

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 5

Friday, May 22, 2009

YEAR 20

## YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	E rasers	117	93	105	-2
2	Kazakhstan Shoe Co	115	91	103	+14
3	Held High Mittens	116	81	99	0
4	Jedi Knight	115	75	95	-6
5	F Company	105	56	81	-5
6	C Company	53	34	44	-13
7	D Company	45	33	39	+3
8	B Company	18	13	16	-3
9	A (deleted)	0	0	0	0
9	G (deleted)	0	0	0	0
9	I (deleted)	0	0	0	0
9	L (deleted)	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 rasers	117	96	107	+1
2	Held High Mittens	118	88	103	+2
3	Jedi Knight	115	79	97	0
4	Kazakhstan Shoe Co	111	79	95	+5
5	F Company	112	67	90	0
6	D Company	52	37	45	0
7	C Company	52	36	44	-7
8	B Company	21	15	18	-9
9	A (deleted)	0	0	0	0
9	G (deleted)	0	0	0	0
9	I (deleted)	0	0	0	0
9	L (deleted)	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	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	A
B	<b>2.81</b>	2.65	0.72	0.16	-0.11	-0.77	-0.47	1.39	-0.80	-4.64	0.16	0	0	1	0	B
C	<b>3.41</b>	1.01	-0.10	-0.78	-0.41	0.62	1.29	1.79	1.81	1.07	0.97	5	1	5	2	C
D	2.60	2.76	0.05	0.00	0.78	0.88	0.65	1.00	-0.12	0.20	0.82	1	0	5	2	D
E	<b>2.72</b>	<b>4.10</b>	2.97	<b>8.04</b>	<b>7.26</b>	<b>11.22</b>	<b>12.87</b>	<b>12.71</b>	<b>15.94</b>	<b>17.15</b>	<b>9.03</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	E
F	<b>3.66</b>	<b>5.68</b>	<b>3.54</b>	<b>4.17</b>	<b>3.59</b>	<b>6.92</b>	<b>5.76</b>	<b>6.87</b>	<b>6.29</b>	<b>5.42</b>	<b>5.15</b>	<b>22</b>	<b>6</b>	<b>24</b>	<b>11</b>	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	0	0	G
H	<b>3.09</b>	<b>5.57</b>	<b>4.33</b>	2.16	<b>3.86</b>	<b>10.65</b>	<b>9.11</b>	<b>13.66</b>	<b>12.37</b>	<b>13.03</b>	<b>7.47</b>	<b>24</b>	<b>15</b>	<b>24</b>	<b>17</b>	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	0	0	I
J	<b>2.68</b>	<b>5.30</b>	<b>3.80</b>	2.02	<b>5.00</b>	<b>6.09</b>	<b>6.49</b>	<b>10.33</b>	<b>11.29</b>	<b>10.73</b>	<b>6.08</b>	<b>24</b>	<b>13</b>	<b>24</b>	<b>13</b>	J
K	<b>2.71</b>	<b>6.00</b>	2.52	0.43	1.50	<b>8.50</b>	<b>7.13</b>	<b>9.99</b>	<b>9.83</b>	<b>16.23</b>	<b>6.18</b>	<b>24</b>	<b>19</b>	<b>24</b>	<b>14</b>	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	0	0	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	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	A
B	<b>17.5</b>	14.7	3.8	0.8	-0.6	-4.4	-2.8	8.1	-4.6	-31.4	0.9	0	0	1	1	B
C	<b>20.2</b>	5.3	-0.5	-4.1	-2.3	3.4	6.7	8.8	9.0	5.8	5.4	8	4	7	5	C
D	<b>15.8</b>	14.6	0.2	0.0	3.8	6.0	4.0	5.9	-0.7	1.1	4.8	1	1	6	4	D
E	<b>16.5</b>	<b>21.9</b>	13.2	<b>26.8</b>	<b>23.9</b>	<b>28.5</b>	<b>25.1</b>	<b>20.0</b>	<b>20.9</b>	<b>20.6</b>	<b>22.3</b>	<b>24</b>	<b>16</b>	<b>24</b>	<b>20</b>	E
F	<b>22.6</b>	<b>32.7</b>	<b>17.0</b>	<b>18.4</b>	<b>17.2</b>	<b>27.9</b>	<b>19.3</b>	<b>19.8</b>	<b>15.8</b>	12.0	<b>19.9</b>	16	9	23	18	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	0	0	G
H	<b>18.6</b>	<b>27.8</b>	<b>18.4</b>	8.3	13.3	<b>32.4</b>	<b>21.8</b>	<b>26.3</b>	<b>19.4</b>	<b>17.7</b>	<b>21.0</b>	22	14	<b>24</b>	19	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	0	0	I
J	<b>16.2</b>	<b>26.5</b>	<b>15.7</b>	7.4	14.7	<b>17.1</b>	<b>15.5</b>	<b>20.6</b>	<b>18.8</b>	<b>15.9</b>	<b>17.3</b>	21	12	22	16	J
K	<b>16.4</b>	<b>29.2</b>	9.0	1.2	5.4	<b>22.5</b>	<b>18.3</b>	<b>19.5</b>	<b>15.6</b>	<b>25.9</b>	<b>17.0</b>	<b>24</b>	<b>20</b>	21	15	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	0	0	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	A
B	<b>35.91</b>	27.59	15.40	9.26	6.04	4.75	5.70	15.50	9.56	6.28	2	0	2	0	B
C	<b>45.23</b>	23.58	14.03	8.43	5.58	5.88	15.86	27.93	25.63	14.27	5	1	5	1	C
D	28.66	29.08	16.11	9.41	6.83	10.48	8.35	11.83	7.73	4.93	2	0	2	0	D
E	31.26	<b>54.06</b>	35.10	<b>131.68</b>	<b>127.96</b>	<b>230.22</b>	<b>257.65</b>	<b>229.24</b>	<b>326.98</b>	<b>343.17</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	E
F	<b>68.08</b>	<b>114.21</b>	<b>46.47</b>	<b>50.18</b>	39.67	<b>108.00</b>	<b>79.45</b>	<b>100.13</b>	<b>74.00</b>	<b>58.45</b>	21	3	21	3	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	0	G
H	<b>39.86</b>	<b>89.35</b>	<b>51.03</b>	26.05	<b>44.18</b>	<b>154.92</b>	<b>159.85</b>	<b>260.35</b>	<b>169.71</b>	<b>222.22</b>	<b>24</b>	<b>13</b>	<b>24</b>	<b>13</b>	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	0	I
J	31.78	<b>85.61</b>	<b>45.60</b>	24.07	<b>53.21</b>	<b>76.91</b>	<b>89.51</b>	<b>171.10</b>	<b>208.88</b>	<b>204.77</b>	<b>24</b>	<b>12</b>	<b>24</b>	<b>12</b>	J
K	30.96	<b>108.71</b>	<b>44.33</b>	23.45	15.20	<b>73.05</b>	<b>139.27</b>	<b>174.85</b>	<b>142.62</b>	<b>285.43</b>	<b>24</b>	<b>17</b>	<b>24</b>	<b>17</b>	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	0	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>	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>A</b>
<b>B</b>	B	B	C	C-	C-	C-	C-	C-	C-	C-	N/A	0	1	0	1	<b>B</b>
<b>C</b>	B	C	C-	C-	C	<b>B+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	N/A	<b>20</b>	17	<b>20</b>	17	<b>C</b>
<b>D</b>	B	B-	C+	C+	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	<b>A-</b>	Medium	<b>22</b>	18	<b>22</b>	18	<b>D</b>
<b>E</b>	<b>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>	<b>A+</b>	Low	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>E</b>
<b>F</b>	B	<b>B+</b>	B-	B-	B-	<b>B+</b>	<b>A</b>	<b>A-</b>	<b>A-</b>	<b>A</b>	Medium	<b>23</b>	19	<b>23</b>	19	<b>F</b>
<b>G</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>G</b>
<b>H</b>	B	B	C+	C-	C	B	B-	<b>A-</b>	<b>A-</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>H</b>
<b>I</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>I</b>
<b>J</b>	B-	B-	B	B-	B	B	<b>B+</b>	<b>A-</b>	<b>A</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>J</b>
<b>K</b>	B	<b>B+</b>	B-	C-	C	<b>B+</b>	<b>B+</b>	<b>A</b>	<b>A-</b>	<b>A-</b>	Medium	<b>22</b>	18	<b>22</b>	18	<b>K</b>
<b>L</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>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>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>A</b>
<b>B</b>	68	57	<b>73</b>	<b>70</b>	<b>72</b>	67	<b>73</b>	66	60	55	<b>60</b>	16	12	17	13	<b>B</b>
<b>C</b>	<b>73</b>	56	63	57	56	65	55	52	50	54	<b>52</b>	15	11	15	11	<b>C</b>
<b>D</b>	<b>72</b>	<b>79</b>	65	65	62	63	62	57	60	65	<b>61</b>	19	14	17	13	<b>D</b>
<b>E</b>	63	64	<b>87</b>	63	58	62	67	69	<b>75</b>	<b>78</b>	<b>74</b>	21	17	<b>21</b>	16	<b>E</b>
<b>F</b>	<b>74</b>	<b>78</b>	<b>84</b>	<b>86</b>	<b>87</b>	63	62	65	66	<b>90</b>	<b>74</b>	<b>23</b>	19	<b>21</b>	16	<b>F</b>
<b>G</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>G</b>
<b>H</b>	<b>74</b>	<b>81</b>	<b>82</b>	<b>85</b>	<b>90</b>	<b>87</b>	<b>95</b>	<b>95</b>	<b>87</b>	<b>94</b>	<b>92</b>	<b>23</b>	<b>20</b>	<b>23</b>	<b>20</b>	<b>H</b>
<b>I</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>I</b>
<b>J</b>	<b>93</b>	<b>94</b>	<b>78</b>	<b>86</b>	<b>83</b>	<b>84</b>	<b>73</b>	<b>80</b>	<b>88</b>	<b>90</b>	<b>86</b>	<b>23</b>	19	<b>22</b>	19	<b>J</b>
<b>K</b>	68	<b>79</b>	<b>84</b>	<b>82</b>	<b>98</b>	<b>93</b>	<b>84</b>	<b>72</b>	64	<b>78</b>	<b>71</b>	<b>21</b>	17	<b>20</b>	15	<b>K</b>
<b>L</b>	0	0	0	0	0	0	0	0	0	0	<b>0</b>	0	0	0	0	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 5 Expenditures for Corporate Social Responsibility and Citizenship**

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	7407	855	0	1.19	0.14
Year 12	13200	2335	0	2.11	0.36	0.00
Year 13	11050	1640	0	1.90	0.26	0.00
Year 14	1350	233	0	0.11	0.02	0.00
Year 15	3950	522	0	0.37	0.05	0.00
Year 16	3316	568	0	0.29	0.06	0.00
Year 17	7230	1168	0	0.50	0.11	0.00
Year 18	15206	4271	0	1.54	0.39	0.00
Year 19	22642	8763	0	2.34	0.86	0.00
Year 20	22851	8922	0	3.08	0.88	0.00

**Image Rating Points Generated from CSRC Expenditures**

High	Avg.	Low
4	1	0
6	2	0
8	3	0
9	3	0
10	3	0
9	3	0
10	3	0
12	4	0
14	5	0
16	7	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>Hometown Drunky</b>	D Company
<b>Y15</b>	<b>Houston Rockets</b>	D Company
<b>Y16</b>	<b>Houston Rockets</b>	D Company
<b>Y17</b>	<b>Happy Victoria Day!!</b>	F Company
<b>Y18</b>	<b>Jedi Knight</b>	Happy Victoria Day!!
<b>Y19</b>	<b>D Company</b>	C Company
<b>Y20</b>	<b>D Company</b>	C Company

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

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	22,440	8,760	54,840	23,089	109,129
– Pairs Rejected	1,705	516	3,396	941	6,558
Net Y20 Production (after rejects)	20,735	8,244	51,444	22,148	102,571
Superior Materials Usage	28.2%	57.6%	47.9%	46.1%	44.2%
Capacity Utilization (branded + P-L prod.)	120.0%	120.0%	120.0%	118.4%	119.7%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 0.75	+ 0.63	7.88
Superior Materials	14.00	– 0.41	+ 1.36	14.95

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	5,838	6,868	2,674	4,609	19,989
– Pairs Cleared (inventory clearance)	121	0	225	128	474
Beginning Y20 Inventories	5,717	6,868	2,449	4,481	19,515
+ New Production (shipped from plants)	21,877	22,890	22,501	21,912	89,180
Pairs Available for Sale in Y20	27,594	29,758	24,950	26,393	108,695

**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)	22,531	22,672	21,259	21,514	87,976
Actual Year 20 Demand	22,608	22,712	21,680	21,190	88,190
Branded Pairs Sold	22,607	22,708	21,668	21,161	88,144
Required Y20 Ending Inventories	1,930	1,812	1,718	1,720	7,180
Inventory Surplus (Shortfall)	3,038	5,238	1,371	3,010	12,657

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 6.0%
- Available for shipment to warehouses
- % usage up by 17.9 points over Y19
- % utilization up by 4.3 points over Y19

Lower than normal (44.2% industrywide) superior materials usage led to superior materials prices that were 2.9% below the base and standard materials prices that were 11.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 9.7% from the base.

- Average inventory clearance of 2.4%
- 23.3% higher than Y20 demand
- Actual demand in Year 20 was 0.2% greater than expected.
- Needed to achieve delivery times
  - High in N.A. Very high in E-A
  - Okay in A-P High in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America	23,512	24,452	25,430	26,447
(internet + wholesale) Europe-Africa	23,620	24,565	25,548	26,570
Asia-Pacific	22,981	24,360	25,822	27,371
Latin America	22,461	23,809	25,238	26,752
<b>Total</b>	92,574	97,186	102,038	107,140
<b>Private-Label</b> — North America	3,752	3,752	3,752	3,752
Europe-Africa	3,800	3,800	3,800	3,800
Asia-Pacific	3,744	3,744	3,744	3,744
Latin America	3,760	3,760	3,760	3,760
<b>Total</b>	15,056	15,056	15,056	15,056

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	20,551
Potential Production (at max OT)	109,440
<b>Potential Global Supply</b>	129,991
<b>Demand</b> — Branded Sales Forecast (000s)	92,574
Private-Label Sales Forecast	15,056
<b>Expected Global Demand</b>	107,630
<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	
	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	Initiated in Year 20	
A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	2,400	2,000	4,000	1,500	0	0	0	0	2,400	2,000	4,000	1,500	9,900	0	B
C	1,500	0	4,400	0	0	0	-1,000	0	1,500	0	3,400	0	4,900	0	C
D	0	0	5,000	2,000	0	0	0	0	0	0	5,000	2,000	7,000	0	D
E	9,000	1,000	4,000	1,500	0	0	0	0	9,000	1,000	4,000	1,500	15,500	0	E
F	2,300	2,000	4,300	0	0	0	0	0	2,300	2,000	4,300	0	8,600	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	5,000	9,500	0	0	0	0	0	0	5,000	9,500	14,500	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	J
K	3,500	2,300	8,000	5,000	0	0	0	0	3,500	2,300	8,000	5,000	18,800	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
<b>Total</b>	18,700	7,300	46,700	19,500	0	0	-1,000	0	18,700	7,300	45,700	19,500	91,200	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	0	0	0	0	0	0	0	0	0	0	0	A
B	350,330	232,441	25,639	79,503	12,320	427	42,210	0	-41,783	0	9,000	B
C	308,267	204,460	28,055	52,634	7,869	15,249	-96	4,604	10,741	30,000	10,000	C
D	292,361	207,177	25,484	40,785	10,469	8,446	190	441	2,815	1,728	14,400	D
E	853,174	454,595	56,836	134,414	19,270	188,059	4,274	55,136	128,649	118,125	7,500	E
F	510,898	344,047	47,551	42,669	12,220	64,411	6,337	17,422	40,652	0	7,500	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	809,466	451,534	47,149	135,045	17,971	157,767	18,178	41,877	97,712	28,500	7,500	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	711,577	409,193	52,329	104,539	15,169	130,347	15,433	34,474	80,440	42,375	7,500	J
K	1,014,458	575,324	74,297	138,924	21,219	204,694	14,544	57,045	133,105	82,000	8,200	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	606,316	359,846	44,668	91,064	14,563	96,175	12,634	26,375	56,541	37,841	8,950	

**SELECTED BALANCE SHEET DATA (\$000s)**

**DIVIDEND DATA**

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity			Year 20 Dividend (\$ / share)	No. of Changes (+ / -)		
						Beginning Equity	Stock Sales (Purchases)	Earnings Retained				Ending Equity
A	0	0	0	0	0	0	0	0	0.00	0 / 0	A	
B	0	399,715	611,099	498,854	0	154,026	0	-41,781	112,245	0.00	2 / 3	B
C	29,830	126,708	194,248	17,883	0	195,623	0	-19,258	176,365	3.00	3 / 2	C
D	0	103,563	286,493	40,510	0	244,895	0	1,088	245,983	0.12	4 / 5	D
E	40,484	309,465	699,047	47,151	22,650	618,720	0	10,526	629,246	15.75	8 / 1	E
F	51,279	242,689	465,055	57,057	50,000	317,343	0	40,655	357,998	0.00	9 / 1	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	256,582	754,063	73,476	92,800	518,572	0	69,215	587,787	3.80	9 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	7,887	252,590	700,670	50,386	124,000	488,193	0	38,091	526,284	5.65	5 / 1	J
K	39,923	343,748	793,864	99,937	234,000	568,830	-160,010	51,107	459,927	10.00	4 / 3	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	21,175	254,382	563,067	110,657	65,431	388,275	-20,001	18,705	386,979	4.79	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	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A
B	66.3	7.3	22.7	3.5	0.1	-11.9	0.80	483	0.01	0.75	0.00	N/A	B
C	66.3	9.1	17.1	2.6	4.9	3.5	7.09	34	100.00	0.00	0.00	N/A	C
D	70.9	8.7	14.0	3.6	2.9	1.0	2.56	77	44.45	0.05	1.16	Medium	D
E	53.3	6.7	15.8	2.3	22.0	15.1	6.56	53	44.00	0.05	4.83	Low	E
F	67.3	9.3	8.4	2.4	12.6	8.0	4.25	67	10.16	0.16	2.58	Medium	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	G
H	55.8	5.8	16.7	2.2	19.5	12.1	3.49	52	8.68	0.17	3.14	Low	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	I
J	57.5	7.4	14.7	2.1	18.3	11.3	5.01	63	8.45	0.20	4.62	Low	J
K	56.7	7.3	13.7	2.1	20.2	13.1	3.44	34	14.07	0.37	1.56	Medium	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	59.3 %	7.4 %	15.0 %	2.4 %	15.9 %	9.3 %	2.30	108	28.73	0.22	2.24	Medium	

**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		8.84	<b>8.16</b>	10.76	<b>11.41</b>	13.21	<b>14.27</b>
	Private-Label Footwear		8.22	<b>6.52</b>	9.93	<b>8.15</b>	11.87	<b>11.12</b>
Labor — North America	Total Compensation (\$/year)		19,981	<b>20,108</b>	23,767	<b>24,089</b>	27,772	<b>28,359</b>
	Productivity (pairs/worker/year)		4,094	<b>4,089</b>	4,718	<b>4,762</b>	5,876	<b>5,991</b>
	Labor Cost (\$/pair produced)		4.27	<b>4.23</b>	5.54	<b>5.57</b>	6.15	<b>6.23</b>
Europe Africa	Total Compensation (\$/year)		17,349	<b>17,507</b>	30,608	<b>31,249</b>	31,163	<b>31,827</b>
	Productivity (pairs/worker/year)		3,518	<b>3,518</b>	5,237	<b>5,315</b>	4,198	<b>4,293</b>
	Labor Cost (\$/pair produced)		5.58	<b>5.63</b>	8.71	<b>8.80</b>	8.08	<b>8.04</b>
Asia Pacific	Total Compensation (\$/year)		6,876	<b>6,980</b>	8,534	<b>8,763</b>	12,280	<b>12,597</b>
	Productivity (pairs/worker/year)		2,367	<b>2,367</b>	2,862	<b>2,907</b>	3,259	<b>3,314</b>
	Labor Cost (\$/pair produced)		2.71	<b>2.82</b>	3.26	<b>3.31</b>	4.15	<b>4.21</b>
Latin America	Total Compensation (\$/year)		6,821	<b>6,997</b>	9,807	<b>10,036</b>	9,490	<b>9,490</b>
	Productivity (pairs/worker/year)		2,419	<b>2,635</b>	3,339	<b>3,506</b>	2,960	<b>3,112</b>
	Labor Cost (\$/pair produced)		2.65	<b>2.80</b>	4.08	<b>4.02</b>	4.23	<b>4.36</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.23	<b>0.19</b>	1.43	<b>1.47</b>	2.50	<b>2.50</b>
	Cumulative		0.28	<b>0.27</b>	1.34	<b>1.35</b>	2.33	<b>2.34</b>
Reject Rates	Branded Production		3.8%	<b>3.9%</b>	6.0%	<b>5.9%</b>	8.7%	<b>8.6%</b>
	Private-Label Production		1.6%	<b>1.6%</b>	3.6%	<b>3.5%</b>	5.3%	<b>5.3%</b>
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	23.77	<b>21.64</b>	26.98	<b>28.42</b>	31.46	<b>36.38</b>
		E-A	28.93	<b>29.58</b>	29.61	<b>33.05</b>	30.87	<b>37.45</b>
		A-P	21.72	<b>20.70</b>	24.33	<b>24.91</b>	27.41	<b>30.48</b>
		L.A.	21.29	<b>21.13</b>	25.24	<b>26.02</b>	31.77	<b>33.36</b>
	Private-Label	N.A.	0.00	<b>22.89</b>	0.00	<b>24.04</b>	0.00	<b>25.19</b>
		E-A	21.38	<b>20.38</b>	21.38	<b>24.75</b>	21.38	<b>29.12</b>
		A-P	22.62	<b>19.91</b>	23.05	<b>27.58</b>	23.47	<b>40.97</b>
		L.A.	19.58	<b>18.33</b>	20.73	<b>19.93</b>	21.88	<b>22.50</b>

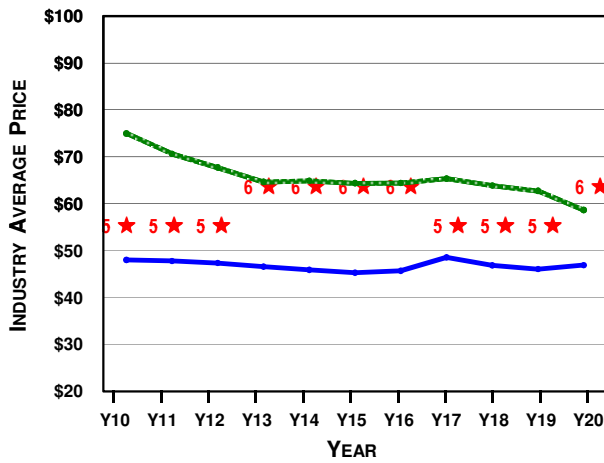
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.92	<b>23.57</b>	28.36	<b>29.23</b>	32.50	<b>35.81</b>
		E-A	31.15	<b>31.10</b>	33.21	<b>34.27</b>	35.53	<b>38.33</b>
		A-P	23.13	<b>22.37</b>	25.66	<b>26.32</b>	28.65	<b>31.36</b>
		L.A.	22.71	<b>22.79</b>	27.92	<b>29.85</b>	33.46	<b>37.44</b>
Warehouse Expenses - Internet (\$ per pair sold)	Internet		10.31	<b>12.33</b>	10.75	<b>12.82</b>	11.26	<b>13.27</b>
	Wholesale		1.82	<b>1.81</b>	2.44	<b>2.49</b>	3.10	<b>3.08</b>
Marketing Expenses — Internet (\$ per pair sold)	Internet		7.86	<b>6.74</b>	10.94	<b>11.91</b>	15.49	<b>21.89</b>
	Wholesale		5.96	<b>3.69</b>	8.20	<b>7.90</b>	11.52	<b>10.81</b>
Administrative Expenses (\$/pair sold)			1.19	<b>1.06</b>	1.45	<b>1.42</b>	1.87	<b>2.19</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	4.99	<b>0.31</b>	18.48	<b>12.67</b>	26.10	<b>21.92</b>
		E-A	4.35	<b>-1.54</b>	17.60	<b>11.26</b>	25.92	<b>16.80</b>
		A-P	14.52	<b>8.73</b>	24.82	<b>19.17</b>	31.76	<b>27.79</b>
		L.A.	19.32	<b>-1.52</b>	28.25	<b>15.55</b>	38.24	<b>29.51</b>
Wholesale	N.A.	-2.46	<b>-2.68</b>	3.19	<b>3.79</b>	9.82	<b>10.40</b>	
	E-A	-0.90	<b>-3.36</b>	3.26	<b>3.20</b>	9.27	<b>8.15</b>	
	A-P	-0.45	<b>1.27</b>	5.48	<b>8.24</b>	10.69	<b>14.99</b>	
	L.A.	3.29	<b>-0.44</b>	11.77	<b>10.21</b>	18.51	<b>31.03</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.17	<b>22.26</b>	25.78	<b>24.81</b>	26.38	<b>26.69</b>
		E-A	22.88	<b>21.88</b>	27.30	<b>26.95</b>	31.71	<b>30.18</b>
		A-P	24.12	<b>21.41</b>	24.55	<b>24.89</b>	24.97	<b>29.90</b>
		L.A.	21.08	<b>19.83</b>	22.23	<b>21.43</b>	23.38	<b>24.00</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.	0.11	<b>0.56</b>	4.37	<b>5.52</b>	8.63	<b>11.54</b>
		E-A	7.56	<b>5.66</b>	8.29	<b>8.63</b>	9.02	<b>12.17</b>
		A-P	-4.93	<b>-1.10</b>	-2.89	<b>1.12</b>	0.00	<b>2.58</b>
		L.A.	1.36	<b>1.76</b>	5.04	<b>8.58</b>	8.72	<b>14.30</b>

**CELEBRITY ENDORSEMENTS**

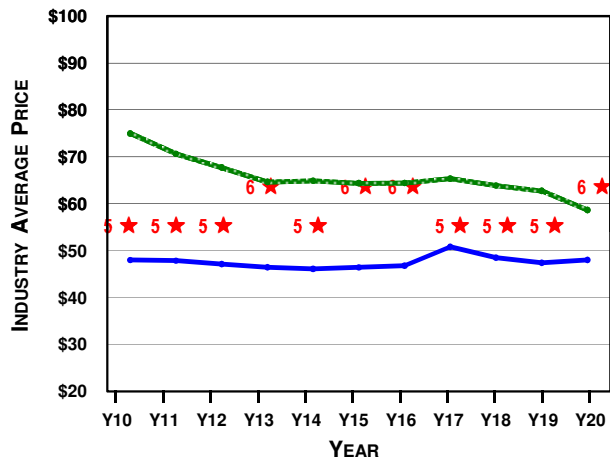
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company H	9,543	Y19	2 years	4	9,543	7,777	6,580	4,001
Oprah Letterman	100	70	65	75	Company K	50,000	Y20	3 years	4	50,000	9,143	16,199	651
Fifa Beckham	70	100	70	55	Company K	11,111	Y16	5 years	5	11,111	9,083	8,092	4,000
Tiger Green	95	80	85	75	Company K	50,000	Y20	2 years	4	50,000	9,243	16,224	651
José Montaña	60	50	60	95	Company E	8,703	Y18	3 years	4	8,703	8,321	8,076	7,501
Kobioshi Jones	55	60	95	90	Company H	9,543	Y19	4 years	5	9,543	8,969	7,680	5,000
Ace Federar	50	90	50	85	Company K	50,000	Y20	1 year	4	50,000	9,453	16,026	651
Danica Andretti	70	65	55	60	Company K	10,001	Y19	3 years	5	10,001	9,543	7,683	5,000
LaBron Game	75	80	95	50	Company E	8,803	Y17	4 years	4	11,112	9,001	9,059	7,321
Lorena Lopez	45	85	60	100	Company H	9,543	Y19	2 years	5	11,111	9,543	8,156	5,000
Lance deFrance	80	85	75	70	Company K	50,000	Y20	3 years	4	50,000	9,213	16,216	651
Yao KungPao	60	35	100	50	Company K	8,888	Y18	4 years	4	8,888	8,353	7,891	6,001

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

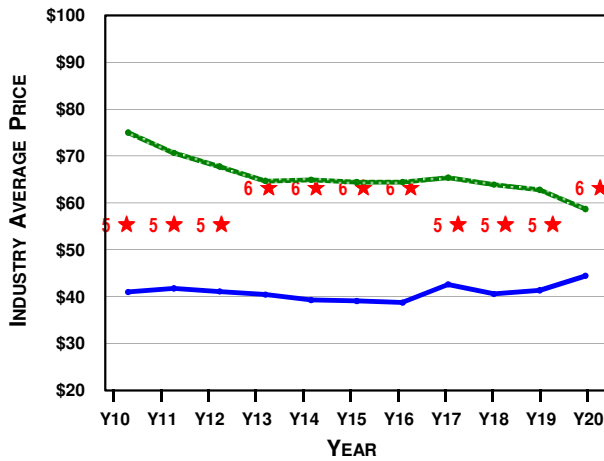
**NORTH AMERICA**



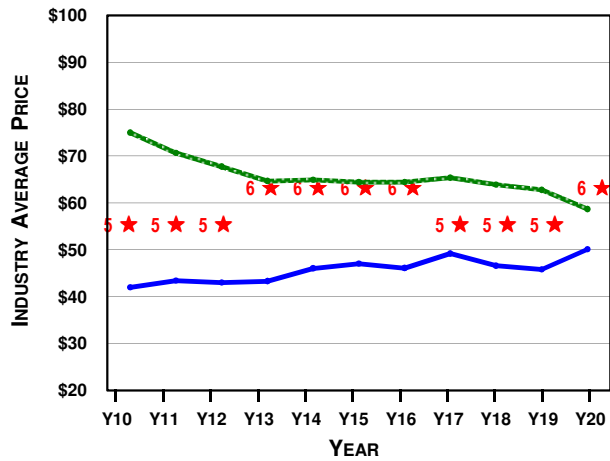
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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