

NSSEA

“The Future is Your Decision”

November 2010

Presented By:

ITR

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US Industrial Production to Gross Domestic Product

3/12 Rates-of-Change



Example: Revenue 12MMT

Monthly

Sep 09 1.47

Oct 09 1.51

Nov 09 1.65

Dec 09 1.75

Jan 10 1.76

Feb 10 1.64

Mar 10 1.71

Apr 10 1.74

May 10 1.54

Jun 10 1.44

July 10 1.24

Aug 10 1.26

Sep 10 1.74

3MMT = 4.63

3MMT = 5.14

3MMT = 4.98

3MMT = 4.22

3MMT = 3.95

3MMT = 4.24

12MMT = 17.54

12MMT = 18.70

12MMT = 18.97

8.2%



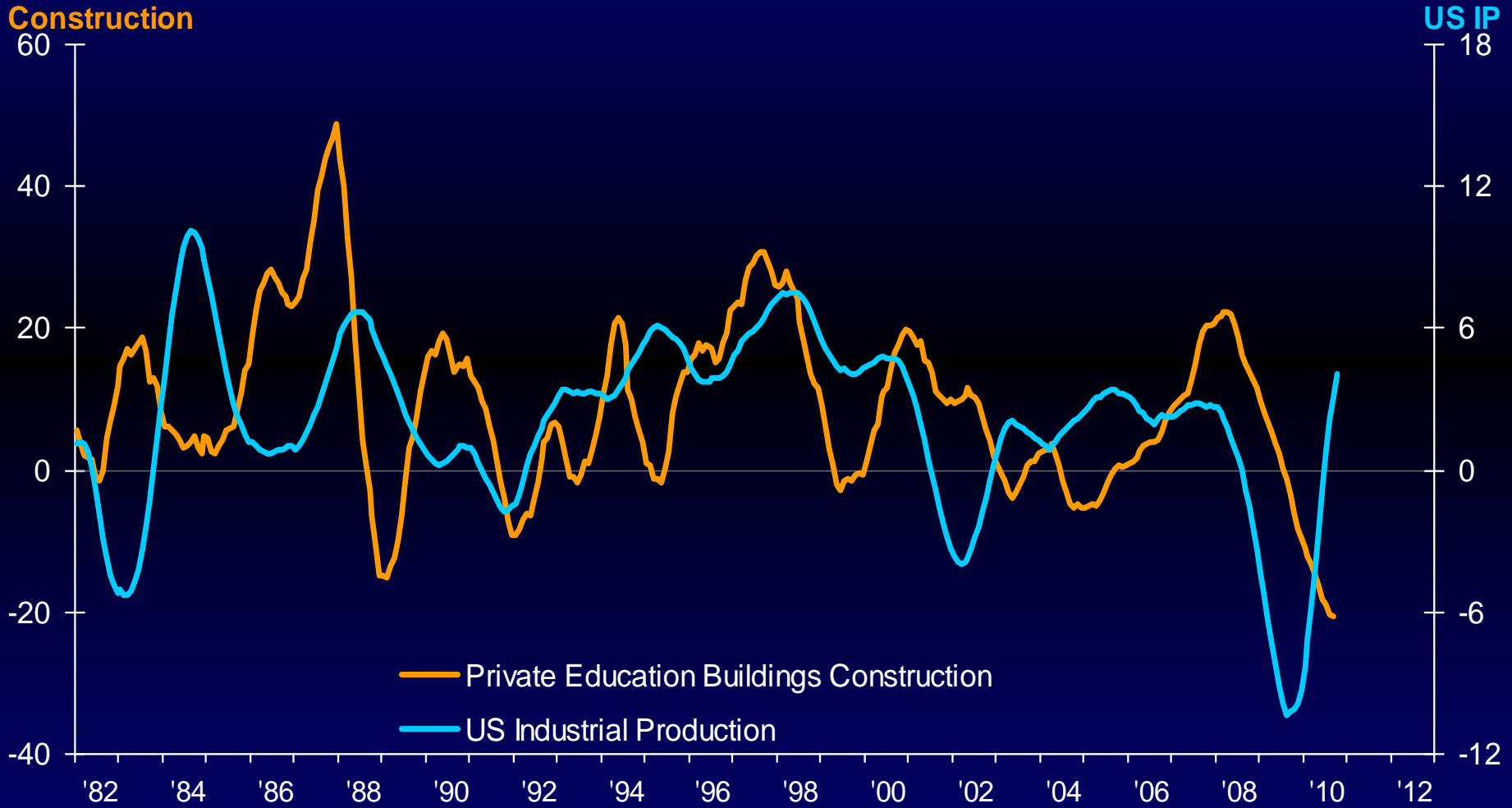
RATE-OF-CHANGE

$$\frac{\text{ACTUAL MONTHLY DATA AS OF 10/10}}{\text{ACTUAL MONTHLY DATA AS OF 10/09}} = 1/12$$

$$\frac{\text{3-MOS MOVING TOTAL (3MMT) AS OF 10/10}}{\text{3-MOS MOVING TOTAL (3MMT) AS OF 10/09}} = 3/12$$

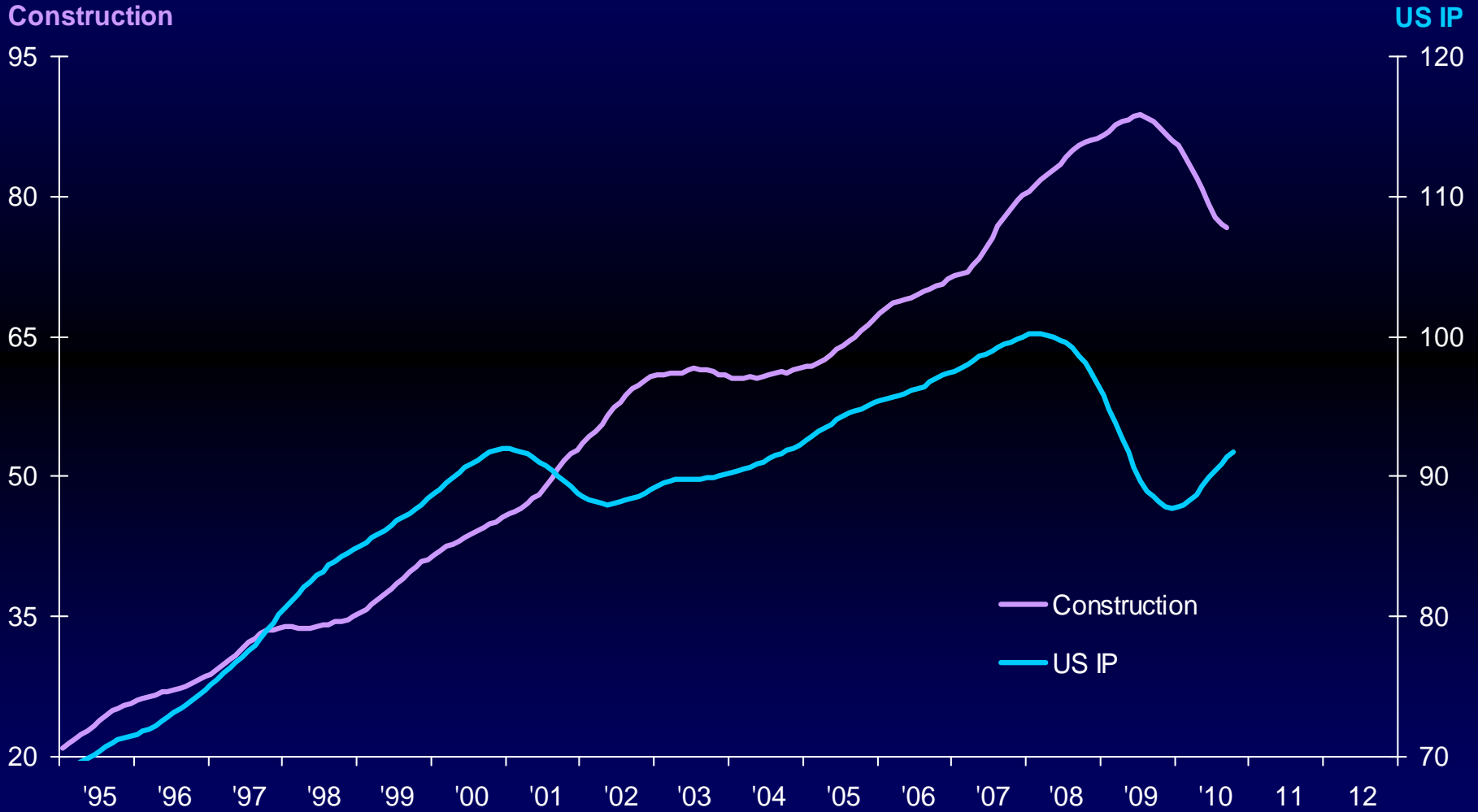
$$\frac{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 10/10}}{\text{ANNUAL MOVING TOTAL (12MMT) AS OF 10/09}} = 12/12$$

US Industrial Production to Private Education Buildings Construction 12/12 Rates-of-Change

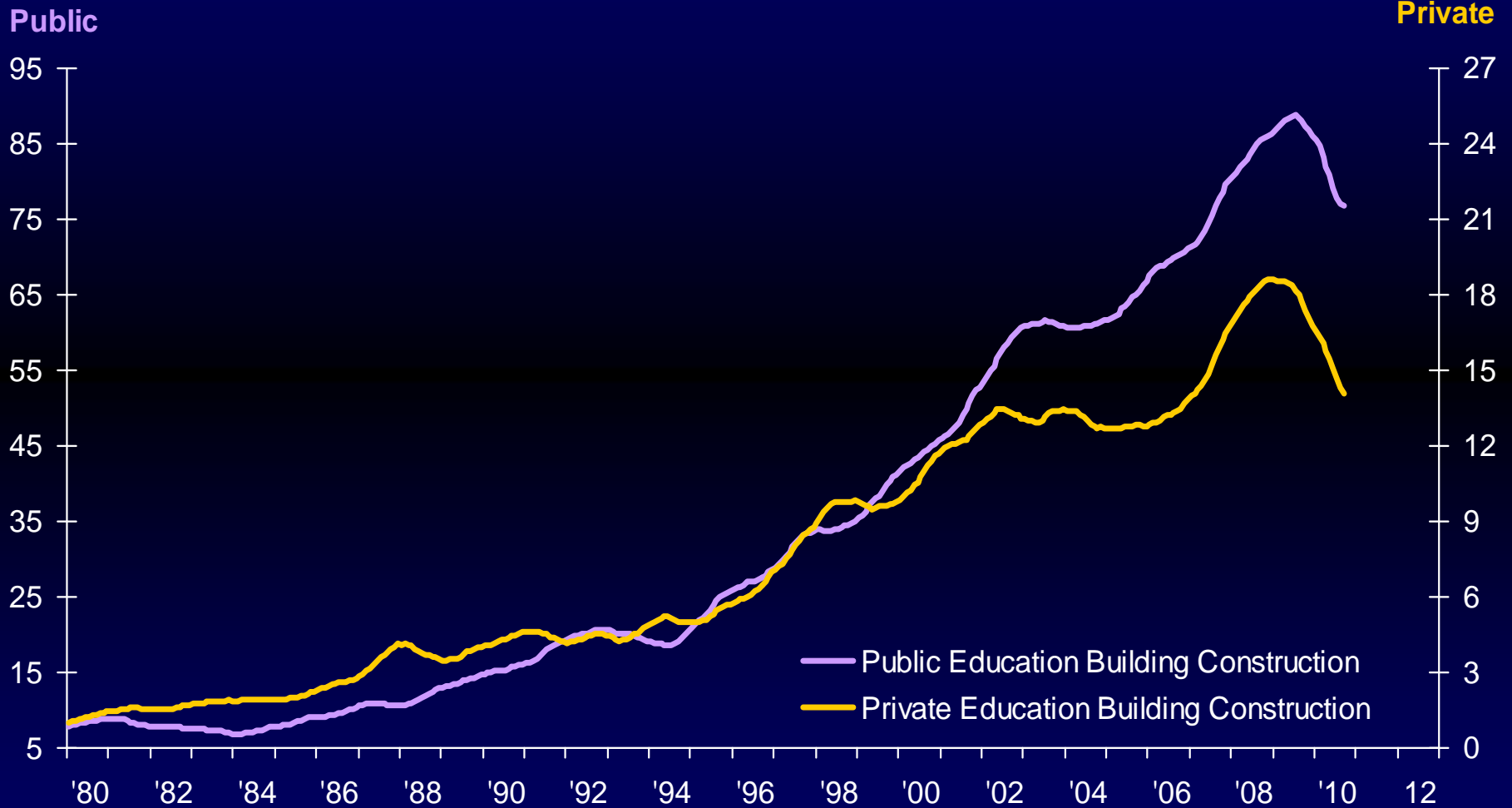


US Industrial Production to Public Educational Buildings Construction

Annual Data Trends



Public Educational Buildings Construction to Private Educational Buildings Construction Annual Data Trends



US Industrial Production Index

Forecast Through December 2011
Annual Average Index

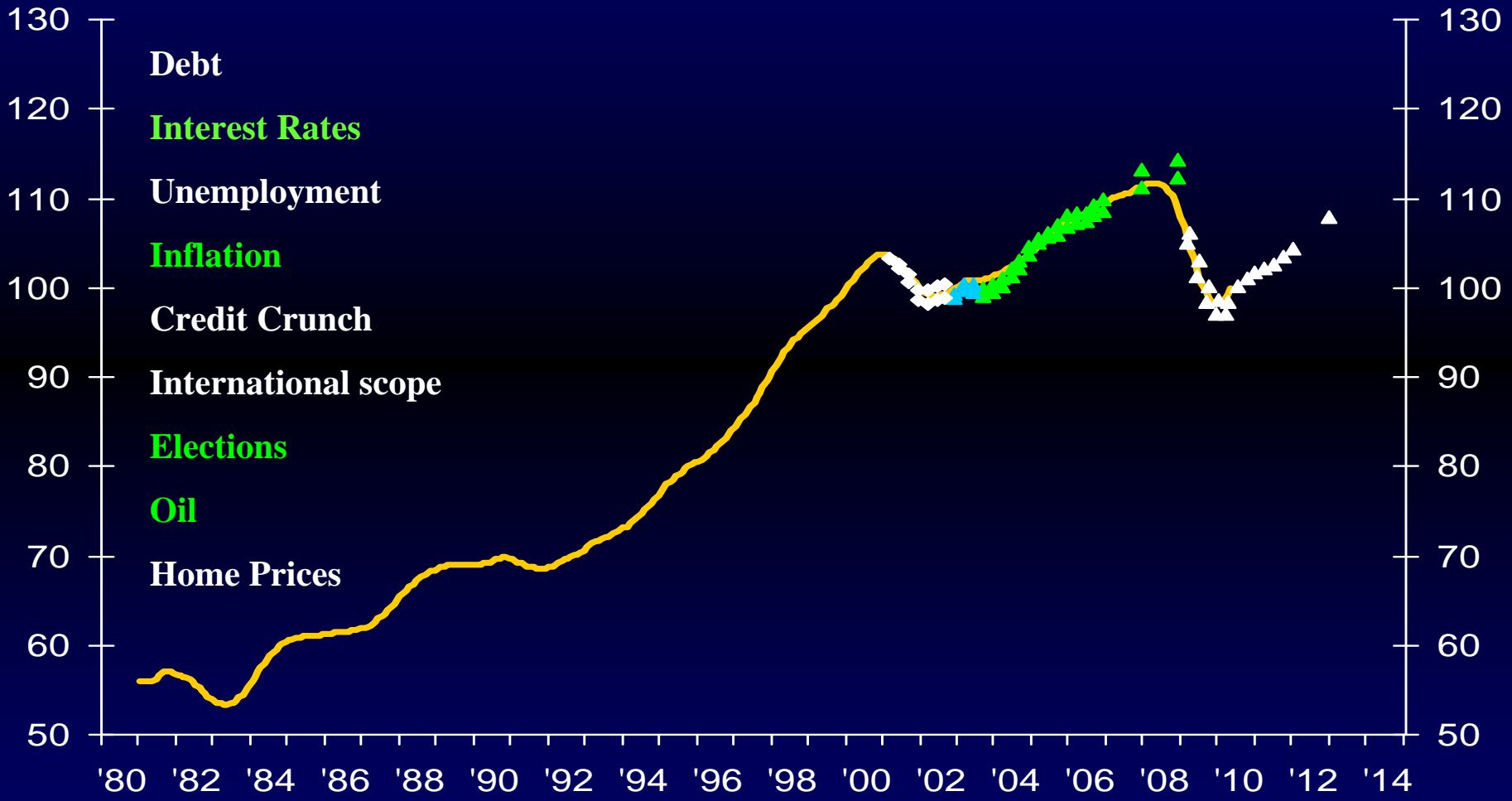
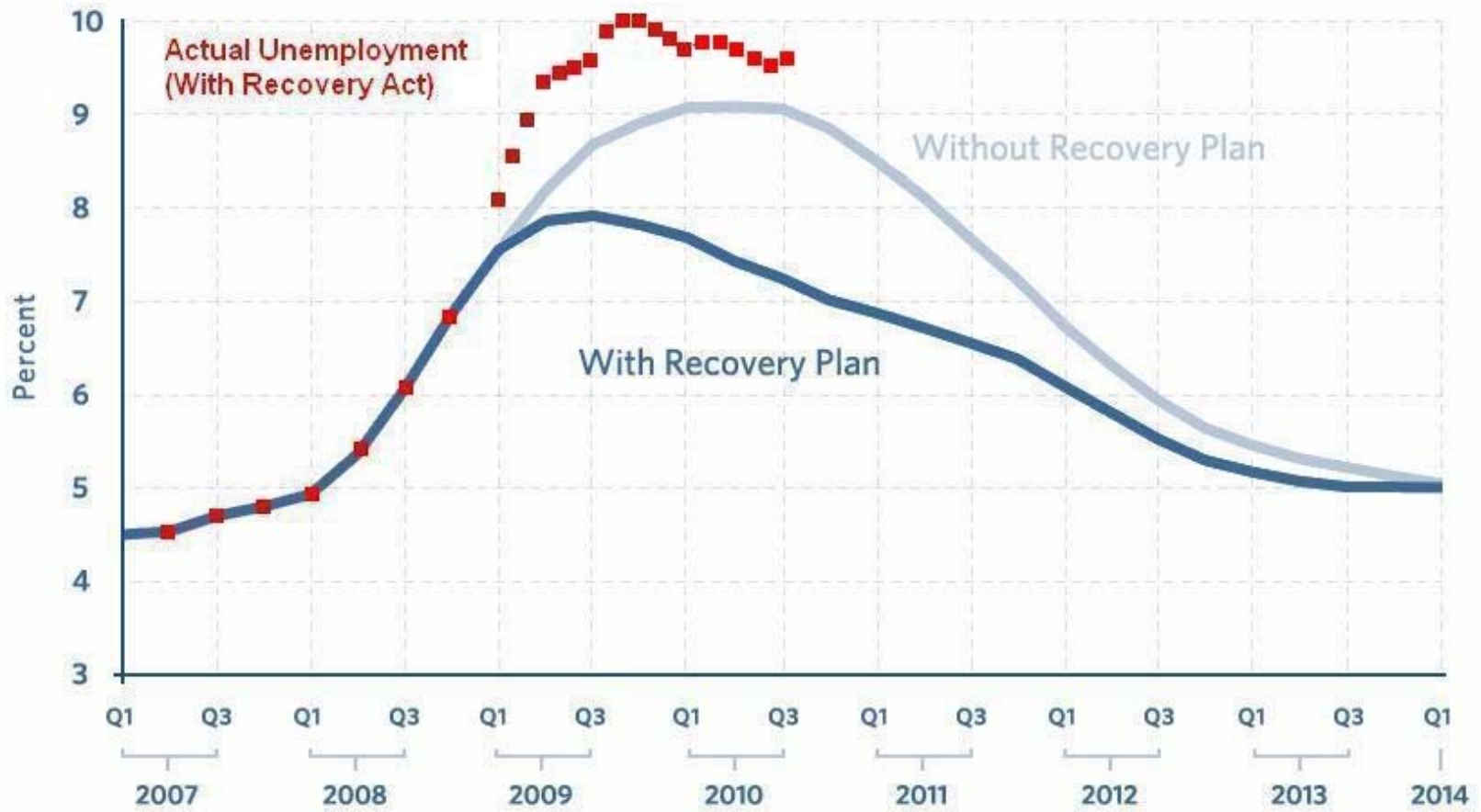
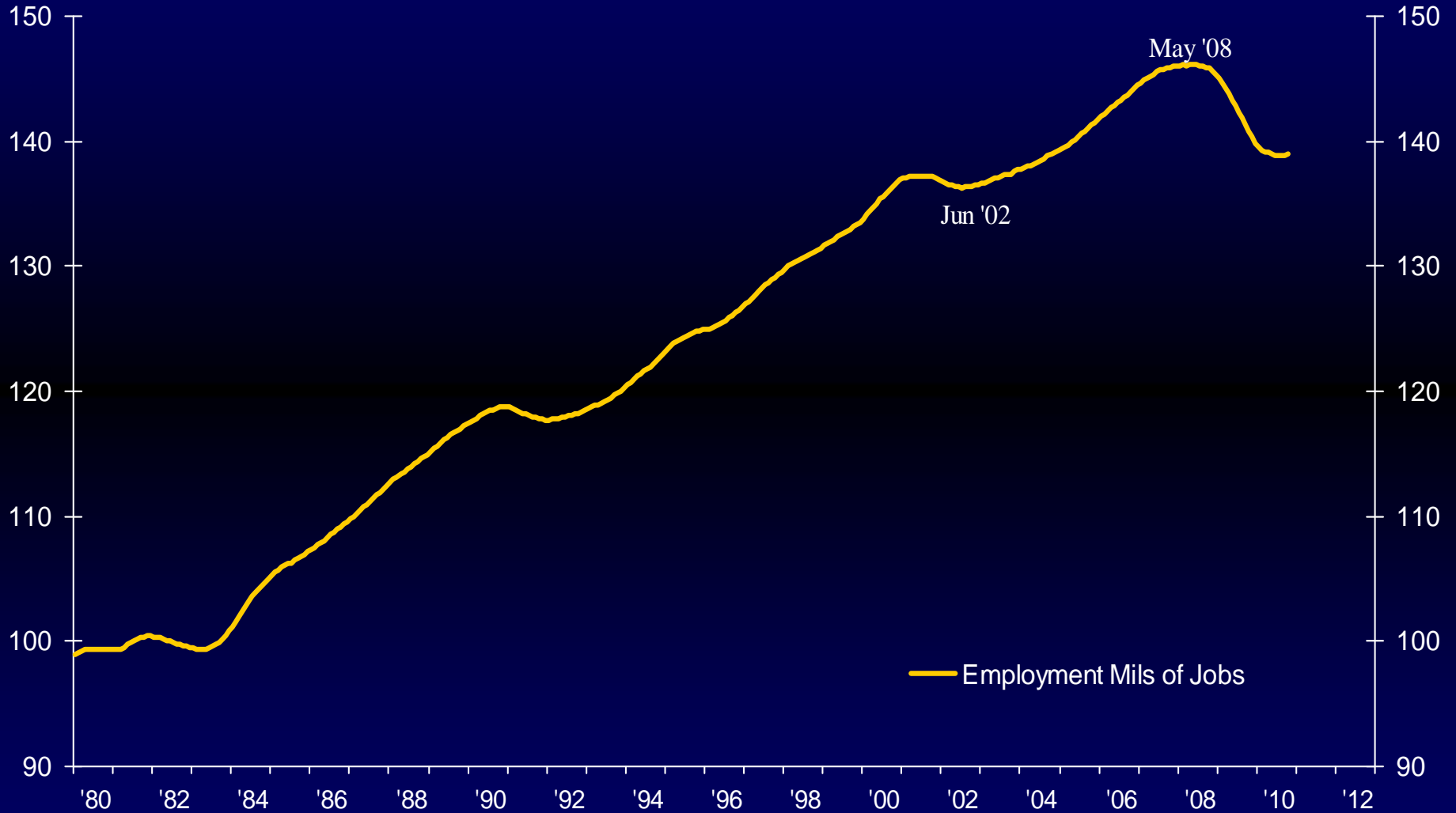


Figure 1
 Unemployment Rate With and Without the Recovery Plan



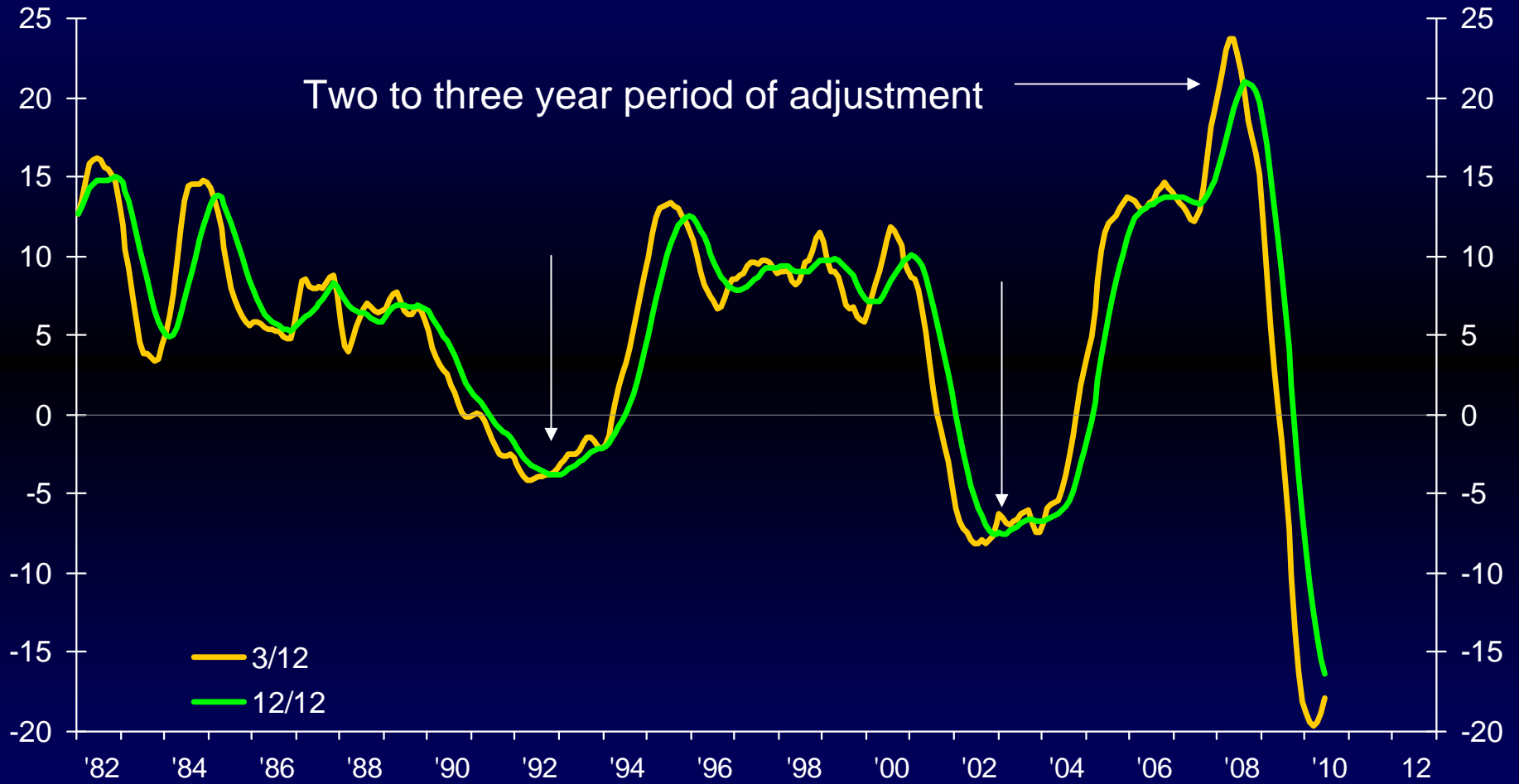
Employment – Civilian Labor Force

Annual Data Trend



Commercial & Industrial Loans at Commercial Banks

Rates-of-Change



Consumer Loan Delinquency Rates

3MMA and 12MMA



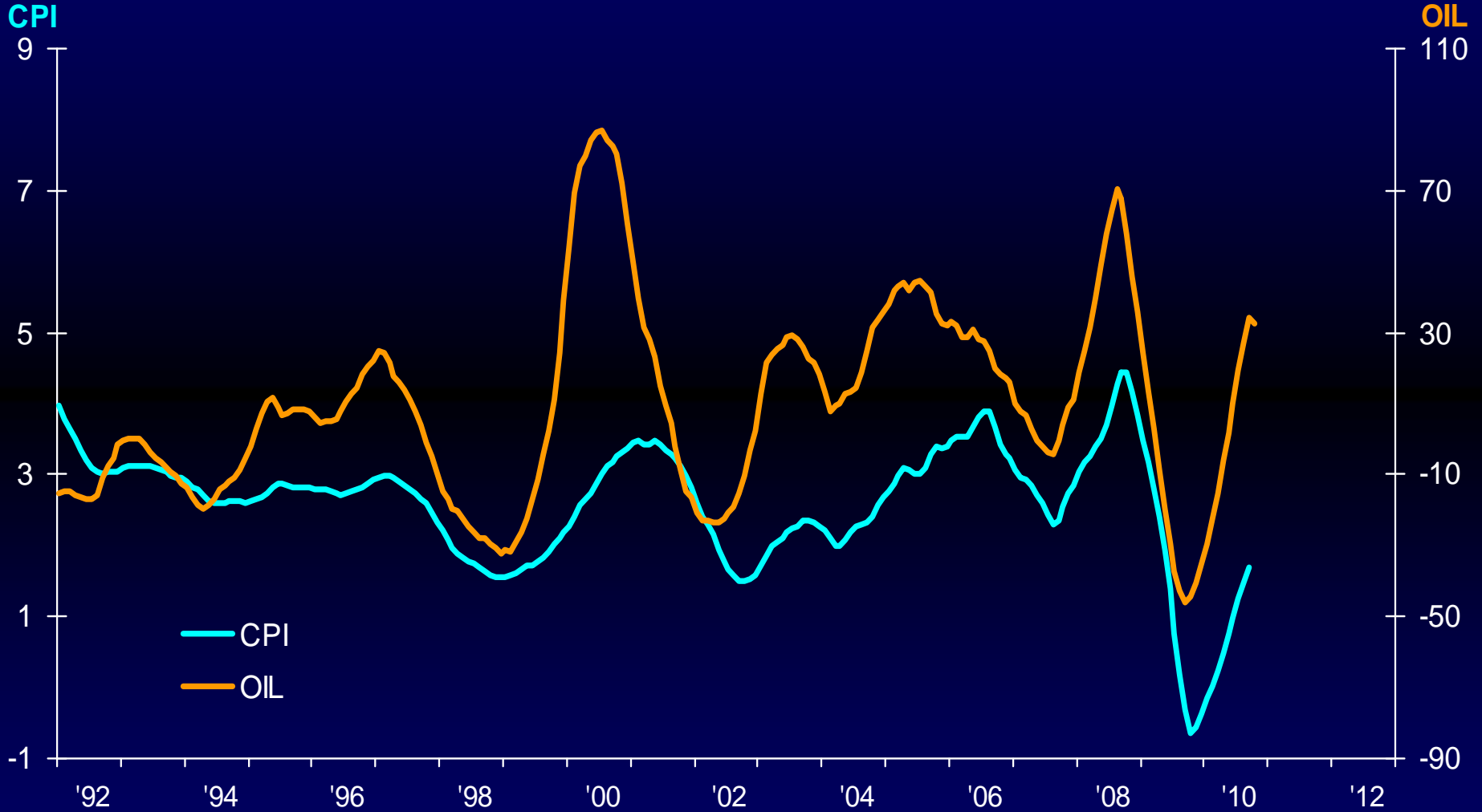
M2 Money Supply

Trillions of 82\$



Consumer Price Index to Crude Oil Futures Prices

12/12 Rates-of-Change



— CPI
— OIL



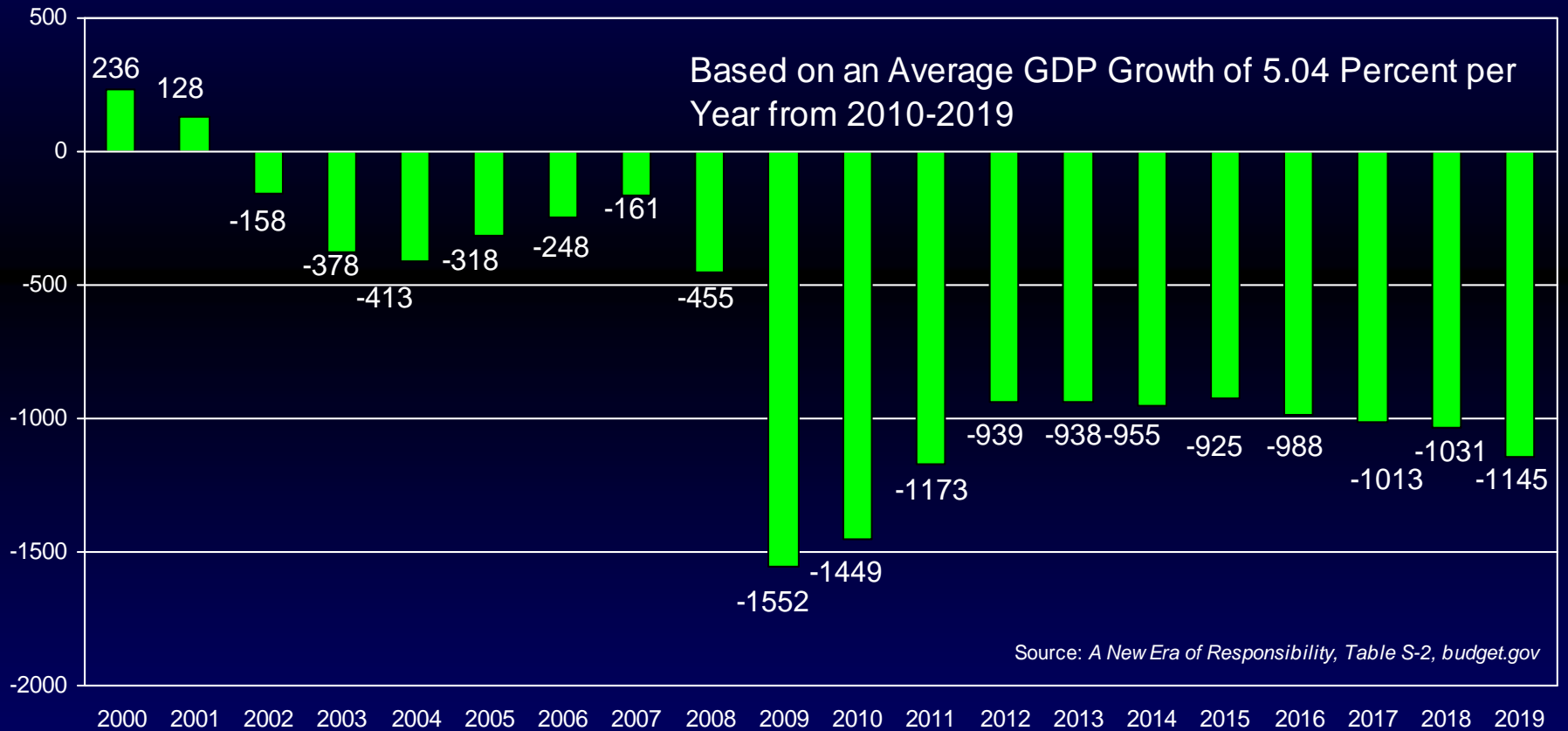
Mortgage Rates to Federal Funds

Raw Data

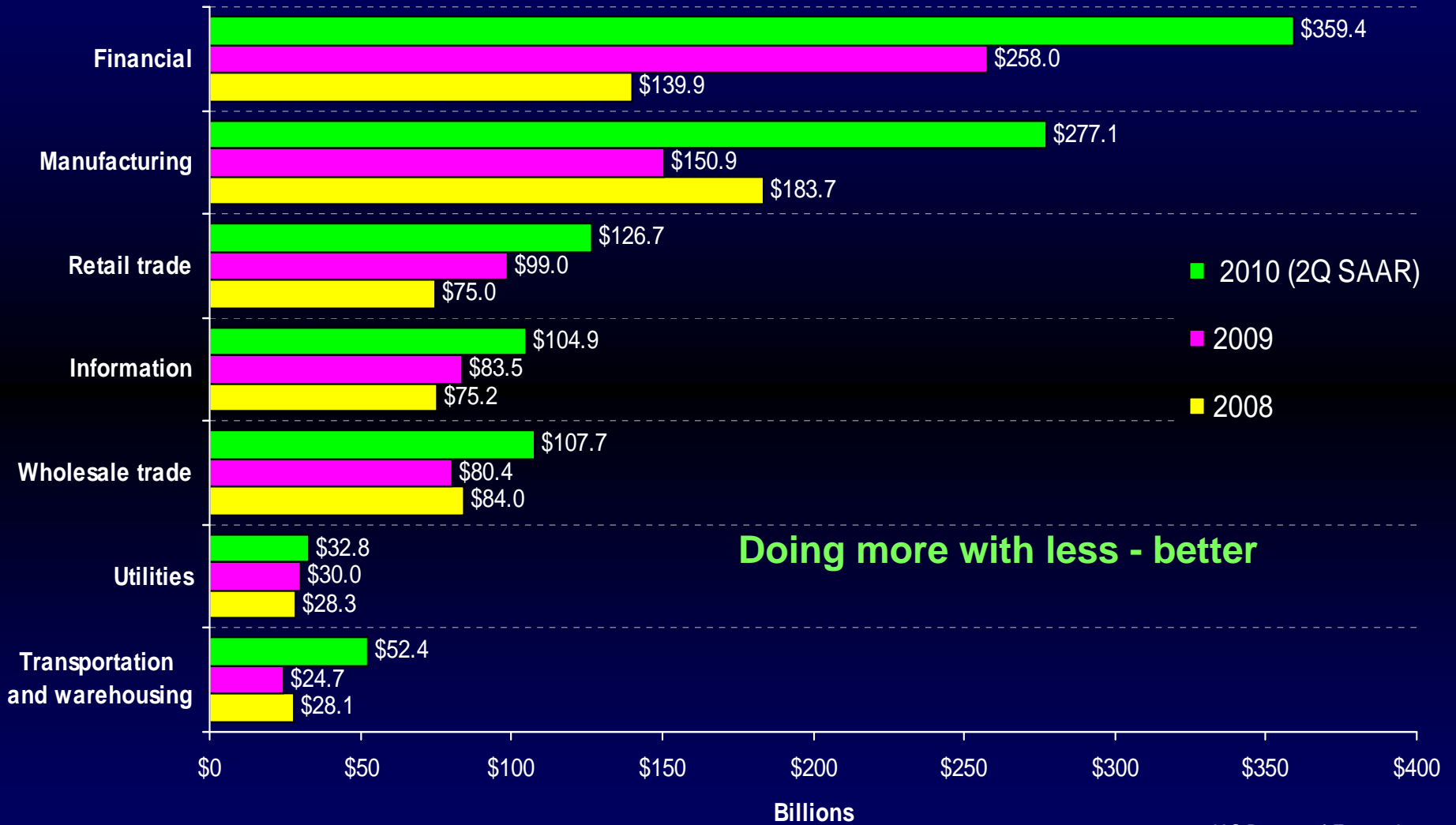


President Obama's 10-Year Deficit Projections (Baseline of Current Policy)

Billions of Dollars

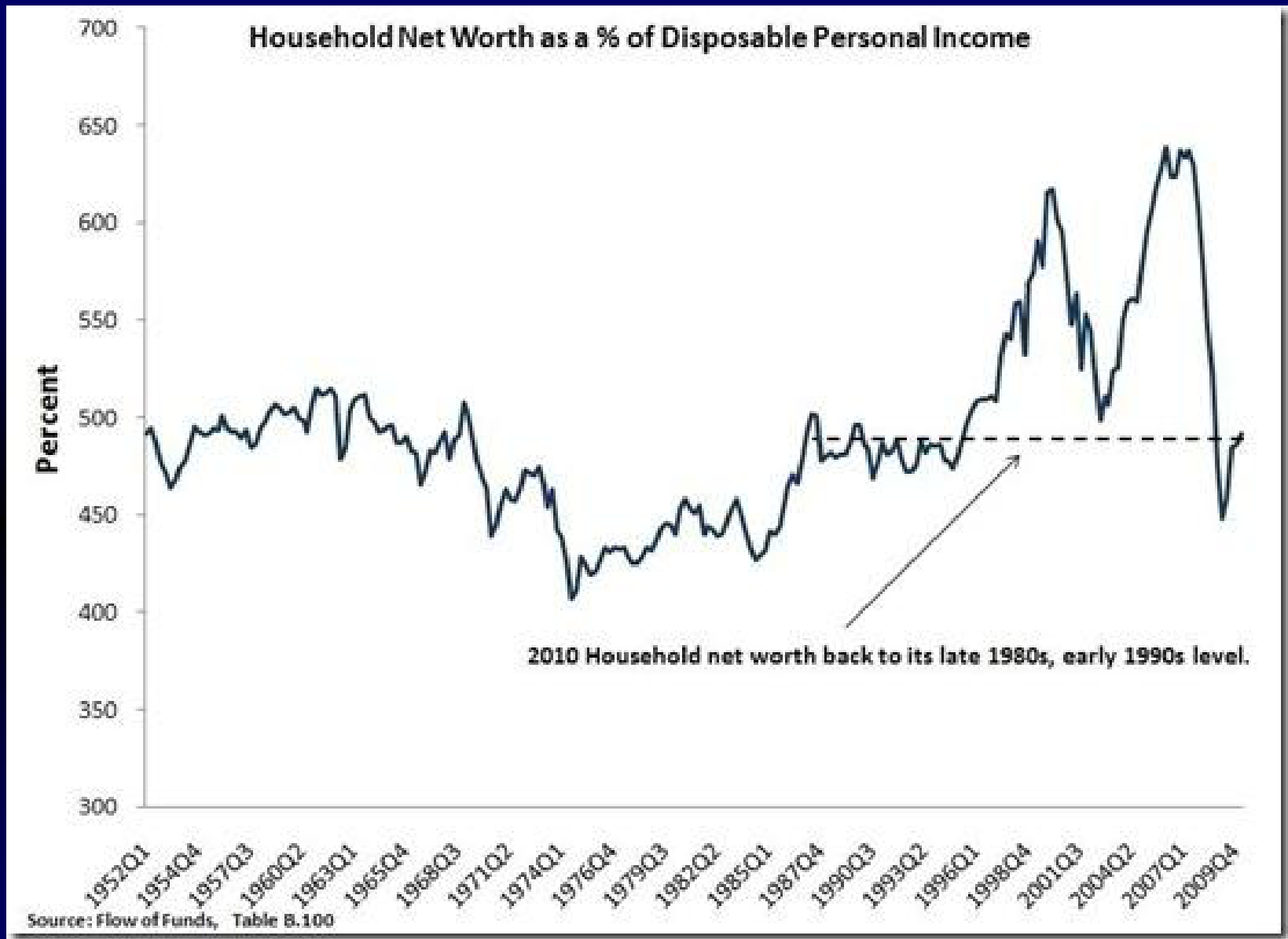


Corporate Profits, \$ Billions



U.S. Bureau of Economic

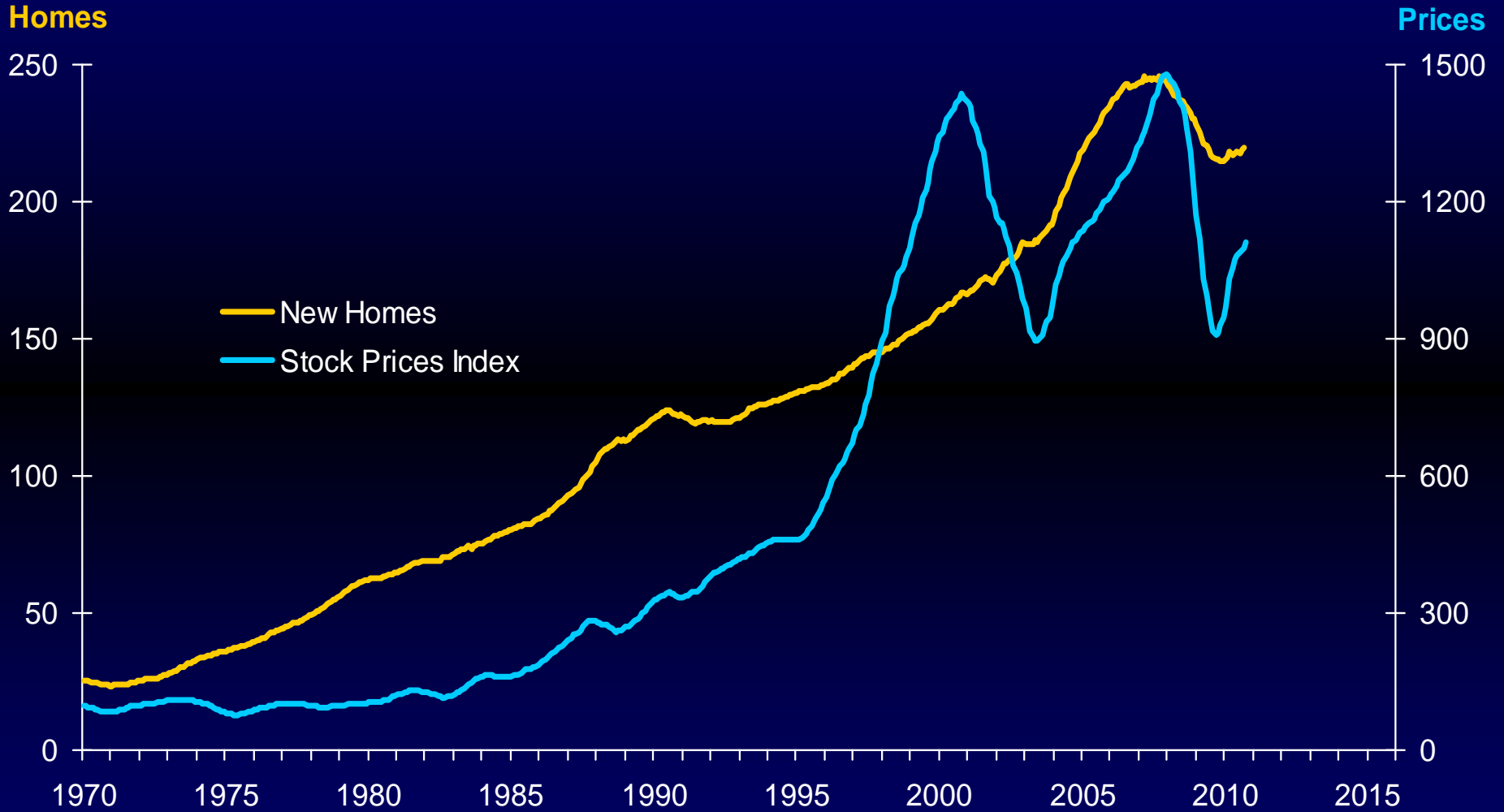




Source: Flow of Funds, Table B.100

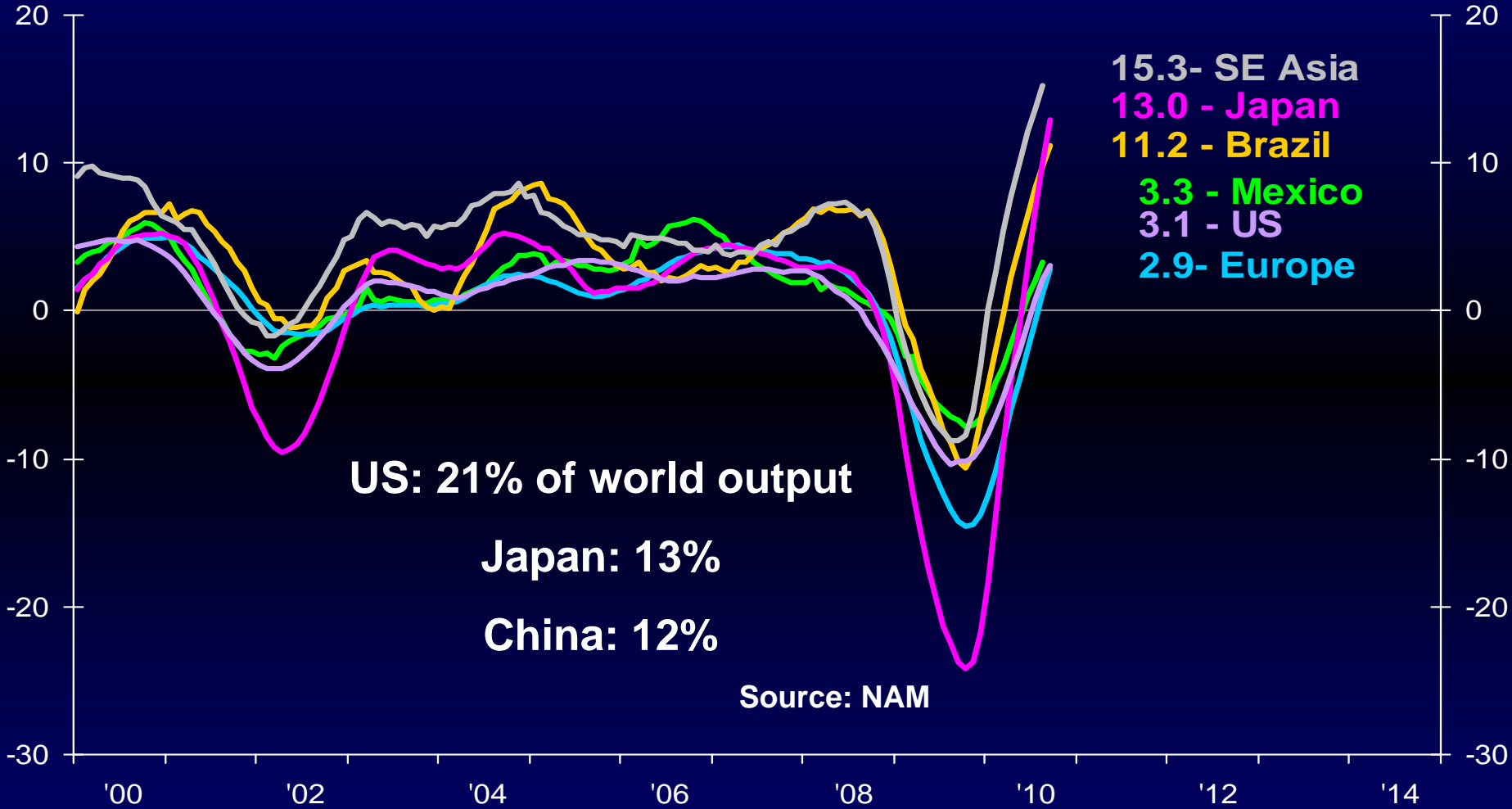
New Homes Sales Median Price to Stock Prices Index

Data Trends



Global Industrial Production Indices

12/12 Rates-of-Change



Winning Demographics

USA ~ 300 Million grows to 400 – 500 Million

India

Indonesia

Australia

Spain

Brazil

Mexico

Negative Demographics

China

Europe

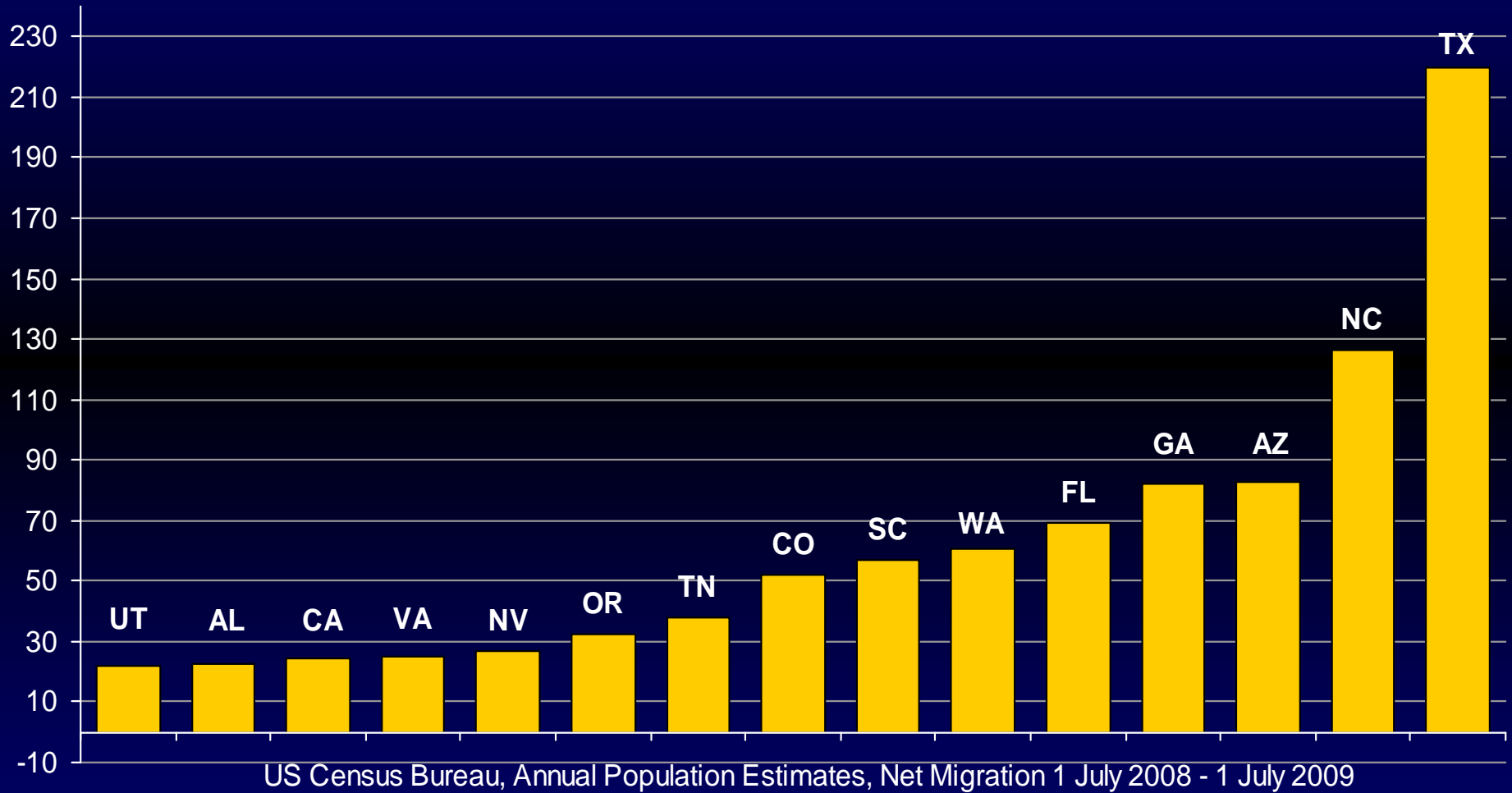
Japan

Russia

Source: United Nations

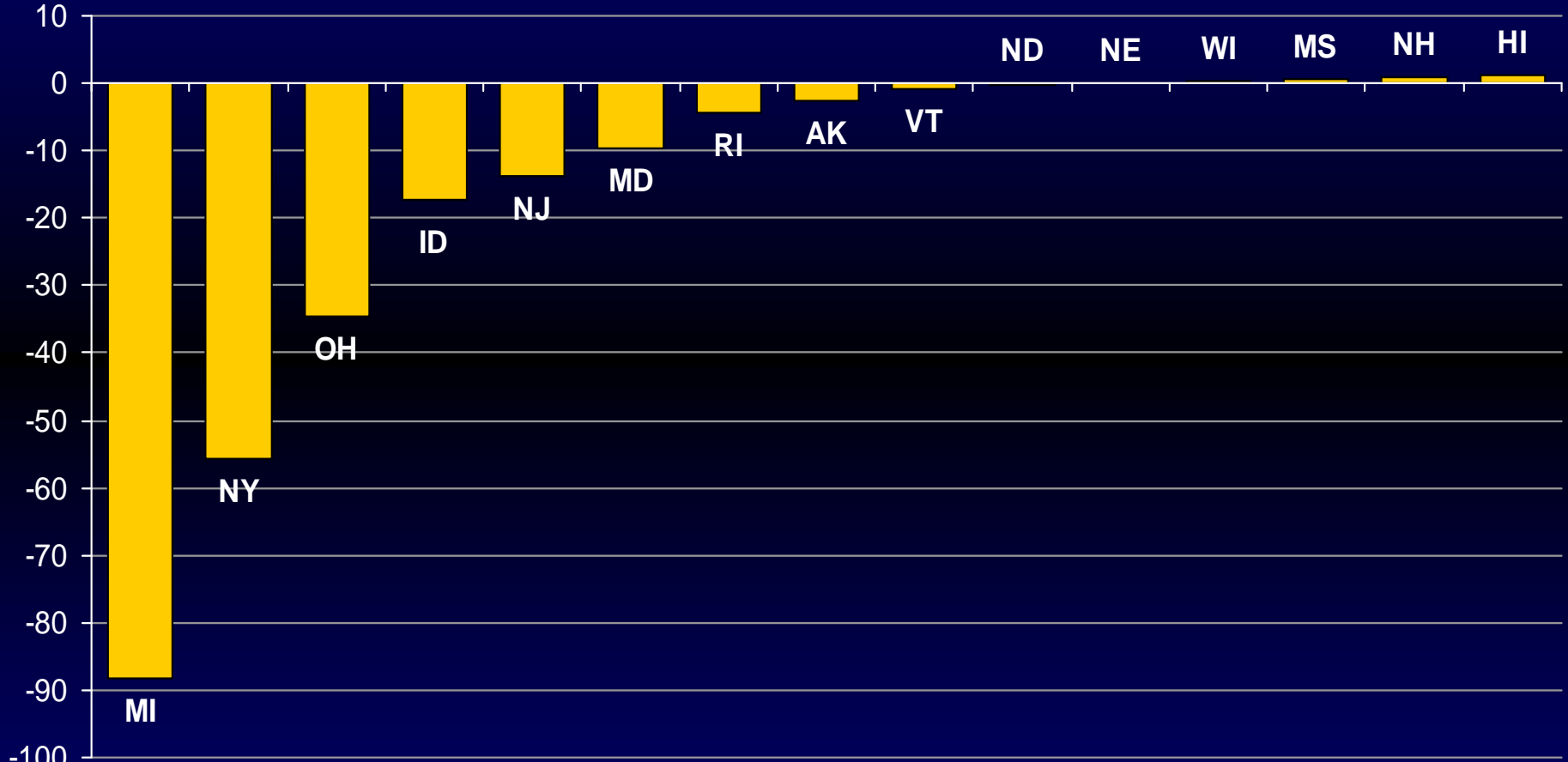
Net Migration – Top 15

Thousands



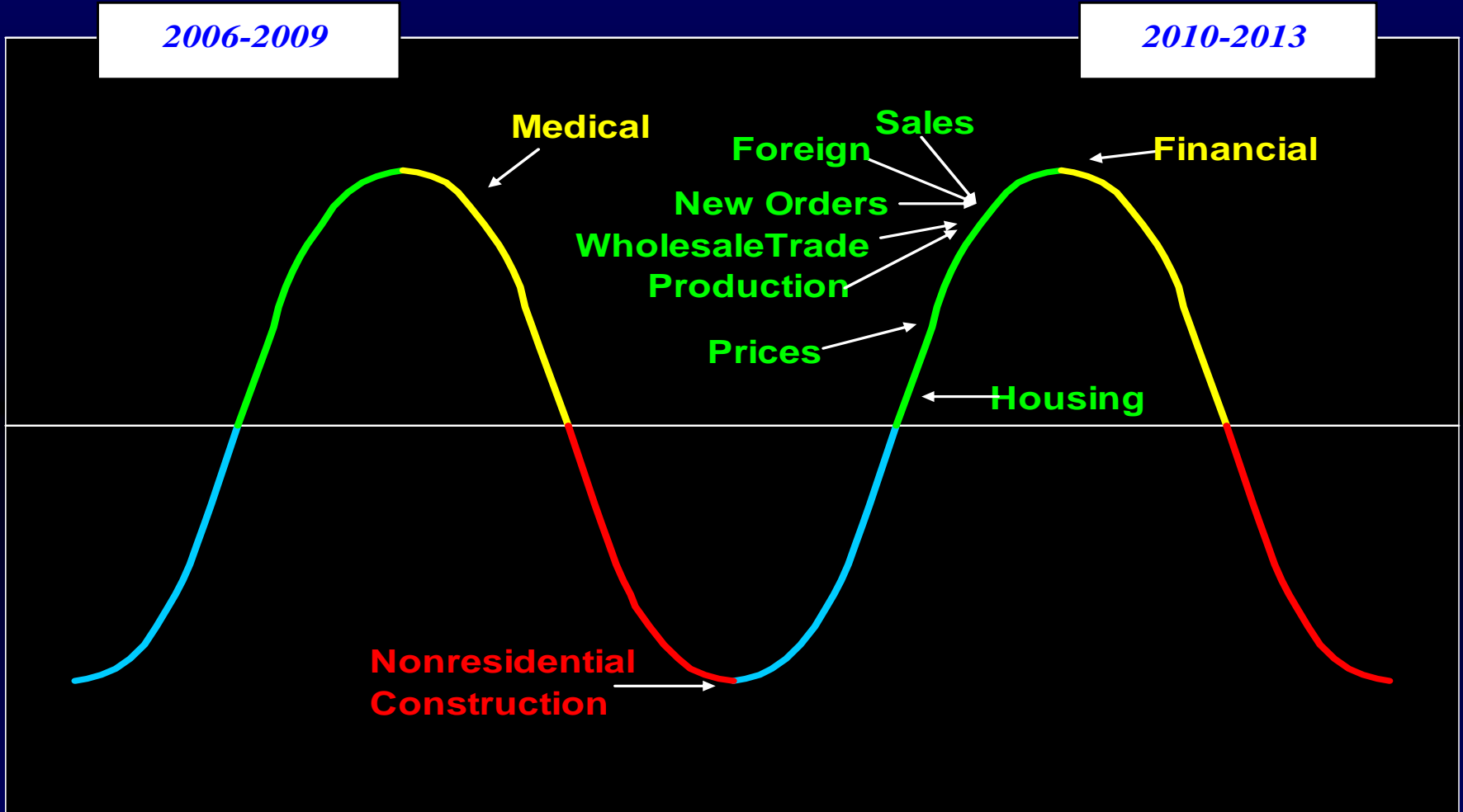
Net Migration – Bottom 15

Thousands



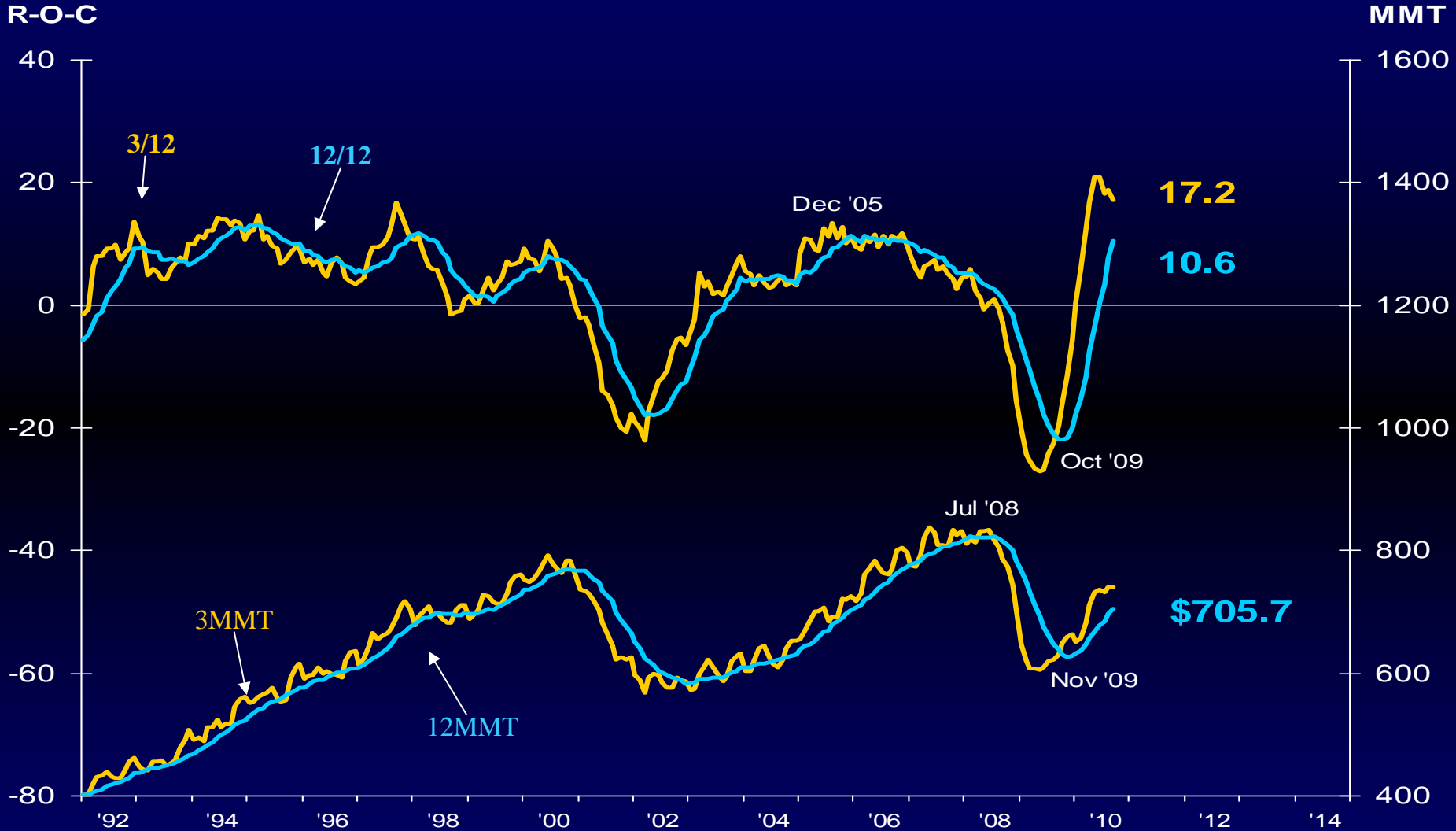
US Census Bureau, Annual Population Estimates, Net Migration 1 July 2008 - 1 July 2009

Trends 10



Nondefense Capital Goods New Orders w/o Aircraft

Billions of \$



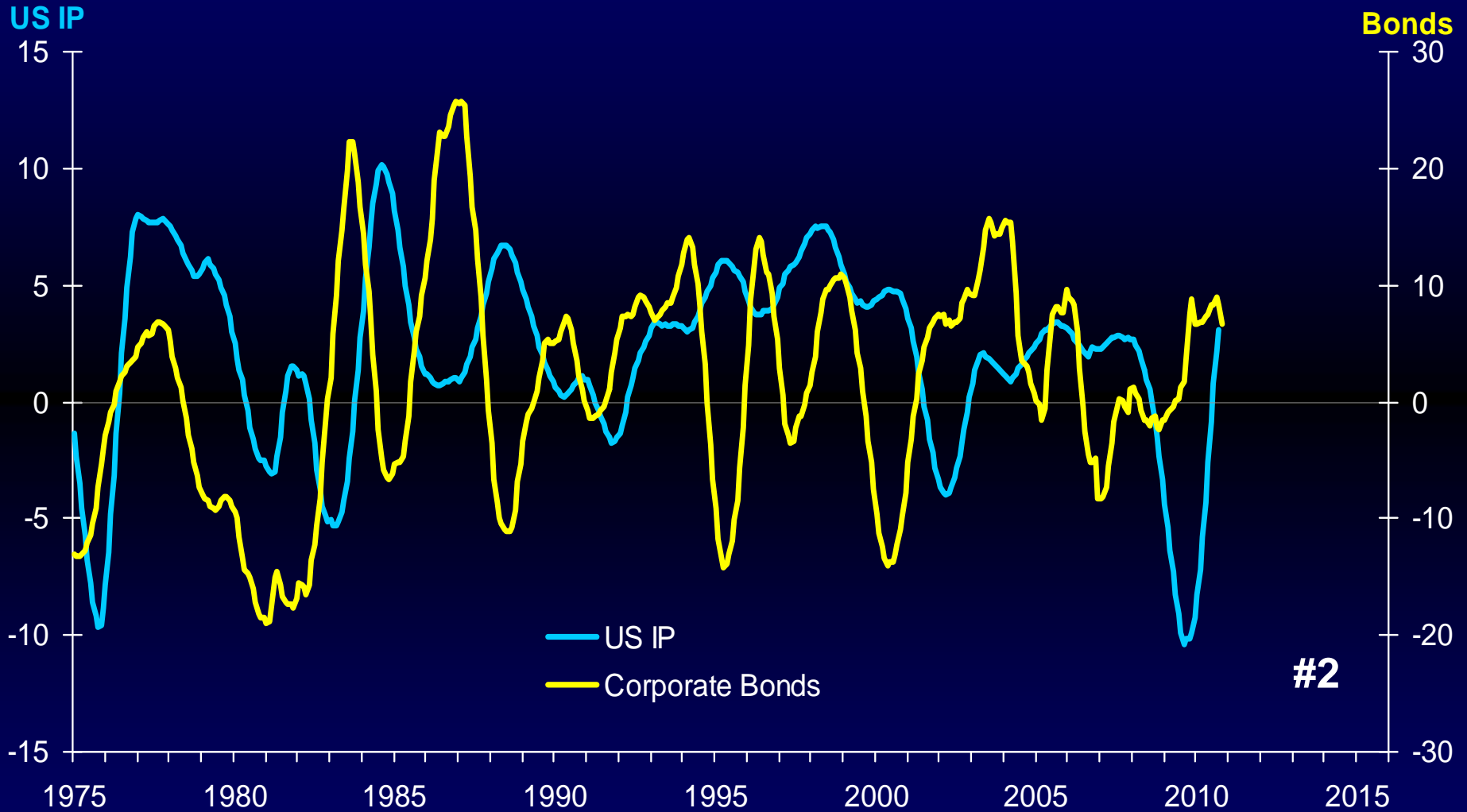
US Total Industrial Production Index

2002 = 100, S.A.

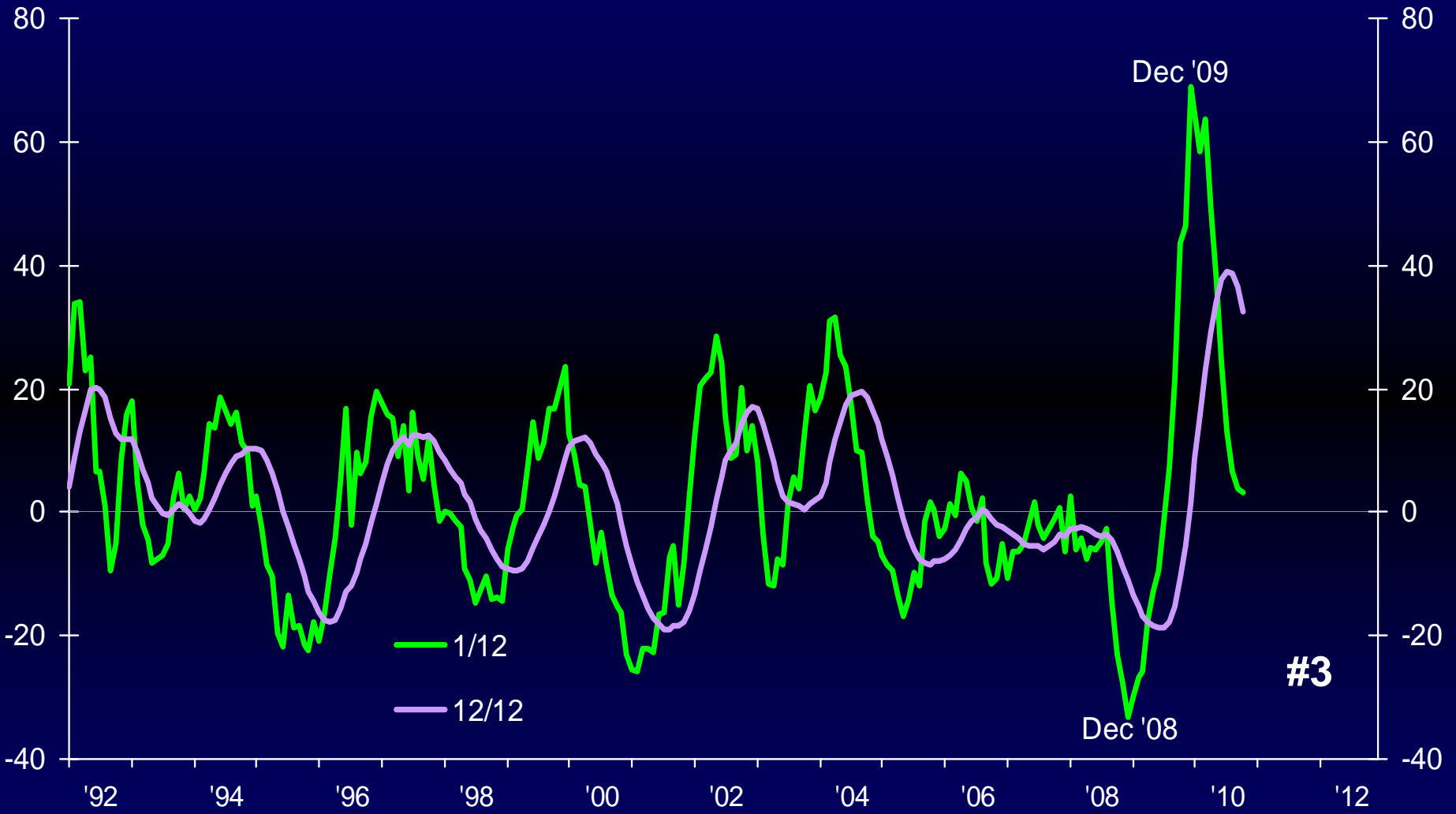


US Industrial Production to Corporate Bond Prices

12/12 Rates-of-Change



Purchasing Managers Index ISM



#3



U.S. Composite Leading Indicator

1996 = 100



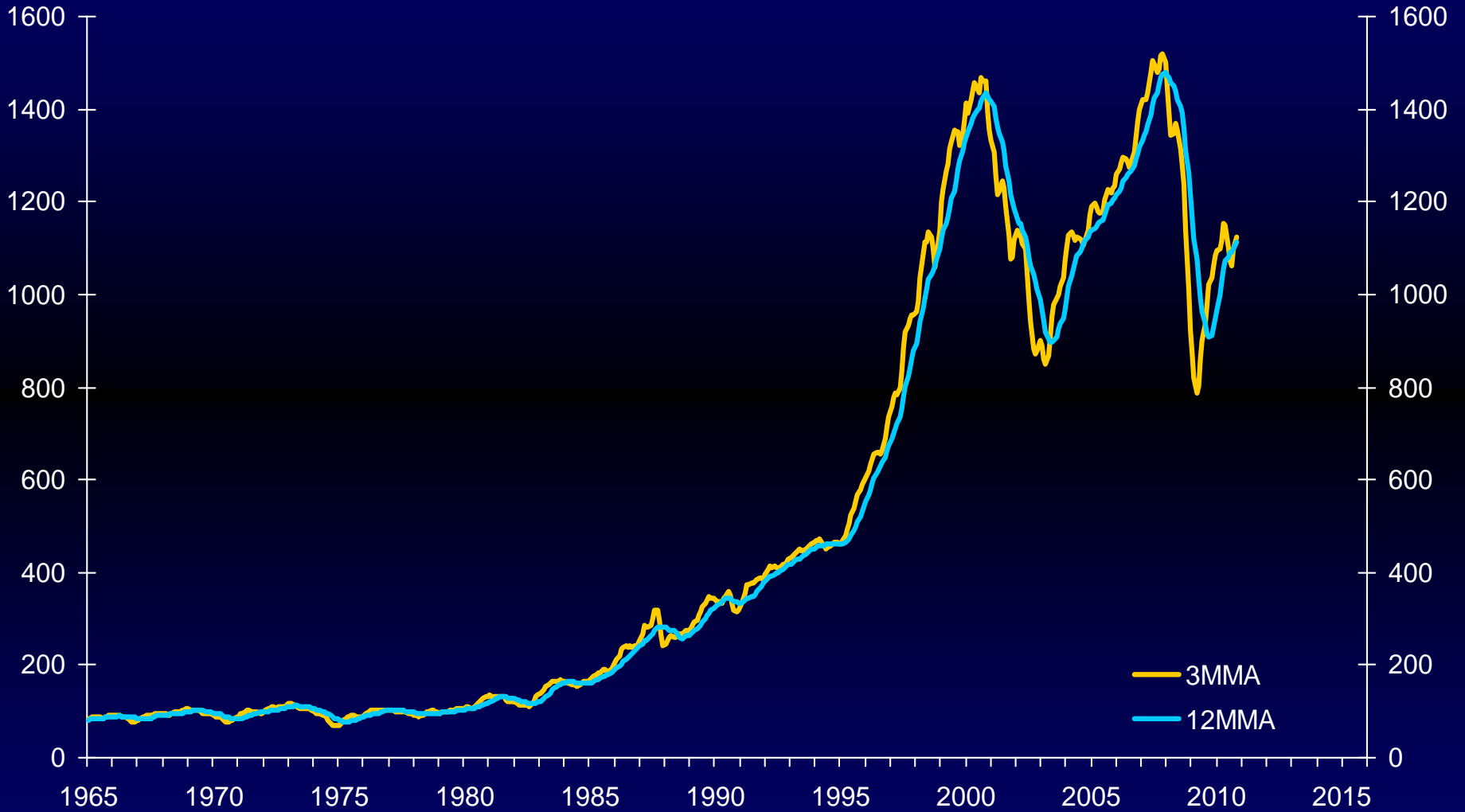
Stock Prices Index

S&P 500, 1941 - 43 = 10



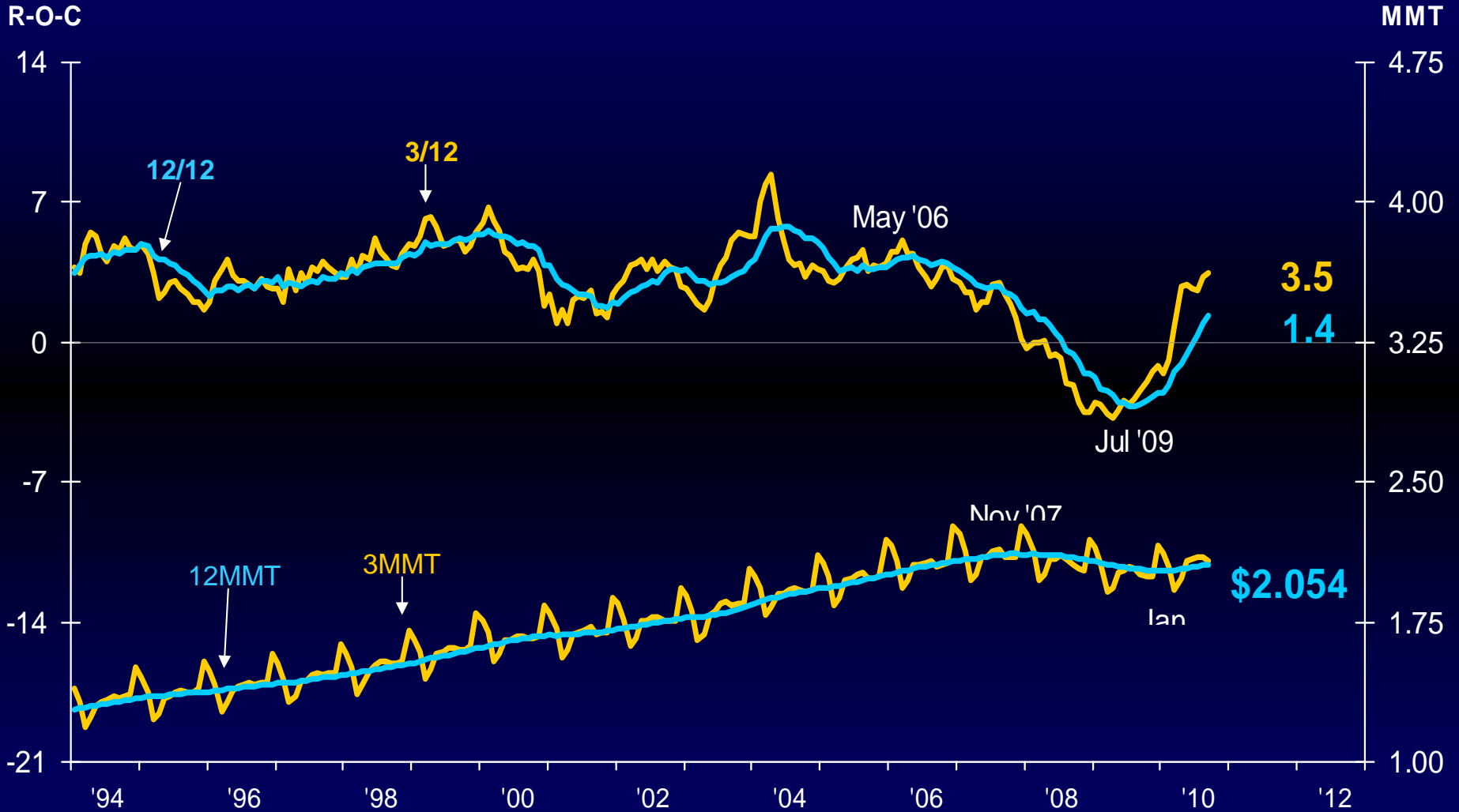
Stock Prices Index

Data Trends



Retail Sales Excluding Automobiles

Trillions of 82-84\$



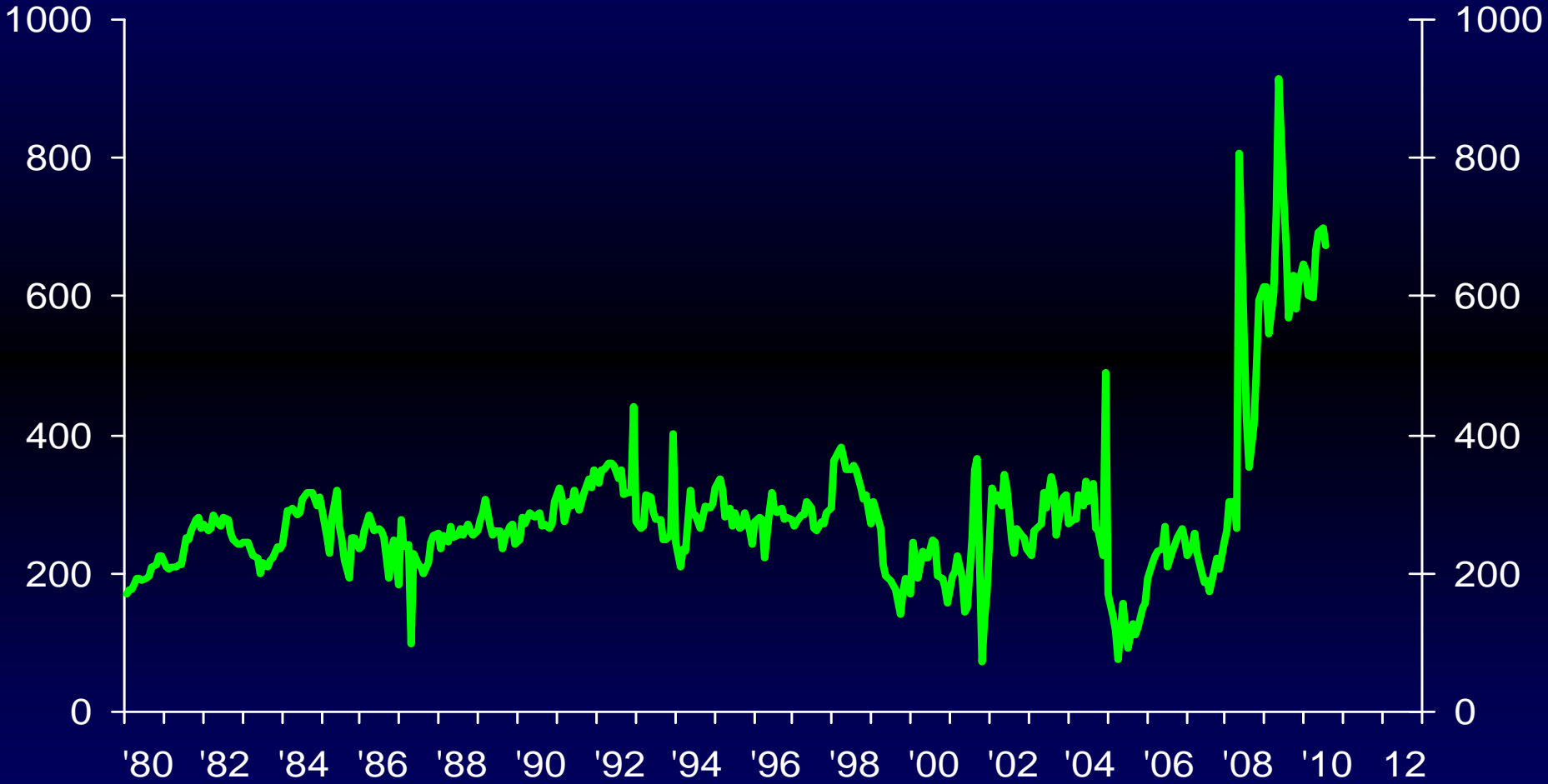
3.5

1.4

\$2.054

Personal Savings

Billions of \$, Annual Data Trend
SAAR



Source: Bureau of Economic Analysis



Consumer Expectations and Retail Sales

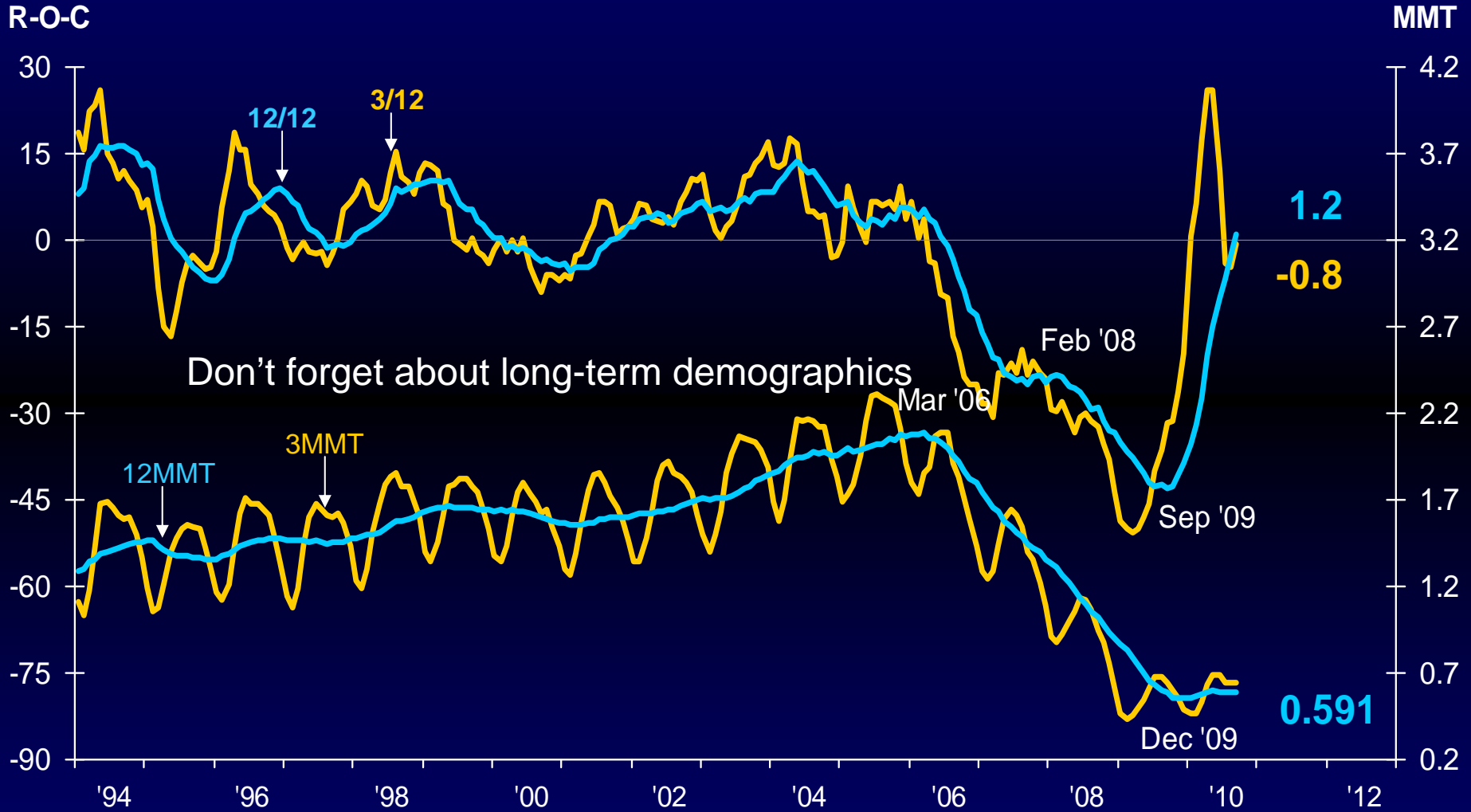
Expectations

Sales



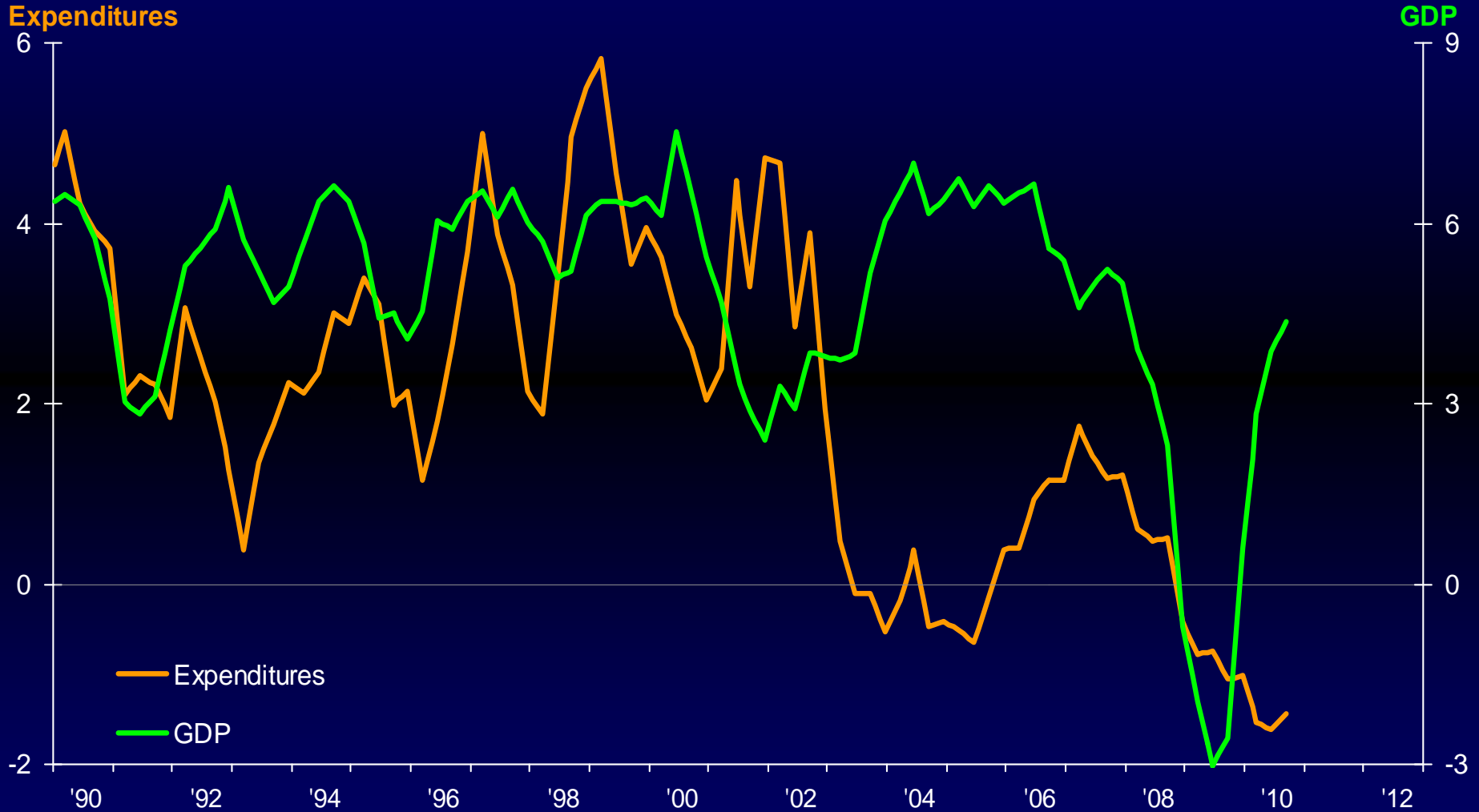
Housing Starts

Millions of Units



State & Local Government Expenditures to Gross Domestic Product

3/12 Rates-of-Change



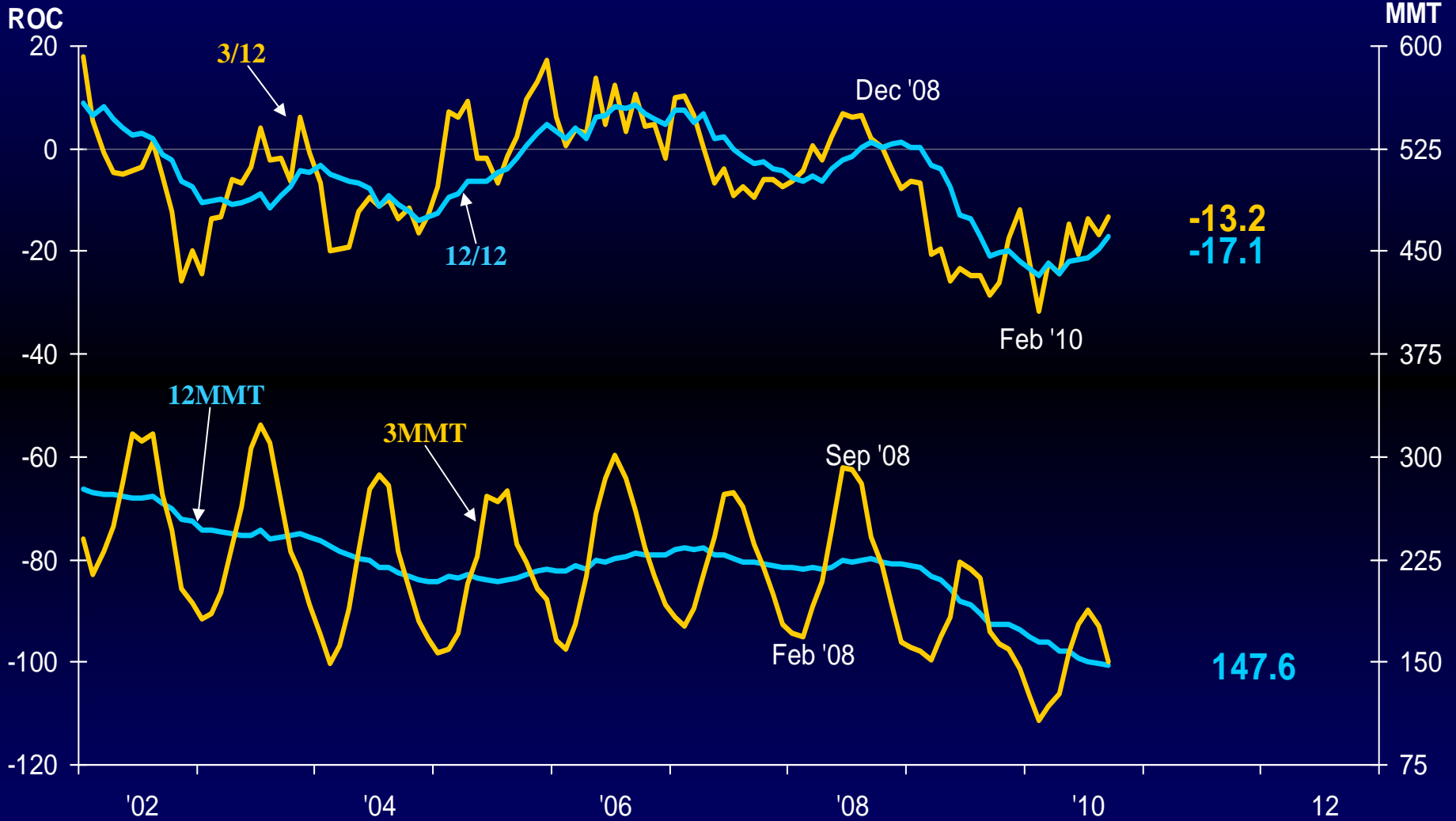
State & Local Government Expenditures

Trillions of Chained 2000\$

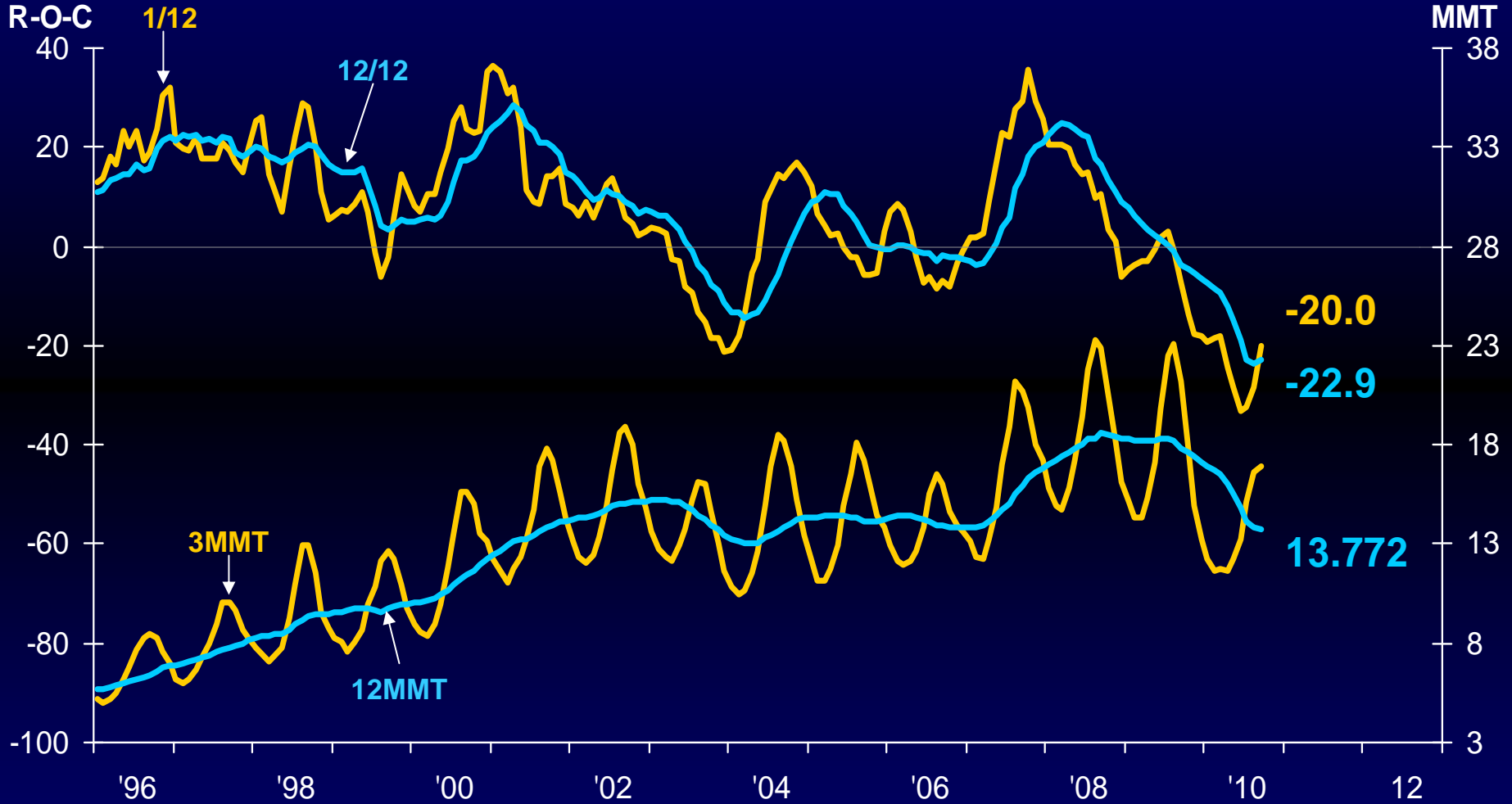


Schools & Libraries Construction

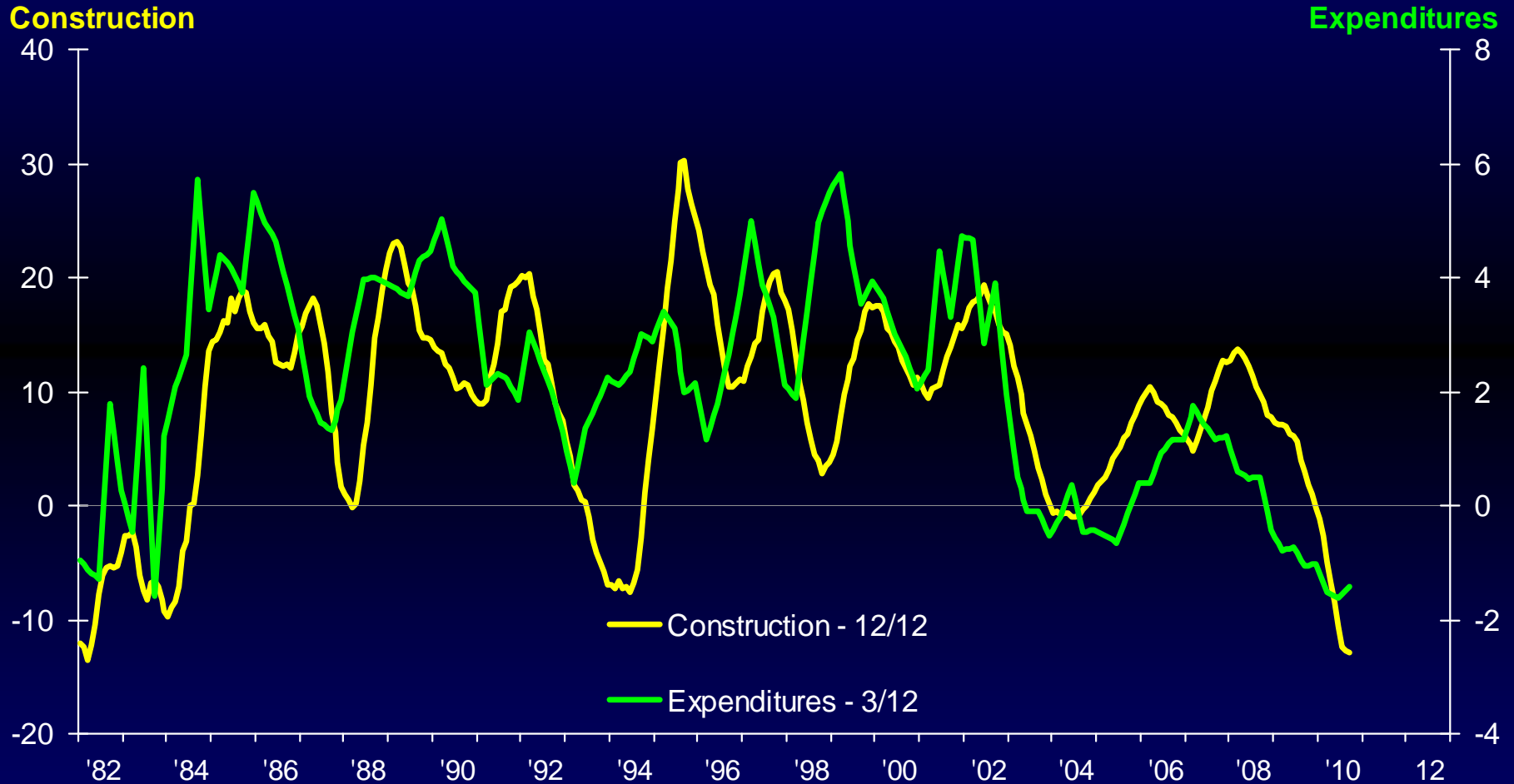
Millions of Sq. Feet



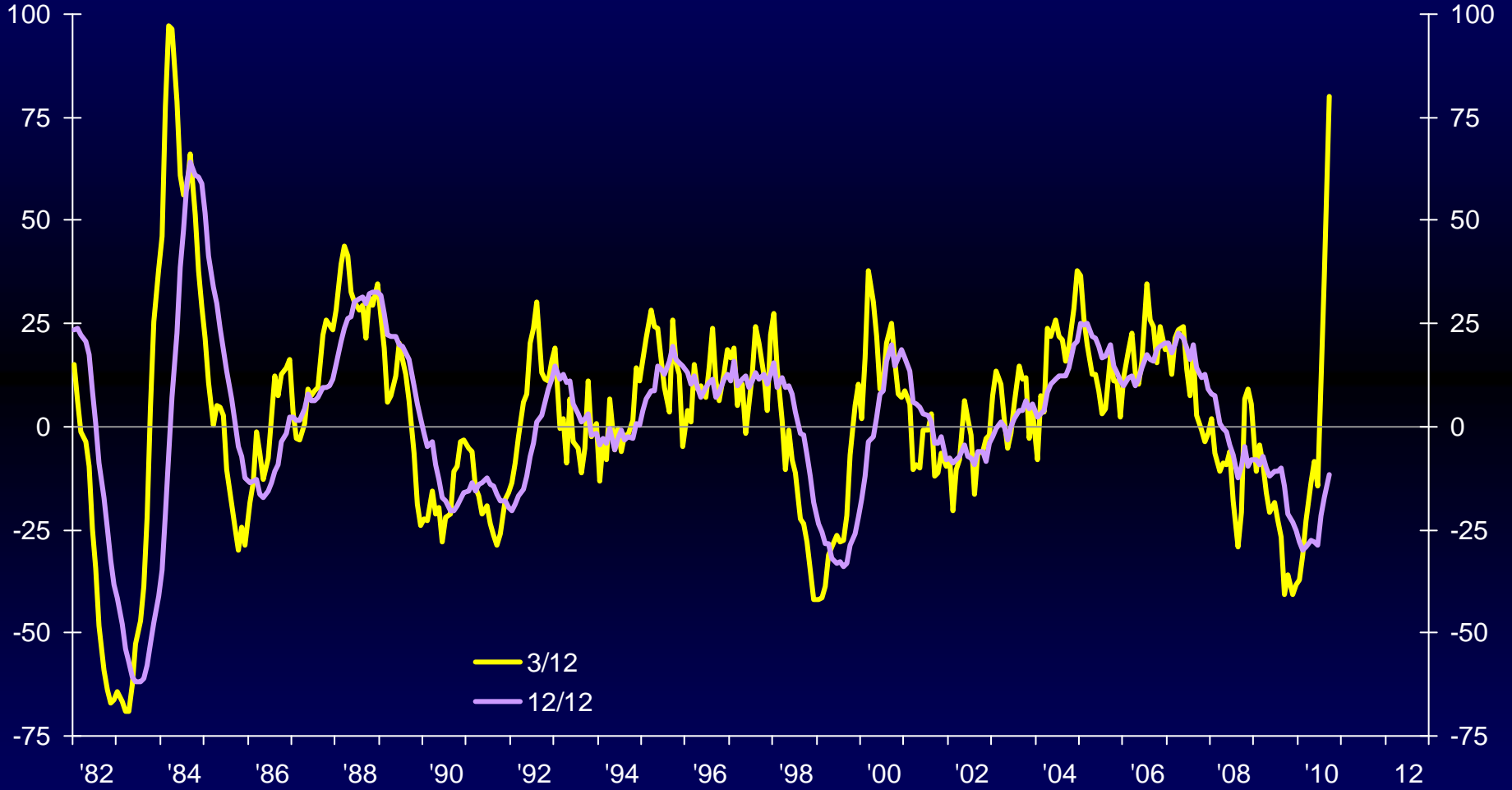
State & Local Elementary School Construction



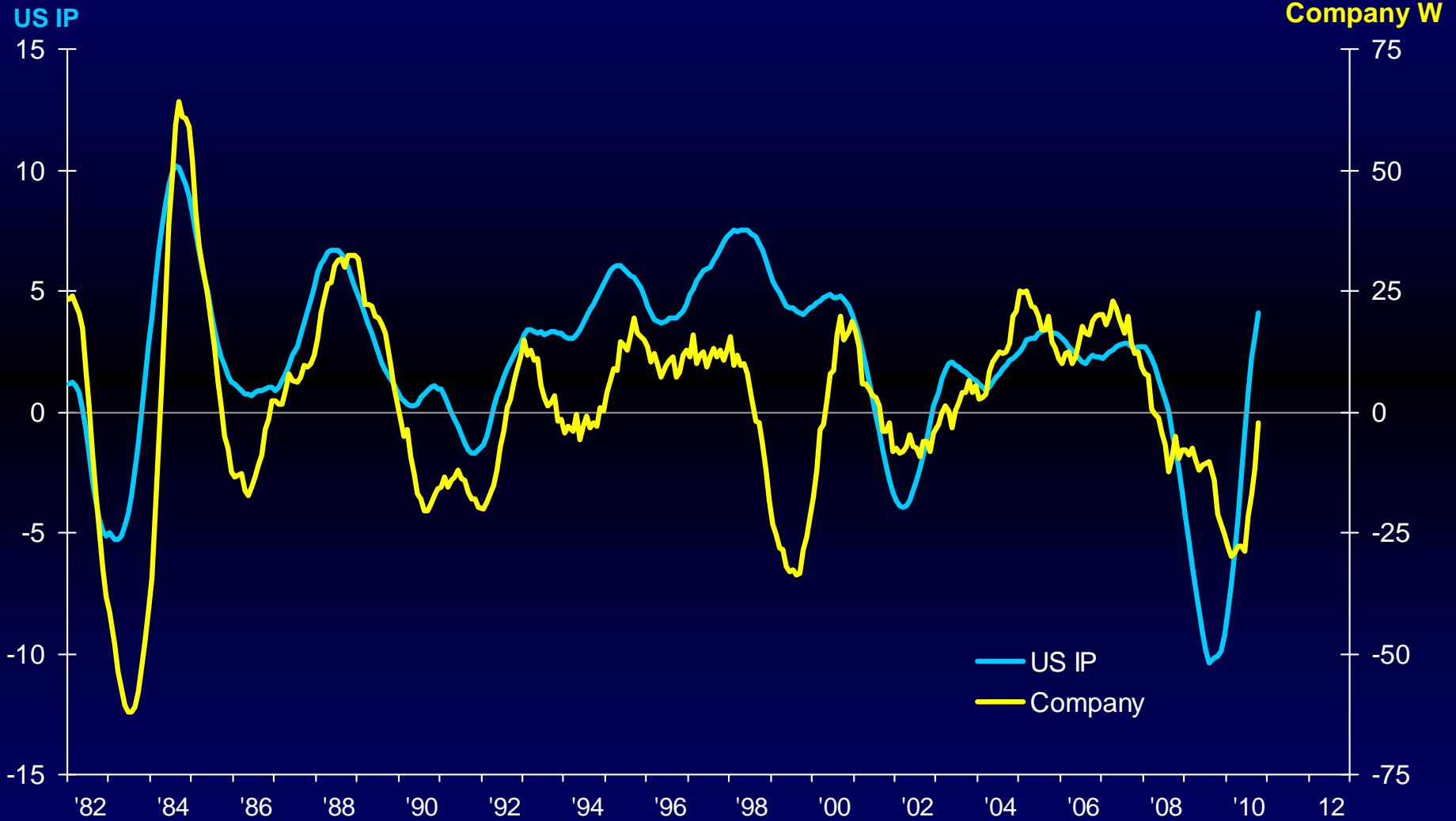
Public Educational Buildings Construction to State & Local Government Expenditures Rates-of-Change



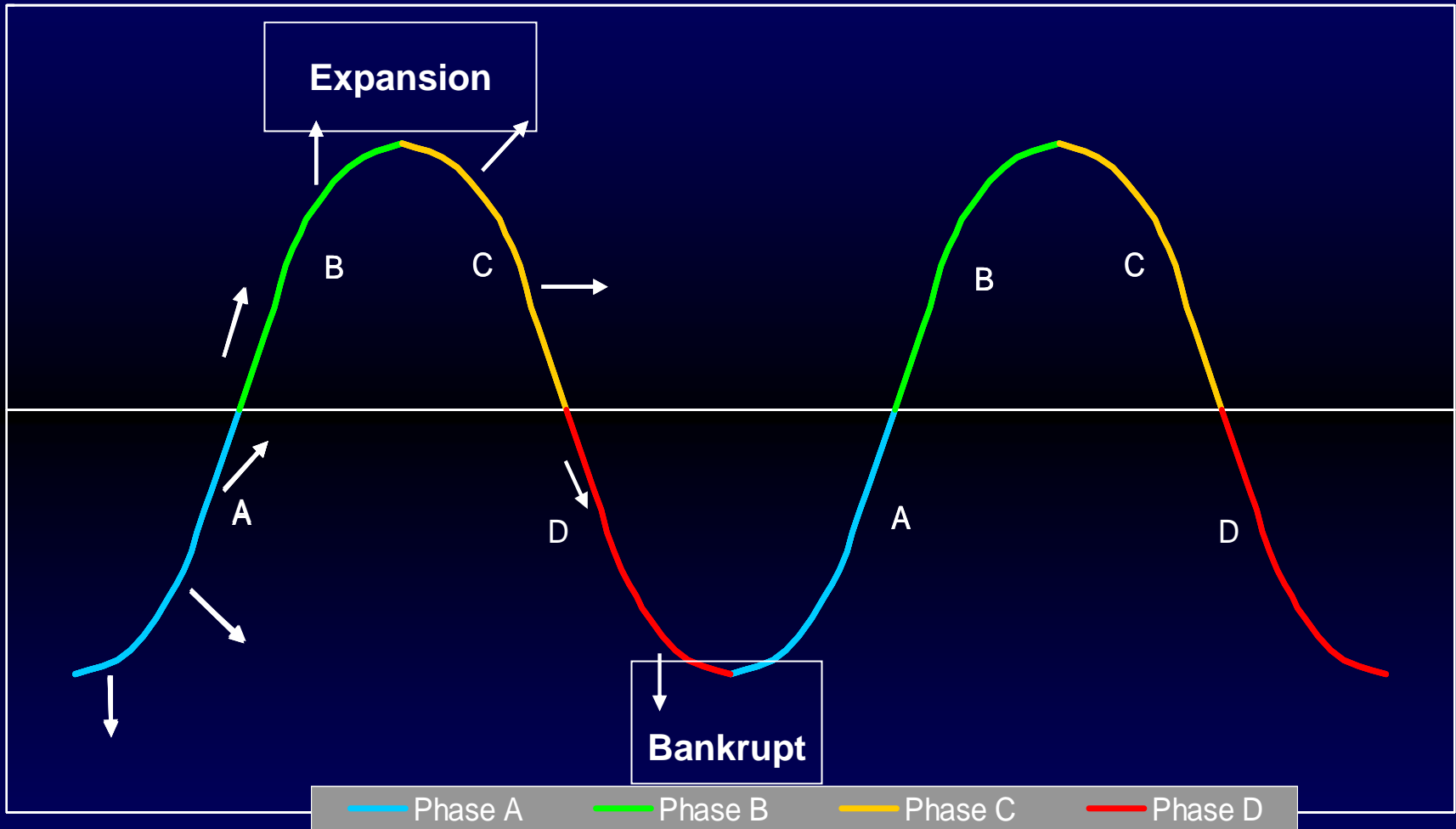
Company W Rates-of-Change



Company W to US Industrial Production 12/12 Rates-of-Change



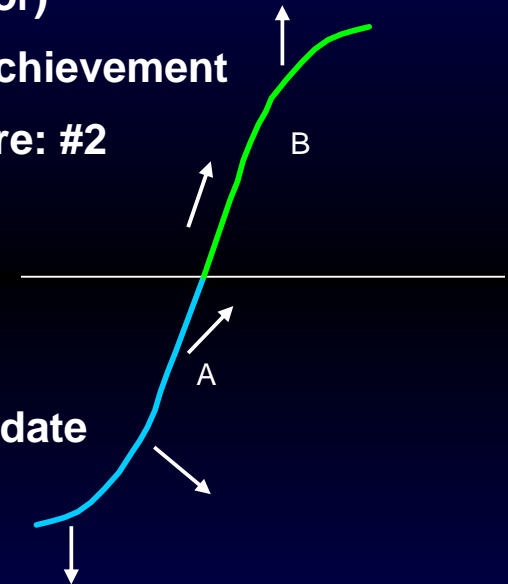
Four Phases



Phase Management Objectives™ :

Phase Late A - Recovery:

1. Positive leadership modeling (culture turns into behavior)
2. Establish goals: tactical goals which lead to strategic achievement
3. Develop a system for measurement and accountability re: #2
4. Align compensation plans with #2 and #3
5. Process standardization
6. Judiciously expand credit
7. Check distributions systems for readiness to accommodate
increased activity
8. Review and uncover competitive advantages
9. Invest in customer market research (know what they value)
10. Improve efficiencies with investment in technology and software

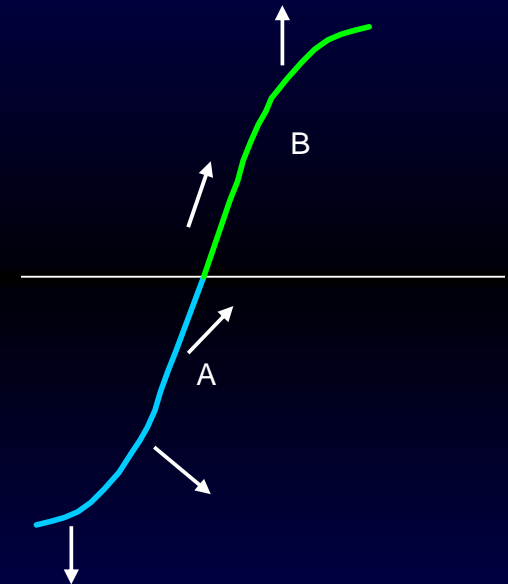


Phase Management Objectives™ :

Phase Late A - Recovery:

Part 2

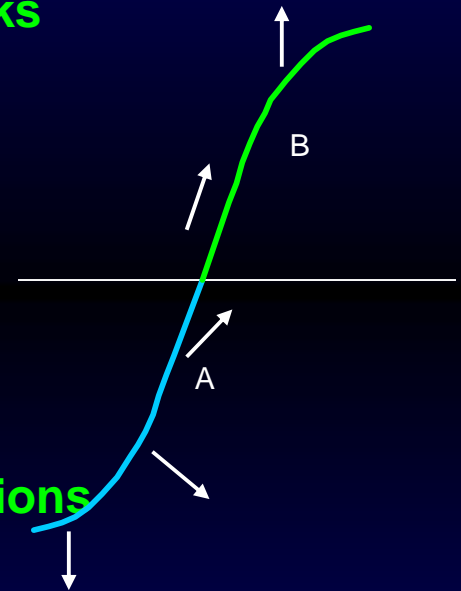
11. Start to phase out low margin work
12. Add sales staff
13. Build inventories, commoditized items (price)
14. Introduce new product lines
15. Capital equipment orders
16. Begin advertising and sales promotions
17. Hire to fill skill gaps
18. Implement plans for facilities expansion
19. Implement training programs



Phase Management Objectives™ :

Phase Early B - Growth:

1. Accelerate training
2. Check the process flow for possible future bottlenecks
3. Continue to build inventory
4. Increase prices
5. Consider outside manufacturing sources if internal pressures becoming tight
6. Find the answer to “What next?”
7. Open distribution channels (your own or outsource)
8. Use improved cash flow to improve corporate operations
9. Use cash to create new competitive advantages
10. Watch your debt-to-equity ratio and ROI
11. Maintain/pursue quality: don't let complacency set in



“It is always the adventurers who do great things,
not the sovereigns of great empires”
- Charles De Montesquieu

**For follow-up questions, spreadsheet,
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603-796-2500**





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