.8	3.7	3.7
Times Interest Earned	1.03	0.79	1.56	1.95
Debt Ratio	1.95	1.98	2.20	2.04
Return on Common Equity	0.01%	0.01%	31.07%	35.50%
Gross Profit Margin	29.85%	10.78%	28.18%	30.16%
Cash Flow per Share	\$0.00	\$0.00	\$18.88	\$9.40
Net Income per Employee	\$7.08	\$4.47	\$1.84	\$26.40
Earnings Per Share	\$3.58	\$3.25	\$4.60	\$5.40
Price to Earnings	9.9	15.1	12.6	11.1
Dividend Payout	72.63%	80.00%	56.52%	48.15%
Employees	66900	62000	63800	65300

An Analysis of The Restructuring of Corporate America

Unisys	1985	1986	1987	1988
Net Profit Margin	4.93%	-0.58%	5.95%	6.87%
Total Asset Turnover	1.11	0.11	1.00	0.96
Return on Assets	5.48%	-0.06%	5.97%	6.62%
Operating Income Margin	3.02%	3.25%	10.38%	11.17%
Current Ratio	2.32	1.36	1.45	1.69
Return on Operating Assets	8.03%	8.75%	33.80%	33.11%
Sales to Fixed Assets	5.00	4.01	5.23	4.94
Working Capital	1638.7	1194.3	1667.6	2383.6
Sales to Working Capital	3.1	6.2	5.8	4.2
Times Interest Earned	1.72	-0.15	1.92	2.24
Debt Ratio	2.21	1.69	1.96	1.75
Return on Common Equity	33.87%	-1.97%	18.42%	19.20%
Gross Profit Margin	28.54%	-4.94%	39.02%	38.72%
Cash Flow per Share	\$13.21	\$20.86	\$11.39	\$1.08
Net Income per Employee	\$31.25	\$28.06	\$32.25	\$35.92
Earnings Per Share	\$5.46	(\$1.63)	\$2.93	\$3.27
Price to Earnings	12.5	-53.1	16.1	9.9
Dividend Payout	47.62%	-159.51%	30.95%	29.97%
Employees	60500	98300	92500	93000

An Analysis of The Restructuring of Corporate America

Unisys	1989	1990	1991●	1992
Net Profit Margin	-6.33%	-4.32%	-16.02%	4.29%
Total Asset Turnover	0.91	0.96	0.93	1.06
Return on Assets	-5.74%	-4.15%	-14.89%	4.53%
Operating Income Margin	-2.08%	0.44%	-6.66%	8.56%
Current Ratio	1.44	1.16	1.17	1.27
Return on Operating Assets	-6.06%	1.27%	-18.08%	21.81%
Sales to Fixed Assets	5.44	5.67	5.83	6.62
Working Capital	1546	659.9	632.9	823.9
Sales to Working Capital	6.5	15.3	13.7	10.2
Times Interest Earned	-1.50	-0.98	-3.42	1.06
Debt Ratio	1.57	1.51	1.31	1.43
Return on Common Equity	-26.22%	-23.10%	-320.13%	53.45%
Gross Profit Margin	-21.96%	-13.34%	-59.26%	20.69%
Cash Flow per Share	\$2.93	\$8.26	\$5.66	\$7.23
Net Income per Employee	\$42.11	\$46.07	\$53.10	\$60.85
Earnings Per Share	(\$4.71)	(\$3.45)	(\$9.37)	\$1.40
Price to Earnings	-4.3	-1.5	-0.6	7.8
Dividend Payout	-21.23%	-17.39%	0.00%	0.00%
Employees	82300	75300	60300	54300

● Year of Restructure

An Analysis of The Restructuring of Corporate America

Westinghouse	1980	1981	1982	1983●
Net Profit Margin	4.73%	4.68%	4.61%	4.71%
Total Asset Turnover	1.25	1.24	1.16	1.12
Return on Assets	5.91%	5.79%	5.37%	5.28%
Operating Income Margin	5.76%	5.96%	5.37%	5.01%
Current Ratio	1.26	1.03	0.97	0.94
Return on Operating Assets	28.60%	21.98%	17.84%	15.46%
Sales to Fixed Assets	4.28	2.76	2.54	2.34
Working Capital	855.2	111.5	-119.9	-254.5
Sales to Working Capital	10.0	84.0	-81.3	-37.5
Times Interest Earned	-6.53	-3.07	-2.42	-2.97
Debt Ratio	1.59	1.51	1.60	1.66
Return Common Equity	15.93%	15.53%	14.15%	13.17%
Gross Profit Margin	26.14%	24.32%	22.59%	19.24%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.00	\$0.00	\$0.00	\$0.00
Earnings Per Share	\$2.36	\$2.55	\$2.58	\$2.54
Price to Earnings	6.3	5.0	7.6	10.8
Dividend Payout	29.66%	35.29%	34.88%	35.43%
Employees	145513	147841	145251	132927

● Year of Restructure

Westinghouse	1984	1985	1986	1987
Net Profit Margin	5.22%	5.66%	1.52%	7.95%
Total Asset Turnover	1.16	1.13	1.25	0.96
Return on Assets	6.05%	6.42%	1.90%	7.61%
Operating Income Margin	5.94%	6.94%	6.97%	9.24%
Current Ratio	0.97	0.88	1.10	1.08
Return on Operating Assets	18.51%	22.49%	36.20%	44.82%
Sales to Fixed Assets	2.38	2.47	3.85	3.35
Working Capital	-113.3	-632.4	438.9	411.1
Sales to Working Capital	-90.6	-16.9	25.9	27.6
Times Interest Earned	-3.03	-3.27	-1.20	-7.18
Debt Ratio	1.70	1.50	1.55	1.27
Return Common Equity	14.33%	18.71%	5.74%	25.18%
Gross Profit Margin	25.81%	29.75%	27.87%	36.97%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.00	\$0.01	\$0.01	\$0.01
Earnings Per Share	\$3.04	\$3.52	\$4.42	\$5.12
Price to Earnings	8.6	12.6	6.3	4.9
Dividend Payout	32.07%	32.67%	30.54%	32.03%
Employees	126849	124935	117267	112478

Westinghouse	1988	1989	1990	1991	1992
Net Profit Margin	6.6%	7.2%	3.1%	-12.8%	-152%
Total Asset Turnover	0.77	0.69	0.41	0.40	0.08
Return on Assets	5.12%	4.95%	1.27%	-5.15%	-12.5%
Operating Income Margin	8.6%	9.9%	11.9%	4.6%	63.3%
Current Ratio	1.07	1.02	1.08	0.65	1.00
Return on Operating Assets	42.7%	53.6%	40.9%	20.2%	29.7%
Sales to Fixed Assets	3.49	2.84	1.72	1.91	0.29
Working Capital	376	137	392	-1772	8
Sales to Working Capital	33.1	93.8	22.1	-4.8	105.9
Times Interest Earned	-3.74	-3.92	-1.34	5.48	6.83
Debt Ratio	1.29	1.29	1.23	1.58	1.30
Return Common Equity	21.7%	21.0%	6.9%	-28.9%	-55.3%
Gross Profit Margin	34.23%	39.71%	47.42%	18.28%	25.1%
Cash Flow per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Income per Employee	\$0.01	\$0.01	\$0.01	\$0.00	\$0.00
Earnings Per Share	\$5.66	\$6.31	\$0.91	(\$3.46)	(\$3.81)
Price to Earnings	4.7	5.9	31.3	-5.2	-3.4
Dividend Payout	34.1%	36.5%	148.4%	-40.5%	-18.9%
Employees	119640	121963	115774	113664	109050