

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

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	E Company	119	81	100	-3
2	L !\$CityU-HK\$!	116	82	99	0
3	J Company	117	79	98	+3
4	A Company	113	57	85	-4
5	G Company	101	58	80	-11
6	H Company	106	44	75	-8
7	I Company	87	39	63	-1
8	Draheid Inc.	56	36	46	+7
9	B Company	0	0	0	0
9	C Company	0	0	0	0
9	F Company	0	0	0	0
9	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	E Company	119	95	107	-2
2	L !\$CityU-HK\$!	117	94	106	+1
3	J Company	118	83	101	+3
4	A Company	112	69	91	-1
5	G Company	99	56	78	-11
6	H Company	99	52	76	-3
7	I Company	57	34	46	+3
8	Draheid Inc.	28	20	24	+8
9	B Company	0	0	0	0
9	C Company	0	0	0	0
9	F Company	0	0	0	0
9	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>3.91</b>	1.77	<b>3.29</b>	1.64	<b>4.52</b>	<b>5.33</b>	<b>6.82</b>	<b>9.12</b>	<b>11.65</b>	<b>9.75</b>	<b>5.50</b>	<b>24</b>	10	<b>24</b>	12	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	B
C	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	C
D	1.64	-0.15	-2.47	-5.83	-2.49	-0.36	-0.20	0.14	0.48	0.55	-0.60	2	1	0	0	D
E	<b>3.24</b>	<b>3.10</b>	<b>3.76</b>	2.76	<b>5.59</b>	<b>7.98</b>	<b>18.01</b>	<b>11.41</b>	<b>21.51</b>	<b>19.37</b>	<b>9.35</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	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	0	0	F
G	<b>3.05</b>	1.54	1.19	-0.98	1.55	1.26	<b>5.55</b>	3.91	<b>11.19</b>	<b>8.35</b>	<b>3.78</b>	<b>24</b>	9	<b>21</b>	8	G
H	2.15	0.49	-0.29	-0.54	2.05	3.27	<b>5.42</b>	<b>6.43</b>	<b>8.45</b>	<b>5.96</b>	3.19	<b>23</b>	6	18	7	H
I	1.54	-2.68	-2.62	-3.30	0.34	0.76	2.07	1.70	2.84	3.01	0.36	14	3	2	1	I
J	<b>2.98</b>	1.90	2.20	2.66	<b>3.67</b>	<b>4.86</b>	<b>7.01</b>	<b>7.46</b>	<b>13.35</b>	<b>15.24</b>	<b>5.74</b>	<b>24</b>	16	<b>24</b>	12	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	<b>3.49</b>	<b>3.99</b>	<b>3.11</b>	1.71	<b>4.65</b>	<b>4.69</b>	<b>14.10</b>	<b>13.96</b>	<b>18.45</b>	<b>19.48</b>	<b>8.71</b>	<b>24</b>	<b>20</b>	<b>24</b>	19	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>22.8</b>	8.6	12.4	6.1	<b>18.4</b>	<b>18.2</b>	<b>19.6</b>	<b>22.8</b>	<b>26.2</b>	<b>21.1</b>	<b>18.9</b>	<b>24</b>	6	23	16	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	B
C	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	C
D	10.6	-0.9	-38.0	-251.1	0.0	0.0	0.0	<b>132.6</b>	<b>67.3</b>	<b>45.2</b>	-41.6	<b>24</b>	13	0	0	D
E	<b>19.3</b>	<b>16.4</b>	<b>19.0</b>	12.8	<b>19.8</b>	<b>24.4</b>	<b>39.6</b>	<b>19.3</b>	<b>25.5</b>	<b>21.6</b>	<b>23.5</b>	<b>24</b>	6	<b>24</b>	<b>20</b>	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	0	0	F
G	<b>19.0</b>	10.9	9.0	-6.6	10.2	8.1	<b>28.1</b>	<b>16.0</b>	<b>31.5</b>	<b>68.9</b>	<b>21.0</b>	<b>24</b>	<b>20</b>	<b>24</b>	18	G
H	13.2	2.8	-1.6	-3.2	11.5	<b>16.0</b>	<b>22.0</b>	<b>22.8</b>	<b>25.6</b>	<b>15.3</b>	14.5	20	4	19	12	H
I	9.7	-16.8	-20.4	-33.5	4.1	8.5	<b>20.1</b>	13.9	<b>19.7</b>	<b>17.6</b>	3.1	22	5	4	3	I
J	<b>18.0</b>	9.5	10.2	11.8	13.9	<b>16.1</b>	<b>22.0</b>	<b>22.7</b>	<b>34.2</b>	<b>33.6</b>	<b>21.1</b>	<b>24</b>	10	<b>24</b>	18	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	<b>20.6</b>	<b>19.3</b>	13.0	6.5	<b>16.7</b>	<b>15.0</b>	<b>31.5</b>	<b>25.8</b>	<b>26.5</b>	<b>23.7</b>	<b>22.4</b>	<b>24</b>	7	<b>24</b>	19	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>63.28</b>	31.27	34.79	19.21	<b>59.18</b>	<b>77.97</b>	<b>133.52</b>	<b>191.57</b>	<b>251.43</b>	<b>175.75</b>	<b>24</b>	9	<b>24</b>	9	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	C
D	16.68	10.28	6.77	4.85	5.32	4.75	5.18	4.65	5.60	7.28	3	0	3	0	D
E	<b>44.77</b>	<b>36.08</b>	<b>46.93</b>	28.40	<b>74.75</b>	<b>123.84</b>	<b>248.12</b>	<b>188.37</b>	<b>377.29</b>	<b>320.35</b>	<b>24</b>	16	<b>24</b>	16	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	0	F
G	<b>38.36</b>	20.42	11.65	7.71	15.50	12.75	<b>64.46</b>	<b>55.56</b>	<b>161.19</b>	<b>99.07</b>	<b>24</b>	5	<b>24</b>	5	G
H	20.51	12.31	7.79	5.08	24.14	42.01	<b>84.24</b>	<b>107.05</b>	<b>144.23</b>	<b>68.81</b>	23	3	23	3	H
I	16.73	10.01	5.90	4.85	5.52	6.06	24.72	24.11	44.14	41.07	15	2	15	2	I
J	<b>36.08</b>	19.22	21.54	30.97	<b>57.08</b>	<b>77.82</b>	<b>129.69</b>	<b>123.54</b>	<b>247.64</b>	<b>313.20</b>	<b>24</b>	16	<b>24</b>	16	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	<b>51.35</b>	<b>55.47</b>	35.08	18.73	<b>59.81</b>	<b>58.23</b>	<b>169.00</b>	<b>244.39</b>	<b>379.16</b>	<b>399.35</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	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>A-</b>	B-	C+	C	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	24	20	24	20	<b>A</b>
<b>B</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>B</b>
<b>C</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>C</b>
<b>D</b>	B-	C-	C-	C-	C-	C-	C-	C-	C-	C+	High	8	8	8	8	<b>D</b>
<b>E</b>	<b>B+</b>	B-	C+	C+	B-	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>	Low	23	19	23	19	<b>E</b>
<b>F</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>F</b>
<b>G</b>	B-	C-	C-	C-	C-	C-	C	<b>A</b>	<b>A</b>	<b>A</b>	High	8	8	8	8	<b>G</b>
<b>H</b>	B-	C-	C-	C-	C+	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A-</b>	Medium	22	18	22	18	<b>H</b>
<b>I</b>	C+	C-	C-	C-	C	C+	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A</b>	Low	23	19	23	19	<b>I</b>
<b>J</b>	<b>A</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	23	19	23	19	<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>	B	C+	C	C-	C-	C+	<b>B+</b>	<b>A-</b>	<b>A</b>	<b>A+</b>	Low	24	20	24	20	<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>	65	<b>70</b>	67	61	62	60	67	61	59	59	<b>60</b>	17	12	17	12	<b>A</b>
<b>B</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>B</b>
<b>C</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>C</b>
<b>D</b>	<b>73</b>	58	63	65	65	60	62	58	61	65	<b>61</b>	19	14	17	12	<b>D</b>
<b>E</b>	<b>77</b>	<b>79</b>	<b>80</b>	<b>86</b>	<b>87</b>	<b>98</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>96</b>	<b>99</b>	24	20	24	20	<b>E</b>
<b>F</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>F</b>
<b>G</b>	<b>81</b>	<b>80</b>	<b>74</b>	<b>79</b>	<b>94</b>	<b>92</b>	<b>93</b>	<b>85</b>	<b>84</b>	<b>77</b>	<b>82</b>	21	16	22	17	<b>G</b>
<b>H</b>	69	<b>71</b>	65	66	58	61	60	59	56	63	<b>59</b>	18	13	17	12	<b>H</b>
<b>I</b>	68	60	58	49	48	47	48	47	45	46	<b>46</b>	13	10	13	9	<b>I</b>
<b>J</b>	61	<b>82</b>	<b>80</b>	<b>97</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>91</b>	<b>89</b>	<b>87</b>	<b>89</b>	22	18	23	18	<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>	<b>77</b>	<b>86</b>	<b>83</b>	<b>92</b>	<b>92</b>	<b>88</b>	<b>86</b>	<b>82</b>	<b>82</b>	<b>73</b>	<b>79</b>	20	15	21	16	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 7 Expenditures for Corporate Social Responsibility and Citizenship**

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	8754	2009	0	1.64	0.36
Year 12	11500	3201	0	1.73	0.58	0.00
Year 13	6964	1837	0	1.32	0.38	0.00
Year 14	8600	1191	0	1.50	0.19	0.00
Year 15	11301	2307	0	1.40	0.30	0.00
Year 16	10660	2353	0	1.52	0.30	0.00
Year 17	23326	5043	0	1.76	0.54	0.00
Year 18	16224	4214	0	1.82	0.46	0.00
Year 19	17953	5666	0	1.56	0.59	0.00
Year 20	13114	3665	0	1.40	0.34	0.00

**Image Rating Points Generated from CSRC Expenditures**

High	Avg.	Low
4	1	0
6	3	0
8	3	0
7	4	0
10	5	0
9	4	0
11	5	0
14	5	0
16	6	0
16	6	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>A Company</b>	H Company
<b>Y15</b>	<b>A Company</b>	E
<b>Y16</b>	<b>A Company</b>	E
<b>Y17</b>	<b>A Company</b>	E
<b>Y18</b>	<b>A Company</b>	Draheid Inc
<b>Y19</b>	<b>Draheid Inc.</b>	A Company
<b>Y20</b>	<b>A Company</b>	J Company

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

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	5,364	0	66,529	32,795	104,688
– Pairs Rejected	69	0	3,392	2,356	5,817
Net Y20 Production (after rejects)	5,295	0	63,137	30,439	98,871
Superior Materials Usage	60.0%	0.0%	24.3%	22.3%	25.5%
Capacity Utilization (branded + P-L prod.)	119.2%	0.0%	113.1%	108.2%	111.8%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 3.43	+ 0.13	10.56
Superior Materials	15.00	– 1.84	+ 0.27	13.43

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	2,643	2,306	2,182	2,885	10,016
– Pairs Cleared (inventory clearance)	771	742	798	428	2,739
Beginning Y20 Inventories	1,872	1,564	1,384	2,457	7,277
+ New Production (shipped from plants)	23,742	23,569	19,276	18,209	84,796
Pairs Available for Sale in Y20	25,614	25,133	20,660	20,666	92,073

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Projected Y20 Demand (see Y19 FIR)	22,522	22,256	19,760	19,587	84,125
Actual Year 20 Demand	22,574	22,313	19,845	19,511	84,244
Branded Pairs Sold	22,522	22,066	18,630	17,807	81,025
Required Y20 Ending Inventories	2,117	2,070	1,784	1,702	7,673
Inventory Surplus (Shortfall)	397	3	-1,274	-627	-1,501

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.6%
- Available for shipment to warehouses
- % usage down by 8.2 points from Y19
- % utilization down by 6.2 points from Y19

Lower than normal (25.5% industrywide) superior materials usage led to superior materials prices that were 12.3% below the base and standard materials prices that were 49.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 1.8% from the base.

- Average inventory clearance of 27.3%
- 9.3% higher than Y20 demand
- Actual demand in Year 20 was 0.1% greater than expected.
- Needed to achieve delivery times
  - Okay in N.A.      Okay 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	23,477	24,416	25,393	26,409
(internet + wholesale) Europe-Africa	23,205	24,133	25,098	26,102
Asia-Pacific	21,036	22,298	23,636	25,054
Latin America	20,682	21,923	23,238	24,632
<b>Total</b>	88,400	92,770	97,365	102,197
<b>Private-Label</b> — North America	3,848	3,848	3,848	3,848
Europe-Africa	3,760	3,760	3,760	3,760
Asia-Pacific	3,720	3,720	3,720	3,720
Latin America	3,744	3,744	3,744	3,744
<b>Total</b>	15,072	15,072	15,072	15,072

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	11,048
Potential Production (at max OT)	112,560
<b>Potential Global Supply</b>	123,608
<b>Demand</b> — Branded Sales Forecast (000s)	88,400
Private-Label Sales Forecast	15,072
<b>Expected Global Demand</b>	103,472
<b>Conclusion:</b>	Currently, there is a good balance between supply and demand, given available capacity w/OT. However, growth-minded companies should consider construction of new capacity now to meet future demand.

**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	6,700	0	0	0	0	0	0	0	6,700	0	6,700	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	3,500	0	2,200	0	0	0	0	0	3,500	0	2,200	0	5,700	0	D
E	0	0	11,100	8,500	0	0	0	0	0	0	11,100	8,500	19,600	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	7,200	4,100	0	0	0	0	0	0	7,200	4,100	11,300	0	G
H	0	0	6,400	3,800	0	0	0	0	0	0	6,400	3,800	10,200	0	H
I	1,200	0	1,300	2,200	-200	0	0	0	1,000	0	1,300	2,200	4,500	200	I
J	0	0	11,900	2,200	0	0	0	0	0	0	11,900	2,200	14,100	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	12,000	9,500	0	0	0	0	0	0	12,000	9,500	21,500	0	L
<b>Total</b>	4,700	0	58,800	30,300	-200	0	0	0	4,500	0	58,800	30,300	93,600	200	

**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	435,905	226,973	30,267	65,747	9,119	103,799	-636	31,331	73,104	78,750	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	346,647	181,787	23,955	86,447	8,870	45,588	15,921	8,900	20,767	0	37,500	D
E	951,686	457,476	72,877	161,760	23,071	236,502	14,198	65,982	153,957	27,825	7,950	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	421,263	223,712	35,633	17,302	13,720	130,896	22,396	32,550	75,950	0	9,100	G
H	559,888	293,409	29,504	134,122	12,621	90,232	15,679	22,366	52,187	0	8,760	H
I	263,808	136,372	19,924	57,726	6,919	42,867	3,354	11,854	27,659	828	9,200	I
J	785,014	408,593	50,014	105,389	17,568	203,450	22,763	54,206	126,481	9,545	8,300	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	1,023,218	500,752	67,998	146,758	23,919	283,791	12,413	81,413	189,965	112,125	9,750	L
	598,429	303,634	41,272	96,906	14,476	142,141	13,261	38,575	90,009	28,634	12,258	

**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	12,027	150,382	362,691	19,529	0	348,808	0	-5,646	343,162	10.50	8 / 2	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	22,636	113,490	224,023	52,659	115,000	35,595	0	20,769	56,364	0.00	2 / 2	D
E	27,704	304,834	918,341	95,800	105,500	708,366	-117,459	126,134	717,041	3.50	6 / 3	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	0	205,721	522,139	163,040	383,000	244,314	-344,166	75,951	-23,901	0.00	1 / 2	G
H	39,087	209,321	546,781	59,223	120,500	314,894	0	52,164	367,058	0.00	8 / 2	H
I	0	76,642	203,112	25,093	14,480	150,381	-13,674	26,832	163,539	0.09	5 / 2	I
J	0	246,205	683,940	71,193	230,300	369,337	-103,828	116,938	382,447	1.15	9 / 1	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	20,462	319,603	927,446	86,918	0	762,687	0	77,841	840,528	11.50	5 / 3	L
	15,239	203,275	548,559	71,682	121,098	366,798	-72,391	61,373	355,780	3.34	6 / 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	52.1 %	6.9 %	15.1 %	2.1 %	23.8 %	16.8 %	7.70	47	100.00	0.00	10.00	Low	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	C
D	52.4	6.9	24.9	2.6	13.2	6.0	2.16	10	2.86	0.67	0.97	High	D
E	48.1	7.7	17.0	2.4	24.9	16.2	3.18	38	16.66	0.16	3.97	Low	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	53.1	8.5	4.1	3.3	31.1	18.0	1.26	250	5.84	1.00	0.73	High	G
H	52.4	5.3	24.0	2.3	16.1	9.3	3.53	38	5.75	0.28	2.50	Medium	H
I	51.7	7.6	21.9	2.6	16.2	10.5	3.05	34	12.78	0.12	3.75	Low	I
J	52.0	6.4	13.4	2.2	25.9	16.1	3.46	67	8.94	0.39	4.55	Low	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	48.9	6.6	14.3	2.3	27.7	18.6	3.68	37	22.86	0.03	5.18	Low	L
	50.7 %	6.9 %	16.2 %	2.4 %	23.8 %	15.0 %	2.84	65	21.96	0.33	3.96	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		9.16	<b>9.47</b>	10.80	<b>10.65</b>	13.77	<b>12.34</b>
	Private-Label Footwear		8.54	<b>8.92</b>	10.26	<b>10.33</b>	12.91	<b>12.39</b>
Labor — North America	Total Compensation (\$/year)		16,859	<b>17,624</b>	21,008	<b>21,500</b>	25,157	<b>25,376</b>
	Productivity (pairs/worker/year)		3,771	<b>3,805</b>	4,554	<b>4,583</b>	5,336	<b>5,360</b>
	Labor Cost (\$/pair produced)		4.54	<b>4.89</b>	4.69	<b>4.90</b>	4.84	<b>4.90</b>
Europe Africa	Total Compensation (\$/year)		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
	Productivity (pairs/worker/year)		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
	Labor Cost (\$/pair produced)		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
Asia Pacific	Total Compensation (\$/year)		3,643	<b>3,665</b>	4,368	<b>4,380</b>	5,031	<b>4,996</b>
	Productivity (pairs/worker/year)		2,551	<b>2,574</b>	2,792	<b>2,840</b>	3,018	<b>3,094</b>
	Labor Cost (\$/pair produced)		1.40	<b>1.43</b>	1.67	<b>1.64</b>	2.02	<b>2.00</b>
Latin America	Total Compensation (\$/year)		3,002	<b>3,032</b>	4,134	<b>4,082</b>	4,967	<b>5,038</b>
	Productivity (pairs/worker/year)		2,521	<b>2,474</b>	2,718	<b>2,727</b>	2,856	<b>2,912</b>
	Labor Cost (\$/pair produced)		1.48	<b>1.47</b>	1.71	<b>1.69</b>	2.01	<b>2.03</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.11	<b>0.00</b>	1.00	<b>0.84</b>	2.10	<b>2.10</b>
	Cumulative		0.54	<b>0.47</b>	1.16	<b>1.11</b>	2.06	<b>1.90</b>
Reject Rates	Branded Production		1.7%	<b>1.3%</b>	5.1%	<b>5.0%</b>	7.9%	<b>8.1%</b>
	Private-Label Production		1.9%	<b>2.2%</b>	3.1%	<b>3.2%</b>	4.1%	<b>4.7%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		27.27	<b>23.98</b>	27.44	<b>27.48</b>	27.61	<b>30.97</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		18.48	<b>18.38</b>	22.47	<b>22.57</b>	26.09	<b>30.11</b>
	L.A.		19.09	<b>18.47</b>	23.06	<b>26.14</b>	28.45	<b>45.59</b>
	Private-Label — N.A.		37.35	<b>29.97</b>	39.40	<b>29.97</b>	41.44	<b>29.97</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		20.74	<b>19.16</b>	27.61	<b>25.48</b>	41.22	<b>44.38</b>
	L.A.		17.70	<b>17.43</b>	19.22	<b>21.00</b>	21.76	<b>24.00</b>

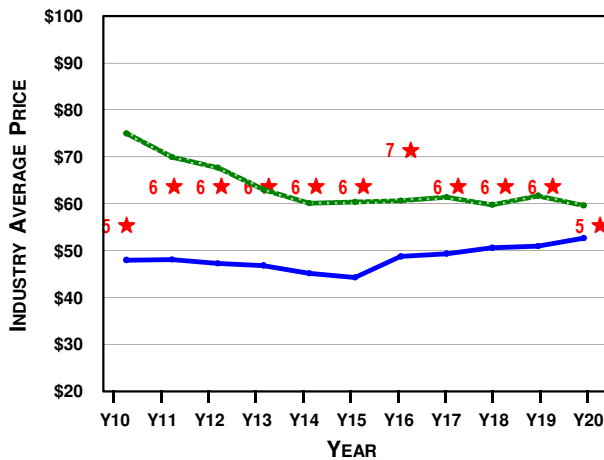
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.85	<b>20.75</b>	26.63	<b>26.60</b>	29.55	<b>35.40</b>
		E-A	24.08	<b>22.78</b>	27.68	<b>27.58</b>	31.01	<b>35.65</b>
		A-P	19.90	<b>19.65</b>	24.23	<b>24.26</b>	27.86	<b>31.36</b>
		L.A.	20.63	<b>19.77</b>	26.54	<b>28.96</b>	31.47	<b>42.60</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	12.26	<b>12.26</b>	12.60	<b>12.69</b>	13.03	<b>13.32</b>
			1.76	<b>1.70</b>	2.36	<b>2.44</b>	3.03	<b>3.33</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	7.78	<b>6.43</b>	15.81	<b>13.66</b>	30.92	<b>29.15</b>
			5.68	<b>2.70</b>	8.95	<b>9.29</b>	12.09	<b>14.15</b>
Administrative Expenses	(\$/pair sold)		1.11	<b>1.14</b>	1.39	<b>1.64</b>	1.71	<b>3.58</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	5.73	<b>6.29</b>	15.64	<b>15.32</b>	22.63	<b>20.96</b>
		E-A	9.70	<b>10.04</b>	19.16	<b>18.01</b>	25.42	<b>23.51</b>
		A-P	11.24	<b>15.61</b>	20.59	<b>24.28</b>	27.30	<b>30.06</b>
		L.A.	16.10	<b>-6.18</b>	22.32	<b>8.20</b>	28.10	<b>13.97</b>
Wholesale		N.A.	4.22	<b>4.99</b>	10.80	<b>12.35</b>	15.48	<b>33.53</b>
		E-A	6.67	<b>4.02</b>	13.49	<b>13.95</b>	19.24	<b>35.85</b>
		A-P	4.21	<b>9.31</b>	14.15	<b>20.23</b>	20.63	<b>45.57</b>
		L.A.	11.38	<b>3.31</b>	17.14	<b>9.97</b>	22.98	<b>21.34</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.39	<b>18.12</b>	29.74	<b>25.30</b>	42.69	<b>31.22</b>
		E-A	23.92	<b>24.11</b>	29.54	<b>24.59</b>	43.89	<b>25.06</b>
		A-P	21.99	<b>20.41</b>	28.86	<b>26.70</b>	42.47	<b>41.67</b>
		L.A.	18.95	<b>18.68</b>	24.48	<b>25.60</b>	36.48	<b>35.66</b>
Warehouse Expenses	(\$ per pair sold)		1.00	<b>1.00</b>	1.08	<b>1.07</b>	1.20	<b>1.20</b>
Margin Over Direct Costs (\$ per pair sold)		N.A.	1.91	<b>-2.70</b>	4.41	<b>7.61</b>	7.91	<b>18.64</b>
		E-A	-2.08	<b>-2.67</b>	1.28	<b>-2.65</b>	4.08	<b>0.00</b>
		A-P	-4.65	<b>-1.61</b>	0.05	<b>8.69</b>	2.62	<b>25.05</b>
		L.A.	-0.56	<b>-0.37</b>	2.96	<b>4.94</b>	5.16	<b>12.02</b>

**CELEBRITY ENDORSEMENTS**

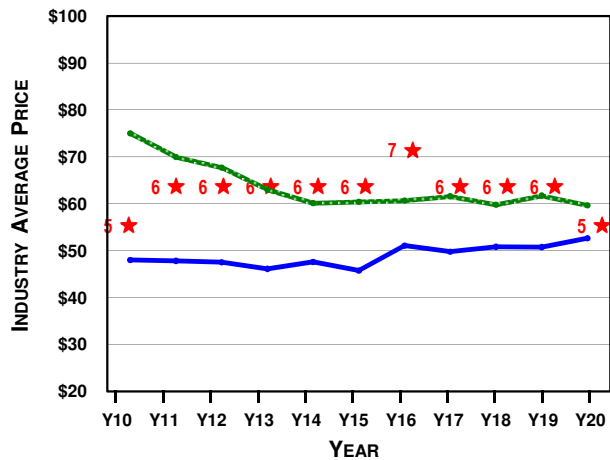
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	1,000	Y20	2 years	2	10,848	1,000	5,924	1,000
Oprah Letterman	100	70	65	75	Company J	2,000	Y20	3 years	2	14,571	2,000	8,286	2,000
Fifa Beckham	70	100	70	55	Company E	15,580	Y16	5 years	4	15,580	9,801	8,470	1,000
Tiger Green	95	80	85	75	Company J	2,000	Y20	2 years	2	16,484	2,000	9,242	2,000
José Montaña	60	50	60	95	Company H	13,000	Y18	3 years	3	13,000	12,800	10,267	5,000
Kobioshi Jones	55	60	95	90	Company L	9,258	Y20	4 years	2	9,258	1,000	5,129	1,000
Ace Federar	50	90	50	85	Company J	1,000	Y20	1 year	2	13,000	1,000	7,000	1,000
Danica Andretti	70	65	55	60	Company D	15,000	Y19	3 years	5	15,000	11,000	10,132	6,000
LaBron Game	75	80	95	50	Company J	8,200	Y17	4 years	4	16,500	11,000	10,300	5,500
Lorena Lopez	45	85	60	100	Company L	14,000	Y19	2 years	4	14,000	11,600	10,650	6,000
Lance deFrance	80	85	75	70	Company J	1,000	Y20	3 years	2	10,848	1,000	5,924	1,000
Yao KungPao	60	35	100	50	Company H	12,000	Y18	4 years	3	12,000	10,900	9,300	5,000

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

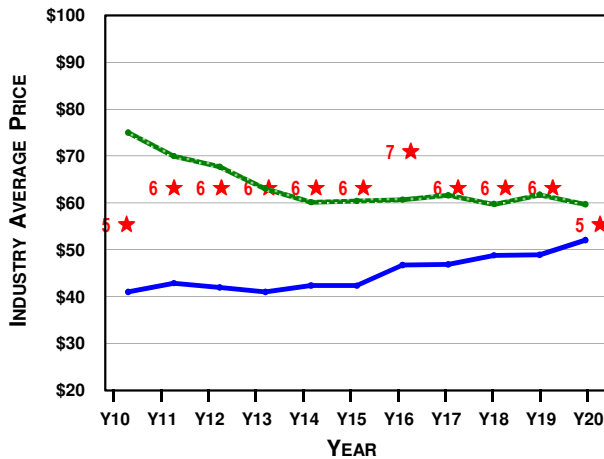
**NORTH AMERICA**



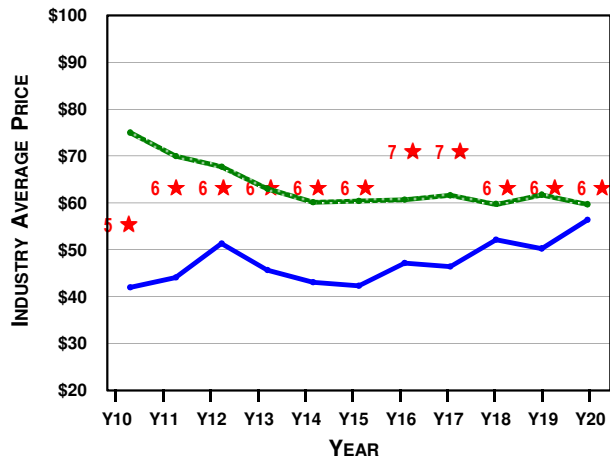
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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