

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 5

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
Fantasy Footwear	120	0
Catalyst Inc.	119	-1
A and Co.	117	+6
Definitive	116	+2
IGUANA ATHLETICS	112	-1
Blaizzze	103	-9
L Company	98	-11
Ewesome!	83	+9
J Company	78	-30
G (deleted)	0	0
H (deleted)	0	0
K (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Catalyst Inc.	117	0
Fantasy Footwear	116	0
Definitive	107	+1
IGUANA ATHLETICS	105	0
Ewesome!	93	-1
A and Co.	91	+3
L Company	80	+2
J Company	80	0
Blaizzze	73	+3
G (deleted)	0	0
H (deleted)	0	0
K (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
Catalyst Inc.	96	-1
Fantasy Footwear	90	+1
A and Co.	66	+5
Definitive	65	+9
IGUANA ATHLETICS	55	-2
Blaizzze	51	-9
L Company	49	-6
Ewesome!	43	+3
J Company	40	-12
G (deleted)	0	0
H (deleted)	0	0
K (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Catalyst Inc.	97	0
Fantasy Footwear	89	0
A and Co.	63	+7
IGUANA ATHLETICS	59	0
Definitive	58	+3
Ewesome!	49	+1
L Company	48	0
Blaizzze	44	-2
J Company	44	-3
G (deleted)	0	0
H (deleted)	0	0
K (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>3.77</b>	-5.61	1.88	2.48	<b>5.43</b>	<b>7.57</b>	<b>8.03</b>	<b>9.44</b>	<b>9.31</b>	<b>11.45</b>	<b>5.38</b>	8	6	A
B	2.05	0.53	0.03	0.49	1.02	1.50	2.43	<b>4.81</b>	<b>5.59</b>	4.20	1.94	3	2	B
C	<b>7.78</b>	<b>5.54</b>	<b>10.45</b>	<b>13.08</b>	<b>17.31</b>	<b>16.83</b>	<b>19.30</b>	<b>22.55</b>	<b>25.71</b>	<b>27.90</b>	<b>16.60</b>	<b>20</b>	<b>20</b>	C
D	<b>2.85</b>	1.05	<b>4.29</b>	<b>6.16</b>	<b>6.66</b>	<b>5.94</b>	<b>6.50</b>	<b>5.83</b>	<b>5.87</b>	<b>8.71</b>	<b>5.30</b>	6	6	D
E	2.32	0.73	<b>5.02</b>	<b>5.60</b>	<b>5.57</b>	<b>4.78</b>	2.62	<b>5.57</b>	2.67	3.30	<b>3.83</b>	2	5	E
F	<b>4.59</b>	<b>4.40</b>	<b>8.27</b>	<b>11.75</b>	<b>11.52</b>	<b>10.50</b>	<b>14.80</b>	<b>15.31</b>	<b>18.14</b>	<b>21.11</b>	<b>11.59</b>	15	14	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	H
I	<b>2.98</b>	1.70	<b>3.91</b>	<b>4.90</b>	<b>5.73</b>	<b>6.12</b>	<b>5.15</b>	<b>6.14</b>	<b>6.55</b>	<b>6.36</b>	<b>4.91</b>	5	6	I
J	<b>3.28</b>	0.43	2.49	<b>3.36</b>	2.37	1.12	2.31	<b>6.71</b>	<b>6.12</b>	3.12	2.90	2	3	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	K
L	2.36	-2.01	2.32	1.10	2.91	2.63	2.21	<b>4.13</b>	<b>4.55</b>	3.86	2.60	3	3	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>24.4</b>	-72.0	<b>32.1</b>	<b>30.8</b>	<b>45.3</b>	<b>40.9</b>	<b>30.5</b>	<b>27.0</b>	<b>20.8</b>	<b>20.6</b>	<b>21.5</b>	17	16	A
B	14.2	2.9	0.2	2.8	5.8	7.3	13.0	<b>21.5</b>	<b>24.2</b>	<b>17.8</b>	10.2	14	8	B
C	<b>44.6</b>	<b>29.0</b>	<b>36.6</b>	<b>34.0</b>	<b>32.3</b>	<b>23.8</b>	<b>21.7</b>	<b>20.7</b>	<b>20.3</b>	<b>20.0</b>	<b>22.1</b>	16	17	C
D	<b>17.2</b>	5.6	<b>20.0</b>	<b>23.3</b>	<b>20.3</b>	<b>15.6</b>	<b>16.0</b>	<b>15.4</b>	<b>16.0</b>	<b>23.4</b>	<b>17.1</b>	19	13	D
E	14.2	4.2	<b>23.9</b>	<b>21.3</b>	<b>17.5</b>	12.9	6.4	12.4	5.5	6.4	10.7	5	8	E
F	<b>26.3</b>	<b>21.5</b>	<b>37.9</b>	<b>55.3</b>	<b>44.6</b>	<b>28.5</b>	<b>29.9</b>	<b>23.7</b>	<b>23.8</b>	<b>24.6</b>	<b>26.4</b>	<b>20</b>	<b>20</b>	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	<b>18.5</b>	13.1	<b>44.9</b>	<b>33.4</b>	<b>26.7</b>	<b>26.1</b>	<b>23.4</b>	<b>22.2</b>	<b>19.3</b>	<b>15.7</b>	<b>21.4</b>	13	16	I
J	<b>19.8</b>	2.3	11.1	13.2	8.7	3.9	6.1	<b>15.0</b>	12.9	6.0	9.0	5	7	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	K
L	14.9	-13.4	<b>20.3</b>	8.3	<b>16.7</b>	14.2	<b>17.1</b>	<b>25.0</b>	<b>21.0</b>	<b>15.0</b>	14.4	12	11	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>56.62</b>	27.99	19.15	23.84	<b>72.59</b>	<b>114.05</b>	<b>124.61</b>	<b>129.12</b>	<b>114.82</b>	<b>152.71</b>	+18 %	5	5	A
B	20.04	12.00	7.83	4.87	16.14	17.73	33.99	<b>69.95</b>	<b>92.54</b>	53.47	+6	2	2	B
C	<b>120.71</b>	<b>86.70</b>	<b>200.07</b>	<b>248.75</b>	<b>355.39</b>	<b>302.97</b>	<b>318.74</b>	<b>406.52</b>	<b>527.89</b>	<b>586.28</b>	+35	<b>20</b>	<b>20</b>	C
D	<b>34.62</b>	19.00	<b>63.13</b>	<b>110.89</b>	<b>110.07</b>	<b>104.46</b>	<b>104.89</b>	<b>76.62</b>	<b>83.05</b>	<b>157.56</b>	+18	5	5	D
E	22.16	12.60	<b>63.36</b>	<b>112.88</b>	<b>86.99</b>	<b>57.01</b>	28.56	<b>61.41</b>	29.53	37.21	+2	1	1	E
F	<b>83.02</b>	<b>60.54</b>	<b>145.31</b>	<b>229.70</b>	<b>207.41</b>	<b>140.94</b>	<b>237.42</b>	<b>230.08</b>	<b>390.15</b>	<b>432.95</b>	+31	15	15	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	H
I	<b>50.14</b>	25.86	<b>53.60</b>	<b>67.82</b>	<b>94.71</b>	<b>84.23</b>	<b>58.04</b>	<b>69.80</b>	<b>77.69</b>	<b>78.88</b>	+10	3	3	I
J	<b>46.79</b>	24.21	25.10	33.65	28.09	15.50	22.89	<b>94.22</b>	<b>82.28</b>	36.58	+2	1	1	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	K
L	27.32	15.68	24.59	13.86	36.11	27.08	23.01	<b>52.25</b>	<b>68.88</b>	51.57	+6 %	2	2	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-	C-	C-	C-	C	B-	B	B-	B	A-	Medium	18	18	A
B	B	C-	C	B	<b>A+</b>	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	B
C	<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>	C
D	<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>	D
E	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>	E
F	<b>A-</b>	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>	Low	<b>20</b>	<b>20</b>	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	H
I	<b>A-</b>	C	B-	B	<b>A-</b>	<b>A-</b>	B	<b>B+</b>	<b>A</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	I
J	B	C-	B-	B-	B-	B-	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A</b>	Medium	19	19	J
K	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	K
L	B-	C-	C-	B-	<b>A-</b>	B	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	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	<b>75</b>	<b>70</b>	<b>73</b>	68	57	64	69	<b>79</b>	<b>93</b>	<b>91</b>	<b>88</b>	18	18	A
B	<b>74</b>	69	55	<b>71</b>	<b>71</b>	68	68	64	60	62	62	12	12	B
C	65	68	<b>81</b>	<b>88</b>	<b>90</b>	<b>77</b>	<b>91</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	C
D	<b>71</b>	<b>76</b>	65	68	66	<b>72</b>	69	68	<b>74</b>	<b>73</b>	<b>72</b>	15	14	D
E	62	69	69	<b>75</b>	<b>76</b>	<b>83</b>	<b>78</b>	<b>78</b>	67	<b>77</b>	<b>74</b>	15	15	E
F	<b>79</b>	<b>77</b>	<b>80</b>	<b>83</b>	<b>81</b>	<b>80</b>	<b>100</b>	<b>97</b>	<b>100</b>	<b>100</b>	<b>99</b>	<b>20</b>	<b>20</b>	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	<b>72</b>	58	<b>79</b>	<b>71</b>	68	<b>73</b>	67	68	68	<b>71</b>	69	14	14	I
J	<b>79</b>	59	66	<b>71</b>	<b>77</b>	<b>74</b>	<b>73</b>	69	<b>72</b>	66	69	13	14	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	68	<b>74</b>	65	<b>76</b>	68	66	58	68	67	<b>70</b>	68	14	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	105	36	66	70	92	102	108	105	111			
B	84	35	24	45	66	65	87	112	112	103	73	Fair	B
C	113	<b>111</b>	<b>117</b>	<b>118</b>	<b>118</b>	<b>117</b>	119	<b>120</b>	<b>120</b>	119	<b>117</b>	Superior	C
D	103	62	113	115	115	112	113	109	114	116	107	Excellent	D
E	84	50	114	116	113	108	79	107	74	83	93	Very Good	E
F	<b>115</b>	109	113	116	116	115	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>	116	Superior	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	109	65	104	108	113	114	105	111	113	112	105	Excellent	I
J	106	37	76	87	72	51	70	111	108	78	80	Good	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	86	30	71	58	96	80	72	104	109	98	80	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	14,347	12,571	65,166	22,165	114,249
– Pairs Rejected	888	908	5,143	1,160	8,099
Net Y20 Production (after rejects)	13,459	11,663	60,023	21,005	106,150
Superior Materials Usage	47.4%	44.3%	52.9%	51.0%	50.9%
Capacity Utilization (branded + P-L prod.)	96.3%	119.7%	113.1%	96.4%	107.8%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	- 0.03	0.00	5.97
Superior Materials	12.00	+ 0.22	0.00	12.22

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	4,736	4,455	3,032	3,726	15,949
– Pairs Cleared (inventory clearance)	856	655	729	263	2,503
Beginning Y20 Inventories	3,880	3,800	2,303	3,463	13,446
+ New Production (shipped from plants)	22,336	23,615	21,696	22,258	89,905
Pairs Available for Sale in Y20	26,216	27,415	23,999	25,721	103,351

**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)	24,682	23,550	22,296	22,333	92,861
Actual Year 20 Demand	24,759	23,816	22,967	22,637	94,178
Branded Pairs Sold	24,314	23,767	22,424	22,499	93,004
Required Y20 Ending Inventories	1,815	1,717	1,575	1,530	6,637
Inventory Surplus (Shortfall)	-735	1,487	-1,270	764	246

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 7.1%
- Available for shipment to warehouses
- % usage down by 0.5 points from Y19
- % utilization down by 2.0 points from Y19

Higher than normal (50.9% industrywide) superior materials usage led to superior materials prices that were 1.8% above the base and standard materials prices that were 0.5% below the base.

- Average inventory clearance of 15.7%
- 9.7% higher than Y20 demand

Actual demand in Year 20 was 1.4% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times
- { Low 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)	25,749	26,779	27,850	28,964
Europe-Africa	24,769	25,760	26,790	27,862
Asia-Pacific	24,345	25,806	27,354	28,995
Latin America	23,995	25,435	26,961	28,579
<b>Total</b>	98,858	103,780	108,955	114,400
<b>Private-Label</b> — North America	4,293	4,293	4,293	4,293
Europe-Africa	4,257	4,257	4,257	4,257
Asia-Pacific	4,221	4,221	4,221	4,221
Latin America	4,194	4,194	4,194	4,194
<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)	10,347
Potential Production (at max OT)	129,600
<b>Potential Global Supply</b>	139,947
<b>Demand</b> — Branded Sales Forecast (000s)	98,858
Private-Label Sales Forecast	16,965
<b>Expected Global Demand</b>	115,823
<b>Conclusion:</b>	Excess supply of 20.8% 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	3,300	3,000	4,000	3,000	-1,100	0	0	0	2,200	3,000	4,000	3,000	12,200	0	A
B	2,000	2,000	2,000	2,000	0	0	0	0	2,000	2,000	2,000	2,000	8,000	0	B
C	0	2,000	12,000	4,500	0	0	0	0	0	2,000	12,000	4,500	18,500	2,000	C
D	2,500	0	6,500	0	0	0	0	0	2,500	0	6,500	0	9,000	0	D
E	5,700	1,500	3,600	2,500	0	0	0	-500	5,700	1,500	3,600	2,000	12,800	0	E
F	0	0	5,000	5,000	0	0	0	0	0	0	5,000	5,000	10,000	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	2,500	2,000	4,500	0	0	0	0	0	2,500	2,000	4,500	0	9,000	0	I
J	0	0	8,000	4,500	0	0	0	0	0	0	8,000	4,500	12,500	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	12,000	2,000	0	0	0	0	0	0	12,000	2,000	14,000	0	L
<b>Total</b>	16,000	10,500	57,600	23,500	-1,100	0	0	-500	14,900	10,500	57,600	23,000	106,000	2,000	

**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	815,731	432,764	44,037	172,955	14,619	151,356	28,682	36,802	85,872	0	7,500	A
B	519,218	245,022	41,594	145,506	10,418	76,678	4,092	21,776	50,810	0	12,088	B
C	1,004,531	443,276	71,438	173,990	20,918	294,909	-4,005	89,674	209,240	142,500	7,500	C
D	500,454	326,909	32,583	23,918	11,419	105,625	-102	31,718	74,009	85,000	8,500	D
E	520,504	333,580	29,028	88,034	15,218	54,644	4,459	15,056	35,129	0	10,650	E
F	695,882	286,351	40,007	134,267	12,418	222,839	-3,327	67,850	158,316	75,000	7,500	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	489,425	269,267	31,034	105,263	11,419	72,442	4,297	20,444	47,701	0	7,500	I
J	392,716	227,841	27,202	81,864	14,920	40,889	3,004	11,366	26,519	0	8,500	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	544,828	300,155	31,804	75,335	21,192	116,342	20,454	28,766	67,122	3,480	17,400	L
	609,254	318,352	38,747	111,237	14,727	126,192	6,395	35,939	83,858	33,998	9,682	

**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	253,871	621,368	95,898	70,000	378,880	-9,283	85,873	455,470	0.00	0 / 1	A
B	12,725	165,054	341,110	19,778	36,300	285,420	-51,198	50,810	285,032	0.00	1 / 2	B
C	111,136	437,628	1,115,955	38,778	0	1,010,435	0	66,742	1,077,177	19.00	3 / 1	C
D	24,207	180,193	343,768	32,994	0	321,762	0	-10,989	310,774	10.00	4 / 2	D
E	117,174	273,376	630,665	30,662	30,000	534,878	0	35,126	570,003	0.00	2 / 3	E
F	216,500	398,959	716,144	30,420	0	602,409	0	83,315	685,724	10.00	1 / 1	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	73,287	207,526	382,512	36,978	18,500	279,334	0	47,700	327,034	0.00	1 / 1	I
J	67,426	184,628	498,372	39,876	2,000	429,976	0	26,520	456,496	0.00	0 / 3	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	32,279	192,323	625,136	60,926	84,500	416,070	0	63,640	479,710	0.20	2 / 2	L
	72,748	254,840	586,114	42,923	26,811	473,240	-6,720	49,860	516,380	4.36	2 / 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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	53.1 %	<b>5.4 %</b>	21.2 %	1.8 %	18.6 %	10.5 %	<b>2.65</b>	42	5.28	<b>0.20</b>	2.24	Medium	A
B	47.2	<b>8.0</b>	<b>28.0</b>	2.0	14.8	9.8	8.35	34	18.74	0.13	9.66	Low	B
C	44.1	7.1	17.3	2.1	29.4	20.8	11.29	<b>80</b>	<b>100.00</b>	0.00	<b>10.00</b>	Low	C
D	<b>65.3</b>	6.5	<b>4.8</b>	2.3	21.1	14.8	5.46	34	<b>100.00</b>	0.00	<b>10.00</b>	Low	D
E	<b>64.1</b>	5.6	16.9	2.9	10.5	6.7	8.92	39	12.25	0.06	6.55	Low	E
F	<b>41.1</b>	5.7	19.3	1.8	<b>32.0</b>	<b>22.8</b>	<b>13.12</b>	12	<b>100.00</b>	0.00	<b>10.00</b>	Low	F
G	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	G
H	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	H
I	55.0	6.3	21.5	2.3	14.8	9.7	5.61	22	16.86	0.10	3.56	Low	I
J	58.0	6.9	20.8	3.8	10.4	6.8	4.63	39	13.61	<b>0.05</b>	2.54	Medium	J
K	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	K
L	55.1	5.8	13.8	3.9	21.4	12.3	<b>3.16</b>	37	5.69	<b>0.19</b>	2.80	Medium	L
	52.3 %	6.4 %	18.3 %	2.4 %	20.7 %	13.8 %	5.94	38	41.38	0.08	6.37	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		5.58	<b>5.69</b>	9.25	<b>9.22</b>	13.75	<b>13.59</b>
	Private-Label Footwear		5.90	<b>5.91</b>	7.49	<b>7.50</b>	8.62	<b>8.59</b>
Labor — North America	Total Compensation (\$/year)		16,698	<b>16,570</b>	21,418	<b>21,016</b>	23,452	<b>24,624</b>
	Productivity (pairs/worker/year)		3,765	<b>4,000</b>	4,277	<b>4,348</b>	5,141	<b>5,169</b>
	Labor Cost (\$/pair produced)		4.60	<b>4.75</b>	5.46	<b>5.66</b>	6.39	<b>6.87</b>
Europe Africa	Total Compensation (\$/year)		15,169	<b>15,321</b>	19,024	<b>18,854</b>	21,415	<b>21,489</b>
	Productivity (pairs/worker/year)		3,791	<b>3,729</b>	4,122	<b>4,104</b>	4,413	<b>4,439</b>
	Labor Cost (\$/pair produced)		3.88	<b>3.88</b>	5.12	<b>5.14</b>	5.87	<b>6.00</b>
Asia Pacific	Total Compensation (\$/year)		3,973	<b>4,107</b>	4,914	<b>4,988</b>	6,814	<b>6,879</b>
	Productivity (pairs/worker/year)		2,409	<b>2,373</b>	2,942	<b>2,951</b>	4,631	<b>4,679</b>
	Labor Cost (\$/pair produced)		1.46	<b>1.48</b>	1.78	<b>1.81</b>	2.05	<b>2.06</b>
Latin America	Total Compensation (\$/year)		3,814	<b>3,467</b>	4,869	<b>4,755</b>	5,911	<b>5,984</b>
	Productivity (pairs/worker/year)		2,300	<b>2,421</b>	2,844	<b>2,903</b>	3,506	<b>3,591</b>
	Labor Cost (\$/pair produced)		1.38	<b>0.00</b>	1.77	<b>1.49</b>	2.00	<b>2.01</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.17	<b>0.00</b>	1.05	<b>0.85</b>	2.50	<b>2.30</b>
	Cumulative		0.27	<b>0.26</b>	0.95	<b>0.93</b>	2.42	<b>2.08</b>
Reject Rates	Branded Production		1.8%	<b>2.1%</b>	7.0%	<b>7.1%</b>	11.3%	<b>11.3%</b>
	Private-Label Production		2.9%	<b>2.6%</b>	4.7%	<b>4.4%</b>	6.3%	<b>6.3%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		24.70	<b>27.67</b>	29.96	<b>30.47</b>	34.15	<b>34.12</b>
	E-A		23.63	<b>23.95</b>	27.75	<b>27.26</b>	32.03	<b>31.56</b>
	A-P		19.16	<b>19.06</b>	22.61	<b>22.23</b>	28.62	<b>28.00</b>
	L.A.		14.65	<b>14.68</b>	20.51	<b>21.67</b>	27.97	<b>27.48</b>
	Private-Label — N.A.		0.00	<b>20.21</b>	0.00	<b>22.63</b>	0.00	<b>25.05</b>
	E-A		15.67	<b>15.81</b>	16.68	<b>16.86</b>	17.68	<b>17.91</b>
	A-P		13.30	<b>13.34</b>	18.40	<b>19.08</b>	22.54	<b>22.69</b>
	L.A.		14.41	<b>14.36</b>	15.55	<b>18.80</b>	16.68	<b>23.24</b>

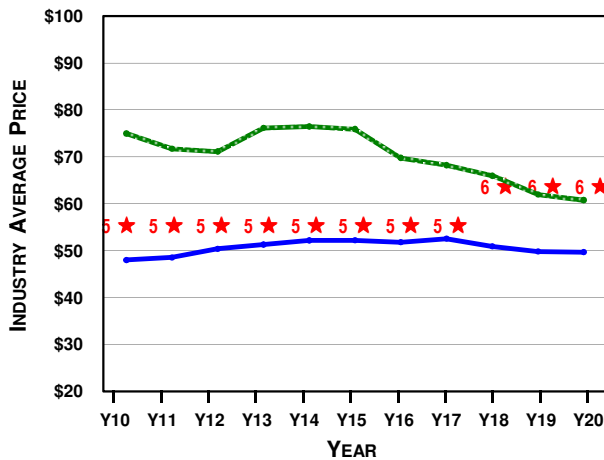
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.58	<b>22.39</b>	27.05	<b>26.96</b>	35.13	<b>35.78</b>
		E-A	25.65	<b>26.49</b>	28.95	<b>29.13</b>	33.49	<b>33.34</b>
		A-P	21.16	<b>20.81</b>	24.17	<b>24.06</b>	29.96	<b>29.77</b>
		L.A.	16.40	<b>16.42</b>	25.69	<b>25.83</b>	34.98	<b>34.76</b>
Warehouse Expenses - Internet (\$ per pair sold)	Internet		10.38	<b>10.40</b>	10.60	<b>10.56</b>	10.89	<b>10.81</b>
	Wholesale		2.07	<b>2.08</b>	2.32	<b>2.29</b>	2.75	<b>2.64</b>
Marketing Expenses — Internet (\$ per pair sold)	Internet		9.68	<b>6.72</b>	13.51	<b>14.00</b>	18.11	<b>19.73</b>
	Wholesale		7.39	<b>1.77</b>	10.90	<b>10.49</b>	14.91	<b>15.34</b>
Administrative Expenses (\$/pair sold)		1.13	<b>1.07</b>	1.46	<b>1.49</b>	2.37	<b>2.27</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	2.73	<b>6.27</b>	14.85	<b>14.29</b>	26.46	<b>28.79</b>
		E-A	6.63	<b>2.57</b>	16.39	<b>11.79</b>	26.91	<b>20.22</b>
		A-P	10.83	<b>9.56</b>	18.64	<b>17.19</b>	26.86	<b>26.89</b>
		L.A.	5.08	<b>10.33</b>	19.74	<b>18.35</b>	29.92	<b>30.94</b>
Wholesale	N.A.	2.32	<b>4.62</b>	6.65	<b>7.88</b>	15.25	<b>15.50</b>	
	E-A	4.53	<b>4.81</b>	14.28	<b>10.50</b>	27.94	<b>16.41</b>	
	A-P	3.08	<b>3.61</b>	10.24	<b>10.60</b>	17.83	<b>16.26</b>	
	L.A.	5.46	<b>6.05</b>	13.62	<b>13.77</b>	23.71	<b>23.45</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	16.56	<b>16.59</b>	19.75	<b>18.17</b>	23.06	<b>19.74</b>
		E-A	17.42	<b>17.56</b>	21.13	<b>23.27</b>	26.54	<b>32.58</b>
		A-P	15.05	<b>15.09</b>	20.65	<b>24.45</b>	24.29	<b>36.32</b>
		L.A.	16.16	<b>16.12</b>	17.30	<b>22.78</b>	18.43	<b>27.32</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.	-0.17	<b>2.25</b>	2.60	<b>3.08</b>	6.19	<b>3.90</b>	
	E-A	3.19	<b>-1.91</b>	5.85	<b>2.25</b>	8.54	<b>7.05</b>	
	A-P	-5.27	<b>-5.46</b>	-0.97	<b>-2.21</b>	3.84	<b>2.38</b>	
	L.A.	8.98	<b>-2.35</b>	9.43	<b>2.88</b>	9.87	<b>9.64</b>	

**CELEBRITY ENDORSEMENTS**

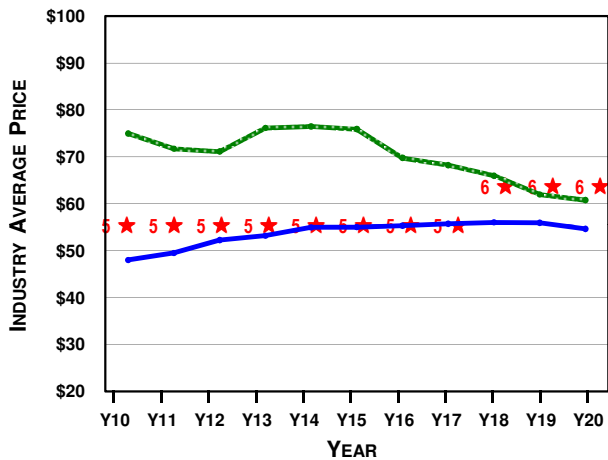
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company C	14,328	Y19	2 years	7	14,328	13,002	10,681	8,999
Oprah Letterman	100	70	65	75	Company F	9,000	Y20	3 years	1	9,000	0	9,000	9,000
Fifa Beckham	70	100	70	55	Company B	17,003	Y16	5 years	6	20,500	17,003	13,372	7,303
Tiger Green	95	80	85	75	Company F	9,000	Y20	2 years	1	9,000	0	9,000	9,000
José Montaña	60	50	60	95	Company I	13,111	Y18	3 years	7	14,002	14,002	10,541	7,303
Kobioshi Jones	55	60	95	90	Company F	9,000	Y20	4 years	1	9,000	0	9,000	9,000
Ace Federar	50	90	50	85	Company J	13,008	Y20	1 year	2	13,008	9,000	11,004	9,000
Danica Andretti	70	65	55	60	Company C	14,389	Y19	3 years	7	14,389	14,008	10,703	8,303
LaBron Game	75	80	95	50	Company L	15,015	Y17	4 years	5	15,015	12,002	10,082	7,404
Lorena Lopez	45	85	60	100	Company J	15,008	Y19	2 years	4	15,008	14,389	12,100	9,001
Lance deFrance	80	85	75	70	Company F	9,000	Y20	3 years	1	9,000	0	9,000	9,000
Yao KungPao	60	35	100	50	Company A	17,001	Y18	4 years	7	17,002	17,001	11,442	7,303

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

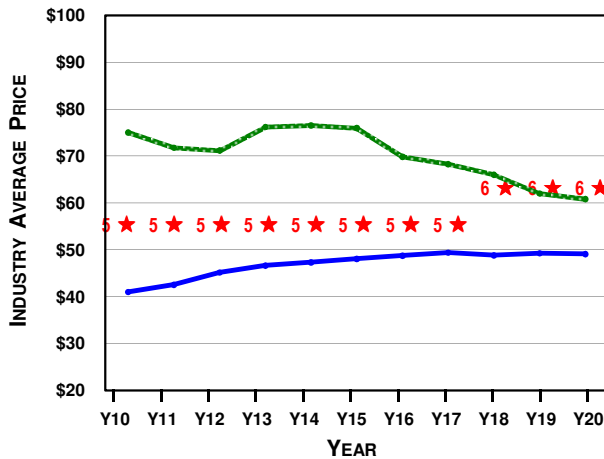
**NORTH AMERICA**



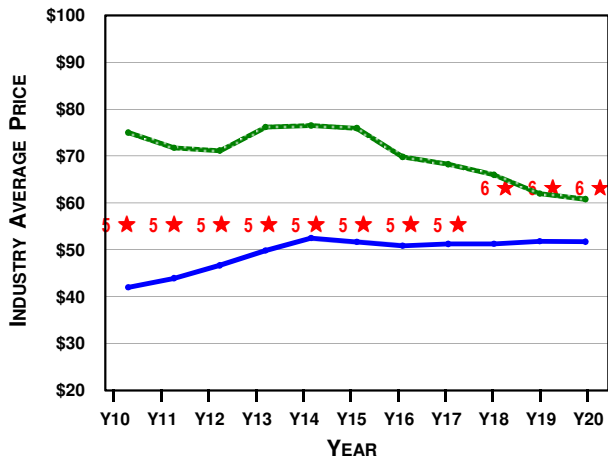
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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