ILLINOIS TOOL WORKS INC
Form 10-Q
August 07, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x	**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the quarterly period ended June 30, 2009
	OR
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the transition period from _______________ to _______________

Commission File Number: 1-4797

ILLINOIS TOOL WORKS INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-1258310**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
3600 West Lake Avenue, Glenview, IL	**60026-1215**
(Address of principal executive offices)	**(Zip Code)**

(Registrant s telephone number, including area code)<u>**847-724-7500**</u>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes **X** No **[ ]**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes **X** No **[ ]**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer X
Accelerated filer ___
Non-accelerated filer ___ (Do not check if a smaller reporting company)
Smaller reporting company ___

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes **[ ]** No **X**

The number of shares of registrant s common stock, $0.01 par value, outstanding at July 31, 2009: 500,145,460.

<u>Part I Financial Information</u>

Item 1 Financial Statements

<u>ILLINOIS TOOL WORKS INC. and SUBSIDIARIES</u>

<u>STATEMENT OF INCOME (UNAUDITED)</u>

(In thousands except for per share amounts)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2009	**2008**	**2009**	**2008**
Operating Revenues	$ 3,392,906	$ 4,555,881	$ 6,539,285	$ 8,681,691

Cost of revenues	2,248,253	2,941,457	4,401,080	5,633,942
Selling, administrative, and research and development expenses	757,871	814,962	1,519,562	1,588,079
Amortization of intangible assets	51,947	42,303	102,517	82,442
Impairment of goodwill and other intangible assets			89,997	1,438
Operating Income	334,835	757,159	426,129	1,375,790
Interest expense	(43,886)	(36,588)	(75,322)	(74,055)
Other income (expense)	(19,839)	24,294	(24,180)	3,161
Income from Continuing Operations Before Income Taxes	271,110	744,865	326,627	1,304,896
Income Taxes	92,167	216,161	155,700	380,854
Income from Continuing Operations	178,943	528,704	170,927	924,042
Loss from Discontinued Operations	(2,378)	(614)	(33,736)	(92,331)
Net Income	$ 176,565	$ 528,090	$ 137,191	$ 831,711
Income Per Share from Continuing Operations:				
Basic	$0.36	$1.01	$0.34	$1.76
Diluted	$0.36	$1.01	$0.34	$1.75
Loss Per Share from Discontinued Operations:				
Basic	$(0.00)	$(0.00)	$(0.07)	$(0.18)
Diluted	$(0.00)	$(0.00)	$(0.07)	$(0.18)
Net Income Per Share:				
Basic	$0.35	$1.01	$0.27	$1.59
Diluted	$0.35	$1.01	$0.27	$1.58
Cash Dividends:				
Paid	$0.31	$0.28	$0.62	$0.56
Declared	$0.31	$0.28	$0.62	$0.56
Shares of Common Stock Outstanding During the Period:				
Average	499,389	521,488	499,290	523,894
Average assuming dilution	500,875	525,209	500,617	527,467

The Notes to Financial Statements are an integral part of these statements.

ILLINOIS TOOL WORKS INC. and SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(In thousands)	**June 30, 2009**	**December 31, 2008**
ASSETS		
Current Assets:		
Cash and equivalents	$ 616,403	$ 742,950
Trade receivables	2,393,176	2,571,987
Inventories	1,438,637	1,774,697
Deferred income taxes	218,125	206,496
Prepaid expenses and other current assets	453,424	375,778
Assets held for sale	12,229	82,071
Total current assets	5,131,994	5,753,979
Plant and Equipment:		
Land	234,406	227,167
Buildings and improvements	1,520,474	1,457,732
Machinery and equipment	3,904,401	3,714,456

Equipment leased to others	170,422	164,504
Construction in progress	101,285	98,876
	5,930,988	5,662,735
Accumulated depreciation	(3,793,006)	(3,553,303)
Net plant and equipment	2,137,982	2,109,432
Investments	450,889	465,894
Goodwill	4,677,193	4,517,550
Intangible Assets	1,696,585	1,779,669
Deferred Income Taxes	82,448	75,999
Other Assets	564,584	501,028
	$ 14,741,675	$ 15,203,551
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Short-term debt	$ 180,511	$ 2,433,973
Accounts payable	575,001	683,991
Accrued expenses	1,326,115	1,315,106
Cash dividends payable	154,892	154,726
Income taxes payable	206,219	216,751
Liabilities held for sale	5,454	20,546
Total current liabilities	2,448,192	4,825,093
Noncurrent Liabilities:		
Long-term debt	2,855,812	1,247,883
Deferred income taxes	139,167	125,089
Other liabilities	1,372,380	1,330,395
Total noncurrent liabilities	4,367,359	2,703,367
Stockholders Equity:		
Common stock	5,323	5,318
Additional paid-in-capital	146,116	105,497
Income reinvested in the business	9,022,927	9,196,465
Common stock held in treasury	(1,390,594)	(1,390,594)
Accumulated other comprehensive income	130,361	(253,211)
Noncontrolling interest	11,991	11,616
Total stockholders equity	7,926,124	7,675,091
	$ 14,741,675	$ 15,203,551

The Notes to Financial Statements are an integral part of these statements.

ILLINOIS TOOL WORKS INC. and SUBSIDIARIES

STATEMENT OF CASH FLOWS (UNAUDITED)

(In thousands)	Six Months Ended June 30	
	2009	**2008**
Cash Provided by (Used for) Operating Activities:		
Net income	$ 137,191	$ 831,711
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	182,633	189,775
Amortization and impairment of goodwill and other intangible assets	192,514	185,627
Change in deferred income taxes	(11,302)	(24,910)
Provision for uncollectible accounts	6,784	4,405
(Gain) loss on sale of plant and equipment	2,322	(484)
(Income) loss from investments	13,956	(19,653)
(Gain) loss on sale of operations and affiliates	29,773	(97)
Stock compensation expense	23,969	21,834
Other non-cash items, net	27	(2,365)

Change in assets and liabilities:		
(Increase) decrease in--		
Trade receivables	322,425	(213,253)
Inventories	428,659	(98,781)
Prepaid expenses and other assets	(23,114)	(15,773)
Increase (decrease) in--		
Accounts payable	(156,461)	(7,835)
Accrued expenses and other liabilities	(32,799)	18,859
Income taxes receivable and payable	(56,777)	72,795
Other, net	11,283	2,173
Net cash provided by operating activities	1,071,083	944,028
Cash Provided by (Used for) Investing Activities:		
Acquisition of businesses (excluding cash and equivalents)	(113,640)	(678,194)
Additions to plant and equipment	(121,338)	(184,987)
Purchases of investments	(30,874)	(2,468)
Proceeds from investments	4,076	14,424
Proceeds from sale of plant and equipment	14,905	10,590
Proceeds from sale of operations and affiliates	15,685	1,006
Other, net	(815)	851
Net cash used for investing activities	(232,001)	(838,778)
Cash Provided by (Used for) Financing Activities:		
Cash dividends paid	(309,507)	(294,806)
Issuance of common stock	15,955	35,195
Repurchases of common stock		(585,574)
Net proceeds (repayments) of debt with original maturities 3 months or less	(1,668,982)	539,314
Proceeds from debt with original maturities greater than 3 months	2,157,995	432
Repayments of debt with original maturities greater than 3 months	(1,258,619)	(4,170)
Excess tax benefits from share-based compensation	28	3,413
Net cash used for financing activities	(1,063,130)	(306,196)
Effect of Exchange Rate Changes on Cash and Equivalents	97,501	13,596
Cash and Equivalents:		
Decrease during the period	(126,547)	(187,350)
Beginning of period	742,950	827,524
End of period	$616,403	$640,174
Cash Paid During the Period for Interest	$26,565	$40,905
Cash Paid During the Period for Income Taxes	$182,850	$308,190
Liabilities Assumed from Acquisitions	$38,233	$249,880

The Notes to Financial Statements are an integral part of these statements.

ILLINOIS TOOL WORKS INC. and SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(1) FINANCIAL STATEMENTS

The unaudited financial statements included herein have been prepared by Illinois Tool Works Inc. and Subsidiaries (the Company). In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of the results for interim periods. Events that occurred after June 30, 2009 through the time that these financial statements have been filed on August 7, 2009 with the Securities and Exchange Commission were considered in the preparation of these financial statements. These financial statements should be read in conjunction with the financial statements and notes to financial statements included in the Company s Annual Report on Form 10-K. Certain reclassifications of prior year data have been made to conform with current year reporting.

(2) COMPREHENSIVE INCOME

The Company s components of comprehensive income in the periods presented are:

(In thousands)	Three Months Ended June 30 2009	2008	Six Months Ended June 30 2009	2008
Net income	$176,565	$528,090	$137,191	$831,711
Other comprehensive income:				
Foreign currency translation adjustments	504,626	39,400	381,638	141,939
Pension and other postretirement benefit adjustments, net of tax	1,954	(1,169)	1,934	(448)
Comprehensive income	$683,145	$566,321	$520,763	$973,202

(3) DISCONTINUED OPERATIONS

The Company periodically reviews its 895 operations for businesses which may no longer be aligned with its long-term objectives. In August 2008, the Company s Board of Directors authorized the divestiture of the Click Commerce industrial software business which was previously reported in the All Other segment. In the second quarter of 2009, the Company completed the sale of the Click Commerce business.

In the fourth quarter of 2007, the Company classified an automotive components business and a consumer packaging business as held for sale. The consumer packaging business was sold in the second quarter of 2008. The Company has sold the automotive components business in the third quarter of 2009.

The consolidated statements of income and the notes to financial statements have been restated to present the operating results of the held for sale and divested businesses as discontinued operations.

In May 2009, the Company s Board of Directors rescinded a resolution from August 2008 to divest the Decorative Surfaces segment. The consolidated financial statements and related notes for all periods have been restated to present the results related to the Decorative Surfaces segment as continuing operations.

Results of the discontinued operations for the second quarter of 2009 and 2008 were as follows:

(In thousands)	Three Months Ended June 30 2009	2008	Six Months Ended June 30 2009	2008
Operating revenues	$9,542	$37,764	$23,169	$73,441
Income (loss) before taxes	(1,251)	2,270	(35,064)	(93,221)
Income tax (expense) benefit	(1,127)	(2,884)	1,328	890
Loss from discontinued operations	$(2,378)	$(614)	$(33,736)	$(92,331)

In 2009, the Company recorded a pre-tax loss on the disposal of the Click Commerce business of $29,827,000. Loss before taxes in 2008 includes goodwill impairment charges of $97,152,000 related to the Click Commerce business.

As of June 30, 2009, the assets and liabilities of a certain automotive components business were included in assets and liabilities held for sale. As of December 31, 2008, the Company had recorded the assets and liabilities of the Click Commerce business and a certain automotive components business as held for sale. The total assets and liabilities held for sale were as follows:

(In thousands)	June 30, 2009	December 31, 2008
Trade receivables	$ 3,650	$ 18,122
Inventories	1,603	2,369
Net plant and equipment	8,943	11,308
Net goodwill and intangible assets		108,405
Other assets	2,033	5,867
Loss reserve on assets held for sale	(4,000)	(64,000)
Total assets held for sale	$ 12,229	$ 82,071
Accounts payable	$ 870	$ 1,119
Accrued expenses	4,584	19,427
Total liabilities held for sale	$ 5,454	$ 20,546

(4) INCOME TAXES

In the first half of 2009, the Company incurred significant charges related to the impairment of goodwill and intangible assets of $89,997,000 that were mostly non-deductible, and discrete tax items of $43,540,000 to record reserves on net operating loss carryforwards no longer expected to be utilized and other tax adjustments. The components of the effective tax rate for the six month period ended June 30, 2009 were as follows:

Effective tax rate excluding discrete items	28.1 %
Discrete tax adjustments	13.4
Goodwill and intangible asset impairment charges	6.2
Effective tax rate	47.7 %

In the U.S., the Internal Revenue Service (IRS) has completed its audits for the years 2001-2003 and has proposed several adjustments for which the Company is negotiating a settlement, the most significant of which are related to leveraged leases and mortgage-backed securities. The Company has recorded its best estimate for these exposures. Management believes it is reasonably possible that within the next twelve months the matters presently under consideration for 2001-2003 with the IRS will be resolved and that the amount of the Company s unrecognized tax benefits may decrease by approximately $271 million.

(5) INVENTORIES

Inventories at June 30, 2009 and December 31, 2008 were as follows:

(In thousands)	June 30, 2009	December 31, 2008

Raw material	$461,914	$612,190
Work-in-process	141,844	174,607
Finished goods	834,879	987,900
	$1,438,637	$1,774,697

(6) GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess cost over fair value of the net assets of purchased businesses. The Company does not amortize goodwill and intangible assets that have indefinite lives. In the first quarter of each year, the Company performs an annual impairment assessment of goodwill and intangible assets with indefinite lives based on the fair value of the related reporting unit or intangible asset.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). The Company adopted the provisions of SFAS 157 on January 1, 2009 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value on a nonrecurring basis. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and provides guidance for measuring fair value and the necessary disclosures.

When performing its annual goodwill impairment assessment, the Company compares the estimated fair value of each of its 63 reporting units to the carrying value. Fair values are determined primarily by discounting estimated future cash flows based either on current operating cash flows or on a detailed cash flow forecast prepared by the relevant reporting unit. The Company also considers additional valuation techniques, such as market multiples from similar transactions and quoted market prices of relevant public companies. If the fair value of a reporting unit is less than its carrying value, an impairment loss, if any, is recorded for the difference between the implied fair value and the carrying value of the reporting unit s goodwill.

The Company s indefinite-lived intangibles consist of trademarks and brands. The fair values of these intangibles are determined based on a relief-of-royalty income approach derived from internally forecasted revenues of the related products. If the fair value of the trademark or brand is less than its carrying value, an impairment loss is recorded for the difference between the estimated fair value and carrying value of the intangible.

In the first quarter of 2009, the Company performed its annual impairment testing of its goodwill and intangible assets with indefinite lives in compliance with the newly adopted provisions of SFAS 157 which resulted in goodwill impairment charges of $60,000,000 related to the pressure sensitive adhesive reporting unit in the Polymers & Fluids segment and $18,000,000 related to the PC board fabrication reporting unit in the Power Systems & Electronics segment.

The goodwill impairments were related to new reporting units which were acquired over the last few years. These charges were driven by lower than expected forecasts compared to results expected when the reporting units were acquired. Also in the first quarter 2009, intangible asset impairments of $11,997,000 were recorded to reduce to the estimated fair value the carrying value of trademarks and brands with indefinite lives. Approximately $5,800,000 of this charge related to the PC board fabrication reporting unit and the remainder to various trademarks and brands of other reporting units.

A summary of goodwill and indefinite-lived intangible assets that were adjusted to fair value and the related impairment charges included in earnings for the first quarter of 2009 is as follows:

(In thousands)	Book Value	Fair Value	Total Impairment Charges
Goodwill	$ 353,000	$ 275,000	$ 78,000
Indefinite-lived intangible assets	94,973	82,976	11,997

(7) RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

Pension and other postretirement benefit costs for the periods ended June 30, 2009 and 2008 were as follows:

(In thousands)	Three Months Ended June 30				Six Months Ended June 30			
	Pension		Other Postretirement Benefits		Pension		Other Postretirement Benefits	
	2009	2008	2009	2008	2009	2008	2009	2008
Components of net periodic benefit cost:								
Service cost	$24,201	$28,060	$3,142	$3,585	$48,433	$56,009	$6,284	$7,170
Interest cost	29,350	30,223	7,718	8,217	58,930	60,319	15,436	16,433
Expected return on plan assets	(38,040)	(42,283)	(3,403)	(3,848)	(75,885)	(84,536)	(6,806)	(7,696)
Amortization of actuarial (gain) loss	2,072	651	64	(252)	4,137	1,289	128	(504)
Amortization of prior service (income) cost	(422)	(600)	1,606	1,565	(800)	(1,202)	3,212	3,130
Amortization of net transition amount	37	24			76	45		
Curtailment & settlement gain	(12,345)			(1,929)	(12,345)			(1,929)
Net periodic benefit cost	$4,853	$16,075	$9,127	$7,338	$22,546	$31,924	$18,254	$16,604

The Company expects to contribute $218,400,000 to its pension plans and $38,100,000 to its other postretirement plans in 2009. As of June 30, 2009, contributions of $41,100,000 to pension plans and $17,300,000 to other postretirement plans have been made.

(8) SHORT-TERM DEBT

In June 2008, the Company entered into a $1,500,000,000 Line of Credit Agreement with a termination date of June 12, 2009. In October 2008, the Company amended the Line of Credit Agreement in order to increase the line of credit to $2,500,000,000. This line of credit was replaced on June 12, 2009 by a $2,000,000,000 Line of Credit Agreement with a termination date of June 11, 2010. No amounts were outstanding under this facilities at June 30, 2009.

The Company had outstanding commercial paper of $121,997,000 at June 30, 2009 and $1,820,423,000 at December 31, 2008.

In 1999, the Company issued $500,000,000 of 5.75% redeemable notes due March 1, 2009. The balance related to these notes was repaid at maturity.

(9) LONG-TERM DEBT

On March 23, 2009, the Company issued $800,000,000 of 5.15% redeemable notes due April 1, 2014 at 99.92% of face value and $700,000,000 of 6.25% redeemable notes due April 1, 2019 at 99.984% of face value. The effective interest rates of the notes are 5.2% and 6.3%, respectively.

The approximate fair value based on rates for comparable instruments and related carrying value of the Company s long-term debt, including current maturities was as follows:

(In thousands)

	June 30, 2009	**December 31, 2008**
Fair value	$ 2,845,031	$ 1,682,304
Carrying value	2,864,070	1,757,807

(10) STOCKHOLDERS' EQUITY

On January 1, 2009, the Company adopted Statement of Financial Accounting Standards No. 160, Noncontrolling Interests in Consolidated Financial Statements. Upon adoption the Company reclassified the December 31, 2008 balance of $11,616,000 from other noncurrent liabilities to noncontrolling interest in stockholders equity.

(11) SEGMENT INFORMATION

See Management s Discussion and Analysis for information regarding operating revenues and operating income for the Company s segments.

Item 2 - Management s Discussion and Analysis

CONSOLIDATED RESULTS OF OPERATIONS

In 2007, the Company classified two consumer packaging businesses, an automotive machinery business and an automotive components business as discontinued operations. Additionally, in 2008, the Company s Board of Directors authorized the divestiture of the Click Commerce industrial software business which was previously reported in the All Other segment. The consolidated statements of income, statements of financial position, the notes to financial statements and management s discussion and analysis for all periods have been restated to present the results related to all of these businesses as discontinued operations. See the Discontinued Operations note for further information on the Company s discontinued operations.

In May 2009, the Company s Board of Directors rescinded a resolution from August 2008 to divest the Decorative Surfaces segment. The consolidated financial statements, the notes to financial statements and management s discussion and analysis for all periods have been restated to present the results related to the Decorative Surfaces segment as continuing operations.

The Company s consolidated results of operations for the second quarter and year-to-date periods of 2009 and 2008 were as follows:

(Dollars in thousands)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2009	**2008**	**2009**	**2008**
Operating revenues	$ 3,392,906	$ 4,555,881	$ 6,539,285	$ 8,681,691
Operating income	334,835	757,159	426,129	1,375,790
Margin %	9.9 %	16.6 %	6.5 %	15.8 %

In the second quarter and year-to-date periods of 2009, the changes in revenues, operating income and operating margins over the prior year were primarily due to the following factors:

	Three Months Ended June 30			**Six Months Ended June 30**		
	% Increase (Decrease)		**% Point Increase (Decrease)**	**% Increase (Decrease)**		**% Point Increase (Decrease)**
	Operating Revenues	**Operating Income**	**Operating Margins**	**Operating Revenues**	**Operating Income**	**Operating Margins**
Base manufacturing business:						
Revenue change/Operating leverage	(22.2)%	(55.3)%	(7.1)%	(22.5)%	(59.0)%	(7.5)%
Changes in variable margins and overhead costs		14.6	3.1		10.8	2.2
Total	(22.2)	(40.7)	(4.0)	(22.5)	(48.2)	(5.3)
Acquisitions and divestitures	5.3	(0.2)	(0.8)	5.7	(0.8)	(0.7)
Restructuring costs		(5.9)	(1.3)		(5.4)	(1.1)
Impairment of goodwill and intangibles					(6.4)	(1.3)
Translation	(8.8)	(8.9)	(0.7)	(8.0)	(8.2)	(0.9)
Other	0.2	(0.1)	0.1	0.1		
Total	(25.5)%	(55.8)%	(6.7)%	(24.7)%	(69.0)%	(9.3)%

Operating Revenues

Revenues decreased 25.5% and 24.7% in the second quarter and year-to-date periods of 2009, respectively, versus 2008 primarily due to lower base revenues and the unfavorable effect of currency translation, mainly due to a weaker Euro versus the Dollar, partially offset by revenues from acquisitions. Total base revenues declined 22.2% and 22.5% in the second quarter and year-to-date periods, respectively. North American base revenue declined 26.8% and 26.5%, in the second quarter and year-to-date periods, respectively, while international base revenues declined 17.3% and 18.1% in the same periods. Both North American and international base revenues were adversely affected by on-going and significant declines in macroeconomic trends and related weak industrial production. The Company anticipates that the current global economic environment will continue through 2009 and as such, expects that key end markets will continue to be negatively impacted.

Operating Income

Operating income declined 55.8% and 69.0% in the second quarter and year-to-date periods of 2009, respectively, primarily due to the decline in base revenues, the negative effect of currency translation and increased restructuring expenses. In addition, in the first quarter of 2009 the Company recorded impairment charges of $78 million and $12 million against the goodwill and intangible assets, respectively. The goodwill impairments were primarily driven by the combination of lower forecasts and lower market multiples being paid for similar businesses. The higher restructuring expenses reflect the Company s efforts to reduce costs in response to current economic conditions. Improvements in base variable margins and lower overhead costs increased margins 3.1% and 2.2% in the second quarter and year-to-date periods, respectively, as the benefits of past restructuring projects began to be realized and price versus cost comparisons were favorable. Total margins declined by 6.7% and 9.3% in the second quarter and year-to-date periods of 2009, respectively, primarily due to the declines in base revenues, restructuring charges and the first quarter goodwill and intangible impairment charges.

The reconciliation of segment operating revenues to total operating revenues is as follows:

(In thousands)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2009	**2008**	**2009**	**2008**
Industrial Packaging	$ 460,336	$ 717,986	$ 886,481	$ 1,347,736
Power Systems & Electronics	398,462	648,785	793,917	1,231,176
Transportation	502,266	630,427	936,900	1,224,517
Food Equipment	451,353	538,479	882,553	1,048,218
Construction Products	370,745	566,172	694,732	1,050,206
Polymers & Fluids	278,687	299,249	526,760	554,760
Decorative Surfaces	257,332	335,956	489,443	638,491
All Other	681,751	833,786	1,343,555	1,615,676
Intersegment revenues	(8,026)	(14,959)	(15,056)	(29,089)
Total operating revenues	$ 3,392,906	$ 4,555,881	$ 6,539,285	$ 8,681,691

INDUSTRIAL PACKAGING

Businesses in this segment produce steel, plastic and paper products used for bundling, shipping and protecting goods in transit.

In the Industrial Packaging segment, products include:

- steel and plastic strapping and related tools and equipment;
- plastic stretch film and related equipment;
- paper and plastic products that protect goods in transit; and
- metal jacketing and other insulation products.

This segment primarily serves the primary metals, general industrial, construction, and food and beverage markets.

The results of operations for the Industrial Packaging segment for the second quarter and year-to-date periods of 2009 and 2008 were as follows:

(Dollars in thousands)	**Three Months Ended June 30**	**Six Months Ended June 30**