



Symbol Technologies, Inc. (SBL)

Positive Reseller Comments; MC Upgrade Underway

Price: (01/07/05)	16.15	Rating:	Outperform	FY: Dec	2004E	2005E	2006E
52WK H-L:	19 - 11			Q1	0.08A	0.11E	
Market Cap (mil):	3,899	Suitability:	Higher Risk	Q2	0.09A	0.14E	
Shares Out (mil):	239.3			Q3	0.11A	0.16E	
Float (mil):	235.5			Q4	<u>0.09E</u>	<u>0.17E</u>	
Avg. Daily Vol (mil):	1.78			Total	0.38E	0.59E	0.85E
		Price Target:	20	FY P/E	42.5x	27.4x	19.0x
Dividend:	0.01						
Yield:	0.06						

Please refer to "Appendix - Important Disclosures."

Reik W. Read
rread@rwbaird.com
414.298.1030

Amy W. Junker
ajunker@rwbaird.com
414.765.3790

Greg Kuczynski
gkuczynski@rwbaird.com
414.765.3874

Action

Based on several discussions with resellers this past week, we believe end market trends remain solid; we believe the mobile computing upgrade cycle is gaining momentum. As a result, we are incrementally positive on Symbol's prospects during 2005. We maintain our Outperform rating and would be buyers of the stock at current levels.

Summary

- We held several incremental discussions with resellers this past week, which added to our positive comments we made in our research note of January 3.
- First, resellers continue to be positive on overall market trends, expecting continued improvement over the next six months.
- Second, resellers confirmed that Symbol's intent to end support of DOS-based products is energizing sales of new windows-based products, particularly the MC-9000 product family. Recall, roughly 20% of Symbol's install base currently runs on DOS. Symbol's support and production of these products ceases at the end of 2005.
- Third, we believe Symbol is seeing a spike in legacy product sales as a result of the transition away from DOS. We discovered that a certain class of customers is attempting to delay their upgrade to windows. As a result, they are purchasing DOS-based products in quantity to act as spare inventory once Symbol stops selling the product in 4Q05.
- Based on these factors, and increases in new application development, we expect revenue momentum will build throughout the year - we expect such trends will also aid in margin improvement. Recall, we expect over 500 bp of operating margin improvement in the next year.
- We expect such fundamentals will support Symbol trading 25x-30x, which is its normal trading range. Symbol is currently trading 19x our 2006 EPS estimate.

Details

Investment Perspective

As part of our most recent bar code survey, we held several incremental discussions with resellers this past week. These interviews reinforced many of the positive comments we made in our research note of January 3. Given these conversations, we came away with the following positive comments on Symbol:

First, resellers continue to be positive on overall market trends, expecting continued improvement over the next six months. Recall, we had highlighted this in our January 3 research note, citing previous positive comments from resellers as well as positive book to bill (above 1 in the last five consecutive quarters; 1.03 in 4Q04), and solid bookings numbers last quarter. Last quarter, bookings were up 12%. The positive market momentum, incremental upgrade activity, and the addition of Matrics have given us confidence that Symbol will post fourth quarter results above bookings growth. We have confidence in our current expectation for 4Q04 growth of 15%.

Second, resellers confirmed that Symbol's intent to end support of DOS-based products is energizing sales of new windows-based products, particularly the MC-9000 product family. We also expect increasing momentum from the recently introduced MC-50 product as a result of this transition. Recall, roughly 20% of Symbol's install base currently runs on DOS. Symbol's support and production of these products ceases at the end of 2005.

Third, we believe Symbol is seeing a spike in legacy product sales as a result of the transition away from DOS. We discovered that a certain class of customers is attempting to delay their upgrade to windows. In most cases, they believe their current DOS-based products provide them with an adequate level of functionality, and they view the transition cost to windows as costly. As a result, they are purchasing DOS-based products, such as the PDT 6800, in quantity to act as spare inventory once Symbol stops selling the product set in 4Q05.

Based on these factors, and increases in new application development, we expect revenue momentum will build throughout the year - we expect such trends will also aid in margin improvement. Recall, we expect over 500 bp of operating margin improvement in the next year.

Our \$20 price target is based on 27x our 2006 EPS estimate, with a 15% discount. Historically, Symbol has traded between 25x-30x.

Operating Margin Improvement Thesis

We expect operating margin to increase 500+ bp to 13.5% by 4Q05 for two key reasons - improving service operations and sales leverage. We expect that the service operations improvement could add 200-250 bp of incremental margin. Symbol has successfully moved its London-based, and other European satellite service facilities to the Czech Republic. Further, the company is in the process of implementing a new service tracking system which should help the company keep better track of warranty and repair information. We expect this implementation will be complete by mid-2005.

Given the sizable turnover in the sales operations during the past two years (recall, the new management team created new sales rules and sought to upgrade their sales talent pool, which led to significant turnover), current revenue per salesperson is roughly \$3.9 million, well below the \$4.5+ million per salesperson Symbol management believes is achievable. We believe management has completed the majority of their sales reconstruction and, therefore, we expect increased stability and leverage. We anticipate such leverage, assuming no significant increases in operating expenditures, would result in approximately 300-400 bp of operating margin improvement.

Investment Thesis

1) We expect Symbol to generate top-line annual growth of 15% over the next three years. Given the significant improvement goals management has set with respect to operating margin (15% in the next several years versus 5.7% in 4Q03), we expect bottom-line growth will substantially exceed top-line estimates.

2) Symbol holds the No. 1 overall market position in bar code scanning devices (30% of revenue) by a wide margin with a 23% share (next is 15%). Symbol dominates the handheld market, with 33% share, and is No. 2 in the fixed position market. Symbol also has a strong presence in mobile computing and wireless LAN & WAN technology.

3) Symbol has a strong technological leadership position in scanning, mobile computing and wireless with over 700 patents. This position is an important competitive advantage in terms of fostering alliances with wireless and networking leaders such as Cisco, Microsoft, Intel, and Motorola.

4) Symbol's competency of converting its technology into innovative products is illustrated with Symbol's National Medal of Technology award in December of 1999, which represents the nation's highest honor for technological innovation. Symbol innovations include scanner integrated mobile computers, wearable scanning equipment and WLAN switching technology.

5) The markets in which Symbol participates are approximately \$7.1 billion in size, and growing roughly 10%-15% annually. We expect Symbol to exceed the market rate from share gains.

6) We see attractive enterprise drivers for Symbol going forward: a) The installed base of over 25,000 ERP systems represents a large opportunity as those systems have been implemented with little automatic identification and collection equipment (most were implemented to be Y2K compliant). Gartner Group has indicated that those systems with real-time data gathering equipment improve their ROI by 50%. b) Wireless networking. We believe the WLAN space is poised for growth in excess of 35% per year and we see Symbol as having solid position in the enterprise WLAN market with the ability to bundle mobile computing solutions with their WLAN product.

Risk & Caveats

Pick-Up in IT Spending - Critical to Symbol's success will be to realize orders currently in the backlog, which have been increasing. We believe that further a delay in the expected increases in IT spending by Symbol's customers could cause backlog orders to be delayed, resulting in reduced shipments. Economic uncertainty and geopolitical events are key risks in customer buying patterns.

New Technologies - Existing technologies (scanning, mobile computing and WLAN) will always be subject to the threat of new products that could replace existing functionality. Maintaining highly functional products with constant upgrades, and new products, is key for these companies to evade the threat from new technologies. We are encouraged with new product development.

Jury Verdict - Telxon, a subsidiary of Symbol, currently has a pending jury verdict of \$218M owed to Smart Media Inc. If this verdict is affirmed with a judgment, it would have an adverse impact on Symbol's financial position.

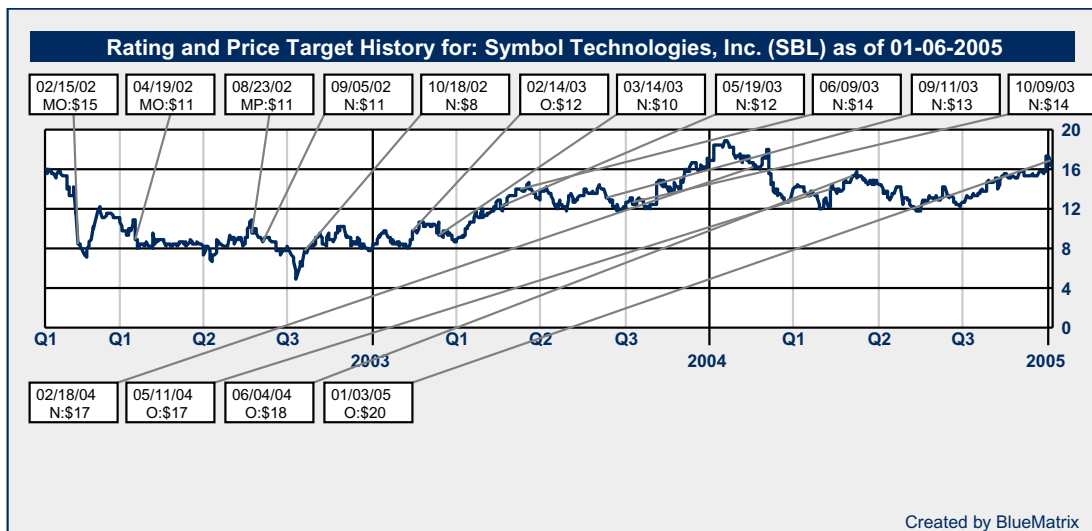
Metrics Acquisition - Symbol expects the Metrics acquisition to be dilutive by \$0.05-\$0.06 in 2004 and less so in 2005. If revenue from Metrics does not ramp up quickly as Symbol expects, or if the integration is slower than anticipated, synergies may not be fully realized and the dilution could be greater than expected.

Pricing Pressure - Given the weak environment, we believe the pricing environment is challenging, particularly for services. We expect Symbol will need to reduce internal service delivery costs and improve its offering value to offset this weakness.

Company Description

Symbol Technologies is a leading provider of mobile data management systems. The company develops, manufactures, and distributes application-specific, hand-held and wearable computers, wireless local and wide area communication networks and advanced bar code scanning products and systems. These systems enhance productivity and improve accuracy in the collection, transmission and processing of data in retailing, transportation and logistics, parcel and post delivery, manufacturing, healthcare, and government markets.

"Appendix - Important Disclosures"



Robert W. Baird & Co. and/or its affiliates expect to receive or intend to seek investment banking related compensation from the company or companies mentioned in this report within the next three months.

Baird prohibits analysts from owning stock in companies they cover.

ADDITIONAL INFORMATION ON COMPANIES MENTIONED HEREIN IS AVAILABLE UPON REQUEST

Copyright 2005 Robert W. Baird & Co. Incorporated

Investment Ratings: **Outperform (O)** - Expected to outperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months. **Neutral (N)** - Expected to perform in line with the broader U.S. equity market over the next 12 months. **Underperform (U)** - Expected to underperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months.

Risk Ratings: **L - Lower Risk** - Higher-quality companies for investors seeking capital appreciation or income with an emphasis on safety. Company characteristics may include: stable earnings, conservative balance sheets, and an established history of revenue and earnings. **A - Average Risk** - Growth situations for investors seeking capital appreciation with an emphasis on safety. Company characteristics may include: moderate volatility, modest balance-sheet leverage, and stable patterns of revenue and earnings. **H - Higher Risk** - Higher-growth situations appropriate for investors seeking capital appreciation with the acceptance of risk. Company characteristics may include: higher balance-sheet leverage, dynamic business environments, and higher levels of earnings and price volatility. **S - Speculative Risk** - High-growth situations appropriate only for investors willing to accept a high degree of volatility and risk. Company characteristics may include: unpredictable earnings, small capitalization, aggressive growth strategies, rapidly changing market dynamics, high leverage, extreme price volatility and unknown competitive challenges.

Distribution of Investment Ratings: As of December 31, 2004, Baird U.S. Equity Research covered 424 companies, with 47% rated Outperform, 52% rated Neutral and 1% rated Underperform. Within these rating categories, 16% of Outperform-rated and 10% of Neutral-rated companies have compensated Baird for investment banking services in the past 12 months and/or Baird managed or co-managed a public offering of securities for these companies in the past 12 months.

Analyst Compensation: Analyst compensation is based on: 1) The correlation between the analyst's recommendations and stock price performance; 2) Ratings and direct feedback from our investing clients, our sales force and from independent rating services; and 3) The analyst's productivity, including the quality of the analyst's research and the analyst's contribution to the growth and development of our overall research effort.

Baird's Research Oversight Committee, comprised of representatives from our Private Client, Institutional, Legal & Compliance, and Research departments, is responsible for establishing these compensation guidelines and for reviewing and approving senior analyst compensation. Analyst contribution to our investment banking business is not a factor in determining analyst compensation.

Analyst Certification: The senior research analyst(s) certifies that the views expressed in this research report and/or financial model accurately reflect such senior analyst's personal views about the subject securities or issuers and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

This is not a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgment at this date and are subject to change. The information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy. The Dow Jones Industrial Average, S&P 500, S&P 400 and Russell 2000 are unmanaged common stock indices used to measure and report performance of various sectors of the stock market; direct investment in indices is not available.

A complete listing of all companies covered by Baird U.S. Equity Research and applicable research disclosures can be accessed at <http://www.rwbaird.com/researchdisclosure/>. You can also call 1-800-792-2473 or write: Robert W. Baird & Co., Equity Research, 24th Floor, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.

UK disclosure requirements for the purpose of distributing this research into the UK and other countries for which Robert W Baird Limited holds an ISD passport.

This report is for distribution into the United Kingdom only to persons who fall within Article 19 or Article 49(2) of the Financial Services and Markets Act 2000 (financial promotion) order 2001 being persons who are investment professionals and may not be distributed to private clients. Issued in the United Kingdom by Robert W Baird Limited, which has offices at Mint House 77 Mansell Street, London, E1 8AF, and is a company authorized and regulated by the Financial Services Authority and a member of the London Stock Exchange. For the purposes of the Financial Services Authority requirements, this investment research report is classified as objective in relation to Conflicts of Interest management. Please refer to <http://www.rwbaird.com/europe/> for a summary of Robert W Baird Limited's Conflicts of Interest Policy and Procedures.

[Ask the analyst a question](#)

[Click here to unsubscribe](#)



ROBERT W. BAIRD & CO. INCORPORATED 777 EAST WISCONSIN AVENUE MILWAUKEE, WI 53202

January 9, 2005

Symbol Technologies

Reik Read (414) 298-1030

Fiscal year ends: December

Earnings Model

Amy Junker (414) 765-3790

(\$ thousands)	1Q03R	2Q03R	3Q03R	4Q03R	2003	1Q04 P	2Q04 P	3Q04A	4Q04E	2004E	1Q05E	2Q05E	3Q05E	4Q05E	2005E	2006E
Net Sales	\$ 386,347	\$ 373,819	\$ 377,110	\$ 393,002	\$ 1,530,278	\$ 419,651	\$ 432,785	\$ 429,152	\$ 451,289	\$ 1,732,877	\$ 459,547	\$ 485,879	\$ 500,966	\$ 507,399	\$ 1,953,691	\$ 2,246,040
Cost of Sales	214,475	221,430	210,208	208,916	855,029	224,723	236,102	228,439	243,696	932,960	247,006	259,945	267,963	271,458	1,046,374	1,207,399
Gross Profit	171,872	152,389	166,902	184,086	675,249	194,928	196,683	200,713	207,593	799,917	212,540	225,934	232,903	235,940	907,317	1,038,641
SG&A	93,731	93,919	88,023	116,700	392,373	124,102	119,261	120,102	122,751	486,215	121,780	123,413	122,712	123,298	491,203	518,591
R&D	37,055	38,130	42,283	38,860	156,328	41,559	42,060	42,595	45,129	171,343	44,116	46,159	44,076	44,397	178,749	183,132
Restructuring and impairment charges	87	136	958	-	1,181	-	-	-	-	-	-	-	-	-	-	-
Merger charges and amortization of goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	136,173	146,685	141,264	161,660	585,782	165,661	161,321	162,697	167,879	657,557	165,896	169,572	166,788	167,695	669,952	701,723
Income from operations	35,699	5,704	25,638	22,426	89,467	29,268	35,363	38,016	39,713	142,359	46,644	56,362	66,114	68,245	237,365	336,918
Interest and other expense (income)	4,034	4,522	2,733	1,200	12,489	(1,006)	7,958	(25)	4,000	10,927	3,700	3,700	3,700	3,700	14,800	13,400
Income before income taxes	31,665	1,182	22,905	21,226	76,978	30,274	27,405	38,041	35,713	131,432	42,944	52,662	62,414	64,545	222,565	323,518
Income tax expense	7,777	290	5,621	5,000	18,688	10,158	5,415	12,418	12,857	40,848	15,030	18,432	21,845	22,591	77,898	109,996
Net income before extraordinary items	23,888	892	17,284	16,226	58,290	20,116	21,990	25,623	22,857	90,585	27,914	34,230	40,569	41,954	144,668	213,522
Extraordinary Gain (Loss) - net of tax	(54,901)	5,723	(5,765)	-	(54,943)	(13,475)	6,969	(7,832)	-	(14,338)	-	-	-	-	-	-
Net Income, GAAP	\$ (31,013)	\$ 6,615	\$ 11,519	\$ 16,226	\$ 3,347	\$ 6,641	\$ 28,959	\$ 17,791	\$ 22,857	\$ 76,247	\$ 27,914	\$ 34,230	\$ 40,569	\$ 41,954	\$ 144,668	\$ 213,522
Weighted average common shares outstanding	230,527	236,820	237,091	241,358	236,449	239,401	239,541	241,402	242,247	240,648	242,853	243,460	250,468	251,094	246,969	252,668
EPS before extraordinary items	\$0.10	\$0.00	\$0.07	\$0.07	\$0.25	\$0.08	\$0.09	\$0.11	\$0.09	\$0.30	\$0.11	\$0.14	\$0.16	\$0.17	\$0.59	\$0.85
Extraordinary items	(0.24)	0.02	(0.02)	-	(0.23)	(0.06)	0.03	(0.03)	-	(0.06)	-	-	-	-	-	-
EPS, GAAP	(\$0.13)	\$0.03	\$0.05	\$0.07	\$0.01	\$0.03	\$0.12	\$0.07	\$0.09	\$0.32	\$0.11	\$0.14	\$0.16	\$0.17	\$0.59	\$0.85
% of Sales																
Gross Margin	44.5%	40.8%	44.3%	46.8%	44.1%	46.5%	45.4%	46.8%	46.0%	46.2%	46.3%	46.5%	46.5%	46.5%	46.4%	46.2%
Operating Margin	9.2%	1.5%	6.8%	5.7%	5.8%	7.0%	8.2%	8.9%	8.8%	8.2%	10.2%	11.6%	13.2%	13.5%	12.1%	15.0%
Pretax Margin	8.2%	0.3%	6.1%	5.4%	5.0%	7.2%	6.3%	8.9%	7.9%	7.6%	9.3%	10.8%	12.5%	12.7%	11.4%	14.4%
Net Margin (before extraordinary items)	6.2%	0.2%	4.6%	4.1%	3.8%	4.8%	5.1%	6.0%	5.1%	5.2%	6.1%	7.0%	8.1%	8.3%	7.4%	9.5%
SG&A	24.3%	25.1%	23.3%	29.7%	25.6%	29.6%	27.6%	28.0%	27.2%	28.1%	26.5%	25.4%	24.5%	24.3%	25.1%	23.1%
R&D	9.6%	10.2%	11.2%	9.9%	10.2%	9.9%	9.7%	9.9%	10.0%	9.9%	9.6%	9.5%	8.8%	8.8%	9.1%	8.2%
Total Operating Expenses	35.2%	39.2%	37.5%	41.1%	38.3%	39.5%	37.3%	37.9%	37.2%	37.9%	36.1%	34.9%	33.3%	33.1%	34.3%	31.2%
Growth Rate																
Total Revenue	21.6%	13.6%	-1.3%	5.4%	9.2%	8.6%	15.8%	13.8%	14.8%	13.2%	9.5%	12.3%	16.7%	12.4%	12.7%	15.0%
Gross Margin	117.9%	54.9%	4.0%	22.8%	38.5%	13.4%	29.1%	20.3%	12.8%	18.5%	9.0%	14.9%	16.0%	13.7%	13.4%	14.5%
Operating Income	204.3%	-61.1%	-32.9%	NA	34.3%	-18.0%	NM	48.3%	77.1%	59.1%	59.4%	59.4%	73.9%	71.8%	66.7%	41.9%
Pretax Income	NM	-95.7%	-10.2%	NA	390.9%	-4.4%	NM	66.1%	68.3%	70.7%	41.9%	92.2%	64.1%	80.7%	69.3%	45.4%
Net Income (excluding extraordinary items)	346.2%	-103.4%	-45.2%	NA	2039.1%	-15.8%	NM	48.2%	40.9%	55.4%	38.8%	55.7%	58.3%	83.6%	59.7%	47.6%
EPS (excluding extraordinary items)	353.4%	-103.3%	-46.1%	NA	1977.1%	-18.9%	NM	45.6%	40.3%	52.7%	36.8%	53.2%	52.6%	77.1%	55.6%	44.3%
Share Count	-1.6%	3.4%	1.7%	5.4%	3.0%	3.8%	1.1%	1.8%	0.4%	1.8%	1.4%	1.6%	3.8%	3.7%	2.6%	2.3%
Other																
Income Tax Rate	24.6%	24.6%	20.0%	23.6%	24.3%	33.6%	19.8%	32.6%	36.0%	31.1%	35.0%	35.0%	35.0%	35.0%	35.0%	34.0%

Please refer to "Appendix - Important Disclosures" for important disclosures.

2Q04 adjustments: Results exclude \$6.2M in net gains (\$3.9M restructuring charge from COGS, \$1.1M gain from a reduction in warranty expense accrual in COGS, and \$9M recovery (gain) from legal settlements); \$5M after-tax, or \$0.02.



Symbol Technologies
NYSE - SBL

Reik Read (414) 298-1030
Amy Junker (414) 765-3790

Fiscal Year Ends: December

Balance Sheet	2000	2001	2002	2003	1Q04	2Q04	3Q04	4Q04E
Assets								
Cash and Equivalents	53,000	70,365	76,121	150,017	179,033	143,686	231,528	209,181
Net Receivables	174,000	141,327	151,417	152,377	119,624	110,482	99,763	113,750
Inventories	376,000	338,165	261,096	212,862	211,692	216,363	223,284	230,088
Deferred Taxes/Other	430,000	345,463	201,782	218,775	166,860	199,239	206,637	206,637
Total Current Assets	1,033,000	895,320	690,416	734,031	677,209	669,770	761,212	759,656
Property Plant and Equipment	236,000	250,784	208,209	210,888	207,522	211,375	228,057	233,472
Intangibles/Other	743,000	559,267	673,570	701,599	705,229	738,642	928,507	928,507
Total Assets	2,012,000	1,705,371	1,572,195	1,646,518	1,589,960	1,619,787	1,917,776	1,921,635
Liabilities and Equity								
Payables/Accrued Expenses	473,000	272,486	427,568	496,134	442,667	413,447	688,037	703,612
Other	0	62,954	46,532	40,089	46,288	54,163	62,603	62,603
Total Current Liabilities	473,000	335,440	474,100	536,223	488,955	467,610	750,640	766,215
Long-Term Debt	0	305,573	135,614	99,012	104,436	107,926	84,572	50,000
Other liabilities	439,000	65,243	74,742	90,685	62,184	61,856	68,653	68,653
Shareholders Equity	1,100,000	999,115	887,739	920,598	934,385	982,395	1,013,911	1,036,768
Total Liability and Equity	2,012,000	1,705,371	1,572,195	1,646,518	1,589,960	1,619,787	1,917,776	1,921,635

Balance Sheet Analysis	2000	2001	2002	2003	1Q04	2Q04	3Q04	4Q04E
Debt/Total Capital	0%	23%	13%	10%	10.1%	9.9%	8%	5%
LT Debt/Equity	0%	31%	15%	11%	11%	11%	8%	5%
Current Ratio	2.2	2.7	1.5	1.4	1.4	1.4	1.0	1.0
Quick Ratio	0.5	0.6	0.5	0.6	0.6	0.5	0.4	0.4
Days Sales Outstanding	40	35	39	36	26	23	21	23
Inventory Turns	3.0	3.4	3.1	3.6	3.8	4.1	4.3	4.2
Book Value/Share	\$ 5.33	\$ 4.40	\$ 3.84	\$ 3.89	\$ 3.90	\$ 4.10	\$ 4.20	\$ 4.28

Cash Flow Statement	2000	2001	2002	2003	2004E	2005E	2006E
Net Income	(68,966)	(4,094)	2,725	58,290	90,585	144,668	213,522
+Dep. and Amortization	48,849	53,517	56,460	52,949	56,946	64,472	74,119
+Deferred Taxes/Other	247,550	(113,280)	(219,130)	30,122	48,860	0	0
-Working Cap. Changes	(277,967)	90,485	349,352	92,404	6,561	16,622	7,624
Cash Flow from Operations	(50,534)	26,628	189,407	233,765	202,951	225,761	295,265
-Capital Expenditures	(79,736)	(98,494)	(34,703)	(60,573)	(80,556)	(87,916)	(101,072)
Free Cash Flow	(130,270)	(71,866)	154,704	173,192	122,395	137,845	194,194
Shares (millions)	206,444	227,012	231,321	236,449	240,648	246,969	252,668
Operating Cash Flow/ Share	-0.24	0.12	0.82	0.99	0.84	0.91	1.17
Free Cash Flow /Share	-0.63	-0.32	0.67	0.73	0.51	0.56	0.77

DuPont Formula	2000	2001	2002	2003	2004E	2005E	2006E
Net Margins (N/S)	9.1%	-0.3%	0.2%	3.8%	5.2%	7.4%	9.5%
Asset Turnover (S/A)	0.9	0.8	0.9	1.0	1.0	1.0	1.0
Leverage (A/E)	1.8	1.7	1.7	1.8	1.8	1.8	1.8
Return on Equity	15.3%	-0.4%	0.3%	6.4%	9.3%	13.0%	16.6%

Valuation Measures	2000	2001	2002	2003	2004E	2005E	2006E	
Stock Price (fiscal year)	High	\$ 46.03	\$ 37.33	\$ 15.07	\$ 17.23	\$ 13.17	\$ 14.64	\$ 21.13
	Low	\$ 17.08	\$ 9.50	\$ 4.98	\$ 8.05	\$ 7.53	\$ 11.72	\$ 16.90
	12/31 Close	\$ 24.00	\$ 15.88	\$ 8.22	\$ 16.89	\$ -	\$ -	\$ -
Historical P/E	High	72.1	NM	NM	69.9	35.0	25.0	25.0
	Low	26.7	NM	NM	32.7	20.0	20.0	20.0
Historical P/CF	High	NM	NM	18.4	17.4	15.6	16.0	18.1
	Low	NM	NM	6.1	8.1	8.9	12.8	14.5

Debt Adj. Market Value	2000	2001	2002	2003	2004E	2005E	2006E
Market Value	4,954,644	3,604,951	1,901,459	3,993,624	2,491,076	3,255,020	4,804,242
LT Debt	0	305,573	135,614	99,012	50,000	50,000	50,000
Other Liabilities	439,000	65,243	74,742	90,685	68,653	68,653	68,653
<u>Cash & Equivalents</u>	<u>53,000</u>	<u>70,365</u>	<u>76,121</u>	<u>150,017</u>	<u>209,181</u>	<u>347,026</u>	<u>541,220</u>
Total DAMV(Enterprise Value)	5,340,644	3,905,402	2,035,694	4,033,304	2,400,548	3,026,647	4,381,675
EBITDA	255,031	74,811	123,053	142,416	199,305	301,837	411,037
DAMV/EBITDA	20.9	52.2	16.5	28.3	12.0	10.0	10.7

"Appendix - Important Disclosures"

ADDITIONAL INFORMATION ON COMPANIES MENTIONED HEREIN IS AVAILABLE UPON REQUEST

Copyright 2005 Robert W. Baird & Co. Incorporated

Analyst Certification: The senior research analyst(s) certifies that the views expressed in this research report and/or financial model accurately reflect such senior analyst's personal views about the subject securities or issuers and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

This is not a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgment at this date and are subject to change. The information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy. The Dow Jones Industrial Average, S&P 500, S&P 400 and Russell 2000 are unmanaged common stock indices used to measure and report performance of various sectors of the stock market; direct investment in indices is not available.

A complete listing of all companies covered by Baird U.S. Equity Research and applicable research disclosures can be accessed at <http://www.rwbaird.com/researchdisclosure/>. You can also call 1-800-792-2473 or write: Robert W. Baird & Co., Equity Research, 24th Floor, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.

UK disclosure requirements for the purpose of distributing this research into the UK and other countries for which Robert W Baird Limited holds an ISD passport.

This report is for distribution into the United Kingdom only to persons who fall within Article 19 or Article 49(2) of the Financial Services and Markets Act 2000 (financial promotion) order 2001 being persons who are investment professionals and may not be distributed to private clients. Issued in the United Kingdom by Robert W Baird Limited, which has offices at Mint House 77 Mansell Street, London, E1 8AF, and is a company authorized and regulated by the Financial Services Authority and a member of the London Stock Exchange. For the purposes of the Financial Services Authority requirements, this investment research report is classified as objective in relation to Conflicts of Interest management. Please refer to <http://www.rwbaird.com/europe/> for a summary of Robert W Baird Limited's Conflicts of Interest Policy and Procedures.