

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 10

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
Hubris Shoes	119	+1
Ergo Shoe Co.	119	+3
I am Eric Sportswear	118	+2
Dont Make Shoes	118	-1
Freedom	115	0
Les 3 Rois	115	0
Gothford and Company	113	-4
Klassy Athletics	112	+9
C- Splitters Shoes	24	-1
A (deleted)	0	0
B (deleted)	0	0
J (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Hubris Shoes	118	+1
Ergo Shoe Co.	102	+1
I am Eric Sportswear	101	+2
Dont Make Shoes	99	+2
Gothford and Company	98	+1
Freedom	91	+3
Les 3 Rois	89	+2
Klassy Athletics	80	+4
C- Splitters Shoes	29	-1
A (deleted)	0	0
B (deleted)	0	0
J (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
Les 3 Rois	94	+5
Klassy Athletics	88	+17
Dont Make Shoes	86	+1
Hubris Shoes	76	-1
Ergo Shoe Co.	68	+3
I am Eric Sportswear	68	+3
Freedom	64	-3
Gothford and Company	56	-33
C- Splitters Shoes	17	-2
A (deleted)	0	0
B (deleted)	0	0
J (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Dont Make Shoes	93	+2
Les 3 Rois	90	+3
Hubris Shoes	86	-6
Klassy Athletics	84	+13
Ergo Shoe Co.	73	0
I am Eric Sportswear	72	0
Gothford and Company	70	-13
Freedom	66	-5
C- Splitters Shoes	18	-1
A (deleted)	0	0
B (deleted)	0	0
J (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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	B
C	2.64	-1.19	-3.66	-2.74	-1.48	-4.26	-3.25	-5.48	-7.39	-11.80	-4.34	0	0	C
D	1.86	2.21	<b>3.60</b>	2.56	<b>4.93</b>	<b>6.63</b>	<b>9.44</b>	<b>10.76</b>	<b>13.18</b>	<b>16.22</b>	<b>6.97</b>	18	<b>20</b>	D
E	<b>4.07</b>	2.22	2.63	1.95	2.92	3.58	<b>5.44</b>	<b>6.26</b>	<b>6.62</b>	<b>9.27</b>	<b>4.36</b>	10	13	E
F	<b>3.94</b>	<b>4.43</b>	<b>3.69</b>	1.21	1.73	2.10	<b>5.74</b>	<b>5.45</b>	<b>8.20</b>	<b>8.68</b>	<b>4.41</b>	10	13	F
G	1.77	0.69	2.66	2.71	<b>4.82</b>	3.59	<b>6.66</b>	<b>4.94</b>	<b>14.13</b>	<b>6.83</b>	<b>4.58</b>	8	13	G
H	<b>4.28</b>	<b>4.61</b>	<b>4.65</b>	<b>4.21</b>	<b>5.12</b>	<b>5.17</b>	<b>8.06</b>	<b>8.90</b>	<b>9.53</b>	<b>10.40</b>	<b>6.29</b>	12	18	H
I	<b>4.28</b>	<b>3.06</b>	2.24	1.54	2.94	3.02	<b>5.08</b>	<b>6.14</b>	<b>7.99</b>	<b>9.37</b>	<b>4.43</b>	10	13	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	2.37	2.29	2.43	-3.05	1.22	<b>6.42</b>	<b>8.36</b>	<b>7.40</b>	<b>11.75</b>	<b>16.20</b>	<b>5.39</b>	18	15	K
L	<b>3.39</b>	1.66	2.60	0.51	2.48	<b>6.73</b>	<b>9.40</b>	<b>9.42</b>	<b>13.94</b>	<b>17.87</b>	<b>6.29</b>	<b>20</b>	18	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	B
C	<b>16.0</b>	-7.1	-27.1	-31.4	-21.4	-103.3	-776.0	0.0	0.0	0.0	0.0	0	0	C
D	11.9	12.1	<b>21.3</b>	12.9	<b>21.0</b>	<b>22.9</b>	<b>25.7</b>	<b>23.2</b>	<b>22.9</b>	<b>25.2</b>	<b>20.3</b>	14	18	D
E	<b>23.7</b>	11.0	11.8	7.9	10.8	12.3	<b>16.2</b>	<b>16.2</b>	<b>15.6</b>	<b>19.6</b>	14.2	11	13	E
F	<b>24.5</b>	<b>28.1</b>	<b>17.5</b>	5.0	6.8	7.7	<b>17.4</b>	14.8	<b>20.2</b>	<b>22.5</b>	<b>15.7</b>	12	14	F
G	11.4	4.3	<b>15.4</b>	13.8	<b>26.4</b>	<b>17.3</b>	<b>26.8</b>	<b>17.9</b>	<b>40.9</b>	<b>15.4</b>	<b>18.8</b>	8	17	G
H	<b>25.6</b>	<b>24.3</b>	<b>21.1</b>	<b>16.9</b>	<b>18.1</b>	<b>17.0</b>	<b>24.9</b>	<b>26.2</b>	<b>27.7</b>	<b>29.7</b>	<b>22.6</b>	16	<b>20</b>	H
I	<b>24.9</b>	14.5	9.1	6.2	11.1	10.3	<b>16.6</b>	<b>17.3</b>	<b>19.3</b>	<b>22.1</b>	14.8	12	13	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	14.5	12.0	12.0	-17.4	7.5	<b>32.7</b>	<b>31.2</b>	<b>21.4</b>	<b>28.3</b>	<b>33.8</b>	<b>19.9</b>	19	18	K
L	<b>20.1</b>	8.5	11.7	2.3	10.4	<b>23.2</b>	<b>28.1</b>	<b>27.8</b>	<b>33.5</b>	<b>36.5</b>	<b>21.3</b>	<b>20</b>	19	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	B
C	26.44	14.62	9.22	5.86	4.80	5.20	4.70	5.60	4.60	5.33	-16	0	0	C
D	18.94	20.43	<b>43.01</b>	26.96	<b>77.14</b>	<b>96.18</b>	<b>175.43</b>	<b>194.01</b>	<b>244.49</b>	<b>333.45</b>	+27	18	18	D
E	<b>75.41</b>	34.03	26.35	18.28	39.28	43.00	<b>84.35</b>	<b>94.49</b>	<b>109.69</b>	<b>135.11</b>	+16	7	7	E
F	<b>63.52</b>	<b>61.49</b>	<b>41.88</b>	22.10	14.42	19.04	<b>77.23</b>	<b>93.13</b>	<b>164.37</b>	<b>126.45</b>	+16	7	7	F
G	18.63	10.95	28.86	31.64	<b>84.76</b>	<b>46.23</b>	<b>133.30</b>	<b>69.88</b>	<b>189.65</b>	<b>82.83</b>	+11	4	4	G
H	<b>77.38</b>	<b>83.21</b>	<b>72.96</b>	<b>53.46</b>	<b>68.67</b>	<b>69.79</b>	<b>141.16</b>	<b>183.42</b>	<b>191.55</b>	<b>192.60</b>	+20	10	10	H
I	<b>79.49</b>	<b>40.32</b>	24.55	15.63	34.59	40.26	<b>92.29</b>	<b>90.00</b>	<b>139.96</b>	<b>193.00</b>	+21	10	10	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	23.81	23.59	24.62	14.19	11.77	<b>59.77</b>	<b>130.09</b>	<b>103.76</b>	<b>205.76</b>	<b>324.65</b>	+27	17	17	K
L	<b>47.07</b>	24.38	26.48	14.63	25.73	<b>92.76</b>	<b>164.93</b>	<b>193.60</b>	<b>286.63</b>	<b>375.29</b>	+29 %	<b>20</b>	<b>20</b>	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	B
C	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	C
D	B	C+	C	C	B-	B	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	20	20	D
E	<b>A</b>	B	B	<b>B+</b>	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	E
F	<b>B+</b>	C+	C	C-	C-	C	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	N/A	17	17	F
G	B	C	<b>B+</b>	<b>B+</b>	<b>A-</b>	<b>B+</b>	<b>A+</b>	<b>A</b>	<b>A-</b>	<b>A-</b>	Medium	18	18	G
H	<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>A+</b>	Low	20	20	H
I	<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>A+</b>	Low	20	20	I
J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	J
K	C+	C-	C-	C-	C-	C-	C	C	C+	B	Medium	14	14	K
L	B-	C-	C-	C-	C	B	<b>A-</b>	<b>B+</b>	<b>A-</b>	<b>A-</b>	Medium	18	18	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 (70)	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	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	58	54	51	55	64	<b>77</b>	<b>92</b>	<b>94</b>	<b>94</b>	<b>84</b>	<b>91</b>	17	18	C
D	63	<b>74</b>	<b>79</b>	<b>71</b>	<b>75</b>	<b>71</b>	<b>71</b>	<b>78</b>	<b>88</b>	<b>82</b>	<b>83</b>	16	17	D
E	<b>84</b>	66	<b>77</b>	<b>81</b>	<b>86</b>	<b>99</b>	<b>97</b>	<b>97</b>	<b>100</b>	<b>100</b>	<b>99</b>	20	20	E
F	<b>78</b>	<b>75</b>	<b>75</b>	<b>89</b>	<b>76</b>	<b>92</b>	<b>73</b>	<b>70</b>	69	<b>89</b>	<b>76</b>	18	15	F
G	62	64	<b>81</b>	<b>78</b>	<b>85</b>	<b>89</b>	<b>92</b>	<b>90</b>	<b>87</b>	<b>89</b>	<b>89</b>	18	18	G
H	<b>87</b>	<b>86</b>	<b>83</b>	<b>92</b>	<b>100</b>	<b>95</b>	<b>95</b>	<b>93</b>	<b>86</b>	<b>91</b>	<b>90</b>	18	18	H
I	<b>70</b>	67	<b>71</b>	61	60	<b>81</b>	<b>84</b>	<b>76</b>	<b>76</b>	<b>81</b>	<b>78</b>	16	16	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	<b>76</b>	<b>76</b>	<b>87</b>	<b>83</b>	<b>84</b>	<b>91</b>	<b>94</b>	<b>100</b>	<b>92</b>	<b>100</b>	<b>97</b>	20	20	K
L	69	<b>87</b>	<b>88</b>	<b>77</b>	<b>76</b>	<b>71</b>	<b>71</b>	<b>73</b>	<b>75</b>	<b>80</b>	<b>76</b>	16	15	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	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	87	24	20	19	20	23	25	25	25	24	29	Subpar	C
D	76	73	93	71	105	108	115	116	<b>119</b>	118	99	Very Good	D
E	<b>117</b>	86	84	74	92	102	117	117	116	<b>119</b>	102	Excellent	E
F	113	101	90	48	47	57	112	112	115	115	91	Very Good	F
G	74	39	95	92	116	105	119	114	117	113	98	Very Good	G
H	116	<b>117</b>	<b>117</b>	<b>114</b>	<b>118</b>	<b>117</b>	<b>120</b>	<b>119</b>	118	<b>119</b>	<b>118</b>	Superior	H
I	115	103	82	64	88	95	114	115	116	118	101	Excellent	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	81	67	67	29	45	95	99	100	103	112	80	Good	K
L	102	59	70	34	65	108	114	112	115	115	89	Good	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	23,104	3,240	63,279	17,643	107,266
– Pairs Rejected	515	72	1,923	526	3,036
Net Y20 Production (after rejects)	22,589	3,168	61,356	17,117	104,230
Superior Materials Usage	52.3%	54.6%	54.6%	43.7%	52.3%
Capacity Utilization (branded + P-L prod.)	93.5%	95.3%	117.2%	105.6%	108.6%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	- 0.07	0.00	5.93
Superior Materials	12.00	+ 0.55	0.00	12.55

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	5,480	3,544	5,402	3,875	18,301
– Pairs Cleared (inventory clearance)	1,396	1,319	1,393	982	5,090
Beginning Y20 Inventories	4,084	2,225	4,009	2,893	13,211
+ New Production (shipped from plants)	22,523	22,083	20,632	23,011	88,249
Pairs Available for Sale in Y20	26,607	24,308	24,641	25,904	101,460

**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)	23,754	22,879	21,742	21,128	89,503
Actual Year 20 Demand	22,716	21,384	20,761	20,812	85,672
Branded Pairs Sold	22,505	21,296	20,622	20,770	85,193
Required Y20 Ending Inventories	1,247	1,252	1,284	1,484	5,267
Inventory Surplus (Shortfall)	2,060	1,299	2,060	3,167	8,586

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 2.8%
- Available for shipment to warehouses
- % usage up by 5.4 points over Y19
- % utilization down by 6.1 points from Y19

Higher than normal (52.3% industrywide) superior materials usage led to superior materials prices that were 4.6% above the base and standard materials prices that were 1.2% below the base.

- Average inventory clearance of 27.8%
- 18.4% higher than Y20 demand

Actual demand in Year 20 was 4.3% less than expected due to increases in industry average prices.

- Needed to achieve delivery times
- { Okay in N.A. Okay in E-A  
Okay in A-P High in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> (internet + wholesale)				
North America	23,625	24,570	25,553	26,575
Europe-Africa	22,239	23,129	24,054	25,016
Asia-Pacific	22,006	23,326	24,726	26,210
Latin America	22,061	23,385	24,788	26,275
<b>Total</b>	89,931	94,410	99,121	104,076
<b>Private-Label</b>				
North America	4,284	4,284	4,284	4,284
Europe-Africa	4,158	4,158	4,158	4,158
Asia-Pacific	4,230	4,230	4,230	4,230
Latin America	4,230	4,230	4,230	4,230
<b>Total</b>	16,902	16,902	16,902	16,902

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	16,267
Potential Production (at max OT)	118,560
<b>Potential Global Supply</b>	134,827
<b>Demand</b> — Branded Sales Forecast (000s)	89,931
Private-Label Sales Forecast	16,902
<b>Expected Global Demand</b>	106,833
<b>Conclusion:</b>	Excess supply of 26.2% is likely to intensify competition in Year 21 until market growth absorbs the excess.

**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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	3,000	2,000	3,600	2,000	0	0	0	0	3,000	2,000	3,600	2,000	10,600	0	0	C
D	0	0	7,000	4,000	0	0	0	0	0	0	7,000	4,000	11,000	0	0	D
E	5,300	1,000	4,000	0	0	-1,000	0	0	5,300	0	4,000	0	9,300	0	0	E
F	0	0	5,000	2,000	0	0	0	0	0	0	5,000	2,000	7,000	0	0	F
G	12,000	1,400	1,400	0	0	0	0	0	12,000	1,400	1,400	0	14,800	0	0	G
H	0	0	4,600	1,200	0	0	0	0	0	0	4,600	1,200	5,800	0	0	H
I	0	0	9,400	0	0	0	-400	0	0	0	9,000	0	9,000	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	4,400	0	10,500	3,000	0	0	0	1,300	4,400	0	10,500	4,300	19,200	0	0	K
L	0	0	8,900	2,300	0	0	0	900	0	0	8,900	3,200	12,100	0	0	L
<b>Total</b>	24,700	4,400	54,400	14,500	0	-1,000	-400	2,200	24,700	3,400	54,000	16,700	98,800	0	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	0	0	0	0	0	0	0	0	0	0	0	B
C	427,083	296,702	33,808	139,149	13,019	-55,595	123,572	0	-179,167	0	15,190	C
D	543,975	284,288	30,734	35,240	13,420	180,293	6,511	52,135	121,647	112,500	7,500	D
E	552,704	281,604	42,646	114,820	11,721	101,913	-81	30,598	71,396	0	7,704	E
F	400,580	216,499	22,936	59,265	9,417	92,463	-590	27,916	65,137	120,000	7,500	F
G	607,380	307,240	43,211	147,340	17,218	92,371	19,139	21,970	51,262	7,500	7,500	G
H	350,697	169,361	20,340	41,685	8,220	111,091	-347	33,431	78,007	72,000	7,500	H
I	578,808	313,379	39,123	97,143	11,420	117,743	-91	35,350	82,484	35,200	8,800	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	974,902	534,054	58,877	142,838	21,621	217,512	43,974	52,061	121,477	75,000	7,500	K
L	706,024	297,041	43,401	148,047	14,521	203,014	11,556	57,437	134,021	97,500	7,500	L
	571,350	300,019	37,231	102,836	13,397	117,867	22,627	34,544	60,696	57,744	8,522	

**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	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	495,705	794,211	1,158,887	20,000	-205,512	0	-179,164	-384,676	0.00	1 / 4	C
D	53,266	232,967	558,362	26,549	45,000	477,661	0	9,152	486,813	15.00	8 / 1	D
E	9,407	171,581	361,891	24,651	0	389,772	-123,930	71,399	337,240	0.00	3 / 4	E
F	16,315	124,296	280,756	19,209	0	316,411	0	-54,864	261,547	16.00	3 / 1	F
G	62,294	220,966	602,569	46,915	200,000	311,893	0	43,761	355,654	1.00	5 / 3	G
H	42,978	136,130	282,123	16,826	0	259,289	0	6,008	265,297	9.60	10 / 0	H
I	21,051	197,476	428,341	43,534	40,000	403,284	-105,763	47,286	344,807	4.00	3 / 2	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	12,813	298,284	787,343	113,455	291,000	336,408	0	46,480	382,888	10.00	6 / 1	K
L	6,685	210,432	561,571	65,071	111,000	348,998	0	36,503	385,500	13.00	6 / 2	L
	24,979	231,982	517,463	168,344	78,556	293,134	-25,521	2,951	270,563	7.62	5 / 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	Mktnng. 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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	69.5	7.9	32.6	3.0	###	###	0.43	616	-0.45	1.46	0.00	N/A	C
D	52.3	5.6	6.5	2.5	33.1	22.4	8.77	73	27.69	0.09	7.44	Low	D
E	51.0	7.7	20.8	2.1	18.4	12.9	6.96	40	100.00	0.00	10.00	Low	E
F	54.0	5.7	14.8	2.4	23.1	16.3	6.47	14	100.00	0.00	0.00	N/A	F
G	50.6	7.1	24.3	2.8	15.2	8.4	4.71	9	4.83	0.37	2.83	Medium	G
H	48.3	5.8	11.9	2.3	31.7	22.2	8.09	14	100.00	0.00	10.00	Low	H
I	54.1	6.8	16.8	2.0	20.3	14.3	4.54	40	100.00	0.12	6.66	Low	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	54.8	6.0	14.7	2.2	22.3	12.5	2.63	42	4.95	0.47	1.19	Medium	K
L	42.1	6.1	21.0	2.1	28.8	19.0	3.23	34	17.57	0.28	1.48	Medium	L
	52.5 %	6.5 %	18.0 %	2.3 %	20.6 %	10.6 %	1.38	98	50.51	0.31	4.40	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		5.88	<b>5.73</b>	8.80	<b>9.04</b>	12.89	<b>13.09</b>	
	Private-Label Footwear		5.54	<b>5.08</b>	7.23	<b>6.18</b>	10.44	<b>7.53</b>	
Labor — North America	Total Compensation (\$/year)		15,763	<b>15,684</b>	24,912	<b>26,164</b>	45,056	<b>48,911</b>	
	Productivity (pairs/worker/year)		3,910	<b>3,878</b>	4,885	<b>5,017</b>	5,808	<b>6,071</b>	
	Labor Cost (\$/pair produced)		3.61	<b>3.13</b>	5.28	<b>5.12</b>	8.19	<b>8.38</b>	
Europe Africa	Total Compensation (\$/year)		15,286	<b>15,413</b>	23,745	<b>27,734</b>	36,582	<b>40,055</b>	
	Productivity (pairs/worker/year)		4,844	<b>4,496</b>	5,198	<b>5,048</b>	5,384	<b>5,599</b>	
	Labor Cost (\$/pair produced)		3.48	<b>3.78</b>	4.79	<b>5.57</b>	7.05	<b>7.35</b>	
Asia Pacific	Total Compensation (\$/year)		2,850	<b>2,879</b>	5,675	<b>6,223</b>	14,615	<b>15,772</b>	
	Productivity (pairs/worker/year)		2,189	<b>2,322</b>	3,067	<b>3,260</b>	4,433	<b>4,706</b>	
	Labor Cost (\$/pair produced)		1.34	<b>1.13</b>	1.82	<b>1.86</b>	4.13	<b>4.23</b>	
Latin America	Total Compensation (\$/year)		3,002	<b>3,032</b>	6,149	<b>6,391</b>	15,951	<b>17,019</b>	
	Productivity (pairs/worker/year)		2,485	<b>2,620</b>	2,831	<b>2,951</b>	3,628	<b>3,856</b>	
	Labor Cost (\$/pair produced)		1.37	<b>1.35</b>	2.10	<b>2.07</b>	4.45	<b>4.53</b>	
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.56</b>	1.60	<b>1.64</b>	2.50	<b>2.50</b>	
	Cumulative		0.97	<b>0.93</b>	1.65	<b>1.66</b>	2.36	<b>2.36</b>	
Reject Rates	Branded Production		1.6%	<b>1.7%</b>	3.2%	<b>2.9%</b>	6.6%	<b>5.1%</b>	
	Private-Label Production		1.3%	<b>1.0%</b>	2.5%	<b>1.6%</b>	6.1%	<b>2.0%</b>	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	17.19	<b>21.71</b>	27.13	<b>28.92</b>	41.83	<b>45.67</b>	
		E-A	18.78	<b>19.28</b>	31.88	<b>34.39</b>	48.96	<b>49.49</b>	
		A-P	16.73	<b>17.66</b>	21.92	<b>22.20</b>	37.08	<b>38.16</b>	
		L.A.	20.28	<b>19.28</b>	25.59	<b>25.59</b>	40.82	<b>42.77</b>	
		Private-Label	N.A.	17.03	<b>15.65</b>	23.59	<b>24.55</b>	30.15	<b>31.91</b>
		E-A	25.58	<b>24.47</b>	25.58	<b>24.47</b>	25.58	<b>24.47</b>	
		A-P	16.98	<b>16.22</b>	21.91	<b>18.40</b>	26.60	<b>26.64</b>	
		L.A.	14.43	<b>16.05</b>	17.79	<b>18.45</b>	22.04	<b>22.75</b>	

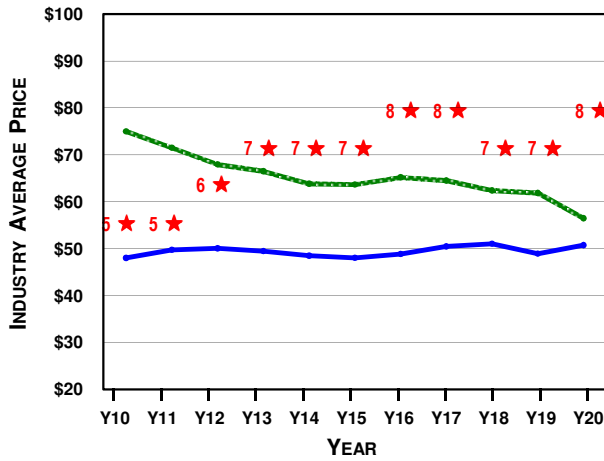
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.19	<b>21.21</b>	25.31	<b>26.35</b>	38.44	<b>41.45</b>
		E-A	21.20	<b>23.44</b>	28.18	<b>29.18</b>	41.56	<b>45.22</b>
		A-P	18.74	<b>19.66</b>	24.37	<b>25.01</b>	41.14	<b>44.37</b>
		L.A.	20.23	<b>21.33</b>	27.54	<b>28.37</b>	43.46	<b>45.79</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.37	<b>10.33</b>	10.78	<b>10.74</b>	11.93	<b>12.35</b>
			2.00	<b>1.99</b>	2.57	<b>2.49</b>	3.88	<b>4.17</b>
Marketing Expenses - Internet	(\$ per pair sold)	Wholesale	6.36	<b>4.81</b>	12.95	<b>12.63</b>	19.46	<b>26.99</b>
			4.71	<b>3.10</b>	11.77	<b>11.35</b>	16.25	<b>26.46</b>
Administrative Expenses	(\$/pair sold)		1.07	<b>1.06</b>	1.45	<b>1.47</b>	2.04	<b>2.49</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	4.63	<b>-12.18</b>	21.55	<b>15.04</b>	36.88	<b>31.23</b>
		E-A	5.10	<b>-8.89</b>	22.11	<b>15.48</b>	37.46	<b>30.25</b>
		A-P	4.97	<b>-14.10</b>	23.88	<b>17.91</b>	40.18	<b>34.41</b>
		L.A.	-0.97	<b>-18.73</b>	18.72	<b>11.99</b>	37.24	<b>27.96</b>
Wholesale	N.A.	-3.93	<b>-12.64</b>	7.43	<b>8.45</b>	15.74	<b>19.32</b>	
	E-A	1.19	<b>-7.84</b>	11.79	<b>13.13</b>	17.08	<b>24.80</b>	
	A-P	-6.97	<b>-13.11</b>	11.14	<b>12.32</b>	19.88	<b>19.78</b>	
	L.A.	-5.33	<b>-17.57</b>	7.57	<b>6.86</b>	16.83	<b>16.88</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.03	<b>17.65</b>	23.87	<b>19.80</b>	32.15	<b>21.36</b>
		E-A	23.04	<b>22.07</b>	27.50	<b>24.42</b>	32.95	<b>30.53</b>
		A-P	18.98	<b>18.22</b>	24.62	<b>18.87</b>	31.30	<b>19.80</b>
		L.A.	16.43	<b>18.05</b>	23.24	<b>24.65</b>	28.90	<b>30.97</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.	-3.96	<b>-1.92</b>	1.60	<b>2.18</b>	6.91	<b>7.29</b>
		E-A	-5.71	<b>-2.33</b>	3.27	<b>1.96</b>	8.02	<b>5.85</b>
		A-P	-2.08	<b>-1.76</b>	4.69	<b>4.04</b>	13.18	<b>13.07</b>
		L.A.	-2.43	<b>-2.88</b>	1.10	<b>4.03</b>	5.10	<b>20.01</b>

**CELEBRITY ENDORSEMENTS**

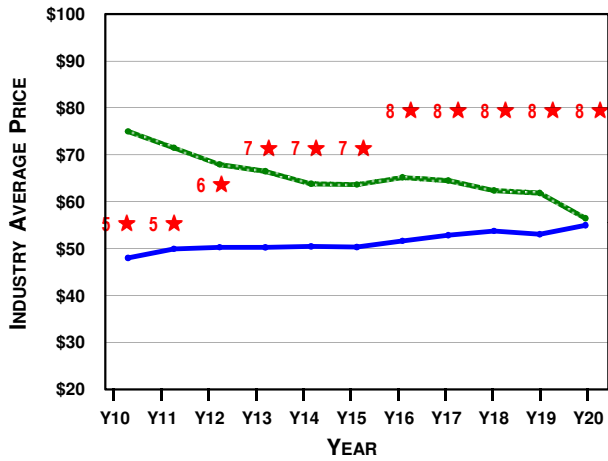
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company C	14,000	Y19	2 years	8	14,000	8,760	7,562	3,005
Oprah Letterman	100	70	65	75	Company G	14,232	Y20	3 years	2	14,232	8,290	11,261	8,290
Fifa Beckham	70	100	70	55	Company K	12,501	Y16	5 years	6	13,360	12,501	8,634	1,210
Tiger Green	95	80	85	75	Company G	14,232	Y20	2 years	2	14,232	10,290	12,261	10,290
Jos Montaa	60	50	60	95	Company G	14,232	Y20	3 years	2	14,232	8,290	11,261	8,290
Kobioshi Jones	55	60	95	90	Company G	14,234	Y19	4 years	8	14,234	13,036	9,183	3,005
Ace Federar	50	90	50	85	Company G	14,232	Y20	1 year	2	14,232	8,250	11,241	8,250
Danica Andretti	70	65	55	60	Company C	13,000	Y19	3 years	8	13,000	10,654	8,122	3,005
LaBron Game	75	80	95	50	Company C	13,000	Y19	4 years	8	13,000	11,235	8,572	3,005
Lorena Lopez	45	85	60	100	Company C	14,000	Y19	2 years	8	14,000	13,542	9,249	3,005
Lance deFrance	80	85	75	70	Company G	14,232	Y20	3 years	2	14,232	8,390	11,311	8,390
Yao KungPao	60	35	100	50	Company K	12,501	Y18	4 years	6	12,501	9,290	7,517	2,500

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

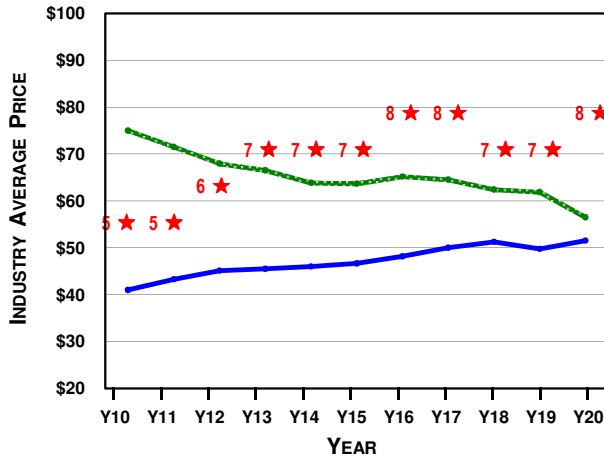
**NORTH AMERICA**



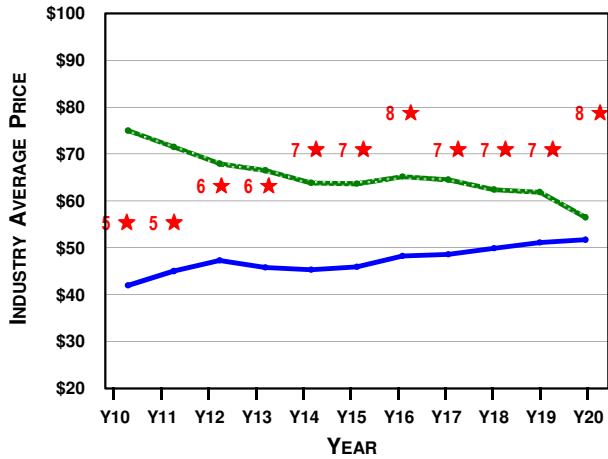
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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