

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 6

Friday, May 23, 2008

YEAR 20

## COMPANY SCORES : INVESTOR EXPECTATIONS STANDARD

Investors and company boards of directors have established annual targets for five key performance measures and the importance weighting of each: EPS (20 points), ROE (20 points), Stock Price (20 points), Credit Rating (20 points), and Image Rating (20 points). The score on a performance measure is equal to the percentage of the target that was achieved. Achieving higher than targeted performance results in bonus awards of 0.5% for each 1% overachieved (capped at 40% over the target). Thus, the Investor Confidence Index ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

### YEAR 20 INVESTOR CONFIDENCE INDEX

Company Name	Year 20 Index	Change from Y19
Koncept Footwear	119	+8
Carolina Activewear	119	0
Harvard Shoes	117	-2
B ounce	116	0
Ingenious Footwear	109	-4
Leaders	107	-6
F Company	97	-18
Jackalope Shoes	62	-7
A (deleted)	0	0
D (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Harvard Shoes	114	0
Leaders	109	0
Carolina Activewear	106	+2
Ingenious Footwear	96	+1
B ounce	94	+3
Koncept Footwear	90	+3
F Company	81	+1
Jackalope Shoes	59	0
A (deleted)	0	0
D (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0

## COMPANY SCORES : BEST-IN-INDUSTRY PERFORMANCE STANDARD

This scoring standard is based on how well each company performs relative to the best-performing company on EPS, ROE, Stock Price, Credit Rating, and Image Rating. In order to get a score of 100, a company must be the industry leader on all 5 measures, achieve the investor expectations on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating. Scores of 70 and higher indicate strong overall performance; companies with low scores (<50) trail the industry leaders by a significant margin. Each company's annual and overall scores are shown on the next two pages.

### YEAR 20 PERFORMANCE RANKINGS

Company Name	Year 20 Score	Change from Y19
Koncept Footwear	96	+4
Carolina Activewear	90	+2
B ounce	76	-2
Harvard Shoes	76	-5
Ingenious Footwear	74	-10
Leaders	67	-10
F Company	53	-6
Jackalope Shoes	43	-3
A (deleted)	0	0
D (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Koncept Footwear	97	+7
Carolina Activewear	93	+1
Harvard Shoes	84	-3
Leaders	75	-4
B ounce	74	-1
Ingenious Footwear	74	-6
F Company	56	-4
Jackalope Shoes	48	+1
A (deleted)	0	0
D (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0

**EARNINGS PER SHARE (\$)**

Bold numbers indicate achievement of investor expectation for EPS shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading EPS performance. The overall best-in-industry score is based on a weighted average of the annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	A
B	<b>3.47</b>	1.55	0.67	1.20	<b>3.64</b>	<b>6.41</b>	<b>9.18</b>	<b>6.62</b>	<b>9.84</b>	<b>8.83</b>	<b>4.93</b>	12	14	B
C	<b>3.48</b>	2.48	2.72	<b>3.51</b>	<b>5.17</b>	<b>5.87</b>	<b>9.11</b>	<b>9.52</b>	<b>12.25</b>	<b>12.15</b>	<b>6.49</b>	17	18	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	E
F	<b>2.75</b>	-1.64	0.73	-1.10	2.35	<b>4.52</b>	<b>5.60</b>	<b>4.19</b>	<b>5.57</b>	3.84	2.61	5	7	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	G
H	<b>3.91</b>	<b>2.97</b>	<b>3.57</b>	<b>3.97</b>	<b>5.62</b>	<b>8.95</b>	<b>10.51</b>	<b>10.68</b>	<b>12.59</b>	<b>10.60</b>	<b>7.17</b>	15	<b>20</b>	H
I	2.40	2.15	<b>3.16</b>	0.97	<b>3.86</b>	<b>7.00</b>	<b>8.36</b>	<b>8.92</b>	<b>11.97</b>	<b>10.23</b>	<b>5.60</b>	14	16	I
J	1.67	0.57	0.42	-1.02	1.23	0.83	1.49	1.24	1.31	1.03	0.94	1	3	J
K	<b>4.17</b>	1.61	1.60	1.00	<b>4.05</b>	<b>8.01</b>	<b>9.66</b>	<b>11.58</b>	<b>15.12</b>	<b>14.57</b>	<b>7.02</b>	<b>20</b>	<b>20</b>	K
L	<b>3.72</b>	<b>3.21</b>	<b>3.92</b>	<b>4.37</b>	<b>7.28</b>	<b>8.65</b>	<b>9.30</b>	<b>7.03</b>	<b>13.30</b>	<b>10.55</b>	<b>6.80</b>	14	19	L

**RETURN ON EQUITY (%)**

Bold numbers indicate achievement of investor expectation for ROE shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading ROE performance. The overall best-in-industry score is based on a weighted average of the annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	Year 20	Overall	
A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	A
B	<b>20.5</b>	8.2	3.4	6.1	<b>16.3</b>	<b>23.9</b>	<b>29.1</b>	<b>20.3</b>	<b>30.0</b>	<b>27.2</b>	<b>19.5</b>	<b>20</b>	17	B
C	<b>21.8</b>	<b>16.9</b>	<b>17.1</b>	<b>19.6</b>	<b>27.0</b>	<b>24.9</b>	<b>30.4</b>	<b>25.1</b>	<b>26.8</b>	<b>23.6</b>	<b>22.8</b>	17	19	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	E
F	<b>16.9</b>	-11.3	5.1	-8.1	<b>16.5</b>	<b>25.5</b>	<b>25.2</b>	<b>16.0</b>	<b>19.4</b>	13.9	13.3	10	11	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	G
H	<b>22.8</b>	14.6	<b>15.2</b>	14.6	<b>17.5</b>	<b>22.9</b>	<b>21.9</b>	<b>18.9</b>	<b>20.1</b>	<b>16.3</b>	<b>17.9</b>	12	15	H
I	14.7	11.6	<b>15.1</b>	4.7	<b>18.4</b>	<b>27.3</b>	<b>29.6</b>	<b>27.1</b>	<b>32.3</b>	<b>27.7</b>	<b>21.6</b>	<b>20</b>	18	I
J	11.7	3.6	2.4	-7.1	8.8	5.9	10.2	7.6	7.2	5.3	5.5	4	5	J
K	<b>26.2</b>	13.1	12.2	6.3	<b>22.1</b>	<b>33.6</b>	<b>31.3</b>	<b>29.4</b>	<b>33.5</b>	<b>25.0</b>	<b>23.6</b>	18	<b>20</b>	K
L	<b>21.9</b>	<b>16.0</b>	<b>17.1</b>	<b>16.7</b>	<b>23.5</b>	<b>26.8</b>	<b>24.8</b>	<b>15.1</b>	<b>24.1</b>	<b>20.4</b>	<b>20.1</b>	15	17	L

**STOCK PRICE (\$ per share)**

Bold numbers indicate achievement of investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading stock price. The overall best-in-industry score is based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Avg Annual Change	Best-In-Ind. Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)		Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	A
B	<b>54.41</b>	27.45	15.38	10.73	<b>47.99</b>	<b>118.69</b>	<b>165.64</b>	<b>96.41</b>	<b>187.62</b>	<b>118.34</b>	+15	9	9	B
C	<b>51.26</b>	27.97	31.43	<b>41.27</b>	<b>78.04</b>	<b>82.31</b>	<b>160.36</b>	<b>172.33</b>	<b>257.73</b>	<b>231.52</b>	+23	17	17	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	E
F	30.52	16.69	9.71	5.88	27.24	<b>65.82</b>	<b>109.68</b>	<b>63.41</b>	<b>78.73</b>	44.25	+4	3	3	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	G
H	<b>59.15</b>	33.23	<b>42.88</b>	<b>48.38</b>	<b>90.89</b>	<b>166.49</b>	<b>189.36</b>	<b>165.71</b>	<b>183.40</b>	<b>130.27</b>	+16	9	9	H
I	25.18	21.81	<b>38.59</b>	21.17	<b>46.84</b>	<b>115.57</b>	<b>172.07</b>	<b>174.85</b>	<b>251.64</b>	<b>154.03</b>	+18	11	11	I
J	17.05	9.90	6.42	4.85	15.55	11.26	21.61	14.95	14.84	10.85	-10	1	1	J
K	<b>62.68</b>	30.95	16.89	9.69	<b>51.43</b>	<b>113.04</b>	<b>150.31</b>	<b>174.45</b>	<b>295.75</b>	<b>277.37</b>	+25	<b>20</b>	<b>20</b>	K
L	<b>64.12</b>	<b>37.97</b>	<b>47.09</b>	<b>51.15</b>	<b>117.08</b>	<b>151.52</b>	<b>158.51</b>	<b>81.34</b>	<b>195.51</b>	<b>147.87</b>	+17 %	11	11	L

**CREDIT RATING**

Bolded credit ratings indicate meeting or beating the B+ investor expectation shown below each column head. For the best-in-industry scoring, companies with an A+ credit rating earn a score of 20 (which equals a 20% weighting in overall score). Lesser credit ratings earn lower scores. The overall best-in-industry score is based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Best-In-Ind. Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		Year 20	Overall	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	A
B	<b>A-</b>	C	C-	C	<b>B+</b>	<b>A-</b>	<b>A+</b>	<b>A</b>	<b>A</b>	<b>A</b>	Low	19	19	B
C	B	C	C	C+	B-	B	<b>A-</b>	<b>A</b>	<b>A</b>	<b>A</b>	Medium	19	19	C
D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	D
E	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	E
F	B-	C-	C-	C-	C	<b>A-</b>	<b>A+</b>	<b>A</b>	<b>A</b>	<b>A-</b>	Medium	18	18	F
G	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	G
H	<b>A</b>	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	H
I	<b>B+</b>	B-	B-	C-	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	N/A	17	17	I
J	<b>B+</b>	C+	C	C-	<b>A-</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	J
K	C+	C-	C-	C-	C-	C	B-	B	B	<b>A</b>	Medium	19	19	K
L	<b>A</b>	<b>A-</b>	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	N/A	17	17	L

**IMAGE RATING**

Bolded image ratings indicate meeting or beating the 70 target image rating shown below each column head. Best-in-industry performers earn a score of 20 (equal to a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading image rating. Overall best-in-industry scores are based on the average of the image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	<b>72</b>	68	<b>83</b>	<b>72</b>	<b>76</b>	<b>72</b>	<b>76</b>	<b>73</b>	<b>77</b>	<b>79</b>	<b>76</b>	16	15	B
C	<b>71</b>	<b>77</b>	<b>87</b>	<b>98</b>	<b>94</b>	<b>93</b>	<b>97</b>	<b>99</b>	<b>98</b>	<b>100</b>	<b>99</b>	<b>20</b>	<b>20</b>	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	66	<b>73</b>	<b>82</b>	<b>78</b>	<b>86</b>	<b>90</b>	<b>93</b>	<b>84</b>	<b>82</b>	<b>85</b>	<b>84</b>	17	17	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	66	<b>100</b>	<b>81</b>	66	<b>93</b>	<b>93</b>	<b>95</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	H
I	<b>74</b>	<b>75</b>	58	65	55	53	54	55	59	59	58	12	12	I
J	66	<b>76</b>	<b>76</b>	<b>70</b>	<b>77</b>	<b>84</b>	<b>92</b>	<b>99</b>	<b>98</b>	<b>84</b>	<b>94</b>	17	19	J
K	67	<b>85</b>	<b>88</b>	<b>81</b>	<b>91</b>	<b>90</b>	<b>87</b>	<b>88</b>	<b>92</b>	<b>97</b>	<b>92</b>	19	18	K
L	63	58	57	55	55	50	49	52	59	52	54	10	11	L

**INVESTOR CONFIDENCE INDEX**

The degree to which a company meets or beats the annual targets for each performance measure drives investor confidence in management's ability to deliver good results. An index score below 70 indicates subpar achievement of the annual performance targets. Index scores of 100 or more reflect consistently excellent or superior performance in meeting investor expectations.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Average Index	Overall Confidence	
A	0	0	0	0	0	0	0	0	0	0	0	N/A	A
B	113	61	39	44	103	114	117	115	116	116	94	Very Good	B
C	107	79	82	97	107	111	118	<b>119</b>	<b>119</b>	<b>119</b>	106	Excellent	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	91	30	39	24	73	115	119	110	115	97	81	Good	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	<b>114</b>	<b>102</b>	<b>109</b>	105	<b>117</b>	<b>119</b>	<b>120</b>	<b>119</b>	<b>119</b>	117	<b>114</b>	Superior	H
I	95	76	90	42	102	111	111	112	113	109	96	Very Good	I
J	79	44	34	22	69	63	78	70	69	62	59	Subpar	J
K	99	68	58	41	91	99	106	111	111	<b>119</b>	90	Very Good	K
L	113	<b>102</b>	105	<b>107</b>	112	110	110	107	113	107	109	Excellent	L

**FOOTWEAR PRODUCTION** (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	22,440	6,600	74,280	5,547	108,867
– Pairs Rejected	1,021	323	4,191	308	5,843
Net Y20 Production (after rejects)	21,419	6,277	70,089	5,239	103,024
Superior Materials Usage	51.1%	24.9%	56.5%	35.3%	52.4%
Capacity Utilization (branded + P-L prod.)	120.0%	88.0%	120.0%	100.9%	116.3%

**MATERIALS PRICES** (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	- 0.07	+ 0.38	6.31
Superior Materials	12.00	+ 0.58	+ 0.76	13.34

**BRANDED WAREHOUSES** (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,562	4,140	3,076	2,691	12,469
– Pairs Cleared (inventory clearance)	1,326	1,150	1,161	877	4,514
Beginning Y20 Inventories	1,236	2,990	1,915	1,814	7,955
+ New Production (shipped from plants)	28,652	22,256	22,445	20,587	93,940
Pairs Available for Sale in Y20	29,888	25,246	24,360	22,401	101,895

**BRANDED DEMAND & SALES** (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected Y20 Demand (see Y19 FIR)	21,416	20,800	20,244	18,629	81,089
Actual Year 20 Demand	21,248	20,808	20,423	18,788	81,267
Branded Pairs Sold	21,247	20,809	20,421	18,788	81,265
Required Y20 Ending Inventories	1,541	1,442	1,480	1,350	5,813
Inventory Surplus (Shortfall)	7,086	2,995	2,420	2,263	14,764

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.4%
- Available for shipment to warehouses
- % usage down by 0.8 points from Y19
- % utilization up by 5.0 points over Y19

Higher than normal (52.4% industrywide) superior materials usage led to superior materials prices that were 4.8% above the base and standard materials prices that were 1.2% below the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.3% from the base.

- Average inventory clearance of 36.2%
- 25.4% higher than Y20 demand
- Actual demand in Year 20 was 0.2% greater than expected.
- Needed to achieve delivery times
- { Very high in N.A. High in E-A  
High in A-P High in L.A.

**DEMAND FORECAST** (000s of pair)

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America (internet + wholesale)	22,098	22,982	23,901	24,857
Europe-Africa	21,640	22,506	23,406	24,342
Asia-Pacific	21,648	22,947	24,324	25,783
Latin America	19,916	21,111	22,378	23,721
<b>Total</b>	85,302	89,546	94,009	98,703
<b>Private-Label</b> — North America	3,488	3,488	3,488	3,488
Europe-Africa	3,504	3,504	3,504	3,504
Asia-Pacific	3,480	3,480	3,480	3,480
Latin America	3,488	3,488	3,488	3,488
<b>Total</b>	13,960	13,960	13,960	13,960

**GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21**

<b>Supply</b> — Beginning Year 21 Inventory (000s)	20,630
Potential Production (at max OT)	112,680
<b>Potential Global Supply</b>	133,310
<b>Demand</b> — Branded Sales Forecast (000s)	85,302
Private-Label Sales Forecast	13,960
<b>Expected Global Demand</b>	99,262
<b>Conclusion:</b>	Excess supply of 34.3% is likely to boost competitive pressures in Year 21 significantly. Additional production capacity will not be needed for several years.

**PLANT CAPACITY** (000s of pairs w/o overtime)

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20		
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total			
A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	2,500	1,000	6,500	0	0	0	0	0	2,500	1,000	6,500	0	10,000	0	0	B
C	0	0	11,000	0	0	0	0	0	0	0	11,000	0	11,000	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	2,200	2,000	4,200	0	0	0	0	0	2,200	2,000	4,200	0	8,400	0	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	11,700	0	0	0	0	0	0	0	11,700	0	11,700	300	0	H
I	0	0	5,000	1,500	0	0	0	0	0	0	5,000	1,500	6,500	0	0	I
J	9,000	1,500	12,000	0	0	0	0	0	9,000	1,500	12,000	0	22,500	0	0	J
K	5,000	0	7,500	4,000	0	0	0	0	5,000	0	7,500	4,000	16,500	0	0	K
L	0	3,000	4,000	0	0	0	0	0	0	3,000	4,000	0	7,000	0	0	L
<b>Total</b>	18,700	7,500	61,900	5,500	0	0	0	0	18,700	7,500	61,900	5,500	93,600	300	0	

**INCOME STATEMENT DATA (\$000s)**

	Net Sales Revenues	Cost of Pairs Sold	Warehse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Income Taxes	Net Profit	Total Dividend Payment (\$000s)	Shares of Stock (000s of shares outstanding)	
A	0	0	0	0	0	0	0	0	0	0	0	A
B	505,970	270,657	32,710	87,296	12,417	102,890	8,264	28,388	66,238	7,500	7,500	B
C	675,791	348,536	43,316	127,549	13,419	142,971	12,764	39,062	91,145	57,000	7,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	313,103	174,316	20,366	61,394	14,004	43,023	1,884	12,342	28,797	15,000	7,500	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	666,164	365,011	42,614	123,621	14,119	120,799	-478	36,383	84,894	0	8,010	H
I	336,624	150,992	22,835	43,671	8,919	110,207	558	32,895	76,754	94,500	7,500	I
J	857,276	522,414	54,520	192,952	24,920	62,470	3,413	17,717	41,340	0	40,000	J
K	798,726	419,356	54,723	107,477	18,919	198,251	31,687	49,969	116,595	40,000	8,000	K
L	369,755	152,767	28,204	68,844	9,420	110,520	-2,518	33,911	79,127	201,375	7,500	L
	565,426	300,506	37,411	101,601	14,517	111,391	6,947	31,333	73,111	51,922	11,689	

**SELECTED BALANCE SHEET DATA (\$000s)**

**DIVIDEND DATA**

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity				Year 20 Dividend (\$ / share)	No. of Changes (+ / -)	
						Beginning Equity	Stock Sales (Purchases)	Earnings Retained	Ending Equity			
A	0	0	0	0	0	0	0	0	0	0.00	0 / 0	A
B	0	161,422	391,683	49,065	119,700	264,244	-100,065	58,738	222,918	1.00	3 / 3	B
C	0	258,612	590,180	60,600	126,000	369,412	0	34,168	403,580	7.60	10 / 0	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	139,491	259,891	45,178	0	200,915	0	13,798	214,713	2.00	2 / 1	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	244,454	552,355	47,487	0	538,257	-118,284	84,895	504,868	0.00	0 / 1	H
I	9,804	108,499	282,635	14,790	0	285,591	0	-17,746	267,845	12.60	6 / 4	I
J	67,589	436,309	1,017,812	83,043	138,000	755,408	0	41,361	796,769	0.00	0 / 1	J
K	0	265,534	683,747	84,719	25,000	358,796	138,635	76,596	574,028	5.00	4 / 4	K
L	30,667	161,220	339,588	12,366	0	449,469	0	-122,247	327,222	26.85	4 / 3	L
	13,507	221,943	514,736	49,656	51,088	402,762	-9,964	21,195	413,993	6.88	4 / 2	

**SELECTED FINANCIAL AND OPERATING STATISTICS**

**CREDIT RATING DATA**

	Costs and Profits as a % of Net Revenues						Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Prs. Sold	Whse. Expenses	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A
B	53.5	6.5	17.3	2.5	20.3	13.1	3.29	61	12.45	0.37	3.20	Low	B
C	51.6	6.4	18.9	2.0	21.2	13.5	4.27	102	11.20	0.25	2.60	Medium	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	E
F	55.7	6.5	19.6	4.5	13.7	9.2	3.09	149	22.84	0.08	1.39	Medium	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	G
H	54.8	6.4	18.6	2.1	18.1	12.7	5.15	97	100.00	0.02	9.04	Low	H
I	44.9	6.8	13.0	2.6	32.7	22.8	7.34	39	197.50	0.02	0.00	N/A	I
J	60.9	6.4	22.5	2.9	7.3	4.8	5.25	121	18.30	0.15	5.51	Low	J
K	52.5	6.9	13.5	2.4	24.8	14.6	3.13	67	6.26	0.10	2.51	Medium	K
L	41.3	7.6	18.6	2.5	29.9	21.4	13.04	91	100.00	0.00	0.00	N/A	L
	53.1 %	6.6 %	18.0 %	2.6 %	19.7 %	12.9 %	4.47	91	58.57	0.12	3.03	Low	

**Bold** = best in industry           = needs management attention

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		5.34	<b>5.76</b>	9.09	<b>9.49</b>	12.98	<b>13.40</b>
	Private-Label Footwear		4.95	<b>5.28</b>	8.02	<b>7.22</b>	12.14	<b>9.00</b>
Labor — North America	Total Compensation (\$/year)		17,395	<b>17,403</b>	20,920	<b>20,873</b>	24,455	<b>24,894</b>
	Productivity (pairs/worker/year)		4,025	<b>3,990</b>	4,705	<b>4,723</b>	5,889	<b>5,882</b>
	Labor Cost (\$/pair produced)		3.85	<b>4.01</b>	4.47	<b>4.76</b>	5.15	<b>5.50</b>
Europe Africa	Total Compensation (\$/year)		15,380	<b>15,380</b>	15,909	<b>16,970</b>	16,545	<b>19,394</b>
	Productivity (pairs/worker/year)		2,995	<b>2,727</b>	3,450	<b>3,351</b>	3,629	<b>3,638</b>
	Labor Cost (\$/pair produced)		0.00	<b>0.00</b>	4.03	<b>4.09</b>	5.78	<b>5.98</b>
Asia Pacific	Total Compensation (\$/year)		3,535	<b>3,659</b>	4,756	<b>4,378</b>	6,366	<b>5,133</b>
	Productivity (pairs/worker/year)		2,279	<b>2,223</b>	3,005	<b>2,963</b>	4,370	<b>4,269</b>
	Labor Cost (\$/pair produced)		1.31	<b>1.01</b>	1.67	<b>1.56</b>	1.95	<b>1.82</b>
Latin America	Total Compensation (\$/year)		3,269	<b>3,269</b>	4,244	<b>3,514</b>	5,219	<b>3,759</b>
	Productivity (pairs/worker/year)		2,774	<b>2,442</b>	2,972	<b>2,669</b>	3,169	<b>2,895</b>
	Labor Cost (\$/pair produced)		1.39	<b>1.40</b>	1.47	<b>1.43</b>	1.55	<b>1.46</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	0.94	<b>0.88</b>	2.50	<b>2.50</b>
	Cumulative		0.47	<b>0.46</b>	1.09	<b>1.06</b>	2.39	<b>2.41</b>
Reject Rates	Branded Production		3.0%	<b>3.0%</b>	5.0%	<b>5.2%</b>	7.8%	<b>7.9%</b>
	Private-Label Production		1.0%	<b>2.0%</b>	3.6%	<b>3.9%</b>	8.3%	<b>8.3%</b>
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	22.65	<b>23.34</b>	24.65	<b>24.87</b>	27.03	<b>27.54</b>
		E-A	19.66	<b>18.59</b>	23.83	<b>24.17</b>	27.99	<b>27.43</b>
		A-P	16.30	<b>16.57</b>	20.79	<b>20.54</b>	25.05	<b>24.08</b>
		L.A.	18.45	<b>18.89</b>	18.45	<b>18.89</b>	18.45	<b>18.89</b>
	Private-Label	N.A.	15.94	<b>20.13</b>	21.40	<b>21.28</b>	26.27	<b>22.42</b>
		E-A	25.48	<b>0.00</b>	25.48	<b>0.00</b>	25.48	<b>0.00</b>
		A-P	14.07	<b>14.24</b>	16.36	<b>15.94</b>	19.51	<b>18.20</b>
		L.A.	16.21	<b>20.37</b>	18.53	<b>21.73</b>	20.85	<b>23.09</b>

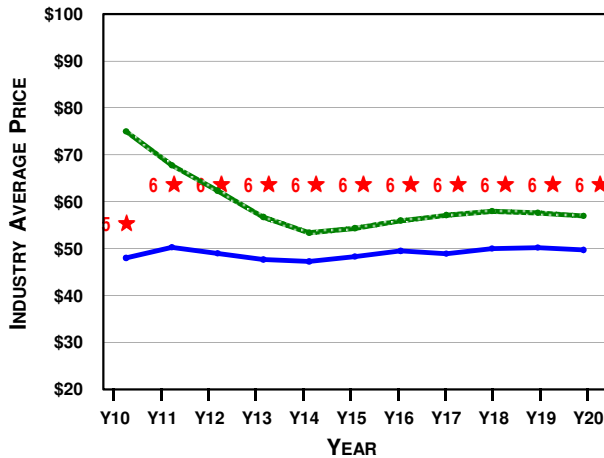
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.19	<b>20.41</b>	24.95	<b>25.11</b>	28.87	<b>28.83</b>
		E-A	21.87	<b>20.74</b>	27.41	<b>27.28</b>	31.44	<b>30.97</b>
		A-P	18.66	<b>19.34</b>	22.83	<b>22.64</b>	26.97	<b>26.24</b>
		L.A.	20.43	<b>20.85</b>	27.95	<b>28.72</b>	33.28	<b>34.21</b>
Warehouse Expenses - Internet (\$ per pair sold)	Internet		10.33	<b>10.29</b>	10.55	<b>10.60</b>	10.75	<b>10.96</b>
	Wholesale		1.93	<b>1.76</b>	2.31	<b>2.34</b>	2.67	<b>2.85</b>
Marketing Expenses — Internet (\$ per pair sold)	Internet		7.77	<b>8.19</b>	12.18	<b>12.76</b>	14.97	<b>15.37</b>
	Wholesale		6.83	<b>6.61</b>	8.77	<b>9.63</b>	10.38	<b>11.91</b>
Administrative Expenses (\$/pair sold)		1.08	<b>1.22</b>	1.50	<b>1.54</b>	2.33	<b>2.76</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	11.58	<b>8.90</b>	18.04	<b>15.03</b>	21.45	<b>19.44</b>
		E-A	15.66	<b>7.91</b>	18.81	<b>15.14</b>	20.82	<b>20.20</b>
		A-P	19.75	<b>12.88</b>	22.07	<b>20.33</b>	24.63	<b>23.61</b>
		L.A.	12.07	<b>4.99</b>	16.34	<b>11.92</b>	22.35	<b>17.25</b>
Wholesale	N.A.	3.48	<b>-0.11</b>	11.93	<b>10.06</b>	19.22	<b>18.14</b>	
	E-A	4.16	<b>1.68</b>	12.03	<b>9.63</b>	17.54	<b>15.66</b>	
	A-P	5.44	<b>7.98</b>	14.92	<b>14.51</b>	21.30	<b>21.10</b>	
	L.A.	4.94	<b>0.80</b>	10.88	<b>8.48</b>	14.35	<b>13.64</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	17.43	<b>17.69</b>	21.21	<b>20.53</b>	28.27	<b>22.13</b>
		E-A	20.73	<b>21.14</b>	23.45	<b>22.95</b>	27.48	<b>25.06</b>
		A-P	16.07	<b>16.24</b>	18.36	<b>17.19</b>	21.51	<b>17.77</b>
		L.A.	18.21	<b>23.30</b>	22.29	<b>24.51</b>	24.99	<b>25.94</b>
Warehouse Expenses (\$ per pair sold)		1.00	<b>1.00</b>	1.00	<b>1.00</b>	1.00	<b>1.00</b>	
Margin Over Direct Costs (\$ per pair sold)	N.A.	-0.27	<b>0.06</b>	1.41	<b>2.82</b>	3.56	<b>7.20</b>	
	E-A	-1.30	<b>-0.28</b>	1.05	<b>2.16</b>	3.46	<b>5.03</b>	
	A-P	-1.10	<b>0.30</b>	0.75	<b>2.60</b>	2.40	<b>6.21</b>	
	L.A.	0.65	<b>0.54</b>	7.85	<b>6.23</b>	24.89	<b>17.38</b>	

**CELEBRITY ENDORSEMENTS**

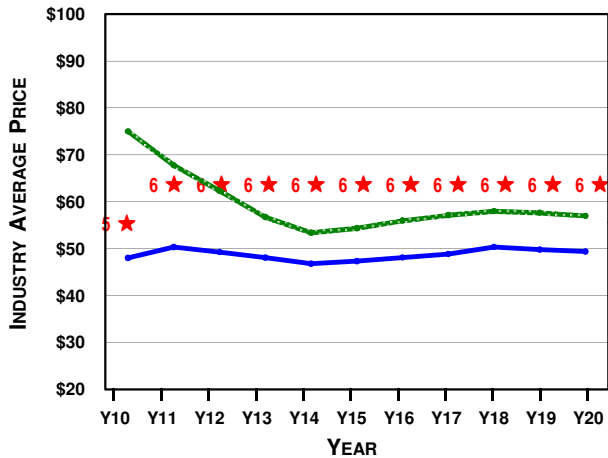
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	7,777	Y19	2 years	4	7,777	5,000	4,570	503
Oprah Letterman	100	70	65	75	Company H	1,000	Y20	3 years	1	1,000	0	1,000	1,000
Fifa Beckham	70	100	70	55	Company J	15,555	Y16	5 years	6	15,555	15,000	9,927	1,007
Tiger Green	95	80	85	75	Company H	1,000	Y20	2 years	1	1,000	0	1,000	1,000
Jos Montaa	60	50	60	95	Company H	15,003	Y18	3 years	3	15,003	12,000	10,334	4,000
Kobioshi Jones	55	60	95	90	Company H	1,000	Y20	4 years	1	1,000	0	1,000	1,000
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	1,000	0	1,000	1,000
Danica Andretti	70	65	55	60	Company H	15,003	Y19	3 years	4	15,003	12,000	11,001	7,000
LaBron Game	75	80	95	50	Company C	13,500	Y17	4 years	3	13,500	12,000	8,668	503
Lorena Lopez	45	85	60	100	Company H	13,003	Y19	2 years	5	13,003	12,001	11,001	8,000
Lance deFrance	80	85	75	70	Company H	1,000	Y20	3 years	1	1,000	0	1,000	1,000
Yao KungPao	60	35	100	50	Company H	15,003	Y18	4 years	3	15,003	10,100	9,701	4,000

**BRANDED PRICE AND S/Q RATING TRENDS**

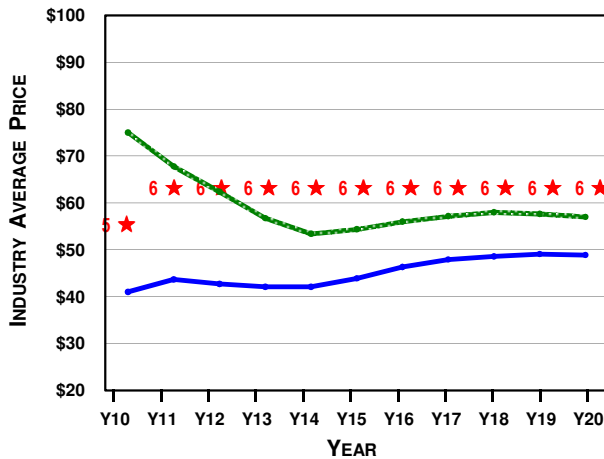
**NORTH AMERICA**



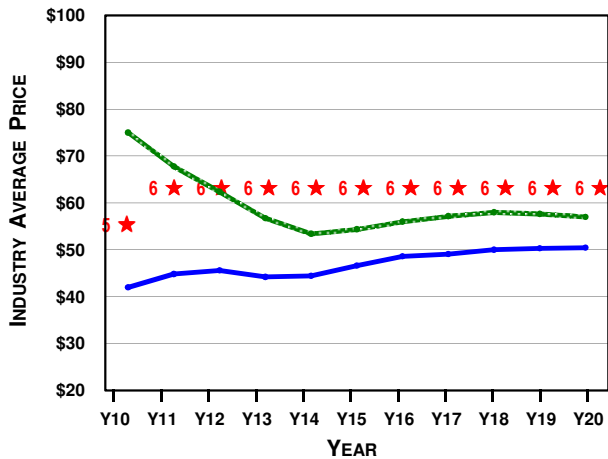
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



■■■■■■■■■■ Internet Price (industry average)    
 ————— Wholesale Price (industry average)    
 ★ S/Q Rating (industry average)