

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 11

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
Groovy Shoes	119	+2
Champion Shoes Co.	114	+2
K.O.	114	-3
Heckwerenogood	109	+4
Lucky Shoes	105	-6
Just Right Athletics	100	-9
BIA Inc	98	-8
DSneakers	94	-3
Incredible Shoes	85	-20
A (deleted)	0	0
E (deleted)	0	0
F (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
K.O.	105	+1
Heckwerenogood	96	+1
Groovy Shoes	95	+3
Just Right Athletics	77	+3
BIA Inc	75	+2
Champion Shoes Co.	74	+5
DSneakers	67	+3
Incredible Shoes	61	+2
Lucky Shoes	61	+5
A (deleted)	0	0
E (deleted)	0	0
F (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
Groovy Shoes	81	0
K.O.	70	-11
BIA Inc	65	-9
Heckwerenogood	58	0
Champion Shoes Co.	56	-5
Lucky Shoes	46	-12
Just Right Athletics	42	-21
DSneakers	40	-7
Incredible Shoes	39	-12
A (deleted)	0	0
E (deleted)	0	0
F (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Groovy Shoes	97	+2
K.O.	84	-6
Heckwerenogood	69	-1
Champion Shoes Co.	64	+1
Just Right Athletics	59	-8
BIA Inc	58	-6
Lucky Shoes	51	-7
DSneakers	46	-2
Incredible Shoes	42	-3
A (deleted)	0	0
E (deleted)	0	0
F (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	2.00	<b>3.67</b>	1.22	-2.36	-0.22	2.41	<b>4.16</b>	3.85	<b>7.95</b>	<b>8.70</b>	2.81	14	9	B
C	<b>3.25</b>	0.32	1.48	0.40	1.00	2.38	3.76	2.65	<b>5.48</b>	<b>6.64</b>	2.74	10	9	C
D	1.84	0.13	1.09	0.02	-1.52	2.38	3.46	3.48	3.41	3.45	1.62	5	5	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	F
G	<b>3.01</b>	1.42	<b>3.87</b>	-4.50	1.07	<b>14.00</b>	<b>8.34</b>	<b>15.77</b>	<b>10.74</b>	<b>12.88</b>	<b>6.44</b>	<b>20</b>	<b>20</b>	G
H	<b>4.70</b>	<b>3.74</b>	<b>3.51</b>	2.07	2.06	<b>3.89</b>	<b>6.12</b>	<b>5.79</b>	<b>6.98</b>	<b>8.83</b>	<b>4.71</b>	14	15	H
I	<b>2.87</b>	1.32	1.21	-0.96	-5.24	-2.66	2.11	3.49	<b>4.49</b>	2.87	0.95	4	3	I
J	<b>3.17</b>	2.05	1.54	-1.46	-1.29	2.52	<b>4.00</b>	3.13	<b>5.37</b>	<b>4.71</b>	2.40	7	7	J
K	<b>3.76</b>	<b>2.88</b>	<b>5.23</b>	2.74	<b>4.77</b>	<b>5.80</b>	<b>7.61</b>	<b>7.61</b>	<b>11.05</b>	<b>11.48</b>	<b>6.14</b>	18	19	K
L	1.66	0.48	-0.11	-1.59	0.39	2.09	<b>4.06</b>	3.01	<b>5.80</b>	<b>5.38</b>	2.12	8	7	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	12.4	<b>18.0</b>	7.1	-19.8	-1.8	<b>17.3</b>	<b>23.9</b>	<b>23.2</b>	<b>81.1</b>	<b>553.2</b>	<b>22.0</b>	<b>20</b>	19	B
C	<b>20.8</b>	2.2	8.0	2.0	4.7	10.4	14.6	9.2	<b>16.7</b>	<b>20.0</b>	11.2	1	10	C
D	11.4	0.7	6.2	0.1	-8.7	13.3	<b>16.7</b>	<b>18.2</b>	<b>22.5</b>	<b>19.6</b>	9.2	1	8	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	F
G	<b>18.1</b>	7.5	<b>17.2</b>	-23.3	5.9	<b>54.4</b>	<b>22.7</b>	<b>33.1</b>	<b>18.4</b>	<b>20.2</b>	<b>19.2</b>	1	17	G
H	<b>27.0</b>	<b>17.5</b>	14.1	7.5	7.0	12.2	<b>17.0</b>	13.8	14.4	<b>17.2</b>	13.7	1	12	H
I	<b>17.5</b>	7.2	6.3	-5.0	-33.5	-23.1	<b>18.9</b>	<b>25.0</b>	<b>25.4</b>	14.0	5.7	1	5	I
J	<b>20.4</b>	<b>16.6</b>	12.2	-11.7	-18.3	<b>30.8</b>	<b>37.4</b>	<b>27.4</b>	<b>51.1</b>	<b>47.8</b>	<b>23.2</b>	2	<b>20</b>	J
K	<b>23.3</b>	<b>18.6</b>	<b>25.0</b>	10.8	13.0	<b>15.6</b>	<b>17.5</b>	<b>15.3</b>	<b>21.8</b>	<b>21.1</b>	<b>17.0</b>	1	15	K
L	10.7	3.0	-0.7	-10.3	2.6	13.0	<b>21.2</b>	13.3	<b>22.2</b>	<b>18.0</b>	10.6	1	9	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	20.49	<b>48.37</b>	25.22	14.06	8.43	22.17	<b>51.80</b>	<b>56.61</b>	<b>112.07</b>	<b>113.20</b>	+14	10	10	B
C	<b>53.94</b>	27.67	16.15	9.97	10.89	27.60	<b>51.75</b>	36.08	<b>104.78</b>	<b>130.26</b>	+16	12	12	C
D	17.48	10.16	8.32	5.57	4.80	27.64	<b>57.80</b>	45.43	48.18	42.11	+3	4	4	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	F
G	<b>41.26</b>	22.31	<b>48.62</b>	24.87	14.31	<b>72.15</b>	<b>150.74</b>	<b>302.47</b>	<b>147.13</b>	<b>225.71</b>	+22	<b>20</b>	<b>20</b>	G
H	<b>77.88</b>	<b>46.68</b>	<b>39.13</b>	21.19	18.84	<b>50.59</b>	<b>95.25</b>	<b>77.85</b>	<b>84.70</b>	<b>106.28</b>	+14	9	9	H
I	<b>37.42</b>	20.18	11.39	6.68	4.80	5.51	19.74	45.18	<b>77.19</b>	40.87	+3	4	4	I
J	<b>37.79</b>	20.71	14.84	8.89	5.84	26.10	<b>56.70</b>	40.72	<b>84.00</b>	<b>58.68</b>	+7	5	5	J
K	<b>52.82</b>	32.65	<b>74.09</b>	34.67	<b>63.72</b>	<b>69.91</b>	<b>137.43</b>	<b>111.09</b>	<b>166.38</b>	<b>195.84</b>	+21	17	17	K
L	16.79	10.49	6.20	4.85	5.78	24.57	<b>52.49</b>	35.39	<b>107.67</b>	<b>75.65</b>	+10 %	7	7	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	C+	C-	C-	C-	C-	C	B	C+	B-	C	High	4	4	B
C	B-	C-	C+	C-	C	B	<b>A-</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	C
D	<b>B+</b>	C	B-	C	C-	<b>A-</b>	<b>A+</b>	<b>A</b>	<b>A-</b>	<b>A-</b>	Medium	18	18	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	F
G	<b>A-</b>	B	B	C-	C-	B	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	G
H	<b>A-</b>	B	C+	C	C+	B	<b>A-</b>	<b>B+</b>	B	B	Medium	14	14	H
I	<b>B+</b>	C	C	C-	C-	C-	B-	<b>B+</b>	<b>A</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	I
J	C+	C-	C-	C-	C-	B-	<b>B+</b>	B	B	B-	High	11	11	J
K	B	C	B-	B	<b>B+</b>	<b>A-</b>	<b>A</b>	<b>A</b>	<b>A+</b>	<b>B+</b>	High	17	17	K
L	B	C	C-	C-	C-	C	C+	C	<b>B+</b>	B	Medium	14	14	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>83</b>	<b>100</b>	<b>100</b>	<b>99</b>	<b>87</b>	<b>83</b>	<b>75</b>	<b>80</b>	<b>81</b>	<b>86</b>	<b>82</b>	17	16	B
C	60	59	56	59	60	63	63	62	<b>71</b>	67	67	13	13	C
D	67	59	66	54	62	53	51	53	55	59	56	12	11	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	<b>88</b>	<b>76</b>	<b>85</b>	<b>80</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	G
H	<b>73</b>	<b>73</b>	<b>76</b>	<b>90</b>	<b>79</b>	<b>80</b>	<b>94</b>	<b>98</b>	<b>85</b>	<b>100</b>	<b>94</b>	<b>20</b>	19	H
I	<b>72</b>	<b>75</b>	67	54	60	51	48	54	46	49	50	10	10	I
J	64	<b>85</b>	<b>89</b>	<b>91</b>	<b>79</b>	<b>80</b>	<b>80</b>	<b>76</b>	<b>82</b>	<b>83</b>	<b>80</b>	17	16	J
K	62	<b>70</b>	66	68	<b>70</b>	<b>72</b>	<b>74</b>	<b>78</b>	<b>78</b>	<b>86</b>	<b>81</b>	17	16	K
L	61	68	64	61	62	60	63	68	66	<b>80</b>	<b>71</b>	16	14	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			
B	75	93	55	31	26	71	103	94	106	98	75	Fair	B
C	99	38	54	27	38	73	100	81	112	114	74	Fair	C
D	79	29	51	22	20	80	100	96	97	94	67	Subpar	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	111	70	<b>105</b>	34	45	<b>112</b>	<b>116</b>	<b>119</b>	<b>117</b>	<b>119</b>	95	Very Good	G
H	<b>114</b>	<b>105</b>	91	61	59	95	114	110	105	109	96	Very Good	H
I	105	56	45	18	19	17	69	95	105	85	61	Subpar	I
J	94	69	57	28	24	83	107	94	109	100	77	Fair	J
K	106	85	103	<b>84</b>	<b>105</b>	110	114	112	<b>117</b>	114	<b>105</b>	Excellent	K
L	69	36	21	19	26	60	92	71	111	105	61	Subpar	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	28,320	18,490	52,312	13,174	112,296
– Pairs Rejected	1,401	829	2,099	440	4,769
Net Y20 Production (after rejects)	26,919	17,661	50,213	12,734	107,527
Superior Materials Usage	29.9%	32.2%	43.8%	45.2%	38.5%
Capacity Utilization (branded + P-L prod.)	115.6%	115.9%	111.3%	108.0%	112.7%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.38	+ 0.16	7.54
Superior Materials	12.00	– 0.69	+ 0.32	11.63

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	3,556	2,565	1,929	2,413	10,463
– Pairs Cleared (inventory clearance)	206	84	30	36	356
Beginning Y20 Inventories	3,350	2,481	1,899	2,377	10,107
+ New Production (shipped from plants)	24,055	24,463	21,944	22,201	92,663
Pairs Available for Sale in Y20	27,405	26,944	23,843	24,578	102,770

**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)	25,328	25,248	23,238	23,281	97,095
Actual Year 20 Demand	23,787	22,977	22,023	21,293	90,080
Branded Pairs Sold	23,770	22,978	21,667	21,290	89,705
Required Y20 Ending Inventories	2,311	2,167	2,047	1,915	8,440
Inventory Surplus (Shortfall)	1,229	1,684	-616	1,251	3,548

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.2%
- Available for shipment to warehouses
- % usage up by 4.1 points over Y19
- % utilization up by 1.4 points over Y19

Lower than normal (38.5% industrywide) superior materials usage led to superior materials prices that were 5.8% below the base and standard materials prices that were 23.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 2.7% from the base.

- Average inventory clearance of 3.4%
- 14.1% higher than Y20 demand

Actual demand in Year 20 was 7.2% less than expected due to increases in industry average prices.

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

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America (internet + wholesale)	24,738	25,728	26,757	27,827
Europe-Africa	23,896	24,852	25,846	26,880
Asia-Pacific	23,344	24,745	26,230	27,804
Latin America	22,570	23,924	25,359	26,881
<b>Total</b>	94,548	99,249	104,192	109,392
<b>Private-Label</b> — North America	3,996	3,996	3,996	3,996
Europe-Africa	3,960	3,960	3,960	3,960
Asia-Pacific	3,960	3,960	3,960	3,960
Latin America	3,942	3,942	3,942	3,942
<b>Total</b>	15,858	15,858	15,858	15,858

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	13,065
Potential Production (at max OT)	120,900
<b>Potential Global Supply</b>	133,965
<b>Demand</b> — Branded Sales Forecast (000s)	94,548
Private-Label Sales Forecast	15,858
<b>Expected Global Demand</b>	110,406
<b>Conclusion:</b>	Excess supply of 21.3% 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	A
B	0	0	9,900	2,500	0	0	0	0	0	0	9,900	2,500	12,400	0	B
C	2,800	2,800	2,000	1,500	0	0	0	0	2,800	2,800	2,000	1,500	9,100	0	C
D	1,300	2,200	2,500	0	0	0	0	0	1,300	2,200	2,500	0	6,000	1,100	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	3,000	2,000	11,200	3,800	0	500	-7,000	0	3,000	2,500	4,200	3,800	13,500	0	G
H	9,900	4,100	8,000	0	0	0	0	0	9,900	4,100	8,000	0	22,000	0	H
I	0	0	4,200	1,000	1,000	0	0	0	1,000	0	4,200	1,000	6,200	0	I
J	3,500	1,000	1,100	1,200	0	0	0	0	3,500	1,000	1,100	1,200	6,800	0	J
K	0	0	10,600	0	0	0	0	0	0	0	10,600	0	10,600	0	K
L	3,000	3,350	4,500	2,200	0	0	0	0	3,000	3,350	4,500	2,200	13,050	0	L
<b>Total</b>	23,500	15,450	54,000	12,200	1,000	500	-7,000	0	24,500	15,950	47,000	12,200	99,650	1,100	

**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	642,827	315,657	42,527	121,867	14,820	147,956	44,797	30,948	72,211	0	8,300	B
C	574,552	290,209	44,940	120,205	11,518	107,680	3,303	31,313	73,064	55,000	11,000	C
D	288,613	155,032	21,080	61,167	8,418	42,916	5,965	11,085	25,866	7,500	7,500	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	565,267	282,184	40,053	77,951	15,919	149,160	11,201	41,388	96,571	37,500	7,500	G
H	985,209	516,791	55,591	234,577	24,422	153,828	40,304	34,057	79,467	0	9,000	H
I	275,840	143,752	20,696	58,933	8,619	43,840	2,878	12,289	28,673	10,000	10,000	I
J	377,713	193,591	25,697	66,428	9,218	82,779	18,954	19,148	44,677	7,120	9,493	J
K	600,972	340,507	33,913	85,222	13,020	128,310	5,315	36,899	86,096	67,500	7,500	K
L	647,109	338,438	35,810	149,362	15,472	108,027	31,144	23,065	53,818	20,000	10,000	L
	550,900	286,240	35,590	108,412	13,492	107,166	18,207	26,688	62,271	22,736	8,921	

**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	205,489	529,116	173,892	413,000	83,883	-213,872	72,214	-57,776	0.00	4 / 5	B
C	13,928	193,649	414,522	30,584	66,000	414,185	-114,310	18,062	317,938	5.00	4 / 3	C
D	42,150	125,824	272,086	32,012	99,000	122,708	0	18,366	141,074	1.00	2 / 2	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	5,609	164,104	457,792	26,341	0	523,429	-151,048	59,071	431,451	5.00	7 / 1	G
H	27,290	330,325	912,953	105,855	305,500	422,128	0	79,469	501,598	0.00	2 / 5	H
I	0	113,551	279,037	23,754	40,500	196,109	0	18,674	214,783	1.00	4 / 3	I
J	29,161	139,323	318,847	72,384	156,700	97,070	-44,864	37,558	89,763	0.75	9 / 1	J
K	0	211,885	506,392	81,725	24,000	416,212	-34,164	18,619	400,667	9.00	4 / 2	K
L	30,240	239,440	567,850	52,328	200,000	281,700	0	33,823	315,522	2.00	2 / 1	L
	16,486	191,510	473,177	66,542	144,967	284,158	-62,029	39,539	261,669	2.64	4 / 3	

**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	49.1	6.6	19.0	2.3	23.0	11.2	1.18	58	3.30	1.06	0.67	High	B
C	50.5	7.8	20.9	2.0	18.7	12.7	6.33	45	32.60	0.18	3.96	Low	C
D	53.7	7.3	21.2	2.9	14.9	9.0	3.93	31	7.19	0.43	1.82	Medium	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	F
G	49.9	7.1	13.8	2.8	26.4	17.1	6.23	29	13.32	0.00	10.00	Low	G
H	52.5	5.6	23.8	2.5	15.6	8.1	3.12	56	3.82	0.40	2.01	Medium	H
I	52.1	7.5	21.4	3.1	15.9	10.4	4.78	109	15.23	0.18	4.12	Low	I
J	51.3	6.8	17.6	2.4	21.9	11.8	1.92	29	4.37	0.66	0.98	High	J
K	56.7	5.6	14.2	2.2	21.4	14.3	2.59	64	24.14	0.14	0.96	High	K
L	52.3	5.5	23.1	2.4	16.7	8.3	4.58	59	3.47	0.40	2.45	Medium	L
	52.0 %	6.5 %	19.7 %	2.4 %	19.5 %	11.3 %	2.88	53	11.94	0.38	3.00	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		7.26	<b>7.07</b>	9.13	<b>8.95</b>	11.33	<b>12.32</b>
	Private-Label Footwear		6.50	<b>6.16</b>	7.94	<b>6.98</b>	10.96	<b>9.01</b>
Labor — North America	Total Compensation (\$/year)		17,110	<b>17,523</b>	22,222	<b>20,657</b>	32,371	<b>25,798</b>
	Productivity (pairs/worker/year)		3,331	<b>3,552</b>	4,745	<b>5,066</b>	6,513	<b>6,794</b>
	Labor Cost (\$/pair produced)		3.49	<b>3.30</b>	4.98	<b>4.37</b>	7.83	<b>5.81</b>
Europe Africa	Total Compensation (\$/year)		17,025	<b>17,301</b>	21,410	<b>19,344</b>	35,598	<b>23,664</b>
	Productivity (pairs/worker/year)		3,682	<b>3,922</b>	4,388	<b>4,472</b>	5,575	<b>4,684</b>
	Labor Cost (\$/pair produced)		4.04	<b>3.55</b>	5.01	<b>4.39</b>	7.16	<b>5.51</b>
Asia Pacific	Total Compensation (\$/year)		3,539	<b>3,643</b>	5,555	<b>5,733</b>	8,953	<b>9,138</b>
	Productivity (pairs/worker/year)		1,914	<b>1,876</b>	3,041	<b>3,130</b>	4,968	<b>5,081</b>
	Labor Cost (\$/pair produced)		1.60	<b>1.52</b>	1.94	<b>1.95</b>	2.23	<b>2.29</b>
Latin America	Total Compensation (\$/year)		3,032	<b>3,062</b>	5,547	<b>5,760</b>	7,588	<b>8,140</b>
	Productivity (pairs/worker/year)		1,725	<b>1,642</b>	2,951	<b>3,058</b>	4,491	<b>4,593</b>
	Labor Cost (\$/pair produced)		1.67	<b>1.57</b>	1.95	<b>1.93</b>	2.36	<b>2.15</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.50</b>	1.10	<b>1.37</b>	2.50	<b>2.50</b>
	Cumulative		0.00	<b>0.51</b>	1.13	<b>1.30</b>	2.42	<b>2.43</b>
Reject Rates	Branded Production		1.5%	<b>1.5%</b>	4.6%	<b>4.1%</b>	8.2%	<b>7.7%</b>
	Private-Label Production		0.9%	<b>0.8%</b>	3.4%	<b>2.3%</b>	8.0%	<b>3.9%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.67	<b>19.95</b>	24.03	<b>23.00</b>	27.22	<b>25.71</b>
	E-A		20.03	<b>19.38</b>	22.89	<b>22.15</b>	24.59	<b>24.01</b>
	A-P		16.66	<b>17.39</b>	20.79	<b>21.57</b>	25.05	<b>25.46</b>
	L.A.		19.53	<b>20.04</b>	23.55	<b>23.94</b>	30.86	<b>31.08</b>
	Private-Label — N.A.		19.01	<b>19.61</b>	19.66	<b>19.96</b>	20.31	<b>20.34</b>
	E-A		17.69	<b>14.27</b>	17.72	<b>16.73</b>	17.74	<b>21.01</b>
	A-P		15.11	<b>14.57</b>	16.73	<b>17.96</b>	18.35	<b>21.80</b>
	L.A.		16.58	<b>15.82</b>	20.73	<b>17.73</b>	24.88	<b>19.64</b>

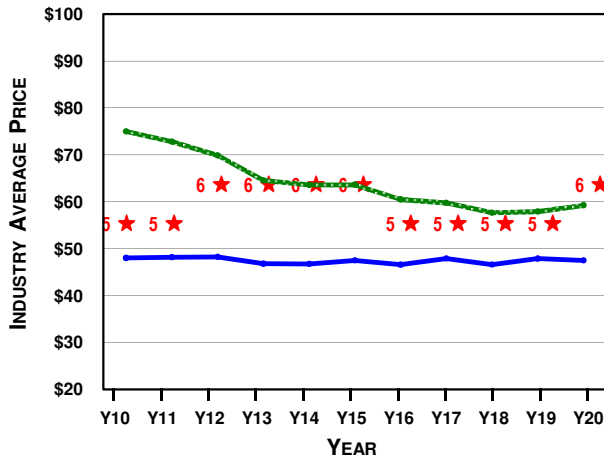
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.67	<b>22.17</b>	25.63	<b>25.03</b>	29.17	<b>27.88</b>
		E-A	22.71	<b>21.40</b>	26.69	<b>25.85</b>	30.66	<b>30.28</b>
		A-P	20.23	<b>19.67</b>	24.40	<b>23.93</b>	33.04	<b>28.11</b>
		L.A.	21.53	<b>23.60</b>	26.95	<b>27.13</b>	32.98	<b>33.71</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.34	<b>10.32</b>	11.13	<b>10.53</b>	13.75	<b>10.85</b>
			1.89	<b>1.85</b>	2.92	<b>2.28</b>	5.72	<b>2.77</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	2.07	<b>8.25</b>	11.84	<b>11.28</b>	29.39	<b>16.46</b>
			1.87	<b>6.69</b>	9.86	<b>10.55</b>	18.98	<b>14.27</b>
Administrative Expenses	(\$/pair sold)		1.09	<b>1.09</b>	1.54	<b>1.38</b>	2.69	<b>1.88</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	-10.99	<b>11.29</b>	14.24	<b>18.98</b>	26.62	<b>25.88</b>
		E-A	-19.51	<b>13.07</b>	15.62	<b>20.97</b>	28.75	<b>28.56</b>
		A-P	-4.83	<b>14.68</b>	18.92	<b>23.88</b>	30.55	<b>31.41</b>
		L.A.	-10.83	<b>8.22</b>	15.40	<b>17.02</b>	28.40	<b>26.68</b>
Wholesale	N.A.	-2.94	<b>3.42</b>	6.05	<b>6.62</b>	15.13	<b>10.66</b>	
	E-A	-8.23	<b>7.14</b>	7.28	<b>9.77</b>	16.32	<b>13.02</b>	
	A-P	3.44	<b>7.94</b>	8.77	<b>10.60</b>	14.70	<b>13.34</b>	
	L.A.	-2.92	<b>2.20</b>	7.53	<b>7.74</b>	13.13	<b>12.21</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	18.50	<b>18.59</b>	19.76	<b>21.06</b>	21.01	<b>23.46</b>
		E-A	19.69	<b>16.27</b>	20.67	<b>21.50</b>	21.64	<b>24.44</b>
		A-P	17.11	<b>16.57</b>	18.73	<b>16.57</b>	20.35	<b>16.57</b>
		L.A.	18.58	<b>19.53</b>	24.04	<b>22.72</b>	27.38	<b>26.63</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.	-2.01	<b>-2.59</b>	0.20	<b>7.44</b>	2.40	<b>17.04</b>	
	E-A	2.56	<b>-0.56</b>	3.75	<b>2.03</b>	4.94	<b>5.70</b>	
	A-P	0.12	<b>-0.29</b>	4.77	<b>-0.29</b>	9.41	<b>0.00</b>	
	L.A.	1.62	<b>0.96</b>	7.33	<b>5.35</b>	17.93	<b>17.41</b>	

**CELEBRITY ENDORSEMENTS**

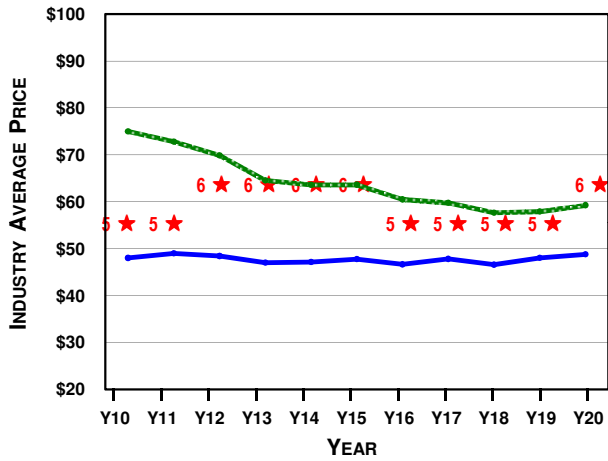
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company B	15,567	Y19	2 years	4	15,567	15,500	11,275	5,000
Oprah Letterman	100	70	65	75	Company H	15,767	Y20	3 years	1	15,767	0	15,767	15,767
Fifa Beckham	70	100	70	55	Company C	13,700	Y16	5 years	7	13,757	13,700	10,359	3,000
Tiger Green	95	80	85	75	Company H	15,876	Y20	2 years	3	15,876	15,709	13,862	10,000
Jos Montaa	60	50	60	95	Company D	15,103	Y18	3 years	6	15,103	15,000	13,065	5,000
Kobioshi Jones	55	60	95	90	Company L	10,000	Y20	4 years	2	13,867	10,000	11,934	10,000
Ace Federar	50	90	50	85	Company B	15,567	Y20	1 year	3	15,767	15,567	13,778	10,000
Danica Andretti	70	65	55	60	Company B	15,567	Y19	3 years	4	15,567	14,767	11,282	5,000
LaBron Game	75	80	95	50	Company H	16,574	Y17	4 years	5	16,574	14,513	11,101	5,000
Lorena Lopez	45	85	60	100	Company H	15,760	Y19	2 years	7	15,760	15,567	13,694	5,000
Lance deFrance	80	85	75	70	Company D	15,709	Y20	3 years	2	15,709	10,000	12,855	10,000
Yao KungPao	60	35	100	50	Company D	15,103	Y18	4 years	5	15,103	14,713	11,304	5,000

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

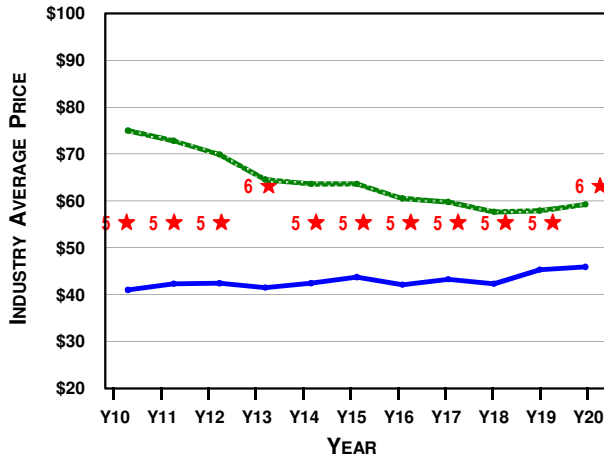
**NORTH AMERICA**



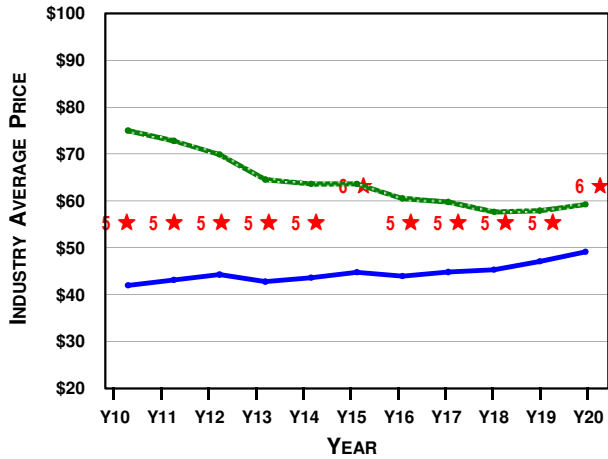
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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