

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

Friday, August 22, 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
Juxtapose	119	0
Babylonia	117	+2
Elite Footwear	114	+4
C and C	113	+1
Hot Huzzz Inc.	113	-1
A Happy Foot Co.	83	-29
Fat Soles Inc.	78	-8
Krazy Kicks Company	62	+3
G ODz	31	+9
D (deleted)	0	0
I (deleted)	0	0
L (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Juxtapose	115	+1
Babylonia	107	+1
Hot Huzzz Inc.	98	+2
Fat Soles Inc.	92	-1
C and C	91	+2
Elite Footwear	90	+2
A Happy Foot Co.	87	0
Krazy Kicks Company	47	+2
G ODz	30	0
D (deleted)	0	0
I (deleted)	0	0
L (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
Juxtapose	99	-1
Babylonia	82	0
C and C	73	0
Hot Huzzz Inc.	70	-6
Elite Footwear	67	-1
A Happy Foot Co.	49	-19
Fat Soles Inc.	45	-7
Krazy Kicks Company	43	+3
G ODz	20	+6
D (deleted)	0	0
I (deleted)	0	0
L (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Juxtapose	99	-1
Babylonia	81	+2
C and C	69	0
Hot Huzzz Inc.	68	-2
Elite Footwear	65	0
Fat Soles Inc.	57	-4
A Happy Foot Co.	56	-5
Krazy Kicks Company	43	+2
G ODz	14	0
D (deleted)	0	0
I (deleted)	0	0
L (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	<b>2.75</b>	0.39	2.25	1.94	<b>4.04</b>	1.76	2.50	3.84	<b>5.46</b>	3.05	2.72	4	7	A
B	<b>2.93</b>	1.48	<b>3.71</b>	<b>5.41</b>	<b>5.86</b>	<b>4.55</b>	<b>6.14</b>	<b>8.53</b>	<b>9.06</b>	<b>11.01</b>	<b>5.64</b>	16	15	B
C	2.35	-1.95	<b>3.24</b>	<b>4.20</b>	<b>5.76</b>	2.91	<b>4.45</b>	<b>4.25</b>	<b>6.98</b>	<b>8.02</b>	<b>3.87</b>	12	10	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	2.36	0.80	2.21	<b>3.78</b>	<b>5.14</b>	2.53	2.66	<b>4.37</b>	<b>6.35</b>	<b>7.21</b>	<b>3.58</b>	10	9	E
F	<b>3.42</b>	1.03	2.84	<b>4.94</b>	<b>6.38</b>	<b>3.86</b>	2.59	<b>4.10</b>	3.48	3.00	<b>3.56</b>	4	9	F
G	1.28	-1.19	-0.33	-1.07	1.09	-1.03	-0.01	0.39	-0.17	0.39	-0.01	1	0	G
H	<b>3.12</b>	0.81	<b>3.10</b>	<b>3.85</b>	<b>3.79</b>	3.29	3.03	<b>4.42</b>	<b>7.42</b>	<b>7.77</b>	<b>3.91</b>	11	10	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	I
J	<b>3.61</b>	<b>3.52</b>	<b>6.28</b>	<b>7.55</b>	<b>9.35</b>	<b>7.58</b>	<b>7.59</b>	<b>8.82</b>	<b>12.27</b>	<b>13.87</b>	<b>7.77</b>	<b>20</b>	<b>20</b>	J
K	1.13	0.06	1.72	1.47	0.88	0.44	0.20	0.73	1.04	1.16	0.88	2	2	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	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	<b>16.6</b>	2.2	11.9	9.3	<b>17.4</b>	7.2	10.0	13.7	<b>17.3</b>	8.6	11.1	8	12	A
B	<b>17.6</b>	7.8	<b>17.2</b>	<b>20.9</b>	<b>18.6</b>	12.4	14.3	<b>17.6</b>	<b>16.9</b>	<b>18.8</b>	<b>15.7</b>	17	17	B
C	14.4	-11.5	<b>19.7</b>	<b>20.7</b>	<b>22.8</b>	9.8	13.1	11.2	<b>17.2</b>	<b>18.1</b>	13.6	17	15	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	14.5	4.9	12.0	<b>16.7</b>	<b>21.9</b>	9.2	8.6	12.5	<b>16.0</b>	<b>15.8</b>	12.8	14	14	E
F	<b>20.9</b>	5.7	14.7	<b>21.6</b>	<b>22.3</b>	11.5	7.0	10.4	8.2	6.7	11.2	6	12	F
G	8.3	-8.3	-2.6	-13.2	<b>15.1</b>	-15.6	-0.2	8.4	-3.4	7.5	-0.1	7	0	G
H	<b>18.6</b>	4.3	13.4	<b>15.0</b>	13.2	10.2	8.6	10.8	<b>16.5</b>	<b>15.4</b>	12.1	14	13	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	I
J	<b>21.2</b>	<b>17.2</b>	<b>24.7</b>	<b>23.4</b>	<b>23.0</b>	<b>15.6</b>	13.8	14.7	<b>19.2</b>	<b>21.9</b>	<b>18.1</b>	<b>20</b>	<b>20</b>	J
K	7.4	0.4	12.9	10.3	6.1	3.1	1.4	5.1	6.8	7.2	6.0	7	7	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	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	<b>33.95</b>	18.90	22.55	20.70	<b>68.96</b>	33.38	30.12	46.32	<b>90.39</b>	38.42	+3 %	3	3	A
B	<b>39.70</b>	22.04	<b>47.37</b>	<b>76.59</b>	<b>97.48</b>	<b>53.00</b>	<b>75.25</b>	<b>132.64</b>	<b>131.66</b>	<b>160.34</b>	+18	12	12	B
C	22.64	12.68	<b>37.99</b>	<b>57.74</b>	<b>81.13</b>	35.98	<b>51.95</b>	42.96	<b>108.56</b>	<b>149.10</b>	+17	11	11	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	25.82	15.11	23.03	<b>58.67</b>	<b>77.40</b>	35.77	25.29	44.18	<b>86.98</b>	<b>101.66</b>	+13	7	7	E
F	<b>63.66</b>	31.44	32.63	<b>68.30</b>	<b>99.20</b>	41.88	26.53	47.35	40.94	35.25	+2	3	3	F
G	16.80	10.55	6.59	4.85	9.11	5.63	4.70	5.31	4.60	4.68	-17	0	0	G
H	<b>43.58</b>	23.35	36.63	<b>54.56</b>	<b>49.80</b>	35.66	31.93	<b>54.98</b>	<b>126.85</b>	<b>136.22</b>	+16	10	10	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	I
J	<b>56.52</b>	<b>44.11</b>	<b>116.56</b>	<b>151.13</b>	<b>187.73</b>	<b>104.19</b>	<b>98.98</b>	<b>110.34</b>	<b>215.45</b>	<b>277.75</b>	+25	<b>20</b>	<b>20</b>	J
K	16.77	9.84	17.85	16.02	9.72	6.50	4.70	6.37	12.37	13.70	-8	1	1	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	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	<b>A-</b>	C+	<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	A
B	<b>A-</b>	B-	<b>B+</b>	B	<b>A</b>	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	B
C	B-	C-	C+	B-	<b>B+</b>	B	<b>A</b>	<b>B+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	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	<b>B+</b>	C+	B	<b>B+</b>	<b>B+</b>	C+	C+	B-	<b>B+</b>	<b>A-</b>	Low	18	18	E
F	<b>A-</b>	C+	B	<b>B+</b>	<b>A-</b>	B	B	<b>A-</b>	<b>A-</b>	<b>A-</b>	Medium	18	18	F
G	C+	C-	C-	C-	C	C-	C-	C-	C-	C-	High	0	0	G
H	<b>A-</b>	B	<b>A</b>	<b>A</b>	<b>A-</b>	<b>B+</b>	<b>A-</b>	<b>A-</b>	<b>A+</b>	<b>A+</b>	Low	20	20	H
I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	I
J	<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	19	19	J
K	C+	C-	B-	B-	C	C	C	C+	<b>A-</b>	<b>A+</b>	Low	20	20	K
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	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	<b>78</b>	<b>71</b>	65	68	58	59	56	69	67	69	68	14	14	A
B	<b>80</b>	<b>77</b>	<b>72</b>	<b>78</b>	<b>84</b>	<b>83</b>	<b>74</b>	<b>78</b>	<b>86</b>	<b>86</b>	<b>83</b>	17	17	B
C	64	<b>72</b>	65	67	66	67	<b>70</b>	63	68	65	65	13	13	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	<b>74</b>	<b>78</b>	<b>78</b>	<b>89</b>	<b>93</b>	<b>88</b>	<b>84</b>	<b>84</b>	<b>80</b>	<b>91</b>	<b>85</b>	18	17	E
F	<b>77</b>	67	<b>72</b>	<b>74</b>	<b>80</b>	<b>82</b>	<b>78</b>	<b>77</b>	<b>74</b>	69	<b>73</b>	14	15	F
G	59	57	52	63	60	65	67	<b>75</b>	<b>70</b>	60	68	12	14	G
H	69	66	<b>72</b>	<b>71</b>	67	<b>75</b>	<b>77</b>	<b>71</b>	<b>75</b>	<b>77</b>	<b>74</b>	15	15	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	66	67	<b>91</b>	<b>92</b>	<b>78</b>	<b>100</b>	<b>100</b>	<b>97</b>	<b>100</b>	<b>100</b>	<b>99</b>	20	20	J
K	58	60	69	62	<b>71</b>	66	66	63	62	63	63	13	13	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	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	105	45	84	76	109	76	79	100	112			
B	108	66	106	109	115	105	112	115	115	117	107	Excellent	B
C	81	27	91	102	111	80	103	92	112	113	91	Very Good	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	94	51	80	110	115	73	66	90	110	114	90	Very Good	E
F	<b>114</b>	60	93	113	115	93	70	96	86	78	92	Very Good	F
G	57	22	19	20	51	22	21	36	22	31	30	Subpar	G
H	110	61	101	109	102	89	84	98	114	113	98	Very Good	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	111	<b>101</b>	<b>117</b>	<b>118</b>	<b>116</b>	<b>115</b>	<b>114</b>	<b>116</b>	<b>119</b>	<b>119</b>	<b>115</b>	Superior	J
K	53	24	70	61	42	32	28	40	59	62	47	Subpar	K
L	0	0	0	0	0	0	0	0	0	0	0	N/A	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	22,881	3,833	57,209	29,753	113,676
– Pairs Rejected	1,194	196	2,495	1,448	5,333
Net Y20 Production (after rejects)	21,687	3,637	54,714	28,305	108,343
Superior Materials Usage	32.7%	23.8%	40.7%	46.0%	39.9%
Capacity Utilization (branded + P-L prod.)	116.7%	116.2%	117.7%	120.5%	118.2%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.21	+ 0.49	7.70
Superior Materials	12.00	– 0.61	+ 0.98	12.37

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,851	2,161	2,422	2,919	9,353
– Pairs Cleared (inventory clearance)	343	136	465	742	1,686
Beginning Y20 Inventories	1,508	2,025	1,957	2,177	7,667
+ New Production (shipped from plants)	23,813	24,104	22,157	22,564	92,638
Pairs Available for Sale in Y20	25,321	26,129	24,114	24,741	100,305

**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)	23,639	23,615	22,457	22,822	92,533
Actual Year 20 Demand	23,372	23,490	22,851	23,504	93,217
Branded Pairs Sold	23,056	23,349	21,697	22,779	90,881
Required Y20 Ending Inventories	1,516	1,488	1,461	1,522	5,987
Inventory Surplus (Shortfall)	-423	-652	-743	-751	-2,569

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.7%
- Available for shipment to warehouses
- % usage up by 1.3 points over Y19
- % utilization up by 7.0 points over Y19

Lower than normal (39.9% industrywide) superior materials usage led to superior materials prices that were 5.1% below the base and standard materials prices that were 20.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 8.2% from the base.

- Average inventory clearance of 18.0%
- 7.6% higher than Y20 demand
- Actual demand in Year 20 was 0.7% greater than expected.
- Needed to achieve delivery times
- { Low in N.A. Low in E-A  
Low in A-P Low in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America	24,307	25,279	26,290	27,342
(internet + wholesale) Europe-Africa	24,430	25,407	26,423	27,480
Asia-Pacific	24,222	25,675	27,216	28,849
Latin America	24,915	26,410	27,995	29,675
<b>Total</b>	97,874	102,771	107,924	113,346
<b>Private-Label</b> — North America	4,203	4,203	4,203	4,203
Europe-Africa	4,239	4,239	4,239	4,239
Asia-Pacific	4,248	4,248	4,248	4,248
Latin America	4,275	4,275	4,275	4,275
<b>Total</b>	16,965	16,965	16,965	16,965

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	9,424
Potential Production (at max OT)	115,440
<b>Potential Global Supply</b>	124,864
<b>Demand</b> — Branded Sales Forecast (000s)	97,874
Private-Label Sales Forecast	16,965
<b>Expected Global Demand</b>	114,839
<b>Conclusion:</b>	Even at full overtime production, capacity is shy of what's needed to meet future demand. Opportunistic companies should consider building new capacity or purchasing used capacity.

**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	2,100	1,000	4,600	1,000	0	0	0	0	2,100	1,000	4,600	1,000	8,700	0	A
B	0	0	5,000	5,000	0	0	0	0	0	0	5,000	5,000	10,000	0	B
C	0	0	4,200	4,300	0	0	200	0	0	0	4,400	4,300	8,700	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	0	0	7,200	6,000	2,000	0	0	0	2,000	0	7,200	6,000	15,200	0	E
F	5,500	0	7,000	0	0	0	0	0	5,500	0	7,000	0	12,500	0	F
G	3,700	2,500	4,000	1,500	-500	-200	-2,500	-100	3,200	2,300	1,500	1,400	8,400	0	G
H	3,000	0	6,000	1,500	1,100	0	0	0	4,100	0	6,000	1,500	11,600	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	9,300	5,500	0	0	0	0	0	0	9,300	5,500	14,800	0	J
K	2,700	0	3,600	0	0	0	0	0	2,700	0	3,600	0	6,300	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
<b>Total</b>	17,000	3,500	50,900	24,800	2,600	-200	-2,300	-100	19,600	3,300	48,600	24,700	96,200	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	469,889	247,462	33,877	141,596	11,119	35,835	2,258	10,073	23,504	386	7,715	A
B	595,032	301,366	30,433	128,118	12,418	122,697	3,913	35,635	83,149	0	7,550	B
C	469,483	214,819	30,246	124,029	11,119	89,270	3,354	25,775	60,141	39,000	7,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	729,474	407,494	49,031	153,365	17,618	101,966	21,165	24,240	56,561	1,963	7,850	E
F	532,066	304,307	37,859	126,331	14,918	48,651	5,787	12,859	30,005	10,000	10,000	F
G	343,578	241,386	24,884	14,259	10,820	52,229	35,607	3,127	13,495	0	35,000	G
H	653,609	361,492	44,710	137,749	14,019	95,639	2,446	27,958	65,235	8,400	8,400	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	761,426	382,920	57,287	148,952	17,219	155,048	6,412	44,591	104,045	90,000	7,500	J
K	284,639	157,955	24,652	69,207	8,720	24,105	1,151	6,886	16,068	1,390	13,900	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	537,688	291,022	36,998	115,956	13,108	80,604	9,121	21,238	50,245	16,793	11,713	

**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	13,257	142,741	341,466	29,755	33,000	265,679	-10,085	23,116	278,711	0.05	5 / 3	A
B	8,884	186,068	502,391	41,807	26,600	448,431	-97,594	83,147	433,984	0.00	1 / 2	B
C	13,597	140,847	369,761	26,419	0	322,203	0	21,139	343,342	5.20	1 / 1	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	17,180	229,098	661,870	68,311	225,000	345,764	-31,801	54,597	368,559	0.25	5 / 4	E
F	98,988	260,219	563,381	51,747	56,000	435,629	0	20,005	455,634	1.00	2 / 2	F
G	9,893	106,390	377,523	191,002	0	173,024	0	13,497	186,521	0.00	2 / 2	G
H	3,504	209,975	498,644	40,966	30,000	417,091	-46,249	56,836	427,678	1.00	3 / 3	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	7,687	204,467	611,777	57,969	97,200	492,738	-50,158	14,027	456,608	12.00	9 / 1	J
K	28,255	169,917	275,994	24,194	20,000	217,121	0	14,679	231,800	0.10	1 / 1	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	22,360	183,302	466,978	59,130	54,200	346,409	-26,210	33,449	353,648	2.18	3 / 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	52.7 %	7.2 %	<b>30.1 %</b>	2.4 %	7.6 %	5.0 %	4.80	19	15.87	0.11	7.70	Low	A
B	50.6	<b>5.1</b>	21.5	2.1	<b>20.6</b>	<b>14.0</b>	4.45	34	31.36	0.08	7.38	Low	B
C	<b>45.8</b>	6.4	<b>26.4</b>	2.4	19.0	12.8	5.33	16	26.62	<b>0.01</b>	<b>10.94</b>	Low	C
D	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	D
E	55.9	6.7	21.0	2.4	14.0	7.8	3.35	31	4.82	<b>0.38</b>	3.51	Low	E
F	57.2	7.1	<b>23.7</b>	2.8	9.1	5.6	5.03	38	8.41	0.15	1.91	Medium	F
G	<b>70.3</b>	7.2	<b>4.2</b>	3.1	15.2	3.9	<b>0.56</b>	29	1.47	<b>0.45</b>	<b>0.21</b>	<b>High</b>	G
H	55.3	6.8	21.1	2.1	14.6	10.0	5.13	44	<b>39.10</b>	0.08	8.50	Low	H
I	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	I
J	50.3	7.5	19.6	2.3	20.4	13.7	3.53	8	24.18	0.18	3.28	Low	J
K	55.5	<b>8.7</b>	<b>24.3</b>	3.1	8.5	5.6	<b>7.02</b>	<b>211</b>	20.94	0.09	5.87	Low	K
L	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	L
	54.1 %	6.9 %	21.6 %	2.4 %	15.0 %	9.3 %	3.10	48	19.20	0.17	5.48	Low	

**Bold** = best in industry      **Yellow** = 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		6.97	<b>7.23</b>	9.17	<b>9.73</b>	10.25	<b>10.95</b>
	Private-Label Footwear		7.17	<b>7.47</b>	8.23	<b>8.76</b>	8.82	<b>9.88</b>
Labor — North America	Total Compensation (\$/year)		16,083	<b>16,083</b>	21,437	<b>22,119</b>	27,920	<b>29,044</b>
	Productivity (pairs/worker/year)		3,571	<b>3,696</b>	4,492	<b>4,655</b>	5,791	<b>5,969</b>
	Labor Cost (\$/pair produced)		4.02	<b>3.97</b>	4.81	<b>4.58</b>	5.44	<b>5.48</b>
Europe Africa	Total Compensation (\$/year)		15,302	<b>15,302</b>	18,209	<b>18,710</b>	21,115	<b>22,117</b>
	Productivity (pairs/worker/year)		3,679	<b>3,719</b>	3,943	<b>4,024</b>	4,206	<b>4,328</b>
	Labor Cost (\$/pair produced)		4.42	<b>4.69</b>	4.44	<b>5.03</b>	4.46	<b>5.36</b>
Asia Pacific	Total Compensation (\$/year)		3,633	<b>3,627</b>	4,511	<b>4,642</b>	5,869	<b>6,217</b>
	Productivity (pairs/worker/year)		2,336	<b>2,316</b>	2,743	<b>2,771</b>	3,431	<b>3,468</b>
	Labor Cost (\$/pair produced)		1.36	<b>1.39</b>	1.70	<b>1.69</b>	1.85	<b>2.03</b>
Latin America	Total Compensation (\$/year)		3,047	<b>3,047</b>	4,514	<b>4,707</b>	5,483	<b>6,156</b>
	Productivity (pairs/worker/year)		2,498	<b>2,498</b>	2,992	<b>3,044</b>	3,977	<b>4,123</b>
	Labor Cost (\$/pair produced)		1.28	<b>1.35</b>	1.59	<b>1.63</b>	1.78	<b>1.95</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	<b>0.10</b>	0.75	<b>0.76</b>	1.20	<b>1.20</b>
	Cumulative		0.34	<b>0.31</b>	0.79	<b>0.77</b>	1.16	<b>1.16</b>
Reject Rates	Branded Production		1.9%	<b>1.9%</b>	5.0%	<b>4.9%</b>	9.7%	<b>9.8%</b>
	Private-Label Production		2.4%	<b>2.4%</b>	3.5%	<b>3.4%</b>	6.5%	<b>6.5%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		20.27	<b>20.48</b>	24.97	<b>25.51</b>	30.92	<b>30.37</b>
	E-A		23.32	<b>25.34</b>	23.32	<b>25.34</b>	23.32	<b>25.34</b>
	A-P		17.33	<b>17.86</b>	21.93	<b>21.00</b>	40.21	<b>27.96</b>
	L.A.		16.60	<b>17.11</b>	20.42	<b>21.26</b>	29.09	<b>29.69</b>
	Private-Label — N.A.		16.00	<b>16.37</b>	17.95	<b>19.81</b>	19.90	<b>24.89</b>
	E-A		21.86	<b>21.84</b>	22.88	<b>21.84</b>	23.90	<b>21.84</b>
	A-P		15.18	<b>15.75</b>	16.38	<b>17.65</b>	17.65	<b>20.33</b>
	L.A.		15.19	<b>15.69</b>	16.07	<b>16.44</b>	17.12	<b>17.18</b>

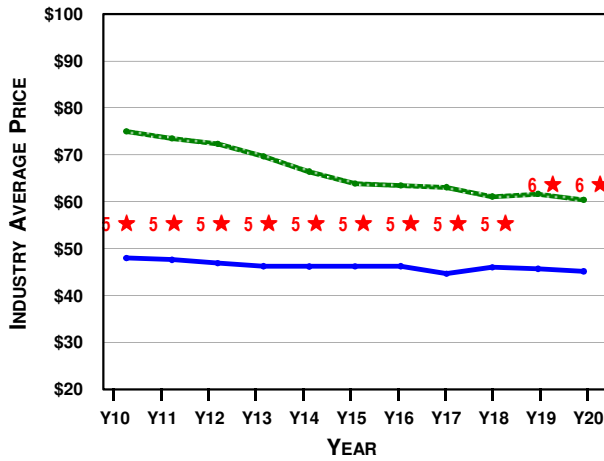
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.30	<b>21.03</b>	24.67	<b>25.43</b>	32.58	<b>32.13</b>
		E-A	24.33	<b>25.19</b>	27.16	<b>27.98</b>	31.29	<b>31.26</b>
		A-P	19.18	<b>19.57</b>	23.49	<b>22.68</b>	39.84	<b>29.71</b>
		L.A.	18.66	<b>18.85</b>	24.31	<b>24.48</b>	33.26	<b>32.58</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.41	<b>10.32</b>	10.72	<b>10.54</b>	11.90	<b>11.23</b>
			2.09	<b>1.97</b>	2.39	<b>2.30</b>	3.32	<b>3.22</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	5.18	<b>6.74</b>	12.61	<b>12.25</b>	18.27	<b>19.13</b>
			2.38	<b>2.36</b>	11.47	<b>11.14</b>	15.57	<b>16.13</b>
Administrative Expenses	(\$/pair sold)		1.00	<b>1.07</b>	1.49	<b>1.41</b>	2.85	<b>2.55</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	3.17	<b>2.33</b>	18.06	<b>17.66</b>	32.28	<b>26.94</b>
		E-A	8.54	<b>5.44</b>	18.10	<b>15.09</b>	32.34	<b>23.63</b>
		A-P	6.67	<b>11.73</b>	20.36	<b>21.35</b>	35.41	<b>29.68</b>
		L.A.	6.04	<b>9.71</b>	20.97	<b>22.38</b>	38.27	<b>34.60</b>
Wholesale		N.A.	-0.88	<b>-1.89</b>	4.60	<b>3.79</b>	8.63	<b>9.43</b>
		E-A	3.61	<b>1.20</b>	6.49	<b>3.73</b>	10.06	<b>8.74</b>
		A-P	-1.71	<b>-2.32</b>	4.73	<b>6.01</b>	8.74	<b>9.98</b>
		L.A.	5.04	<b>2.73</b>	8.39	<b>9.81</b>	13.18	<b>14.88</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	18.44	<b>18.99</b>	18.52	<b>20.52</b>	18.60	<b>24.50</b>
		E-A	22.04	<b>23.15</b>	23.77	<b>24.13</b>	25.65	<b>25.64</b>
		A-P	16.93	<b>17.50</b>	18.17	<b>19.53</b>	19.40	<b>22.08</b>
		L.A.	16.94	<b>17.45</b>	19.05	<b>21.64</b>	22.74	<b>27.44</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.	1.76	<b>-4.55</b>	2.08	<b>-0.33</b>	2.40	<b>1.90</b>
		E-A	-0.73	<b>-3.93</b>	1.06	<b>-0.44</b>	3.15	<b>1.82</b>
		A-P	0.69	<b>-1.10</b>	1.63	<b>-0.02</b>	2.56	<b>1.24</b>
		L.A.	-1.28	<b>-7.71</b>	1.65	<b>-1.01</b>	3.79	<b>2.60</b>

**CELEBRITY ENDORSEMENTS**

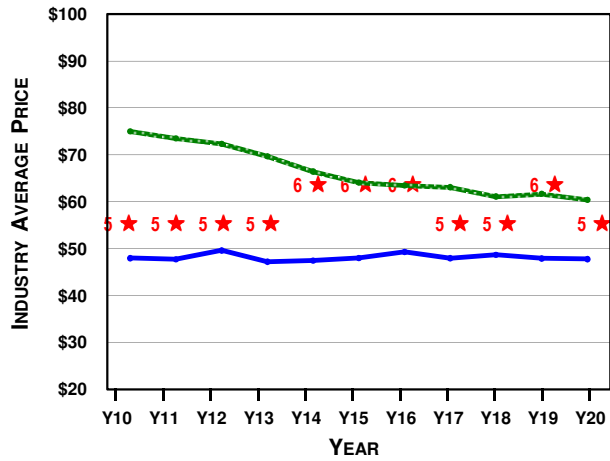
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company C	12,000	Y19	2 years	4	12,000	11,000	9,490	5,515
Oprah Letterman	100	70	65	75	Company E	15,000	Y20	3 years	3	15,000	13,555	11,370	5,556
Fifa Beckham	70	100	70	55	Company J	15,057	Y16	5 years	5	15,057	11,003	10,151	5,995
Tiger Green	95	80	85	75	Company F	14,875	Y20	2 years	4	16,000	14,875	13,052	7,778
José Montaña	60	50	60	95	Company F	12,387	Y18	3 years	5	12,387	11,001	9,273	1,088
Kobioshi Jones	55	60	95	90	Company B	12,888	Y20	4 years	2	12,888	6,443	9,666	6,443
Ace Federar	50	90	50	85	Company F	12,938	Y20	1 year	3	13,333	12,938	10,646	5,667
Danica Andretti	70	65	55	60	Company B	11,666	Y19	3 years	4	11,666	9,000	8,546	5,517
LaBron Game	75	80	95	50	Company E	15,000	Y17	4 years	6	15,000	12,000	8,834	500
Lorena Lopez	45	85	60	100	Company H	12,999	Y19	2 years	5	12,999	12,500	8,770	500
Lance deFrance	80	85	75	70	Company B	13,555	Y20	3 years	3	15,000	13,555	11,404	5,657
Yao KungPao	60	35	100	50	Company F	9,487	Y18	4 years	5	9,487	9,000	7,193	1,088

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

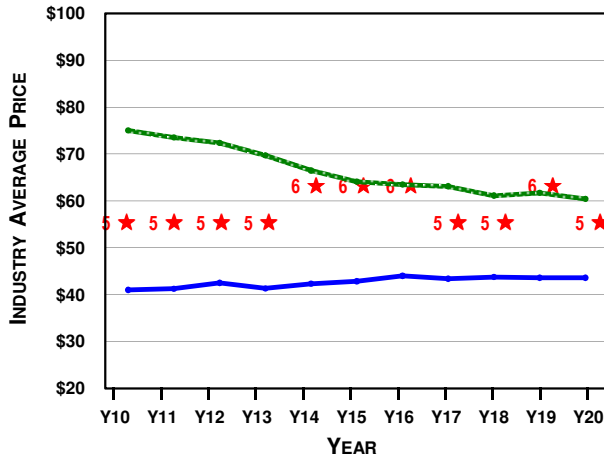
**NORTH AMERICA**



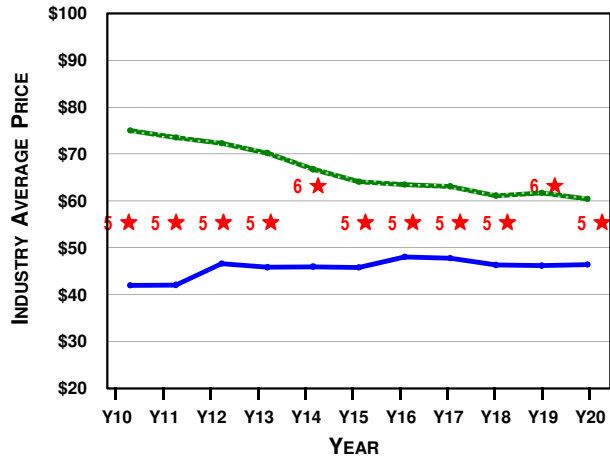
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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