

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 2

Friday, December 19, 2008

YEAR 20

## YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Catfish Footwear	114	96	105	-3
2	Icon Shoes	115	72	94	+7
3	Afrodita	113	63	88	-2
4	Boot Foot	111	61	86	-7
5	Dynamic Shoes	107	61	84	-19
6	Goliath National	97	54	76	+13
7	L Company	73	43	58	-13
8	E Company	47	36	42	+3
9	F Company	19	14	17	0
10	H Company	0	0	0	0
10	J Company	0	0	0	0
10	K Company	0	0	0	0

## GAME-TO-DATE SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Catfish Footwear	113	97	105	-3
2	Icon Shoes	115	83	99	+2
3	Afrodita	116	77	97	-1
4	Boot Foot	113	74	94	-4
5	Dynamic Shoes	107	74	91	-12
6	Goliath National	105	70	88	+12
7	L Company	61	43	52	+1
8	E Company	55	41	48	-1
9	F Company	19	14	17	-1
10	H Company	0	0	0	0
10	J Company	0	0	0	0
10	K Company	0	0	0	0

**Investor Expectation Score (I.E.)** — 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). Pages 2 and 3 of this report show the investor expectation targets (in parenthesis just under the column heads for each year). 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 Expectation Score ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

**Best-In-Industry Score (B-I-I)** — This scoring standard is based on how well each company performs relative to the best-performing company in the industry on EPS (20 points max), ROE (20 points max), Stock Price (20 points max), Credit Rating (20 points max), and Image Rating (20 points max). In order to get a score of 100, a company must be the best performing company in the industry on all 5 measures, achieve no lower than the investor expectation on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating.

**Overall Score** — This measure is used to determine each company's ranking in the Year 20 Scoreboard and Game-To-Date Scoreboard above. The overall score is determined by combining the Investor Expectation Score and the Best-In-Industry Score into a single score using the 50%-50% weighting that was specified by your instructor.

**EARNINGS PER SHARE (\$)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected EPS target shown below each yearly column head. Best-In-Industry performers earn the top score, and scores of other companies are a percentage of the industry-leading EPS performance. Game-To-Date scores are based on weighted average annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	I. E.	B-I-I	I. E.	B-I-I	
A	<b>2.70</b>	2.09	<b>5.42</b>	<b>3.37</b>	<b>5.09</b>	<b>7.70</b>	<b>7.93</b>	2.53	<b>5.88</b>	<b>6.57</b>	<b>4.80</b>	<b>24</b>	8	<b>24</b>	14	A
B	<b>3.41</b>	<b>2.88</b>	<b>4.02</b>	<b>4.27</b>	<b>4.51</b>	<b>6.68</b>	<b>9.68</b>	2.56	<b>6.53</b>	<b>6.21</b>	<b>4.97</b>	<b>24</b>	8	<b>24</b>	14	B
C	2.60	<b>3.93</b>	<b>5.05</b>	<b>4.70</b>	<b>5.63</b>	<b>7.59</b>	<b>8.22</b>	<b>6.76</b>	<b>12.58</b>	<b>15.52</b>	<b>6.97</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	C
D	<b>3.76</b>	2.83	<b>6.48</b>	<b>5.37</b>	<b>5.99</b>	<b>7.03</b>	<b>8.62</b>	3.55	<b>10.61</b>	<b>7.56</b>	<b>6.02</b>	<b>24</b>	10	<b>24</b>	17	D
E	1.62	0.64	1.12	1.20	0.80	1.11	1.39	0.50	0.07	0.26	0.90	1	0	5	3	E
F	1.93	1.32	0.65	-3.17	-1.72	-0.32	-0.56	-1.97	-1.82	-1.55	-0.97	0	0	0	0	F
G	<b>3.25</b>	2.46	<b>5.08</b>	<b>4.16</b>	<b>5.07</b>	<b>6.06</b>	<b>5.47</b>	3.63	3.88	4.33	<b>4.29</b>	<b>20</b>	6	<b>22</b>	12	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	0	0	H
I	<b>2.70</b>	<b>3.63</b>	<b>6.38</b>	<b>5.09</b>	<b>6.30</b>	<b>6.97</b>	<b>7.40</b>	<b>5.07</b>	<b>6.28</b>	<b>9.52</b>	<b>5.83</b>	<b>24</b>	12	<b>24</b>	17	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	0	0	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	0	0	K
L	1.80	0.13	2.03	0.88	-0.25	1.18	0.34	-2.40	3.24	1.91	0.90	9	2	5	3	L

**RETURN ON EQUITY (%)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected 15% ROE target. Best-In-Industry performers earn the top score, and other companies earn scores based on their ROE as a % of the industry-leading ROE performance. Game-To-Date scores are based on weighted average annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	I. E.	B-I-I	I. E.	B-I-I	
A	<b>16.8</b>	11.9	<b>24.8</b>	<b>15.7</b>	<b>25.8</b>	<b>29.9</b>	<b>24.4</b>	7.0	<b>15.5</b>	<b>15.7</b>	<b>18.8</b>	20	11	<b>23</b>	19	A
B	<b>20.8</b>	<b>15.0</b>	<b>18.0</b>	<b>16.9</b>	<b>16.8</b>	<b>21.7</b>	<b>26.7</b>	7.8	<b>20.4</b>	<b>16.1</b>	<b>18.8</b>	21	12	<b>23</b>	19	B
C	<b>15.9</b>	<b>20.2</b>	<b>21.5</b>	<b>16.8</b>	<b>17.4</b>	<b>19.7</b>	<b>18.0</b>	12.8	<b>20.3</b>	<b>27.4</b>	<b>19.5</b>	<b>24</b>	<b>20</b>	<b>23</b>	<b>20</b>	C
D	<b>22.0</b>	14.1	<b>26.0</b>	<b>19.5</b>	<b>18.3</b>	<b>18.4</b>	<b>19.5</b>	7.8	<b>22.3</b>	<b>16.8</b>	<b>18.5</b>	21	12	22	19	D
E	11.3	3.4	5.7	5.8	3.7	4.9	5.8	1.8	0.3	1.0	4.2	1	1	6	4	E
F	12.0	6.9	3.7	-31.6	-20.6	-5.1	-8.9	-39.1	-58.1	-106.5	-13.2	0	0	0	0	F
G	<b>20.0</b>	13.9	<b>25.7</b>	<b>21.4</b>	<b>23.2</b>	<b>25.9</b>	<b>19.8</b>	9.6	11.0	11.8	<b>17.6</b>	16	9	22	18	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	0	0	H
I	<b>16.4</b>	<b>18.9</b>	<b>27.9</b>	<b>18.8</b>	<b>20.2</b>	<b>19.0</b>	<b>17.5</b>	11.5	13.3	<b>18.6</b>	<b>18.2</b>	22	14	22	19	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	0	0	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	0	0	K
L	11.4	0.9	13.0	5.0	-1.8	8.4	2.4	-17.9	<b>24.3</b>	12.6	6.5	17	9	9	7	L

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

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected stock price shown below each yearly column head. Best-In-Industry performers earn the top score, and other companies earn scores based on their stock price as a % of the industry-leading stock price. Game-To-Date scores are based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y20 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	<b>34.86</b>	20.56	<b>84.44</b>	37.70	<b>76.48</b>	<b>131.75</b>	<b>158.87</b>	<b>64.11</b>	<b>75.74</b>	<b>82.90</b>	<b>24</b>	5	<b>24</b>	5	A
B	<b>63.24</b>	<b>37.00</b>	<b>61.11</b>	<b>54.55</b>	<b>60.16</b>	<b>100.78</b>	<b>164.60</b>	<b>66.31</b>	<b>75.60</b>	<b>63.77</b>	22	4	22	4	B
C	29.98	<b>53.38</b>	<b>73.74</b>	<b>61.39</b>	<b>79.07</b>	<b>114.37</b>	<b>119.66</b>	<b>86.76</b>	<b>199.92</b>	<b>311.11</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	C
D	<b>60.78</b>	31.29	<b>110.43</b>	<b>78.07</b>	<b>90.18</b>	<b>106.43</b>	<b>155.19</b>	<b>62.60</b>	<b>176.27</b>	<b>95.28</b>	<b>24</b>	6	<b>24</b>	6	D
E	16.36	9.33	10.76	12.13	8.04	11.86	15.52	9.37	6.02	4.55	2	0	2	0	E
F	17.93	10.81	6.39	4.85	5.37	4.75	5.75	4.65	5.20	4.55	2	0	2	0	F
G	<b>62.06</b>	30.70	<b>102.30</b>	<b>58.80</b>	<b>74.01</b>	<b>76.65</b>	<b>70.39</b>	39.10	39.47	45.50	17	3	17	3	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	0	H
I	30.74	<b>56.64</b>	<b>124.45</b>	<b>84.84</b>	<b>98.07</b>	<b>97.84</b>	<b>107.79</b>	<b>58.98</b>	<b>74.74</b>	<b>143.48</b>	<b>24</b>	9	<b>24</b>	9	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	0	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	0	K
L	17.09	9.78	18.97	11.39	7.48	9.15	5.82	4.65	28.43	28.03	10	2	10	2	L

**CREDIT RATING**

Scores are based on a 20% or 20-point weighting. Bolded credit ratings indicate meeting or beating the B+ investor-expectation. For the Best-In-Industry scoring, companies with an A+ credit rating earn a score of 20 points and lesser credit ratings earn lower scores. Game-To-Date scores are based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Y20 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		I. E.	B-I-I	I. E.	B-I-I	
<b>A</b>	B	B-	<b>B+</b>	C+	B	<b>A-</b>	<b>A-</b>	C+	<b>A-</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<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>	C+	<b>A-</b>	<b>A-</b>	Medium	<b>22</b>	18	<b>22</b>	18	<b>B</b>
<b>C</b>	<b>B+</b>	<b>B+</b>	<b>B+</b>	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A-</b>	<b>A</b>	<b>A+</b>	<b>B+</b>	Medium	<b>20</b>	17	<b>20</b>	17	<b>C</b>
<b>D</b>	<b>A-</b>	B-	<b>B+</b>	B	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>B+</b>	<b>A</b>	B	High	16	14	16	14	<b>D</b>
<b>E</b>	<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>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>E</b>
<b>F</b>	B	C	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	0	0	<b>F</b>
<b>G</b>	<b>A-</b>	B	<b>B+</b>	B	<b>B+</b>	B	<b>B+</b>	B-	C+	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>G</b>
<b>H</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	0	0	<b>H</b>
<b>I</b>	B	B	<b>A-</b>	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A</b>	<b>A</b>	<b>A+</b>	Low	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>I</b>
<b>J</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	0	0	<b>J</b>
<b>K</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	0	0	<b>K</b>
<b>L</b>	C+	C-	B	C	C-	C+	C+	C-	<b>A-</b>	<b>A+</b>	Low	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>L</b>

**IMAGE RATING**

Scores are based on a 20% or 20-point weighting. Bolded image ratings indicate meeting or beating the yearly target of 70. Best-In-Industry performers earn the top score, and scores of other companies are based on their image rating as a % of the leading image rating. Game-To-Date scores are based on the average of image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18-Y20 Average	Y20 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
<b>A</b>	<b>82</b>	<b>80</b>	<b>88</b>	<b>83</b>	<b>91</b>	<b>97</b>	<b>98</b>	<b>84</b>	<b>87</b>	<b>87</b>	<b>86</b>	<b>22</b>	<b>20</b>	<b>22</b>	<b>20</b>	<b>A</b>
<b>B</b>	<b>73</b>	64	<b>79</b>	<b>84</b>	<b>85</b>	<b>89</b>	<b>87</b>	<b>86</b>	<b>77</b>	<b>81</b>	<b>81</b>	<b>22</b>	19	<b>22</b>	19	<b>B</b>
<b>C</b>	<b>70</b>	68	<b>76</b>	<b>78</b>	<b>82</b>	<b>85</b>	<b>93</b>	<b>90</b>	<b>85</b>	<b>83</b>	<b>86</b>	<b>22</b>	19	<b>22</b>	<b>20</b>	<b>C</b>
<b>D</b>	<b>74</b>	<b>79</b>	<b>79</b>	<b>81</b>	<b>84</b>	<b>83</b>	<b>77</b>	<b>73</b>	<b>77</b>	<b>81</b>	<b>77</b>	<b>22</b>	19	<b>21</b>	18	<b>D</b>
<b>E</b>	66	69	69	<b>71</b>	68	58	59	64	58	65	<b>62</b>	19	15	18	14	<b>E</b>
<b>F</b>	69	61	<b>70</b>	<b>74</b>	<b>73</b>	68	63	63	59	60	<b>61</b>	17	14	17	14	<b>F</b>
<b>G</b>	<b>73</b>	<b>70</b>	<b>73</b>	<b>85</b>	<b>82</b>	<b>78</b>	<b>86</b>	<b>77</b>	<b>85</b>	<b>74</b>	<b>79</b>	<b>21</b>	17	<b>21</b>	18	<b>G</b>
<b>H</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>H</b>
<b>I</b>	<b>82</b>	<b>83</b>	<b>79</b>	<b>83</b>	<b>84</b>	<b>79</b>	<b>77</b>	<b>79</b>	<b>76</b>	<b>75</b>	<b>77</b>	<b>21</b>	17	<b>21</b>	18	<b>I</b>
<b>J</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>J</b>
<b>K</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>K</b>
<b>L</b>	67	66	61	58	50	55	55	49	45	44	<b>46</b>	13	10	13	11	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 2 Expenditures for Corporate Social Responsibility and Citizenship**

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	7449	2029	0	1.63	0.37
Year 12	8682	2761	0	1.82	0.48	0.00
Year 13	9181	3401	0	1.73	0.53	0.00
Year 14	10286	2416	0	1.90	0.37	0.00
Year 15	10421	2488	0	1.71	0.32	0.00
Year 16	7302	1814	0	1.36	0.26	0.00
Year 17	17391	5732	0	1.52	0.52	0.00
Year 18	14850	5481	0	1.41	0.47	0.00
Year 19	22288	6233	0	1.96	0.52	0.00
Year 20	15033	5554	0	3.12	0.64	0.00

**Image Rating Points Generated from CSRC Expenditures**

High	Avg.	Low
4	0	0
6	3	0
9	4	0
10	6	0
13	7	0
16	6	0
13	5	0
13	5	0
14	6	0
16	8	0

**★ GOLD STAR AWARD ★**

**for Corporate Citizenship**

Beginning in Year 14, the World Council for Exemplary Corporate Citizenship presents a Gold Star Award to the company spending the highest % of its revenues for social responsibility and citizenship initiatives.

	Award Winner	2nd Place
<b>Y14</b>	<b>J Company</b>	Catfish Footwear
<b>Y15</b>	<b>J Company</b>	Catfish Footwear
<b>Y16</b>	<b>J Company</b>	Afrodita
<b>Y17</b>	<b>Boot Foot</b>	Goliath National
<b>Y18</b>	<b>Boot Foot</b>	Goliath National
<b>Y19</b>	<b>Goliath National</b>	A Company
<b>Y20</b>	<b>Goliath National</b>	Boot Foot

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

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
<b>Total Year 20 Production</b>	20,315	0	51,749	25,802	97,866
– Pairs Rejected	853	0	2,390	1,189	4,432
<b>Net Y20 Production</b> (after rejects)	19,462	0	49,359	24,613	93,434
<b>Superior Materials Usage</b>	56.7%	0.0%	36.7%	39.8%	41.6%
<b>Capacity Utilization</b> (branded + P-L prod.)	109.8%	0.0%	119.0%	120.0%	117.2%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	7.00	+ 1.18	+ 0.50	8.68
<b>Superior Materials</b>	15.00	- 0.63	+ 1.08	15.45

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
<b>Ending Y19 Inventories</b>	2,042	4,214	3,465	3,156	12,877
– Pairs Cleared (inventory clearance)	808	1,092	1,007	749	3,656
<b>Beginning Y20 Inventories</b>	1,234	3,122	2,458	2,407	9,221
+ New Production (shipped from plants)	23,223	19,920	20,117	19,226	82,486
<b>Pairs Available for Sale in Y20</b>	24,457	23,042	22,575	21,633	91,707

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
<b>Projected Y20 Demand</b> (see Y19 FIR)	21,874	22,193	21,102	20,004	85,173
<b>Actual Year 20 Demand</b>	21,816	22,293	21,550	19,985	85,645
<b>Branded Pairs Sold</b>	21,815	21,517	20,937	19,282	83,551
<b>Required Y20 Ending Inventories</b>	1,263	1,525	1,382	1,112	5,282
<b>Inventory Surplus (Shortfall)</b>	1,166	-1,751	-733	-82	-1,400

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.5%
- Available for shipment to warehouses
- % usage up by 1.1 points over Y19
- % utilization down by 0.2 points from Y19

Lower than normal (41.6% industrywide) superior materials usage led to superior materials prices that were 4.2% below the base and standard materials prices that were 16.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 7.2% from the base.

- Average inventory clearance of 28.4%
- 7.1% higher than Y20 demand
- Actual demand in Year 20 was 0.6% greater than expected.
- Needed to achieve delivery times

{ Okay 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	22,689	23,597	24,541	25,523
(internet + wholesale) Europe-Africa	23,185	24,112	25,076	26,079
Asia-Pacific	22,843	24,214	25,667	27,207
Latin America	21,185	22,456	23,803	25,231
<b>Total</b>	89,902	94,379	99,087	104,040
<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	4,212	4,212	4,212	4,212
<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)	8,156
Potential Production (at max OT)	100,200
<b>Potential Global Supply</b>	108,356
<b>Demand</b> — Branded Sales Forecast (000s)	89,902
Private-Label Sales Forecast	16,902
<b>Expected Global Demand</b>	106,804
<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	4,400	0	6,100	2,300	0	0	0	0	4,400	0	6,100	2,300	12,800	0	A
B	3,900	0	5,900	1,400	0	0	0	0	3,900	0	5,900	1,400	11,200	0	B
C	0	0	10,300	5,800	0	0	0	0	0	0	10,300	5,800	16,100	0	C
D	4,900	0	5,600	1,000	0	0	1,300	0	4,900	0	6,900	1,000	12,800	0	D
E	2,000	0	4,500	1,400	0	0	0	0	2,000	0	4,500	1,400	7,900	0	E
F	1,200	0	2,500	1,000	0	0	0	0	1,200	0	2,500	1,000	4,700	0	F
G	2,100	3,000	3,200	2,000	0	-3,000	-3,200	0	2,100	0	0	2,000	4,100	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	5,600	5,600	0	0	0	0	0	0	5,600	5,600	11,200	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	1,700	1,000	0	0	0	0	0	0	1,700	1,000	2,700	0	L
<b>Total</b>	18,500	3,000	45,400	21,500	0	-3,000	-1,900	0	18,500	0	43,500	21,500	83,500	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	631,104	323,355	38,049	169,758	16,418	83,524	10,666	21,106	49,246	18,750	7,500	A
B	638,725	351,517	47,830	145,804	14,818	78,756	12,191	19,970	46,595	0	7,500	B
C	833,002	398,489	75,849	160,323	19,572	178,769	12,504	49,880	116,385	111,000	7,500	C
D	687,493	411,549	46,885	125,198	15,218	88,643	7,622	24,306	56,715	82,500	7,500	D
E	421,897	261,387	31,923	113,450	10,570	4,567	-277	1,439	3,359	0	12,778	E
F	282,381	211,926	24,021	48,220	7,120	-8,906	15,859	0	-24,765	0	16,000	F
G	259,462	136,261	23,912	25,870	7,569	65,850	19,445	13,922	32,483	7,500	7,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	621,610	304,078	44,876	149,924	13,619	109,113	7,117	30,599	71,397	8,025	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	205,155	151,314	15,771	10,576	5,118	22,376	1,943	6,130	14,303	3,750	7,500	L
	508,981	283,320	38,791	105,458	12,225	69,188	9,674	18,595	40,635	25,725	9,031	

**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	1,862	162,576	468,508	42,413	97,650	297,951	0	30,494	328,445	2.50	7 / 2	A
B	0	199,089	484,047	62,601	146,000	305,056	-76,203	46,594	275,447	0.00	1 / 5	B
C	0	247,107	760,120	81,142	352,318	522,791	-201,519	5,388	326,660	14.80	9 / 1	C
D	8,374	212,773	515,152	57,461	133,600	349,877	0	-25,786	324,091	11.00	8 / 2	D
E	52,896	170,779	365,821	25,372	0	337,088	0	3,361	340,449	0.00	0 / 1	E
F	0	106,191	187,084	161,203	15,000	35,646	0	-24,765	10,881	0.00	1 / 2	F
G	58,063	167,610	317,282	23,789	12,000	270,968	-14,459	24,984	281,493	1.00	4 / 1	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	44,916	207,252	531,678	50,615	84,800	370,300	-37,412	63,375	396,263	1.07	8 / 1	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	1,323	64,879	121,202	9,992	0	115,823	-15,165	10,552	111,210	0.50	3 / 4	L
	18,604	170,917	416,766	57,176	93,485	289,500	-38,306	14,911	266,104	3.43	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	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	51.2 %	6.0 %	26.9 %	2.6 %	13.2 %	7.8 %	3.83	6	7.83	0.23	5.61	Low	A
B	55.0	7.5	22.8	2.3	12.3	7.3	3.18	41	6.46	0.37	2.28	Medium	B
C	47.8	9.1	19.2	2.3	21.5	14.0	3.05	39	14.30	0.52	1.05	Medium	C
D	59.9	6.8	18.2	2.2	12.9	8.2	3.70	36	11.63	0.29	0.20	High	D
E	62.0	7.6	26.9	2.5	1.1	0.8	6.73	23	100.00	0.00	10.00	Low	E
F	75.0	8.5	17.1	2.5	-3.2	-8.8	0.66	70	-0.56	0.84	0.00	N/A	F
G	52.5	9.2	10.0	2.9	25.4	12.5	7.05	129	3.39	0.06	6.00	Low	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	H
I	48.9	7.2	24.1	2.2	17.6	11.5	4.09	9	15.33	0.20	4.57	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	K
L	73.8	7.7	5.2	2.5	10.9	7.0	6.49	34	11.52	0.00	10.00	Low	L
	55.7 %	7.6 %	20.7 %	2.4 %	13.6 %	8.0 %	2.99	43	18.88	0.28	4.41	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		7.90	<b>8.30</b>	11.24	<b>11.59</b>	15.36	<b>15.40</b>
	Private-Label Footwear		9.56	<b>8.53</b>	11.25	<b>10.18</b>	12.68	<b>12.55</b>
Labor — North America	Total Compensation (\$/year)		16,406	<b>16,570</b>	19,606	<b>17,858</b>	24,440	<b>20,656</b>
	Productivity (pairs/worker/year)		3,778	<b>3,807</b>	4,969	<b>4,922</b>	6,179	<b>6,114</b>
	Labor Cost (\$/pair produced)		3.52	<b>3.40</b>	4.52	<b>4.20</b>	5.83	<b>5.71</b>
Europe Africa	Total Compensation (\$/year)		22,793	<b>0</b>	22,793	<b>0</b>	22,793	<b>0</b>
	Productivity (pairs/worker/year)		5,559	<b>0</b>	5,559	<b>0</b>	5,559	<b>0</b>
	Labor Cost (\$/pair produced)		4.31	<b>0.00</b>	4.31	<b>0.00</b>	4.31	<b>0.00</b>
Asia Pacific	Total Compensation (\$/year)		3,289	<b>3,334</b>	5,326	<b>5,583</b>	8,393	<b>9,077</b>
	Productivity (pairs/worker/year)		2,265	<b>2,150</b>	3,110	<b>3,101</b>	4,894	<b>5,093</b>
	Labor Cost (\$/pair produced)		1.51	<b>1.59</b>	1.81	<b>1.89</b>	2.61	<b>2.74</b>
Latin America	Total Compensation (\$/year)		3,343	<b>3,369</b>	5,248	<b>5,330</b>	8,119	<b>8,954</b>
	Productivity (pairs/worker/year)		2,364	<b>2,323</b>	3,415	<b>3,427</b>	4,662	<b>4,897</b>
	Labor Cost (\$/pair produced)		1.22	<b>1.09</b>	1.63	<b>1.65</b>	2.57	<b>2.69</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.14	<b>0.00</b>	1.44	<b>0.97</b>	2.50	<b>2.50</b>
	Cumulative		0.52	<b>0.52</b>	1.31	<b>1.24</b>	2.15	<b>1.79</b>
Reject Rates	Branded Production		2.3%	<b>2.4%</b>	4.7%	<b>4.5%</b>	8.5%	<b>7.3%</b>
	Private-Label Production		3.0%	<b>2.1%</b>	3.7%	<b>2.8%</b>	5.1%	<b>3.6%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		19.64	<b>19.78</b>	29.48	<b>29.28</b>	41.73	<b>43.38</b>
	E-A		29.49	<b>0.00</b>	29.49	<b>0.00</b>	29.49	<b>0.00</b>
	A-P		17.11	<b>17.26</b>	24.75	<b>24.17</b>	36.51	<b>36.64</b>
	L.A.		17.80	<b>17.82</b>	27.54	<b>27.50</b>	44.81	<b>44.73</b>
	Private-Label — N.A.		25.38	<b>26.50</b>	33.51	<b>28.97</b>	44.43	<b>31.75</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		17.40	<b>17.84</b>	26.18	<b>22.43</b>	36.88	<b>29.29</b>
	L.A.		22.57	<b>23.15</b>	28.47	<b>28.48</b>	34.37	<b>34.49</b>

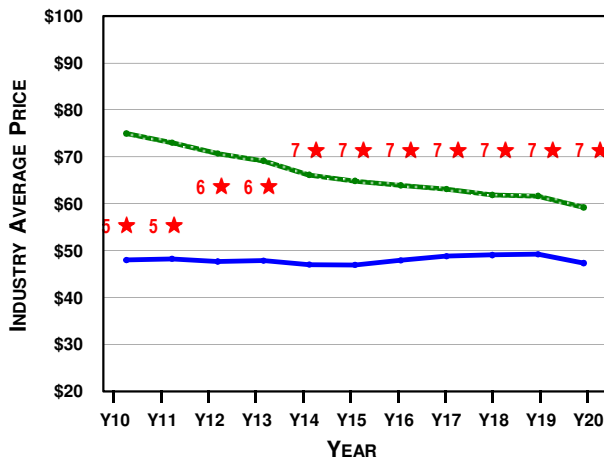
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.07	<b>19.22</b>	29.51	<b>29.52</b>	42.96	<b>44.28</b>
		E-A	24.39	<b>23.65</b>	30.09	<b>30.02</b>	40.76	<b>42.21</b>
		A-P	18.42	<b>18.51</b>	25.80	<b>25.63</b>	36.03	<b>38.41</b>
		L.A.	19.06	<b>19.06</b>	28.79	<b>29.02</b>	46.06	<b>46.01</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	12.46	<b>12.31</b>	12.83	<b>12.86</b>	13.68	<b>13.59</b>
			2.12	<b>1.94</b>	2.61	<b>2.58</b>	3.65	<b>3.48</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	9.52	<b>7.44</b>	14.93	<b>13.74</b>	20.99	<b>17.69</b>
			2.36	<b>1.90</b>	11.51	<b>10.17</b>	17.46	<b>18.30</b>
Administrative Expenses	(\$/pair sold)		1.12	<b>0.97</b>	1.52	<b>1.41</b>	1.98	<b>1.76</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	-11.67	<b>-12.15</b>	12.28	<b>11.78</b>	27.69	<b>26.96</b>
		E-A	-3.45	<b>1.03</b>	14.29	<b>14.79</b>	26.43	<b>27.53</b>
		A-P	-0.65	<b>5.84</b>	18.43	<b>22.67</b>	31.88	<b>35.36</b>
		L.A.	-8.19	<b>-20.09</b>	18.82	<b>7.22</b>	34.98	<b>20.86</b>
Wholesale		N.A.	-7.36	<b>-8.12</b>	3.82	<b>2.98</b>	11.66	<b>9.75</b>
		E-A	-2.30	<b>-3.67</b>	3.62	<b>7.41</b>	11.62	<b>35.40</b>
		A-P	-0.79	<b>1.26</b>	5.17	<b>12.49</b>	15.64	<b>50.76</b>
		L.A.	-7.15	<b>-16.75</b>	6.57	<b>0.72</b>	12.01	<b>14.13</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	26.63	<b>23.09</b>	34.76	<b>25.25</b>	45.68	<b>27.40</b>
		E-A	22.81	<b>23.78</b>	22.81	<b>29.66</b>	22.81	<b>34.86</b>
		A-P	18.65	<b>19.09</b>	27.43	<b>27.50</b>	38.13	<b>38.95</b>
		L.A.	23.82	<b>24.40</b>	28.34	<b>32.44</b>	35.62	<b>37.63</b>
Warehouse Expenses	(\$ per pair sold)		1.00	<b>1.00</b>	1.10	<b>1.12</b>	1.20	<b>1.20</b>
Margin Over Direct Costs (\$ per pair sold)		N.A.	-8.68	<b>1.30</b>	1.83	<b>4.51</b>	11.12	<b>7.71</b>
		E-A	0.52	<b>-1.06</b>	0.52	<b>3.69</b>	0.52	<b>8.52</b>
		A-P	-4.69	<b>2.94</b>	0.47	<b>5.08</b>	3.51	<b>9.42</b>
		L.A.	1.37	<b>-5.57</b>	5.77	<b>-2.26</b>	11.49	<b>0.39</b>

**CELEBRITY ENDORSEMENTS**

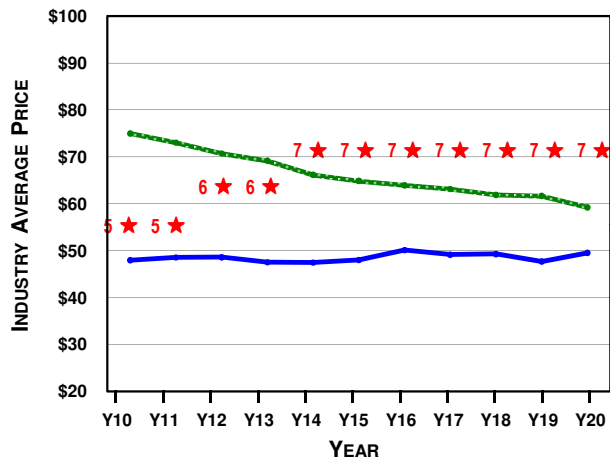
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	13,002	Y19	2 years	4	21,090	19,043	13,785	2,005
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	1	10,005	0	10,005	10,005
Fifa Beckham	70	100	70	55	Company B	17,777	Y16	5 years	7	17,777	12,549	11,145	8,512
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	1	9,008	0	9,008	9,008
José Montaña	60	50	60	95	Company I	20,123	Y18	3 years	4	20,123	16,010	11,913	513
Kobioshi Jones	55	60	95	90	Company D	11,542	Y20	4 years	1	11,542	0	11,542	11,542
Ace Federar	50	90	50	85	Company D	15,008	Y20	1 year	1	15,008	0	15,008	15,008
Danica Andretti	70	65	55	60	Company C	21,090	Y19	3 years	4	21,090	19,453	13,137	1,000
LaBron Game	75	80	95	50	Company E	14,050	Y17	4 years	6	19,234	14,050	13,272	10,202
Lorena Lopez	45	85	60	100	Company C	21,090	Y19	2 years	4	21,090	19,234	13,778	1,000
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	1	10,080	0	10,080	10,080
Yao KungPao	60	35	100	50	Company E	19,050	Y18	4 years	5	20,123	19,050	13,116	513

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

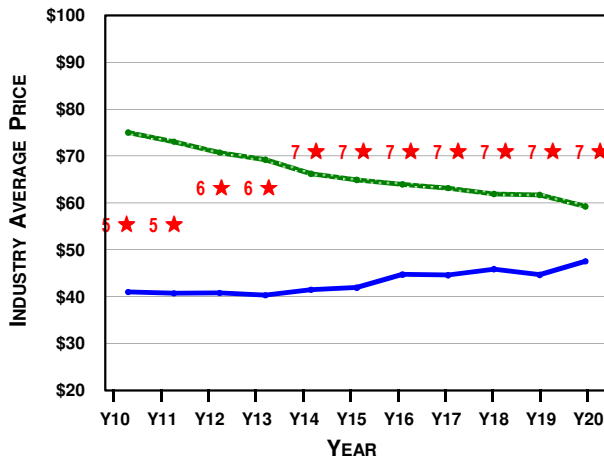
**NORTH AMERICA**



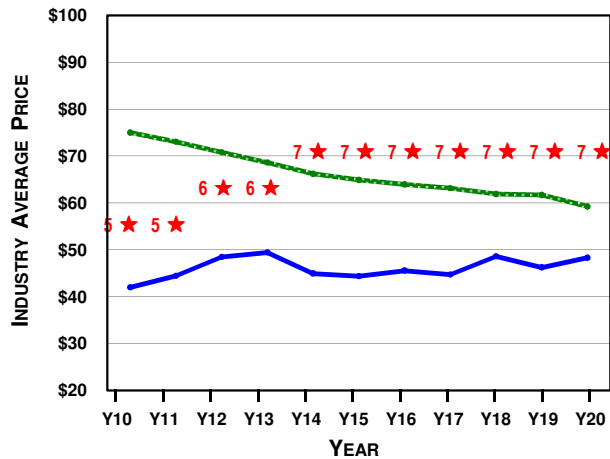
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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