

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 6

Friday, August 21, 2009

YEAR 20

## YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Goei Schoen	118	97	108	+8
2	CHALLENGER	116	94	105	+2
3	Kool runnings	115	78	97	+4
4	Azure	110	60	85	-8
4	In-Step Footware	110	60	85	-2
6	Lazar Industries	107	55	81	-8
7	Hot-to-Trot	98	52	75	+7
8	DYour Style	80	46	63	-9
9	Joel and Felix	35	30	33	+5
10	B (deleted)	0	0	0	0
10	E (deleted)	0	0	0	0
10	F (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	Goei Schoen	117	95	106	+2
2	CHALLENGER	117	92	105	+2
3	Kool runnings	115	82	99	+1
4	Azure	105	61	83	-4
5	Lazar Industries	103	59	81	-2
6	In-Step Footware	98	56	77	0
7	Hot-to-Trot	91	52	72	+5
8	DYour Style	80	48	64	-4
9	Joel and Felix	49	35	42	+2
10	B (deleted)	0	0	0	0
10	E (deleted)	0	0	0	0
10	F (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	<b>3.25</b>	1.45	1.12	2.97	2.62	3.36	<b>3.90</b>	3.03	<b>6.17</b>	<b>5.78</b>	3.26	<b>23</b>	6	18	8	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	<b>4.42</b>	<b>3.73</b>	<b>4.14</b>	<b>5.99</b>	<b>5.24</b>	<b>6.03</b>	<b>7.33</b>	<b>5.35</b>	<b>10.81</b>	<b>15.58</b>	<b>6.76</b>	<b>24</b>	16	<b>24</b>	17	C
D	<b>2.89</b>	1.00	1.29	0.19	3.25	<b>4.32</b>	2.76	1.50	3.29	2.85	2.31	13	3	13	6	D
E	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	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	1.94	2.84	<b>3.81</b>	<b>5.51</b>	<b>6.90</b>	<b>10.46</b>	<b>10.23</b>	<b>8.35</b>	<b>11.11</b>	<b>19.23</b>	<b>7.87</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	G
H	<b>3.62</b>	1.13	1.76	2.85	1.30	3.59	3.50	2.53	<b>4.37</b>	<b>5.41</b>	3.00	<b>22</b>	6	17	8	H
I	1.50	1.49	0.51	0.36	1.62	3.26	2.93	2.80	<b>4.85</b>	<b>5.09</b>	2.41	<b>21</b>	5	14	6	I
J	<b>2.87</b>	-0.36	2.40	2.30	1.83	<b>4.27</b>	1.11	0.60	0.30	-0.40	1.30	0	0	7	3	J
K	<b>3.75</b>	<b>3.21</b>	1.37	3.21	<b>3.57</b>	<b>9.22</b>	<b>9.20</b>	<b>6.55</b>	<b>7.00</b>	<b>11.38</b>	<b>5.78</b>	<b>24</b>	12	<b>24</b>	15	K
L	2.51	2.25	1.57	2.70	2.26	2.03	<b>6.12</b>	<b>5.14</b>	<b>6.11</b>	<b>6.15</b>	3.54	<b>24</b>	6	<b>20</b>	9	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>20.1</b>	8.6	6.9	<b>16.0</b>	14.5	<b>16.3</b>	<b>16.2</b>	11.1	<b>19.6</b>	<b>15.6</b>	<b>15.3</b>	20	12	20	12	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	<b>27.1</b>	<b>22.0</b>	<b>17.6</b>	<b>22.5</b>	<b>18.8</b>	<b>18.5</b>	<b>19.4</b>	12.6	<b>22.1</b>	<b>25.4</b>	<b>21.2</b>	<b>24</b>	<b>20</b>	<b>24</b>	17	C
D	<b>17.4</b>	5.5	7.0	1.0	<b>15.6</b>	<b>17.9</b>	11.4	7.3	<b>15.0</b>	12.7	11.7	17	10	16	9	D
E	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	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	12.0	14.2	<b>20.2</b>	<b>23.4</b>	<b>23.2</b>	<b>27.3</b>	<b>21.0</b>	13.8	13.5	<b>21.0</b>	<b>18.9</b>	<b>24</b>	17	23	15	G
H	<b>21.3</b>	5.8	8.6	12.6	5.3	13.6	11.7	7.7	12.0	13.1	11.4	17	10	15	9	H
I	9.7	8.3	3.4	2.4	9.9	<b>17.3</b>	13.5	11.8	<b>18.5</b>	<b>17.4</b>	12.8	22	14	17	10	I
J	<b>17.3</b>	-2.0	12.7	10.9	7.9	<b>16.4</b>	4.0	1.7	0.8	-1.5	5.1	0	0	7	4	J
K	<b>23.6</b>	<b>23.6</b>	9.2	<b>19.0</b>	<b>19.6</b>	<b>35.8</b>	<b>41.9</b>	<b>22.1</b>	<b>19.6</b>	<b>22.8</b>	<b>24.7</b>	<b>24</b>	18	<b>24</b>	<b>20</b>	K
L	<b>15.3</b>	11.9	8.3	13.1	10.0	8.4	<b>21.1</b>	<b>15.5</b>	<b>15.8</b>	14.6	14.3	19	11	19	12	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>64.33</b>	30.96	17.61	30.78	30.06	41.85	44.56	31.22	<b>89.63</b>	<b>75.86</b>	<b>24</b>	5	<b>24</b>	5	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	<b>76.14</b>	<b>60.43</b>	<b>58.48</b>	<b>84.24</b>	<b>68.34</b>	<b>97.39</b>	<b>114.29</b>	<b>74.08</b>	<b>162.77</b>	<b>296.47</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	C
D	<b>34.41</b>	18.94	11.64	7.68	40.97	<b>76.53</b>	37.52	20.45	42.51	33.74	13	2	13	2	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	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	19.37	31.24	<b>47.68</b>	<b>96.88</b>	<b>118.15</b>	<b>199.24</b>	<b>164.64</b>	<b>111.38</b>	<b>148.16</b>	<b>296.90</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	G
H	<b>52.54</b>	26.64	16.66	30.56	16.76	<b>44.89</b>	40.22	28.79	49.77	<b>66.47</b>	22	4	22	4	H
I	17.10	13.30	7.93	4.85	15.98	37.54	39.14	34.41	<b>75.95</b>	<b>79.65</b>	<b>24</b>	5	<b>24</b>	5	I
J	<b>38.06</b>	20.72	24.09	23.31	22.19	<b>68.99</b>	32.46	17.63	10.29	6.10	2	0	2	0	J
K	<b>52.51</b>	<b>40.54</b>	21.99	34.78	40.77	<b>142.74</b>	<b>148.12</b>	<b>78.99</b>	<b>81.43</b>	<b>156.01</b>	<b>24</b>	11	<b>24</b>	11	K
L	27.64	22.72	14.91	33.09	27.26	25.22	<b>92.42</b>	<b>70.89</b>	<b>88.99</b>	<b>77.29</b>	<b>24</b>	5	<b>24</b>	5	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>	A-	B	B	B	C+	B-	B	B	<b>A</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<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>	<b>B+</b>	<b>A-</b>	<b>A+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	<b>A-</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>C</b>
<b>D</b>	<b>A-</b>	C	C	C	<b>A+</b>	<b>A+</b>	<b>B+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>D</b>
<b>E</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>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+	B-	B	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>G</b>
<b>H</b>	B	C-	C-	C-	C-	C+	B-	C	B-	B	Medium	16	14	16	14	<b>H</b>
<b>I</b>	B-	C+	C-	C-	C-	C	B-	B	<b>A-</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>I</b>
<b>J</b>	<b>A</b>	C-	<b>B+</b>	B	B	<b>A-</b>	B	B	C	B-	Medium	12	11	12	11	<b>J</b>
<b>K</b>	C+	C-	C-	C-	C	C+	C+	C	<b>A-</b>	<b>A-</b>	Medium	<b>22</b>	18	<b>22</b>	18	<b>K</b>
<b>L</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>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>79</b>	<b>79</b>	<b>80</b>	<b>83</b>	<b>84</b>	<b>80</b>	<b>77</b>	<b>75</b>	<b>73</b>	<b>72</b>	<b>73</b>	<b>20</b>	18	<b>20</b>	17	<b>A</b>
<b>B</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>B</b>
<b>C</b>	<b>98</b>	<b>100</b>	<b>93</b>	<b>86</b>	<b>95</b>	<b>98</b>	<b>80</b>	<b>95</b>	<b>78</b>	<b>77</b>	<b>83</b>	<b>21</b>	19	<b>22</b>	19	<b>C</b>
<b>D</b>	60	50	62	69	55	54	48	52	48	45	48	13	11	14	11	<b>D</b>
<b>E</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>E</b>
<b>F</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>F</b>
<b>G</b>	<b>75</b>	<b>81</b>	<b>76</b>	<b>92</b>	<b>83</b>	<b>89</b>	<b>80</b>	<b>89</b>	<b>91</b>	<b>82</b>	<b>87</b>	<b>22</b>	<b>20</b>	<b>22</b>	<b>20</b>	<b>G</b>
<b>H</b>	<b>73</b>	<b>74</b>	<b>81</b>	<b>80</b>	69	<b>78</b>	<b>77</b>	<b>78</b>	<b>70</b>	<b>75</b>	<b>74</b>	<b>21</b>	18	<b>21</b>	17	<b>H</b>
<b>I</b>	58	62	63	57	64	64	68	<b>70</b>	69	<b>71</b>	<b>70</b>	<b>20</b>	17	<b>20</b>	16	<b>I</b>
<b>J</b>	<b>73</b>	62	67	<b>71</b>	<b>81</b>	<b>75</b>	<b>77</b>	<b>75</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>21</b>	19	<b>21</b>	17	<b>J</b>
<b>K</b>	68	<b>78</b>	<b>81</b>	69	<b>75</b>	<b>74</b>	<b>71</b>	<b>79</b>	<b>74</b>	<b>78</b>	<b>77</b>	<b>21</b>	19	<b>21</b>	18	<b>K</b>
<b>L</b>	63	63	69	<b>73</b>	66	65	49	56	58	55	56	16	13	16	13	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 6 Expenditures for Corporate Social Responsibility and Citizenship**

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	13506	1126	0	2.03	0.17
Year 12	5498	633	0	1.34	0.14	0.00
Year 13	5750	1205	0	0.88	0.19	0.00
Year 14	12900	1995	0	1.39	0.27	0.00
Year 15	12900	2025	0	1.36	0.23	0.00
Year 16	22513	5741	0	2.21	0.63	0.00
Year 17	21002	6452	0	2.14	0.64	0.00
Year 18	19800	6872	0	1.73	0.66	0.00
Year 19	21991	8506	0	2.30	0.79	0.00
Year 20	23750	8376	0	1.73	0.72	0.00

**Image Rating Points Generated from CSRC Expenditures**

	Image Rating Points Generated from CSRC Expenditures		
	High	Avg.	Low
Year 11	4	0	0
Year 12	7	1	0
Year 13	7	1	0
Year 14	7	2	0
Year 15	6	2	0
Year 16	8	3	0
Year 17	9	3	0
Year 18	13	4	0
Year 19	16	5	0
Year 20	20	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>Goei Schoen</b>	I Company
<b>Y15</b>	<b>Goei Schoen</b>	I Company
<b>Y16</b>	<b>Joel and Felix</b>	CHALLENGER
<b>Y17</b>	<b>Joel and Felix</b>	In-Step Footware
<b>Y18</b>	<b>In-Step Footware</b>	Azure
<b>Y19</b>	<b>Joel and Felix</b>	In-Step Footware
<b>Y20</b>	<b>In-Step Footware</b>	Azure

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

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	30,984	8,402	64,094	10,429	113,909
– Pairs Rejected	1,646	455	3,308	555	5,964
Net Y20 Production (after rejects)	29,338	7,947	60,786	9,874	107,945
Superior Materials Usage	58.1%	56.1%	47.5%	36.9%	50.0%
Capacity Utilization (branded + P-L prod.)	113.1%	93.4%	112.4%	115.9%	111.2%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	0.00	+ 0.08	7.08
Superior Materials	16.00	0.00	+ 0.19	16.19

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	2,092	3,699	4,056	3,850	13,697
– Pairs Cleared (inventory clearance)	496	1,056	1,069	764	3,385
Beginning Y20 Inventories	1,596	2,643	2,987	3,086	10,312
+ New Production (shipped from plants)	24,641	24,632	23,630	23,682	96,585
Pairs Available for Sale in Y20	26,237	27,275	26,617	26,768	106,897

**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)	24,405	24,323	23,023	22,718	94,469
Actual Year 20 Demand	23,688	23,382	22,586	21,919	91,575
Branded Pairs Sold	23,685	23,382	22,587	21,918	91,572
Required Y20 Ending Inventories	1,854	1,876	1,783	1,738	7,251
Inventory Surplus (Shortfall)	678	2,017	2,247	3,112	8,054

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.2%
- Available for shipment to warehouses
- % usage down by 1.4 points from Y19
- % utilization up by 2.4 points over Y19

Industrywide capacity utilization above 110% resulted in materials price increases of 1.2% from the base.

- Average inventory clearance of 24.7%
- 16.7% higher than Y20 demand

Actual demand in Year 20 was 3.1% less than expected due to increases in industry average prices.

- Needed to achieve delivery times
- { Okay in N.A. Okay 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	24,636	25,621	26,646	27,712
(internet + wholesale) Europe-Africa	24,317	25,290	26,302	27,354
Asia-Pacific	23,942	25,379	26,902	28,516
Latin America	23,234	24,628	26,106	27,672
<b>Total</b>	96,129	100,918	105,956	111,254
<b>Private-Label</b> — North America	4,275	4,275	4,275	4,275
Europe-Africa	4,230	4,230	4,230	4,230
Asia-Pacific	4,275	4,275	4,275	4,275
Latin America	4,248	4,248	4,248	4,248
<b>Total</b>	17,028	17,028	17,028	17,028

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	15,325
Potential Production (at max OT)	122,880
<b>Potential Global Supply</b>	138,205
<b>Demand</b> — Branded Sales Forecast (000s)	96,129
Private-Label Sales Forecast	17,028
<b>Expected Global Demand</b>	113,157
<b>Conclusion:</b>	Excess supply of 22.1% 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	1,500	0	4,200	2,000	0	0	0	0	1,500	0	4,200	2,000	7,700	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	2,800	1,500	7,000	5,100	0	0	0	0	2,800	1,500	7,000	5,100	16,400	0	C
D	1,900	0	3,900	0	0	0	0	0	1,900	0	3,900	0	5,800	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	8,800	0	9,900	0	0	0	0	0	8,800	0	9,900	0	18,700	0	G
H	3,500	3,500	9,500	0	0	0	0	0	3,500	3,500	9,500	0	16,500	0	H
I	2,000	0	5,000	0	0	0	0	0	2,000	0	5,000	0	7,000	0	I
J	2,800	2,000	5,600	2,200	-100	0	-3,000	-300	2,700	2,000	2,600	1,900	9,200	0	J
K	0	0	11,900	0	0	0	0	0	0	0	11,900	0	11,900	0	K
L	2,000	2,000	3,000	0	2,200	0	0	0	4,200	2,000	3,000	0	9,200	0	L
<b>Total</b>	25,300	9,000	60,000	9,300	2,100	0	-3,000	-300	27,400	9,000	57,000	9,000	102,400	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	489,639	292,727	28,108	88,049	10,119	70,636	7,997	18,580	43,353	3,000	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	787,289	393,780	51,560	121,873	23,193	196,883	29,986	50,069	116,828	6,750	7,500	C
D	336,643	186,109	26,969	83,321	8,219	32,025	-9	9,610	22,424	7,870	7,870	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	970,007	553,347	47,395	129,142	22,169	217,954	11,892	61,819	144,243	750	7,500	G
H	763,048	528,636	39,685	74,711	18,920	101,096	26,475	22,386	52,235	869	9,650	H
I	392,438	197,775	31,845	88,366	10,470	63,982	9,496	16,346	38,140	15,000	7,500	I
J	451,990	315,341	28,084	92,709	12,970	2,886	9,841	0	-7,128	0	17,950	J
K	696,072	395,892	51,244	94,692	14,318	139,926	16,684	36,973	86,269	3,790	7,580	K
L	485,076	303,079	34,364	70,777	11,619	65,237	-637	19,762	46,112	750	7,500	L
	596,911	351,854	37,695	93,738	14,666	98,958	12,414	26,172	60,275	4,309	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	3,373	177,569	398,538	43,613	56,000	258,573	0	40,352	298,925	0.40	8 / 2	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	4,056	248,053	873,328	66,873	294,000	406,127	0	106,328	512,455	0.90	5 / 5	C
D	0	135,609	202,142	29,918	0	180,275	-22,605	14,554	172,224	1.00	4 / 4	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	42,342	338,714	913,427	91,241	113,000	661,700	-96,006	143,492	709,186	0.10	9 / 1	G
H	4,034	251,557	707,402	103,383	184,500	378,312	-10,160	51,367	419,519	0.09	8 / 1	H
I	0	123,526	306,200	23,849	52,200	207,011	0	23,140	230,151	2.00	4 / 2	I
J	114,718	276,619	553,152	31,719	23,000	468,460	37,100	-7,127	498,433	0.00	2 / 3	J
K	0	249,457	610,790	76,409	225,000	447,809	-220,904	82,477	309,382	0.50	9 / 1	K
L	48	180,018	372,022	33,571	0	293,090	0	45,361	338,451	0.10	6 / 2	L
	18,730	220,125	548,556	55,620	105,300	366,817	-34,731	55,549	387,636	0.57	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	59.8 %	5.7 %	18.0 %	2.1 %	14.4 %	8.9 %	4.07	66	8.83	0.17	5.11	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	50.0	6.5	15.5	2.9	25.0	14.8	3.71	47	6.57	0.38	3.77	Low	C
D	55.3	8.0	24.8	2.4	9.5	6.7	4.53	100	100.00	0.04	3.03	Low	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	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	57.0	4.9	13.3	2.3	22.5	14.9	3.71	49	18.33	0.16	5.30	Low	G
H	69.3	5.2	9.8	2.5	13.2	6.8	2.43	58	3.82	0.34	1.69	Medium	H
I	50.4	8.1	22.5	2.7	16.3	9.7	5.18	52	6.74	0.20	4.35	Low	I
J	69.8	6.2	20.5	2.9	0.6	-1.6	8.72	56	0.29	0.05	2.35	Medium	J
K	56.9	7.4	13.6	2.1	20.1	12.4	3.26	70	8.39	0.44	2.64	Medium	K
L	62.5	7.1	14.6	2.4	13.4	9.5	5.36	78	100.00	0.00	10.00	Low	L
	58.9 %	6.3 %	15.7 %	2.5 %	16.6 %	10.1 %	3.96	64	28.11	0.20	4.25	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	6.66	<b>6.19</b>	11.26	<b>11.08</b>	14.93	<b>14.35</b>
	Private-Label Footwear	6.25	<b>5.82</b>	7.82	<b>9.51</b>	11.26	<b>13.33</b>
Labor — North America	Total Compensation (\$/year)	15,455	<b>16,292</b>	18,321	<b>19,568</b>	23,040	<b>23,373</b>
	Productivity (pairs/worker/year)	3,118	<b>3,333</b>	4,516	<b>4,770</b>	5,706	<b>5,992</b>
	Labor Cost (\$/pair produced)	3.70	<b>3.59</b>	4.55	<b>4.52</b>	6.06	<b>5.73</b>
Europe Africa	Total Compensation (\$/year)	16,083	<b>16,141</b>	18,250	<b>16,793</b>	21,552	<b>17,994</b>
	Productivity (pairs/worker/year)	4,033	<b>4,067</b>	4,336	<b>4,247</b>	4,537	<b>4,567</b>
	Labor Cost (\$/pair produced)	4.22	<b>4.71</b>	4.72	<b>4.89</b>	5.15	<b>5.13</b>
Asia Pacific	Total Compensation (\$/year)	6,000	<b>6,225</b>	7,487	<b>7,386</b>	9,775	<b>8,860</b>
	Productivity (pairs/worker/year)	2,017	<b>1,999</b>	2,891	<b>2,850</b>	3,462	<b>3,283</b>
	Labor Cost (\$/pair produced)	2.52	<b>2.43</b>	2.84	<b>2.84</b>	3.63	<b>3.70</b>
Latin America	Total Compensation (\$/year)	6,000	<b>7,511</b>	7,383	<b>7,772</b>	8,460	<b>8,249</b>
	Productivity (pairs/worker/year)	2,707	<b>2,743</b>	2,884	<b>2,996</b>	3,164	<b>3,429</b>
	Labor Cost (\$/pair produced)	2.22	<b>2.41</b>	2.85	<b>2.81</b>	3.30	<b>3.18</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20	0.60	<b>0.00</b>	1.79	<b>1.19</b>	2.50	<b>2.50</b>
	Cumulative	0.34	<b>0.38</b>	1.66	<b>1.54</b>	2.41	<b>2.42</b>
Reject Rates	Branded Production	0.8%	<b>2.6%</b>	5.1%	<b>5.5%</b>	8.5%	<b>8.5%</b>
	Private-Label Production	1.2%	<b>1.3%</b>	1.9%	<b>2.0%</b>	3.2%	<b>3.1%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.	26.52	<b>25.84</b>	32.14	<b>29.43</b>	37.88	<b>36.03</b>
	E-A	29.34	<b>32.97</b>	33.56	<b>34.29</b>	35.95	<b>35.60</b>
	A-P	21.31	<b>20.34</b>	27.74	<b>26.66</b>	36.67	<b>36.15</b>
	L.A.	25.55	<b>20.50</b>	29.14	<b>28.14</b>	32.22	<b>32.24</b>
	Private-Label — N.A.	20.52	<b>24.80</b>	24.44	<b>29.19</b>	28.36	<b>33.58</b>
	E-A	18.94	<b>21.63</b>	23.09	<b>21.63</b>	27.24	<b>21.63</b>
	A-P	18.58	<b>22.49</b>	23.36	<b>24.48</b>	26.92	<b>26.51</b>
	L.A.	0.00	<b>19.96</b>	0.00	<b>19.96</b>	0.00	<b>19.96</b>

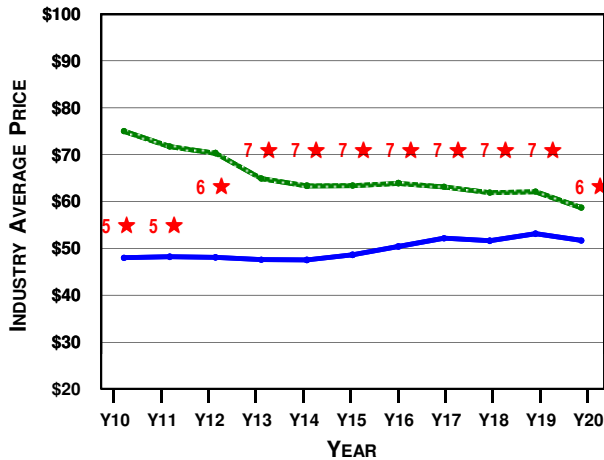
OPERATING BENCHMARKS		Industry Low		Industry Average		Industry High		
		Year 19	Year 20	Year 19	Year 20	Year 19	Year 20	
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	27.77	<b>27.12</b>	33.71	<b>31.18</b>	38.52	<b>37.40</b>
		E-A	28.27	<b>26.98</b>	33.55	<b>32.27</b>	39.18	<b>37.50</b>
		A-P	22.56	<b>22.05</b>	29.32	<b>28.37</b>	37.68	<b>37.48</b>
		L.A.	26.85	<b>22.06</b>	32.25	<b>31.17</b>	38.36	<b>34.26</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.40	<b>10.32</b>	10.67	<b>10.58</b>	11.13	<b>10.92</b>
		Wholesale	2.09	<b>1.94</b>	2.46	<b>2.33</b>	3.13	<b>2.80</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	8.30	<b>8.57</b>	11.84	<b>12.29</b>	14.71	<b>16.08</b>
		Wholesale	5.47	<b>5.91</b>	8.93	<b>9.43</b>	12.95	<b>14.39</b>
Administrative Expenses	(\$/pair sold)		1.10	<b>1.12</b>	1.51	<b>1.43</b>	1.78	<b>1.65</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	7.45	<b>8.57</b>	14.59	<b>14.03</b>	19.75	<b>23.79</b>
		E-A	4.16	<b>5.17</b>	15.25	<b>13.79</b>	23.29	<b>22.29</b>
		A-P	9.30	<b>7.17</b>	20.02	<b>15.80</b>	27.33	<b>25.52</b>
		L.A.	9.43	<b>5.44</b>	19.03	<b>14.07</b>	28.93	<b>22.97</b>
Wholesale	N.A.	1.08	<b>1.01</b>	6.47	<b>7.77</b>	10.42	<b>11.55</b>	
	E-A	-0.70	<b>0.21</b>	7.12	<b>7.58</b>	12.89	<b>12.20</b>	
	A-P	-5.21	<b>-6.26</b>	8.63	<b>6.70</b>	15.52	<b>12.58</b>	
	L.A.	3.87	<b>1.38</b>	9.07	<b>7.53</b>	15.10	<b>13.72</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.77	<b>26.06</b>	21.77	<b>26.06</b>	21.77	<b>26.06</b>
		E-A	20.19	<b>22.88</b>	26.03	<b>22.88</b>	29.40	<b>22.88</b>
		A-P	19.83	<b>23.74</b>	19.83	<b>24.72</b>	19.83	<b>25.69</b>
		L.A.	29.94	<b>21.21</b>	32.31	<b>29.76</b>	34.99	<b>35.81</b>
Warehouse Expenses	(\$ per pair sold)		1.00	<b>1.00</b>	1.04	<b>1.04</b>	1.20	<b>1.20</b>
Margin Over Direct Costs (\$ per pair sold)	N.A.	-0.90	<b>17.94</b>	-0.90	<b>17.94</b>	0.00	<b>17.94</b>	
	E-A	3.67	<b>-0.20</b>	5.76	<b>-0.20</b>	7.52	<b>0.00</b>	
	A-P	-0.37	<b>-3.42</b>	-0.37	<b>6.32</b>	0.00	<b>16.06</b>	
	L.A.	-6.33	<b>1.76</b>	2.38	<b>7.10</b>	9.93	<b>17.81</b>	

**CELEBRITY ENDORSEMENTS**

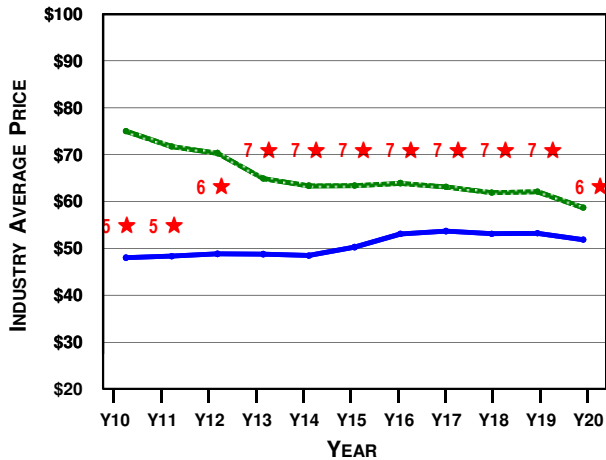
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	13,001	Y19	2 years	5	13,001	9,000	8,081	5,150
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	1	10,000	0	10,000	10,000
Fifa Beckham	70	100	70	55	Company J	13,501	Y20	5 years	2	13,501	10,000	11,751	10,000
Tiger Green	95	80	85	75	Company A	10,000	Y20	2 years	2	13,003	10,000	11,502	10,000
José Montaña	60	50	60	95	Company I	8,657	Y18	3 years	4	8,657	8,000	6,229	3,259
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	1	10,000	0	10,000	10,000
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	10,000	0	10,000	10,000
Danica Andretti	70	65	55	60	Company G	7,252	Y19	3 years	5	13,001	9,000	7,881	5,003
LaBron Game	75	80	95	50	Company J	15,350	Y17	4 years	5	15,350	11,000	10,121	7,000
Lorena Lopez	45	85	60	100	Company K	13,000	Y19	2 years	6	13,001	13,000	8,735	5,003
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	1	10,000	0	10,000	10,000
Yao KungPao	60	35	100	50	Company I	12,212	Y18	4 years	4	16,501	12,212	9,243	3,259

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

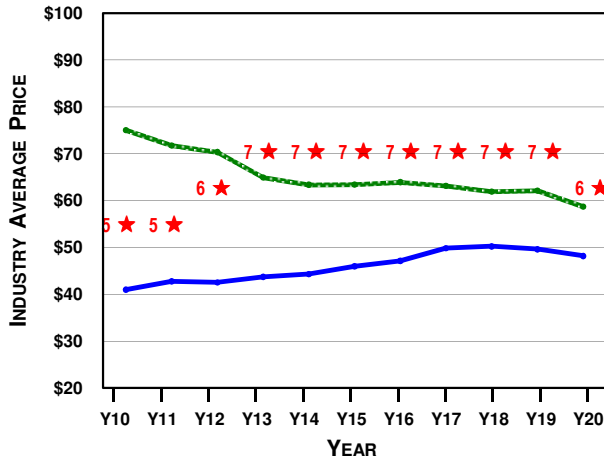
**NORTH AMERICA**



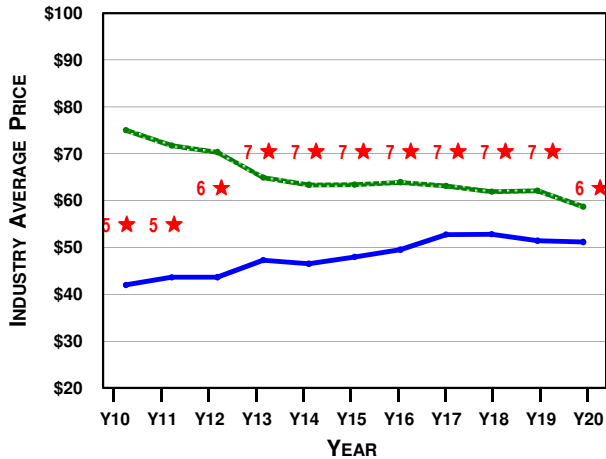
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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