

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

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	Hunt4it	114	96	105	+2
2	J Company	112	83	98	+2
3	Differentiator	114	75	95	+1
4	Easy Step Footwear	112	76	94	-2
5	Illusions	106	68	87	0
6	Athos	101	62	82	+4
7	FORILLA	89	54	72	+1
8	B Company	90	52	71	-23
9	Lgreenies	75	50	63	-5
10	GlobalcityFootwear	15	13	14	-7
11	C (deleted)	0	0	0	0
11	K (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	Hunt4it	112	88	100	+3
2	J Company	112	81	97	+1
3	Easy Step Footwear	107	74	91	-1
4	Differentiator	102	66	84	-1
4	Illusions	102	66	84	-1
6	B Company	96	61	79	-15
7	FORILLA	91	64	78	0
8	Athos	94	60	77	+3
9	Lgreenies	79	54	67	-3
10	GlobalcityFootwear	38	27	33	-8
11	C (deleted)	0	0	0	0
11	K (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>2.99</b>	0.98	2.43	<b>3.76</b>	<b>3.66</b>	1.18	0.73	1.50	3.76	4.12	2.51	19	7	14	9	A
B	<b>3.23</b>	<b>3.86</b>	<b>3.73</b>	<b>4.51</b>	<b>5.15</b>	<b>4.57</b>	2.52	<b>5.08</b>	<b>7.45</b>	<b>4.67</b>	<b>4.41</b>	<b>21</b>	8	<b>22</b>	16	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	<b>3.02</b>	1.05	-0.68	2.59	2.98	3.15	2.38	2.22	<b>5.29</b>	<b>6.11</b>	2.87	<b>24</b>	10	16	10	D
E	<b>2.98</b>	1.98	2.79	<b>4.61</b>	<b>4.38</b>	<b>4.79</b>	3.16	2.44	<b>6.76</b>	<b>6.86</b>	<b>4.00</b>	<b>24</b>	12	<b>21</b>	14	E
F	1.08	<b>3.47</b>	<b>4.60</b>	<b>7.37</b>	<b>9.67</b>	<b>6.45</b>	<b>6.33</b>	3.94	<b>6.26</b>	<b>6.16</b>	<b>5.38</b>	<b>24</b>	11	<b>24</b>	19	F
G	1.76	2.84	1.60	2.90	3.45	2.94	2.15	0.93	-0.51	-0.52	1.76	0	0	10	6	G
H	<b>3.50</b>	<b>3.27</b>	<b>3.58</b>	<b>4.87</b>	<b>4.61</b>	<b>4.61</b>	3.30	<b>5.96</b>	<b>10.60</b>	<b>11.64</b>	<b>5.35</b>	<b>24</b>	<b>20</b>	<b>24</b>	19	H
I	<b>2.94</b>	2.79	2.28	<b>4.59</b>	<b>3.95</b>	3.23	3.70	3.66	<b>6.07</b>	<b>6.39</b>	<b>3.86</b>	<b>24</b>	11	<b>21</b>	14	I
J	<b>3.83</b>	<b>3.50</b>	<b>3.51</b>	<b>4.28</b>	<b>4.30</b>	<b>6.48</b>	<b>6.23</b>	<b>6.33</b>	<b>9.19</b>	<b>9.81</b>	<b>5.69</b>	<b>24</b>	17	<b>24</b>	<b>20</b>	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	2.63	2.13	1.49	2.27	2.64	2.23	2.04	1.16	2.62	2.45	2.15	11	4	12	8	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>18.6</b>	5.9	13.8	<b>18.6</b>	<b>15.8</b>	4.6	3.1	5.7	13.4	13.5	11.1	18	13	15	8	A
B	<b>19.3</b>	<b>19.2</b>	<b>16.3</b>	<b>17.7</b>	<b>17.5</b>	<b>15.9</b>	9.2	<b>16.7</b>	<b>20.5</b>	14.0	<b>17.3</b>	19	13	22	12	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	<b>18.7</b>	6.2	-4.1	<b>19.7</b>	<b>17.6</b>	<b>15.7</b>	10.7	9.0	<b>19.2</b>	<b>20.1</b>	14.4	23	19	19	10	D
E	<b>18.0</b>	11.1	12.9	<b>20.6</b>	<b>16.3</b>	<b>15.4</b>	9.1	6.7	<b>17.2</b>	<b>16.1</b>	14.6	21	15	19	10	E
F	6.9	<b>19.3</b>	<b>20.9</b>	<b>26.3</b>	<b>52.8</b>	<b>284.2</b>	<b>48.5</b>	<b>21.6</b>	<b>26.9</b>	<b>20.9</b>	<b>29.6</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	F
G	11.3	<b>18.6</b>	9.7	<b>15.6</b>	<b>16.5</b>	12.2	8.1	3.3	-1.8	-2.1	8.5	0	0	11	6	G
H	<b>20.7</b>	<b>16.2</b>	<b>15.2</b>	<b>17.7</b>	14.5	13.4	8.6	12.8	<b>21.4</b>	<b>18.7</b>	<b>16.2</b>	22	18	21	11	H
I	<b>17.8</b>	14.9	11.0	<b>19.5</b>	14.7	11.0	11.9	10.6	<b>16.1</b>	<b>15.2</b>	14.6	20	15	19	10	I
J	<b>23.1</b>	<b>19.1</b>	<b>17.7</b>	<b>18.9</b>	<b>16.6</b>	<b>20.2</b>	<b>16.4</b>	14.9	<b>18.8</b>	<b>17.5</b>	<b>18.4</b>	22	17	22	12	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>16.1</b>	11.5	7.4	10.6	11.3	8.8	8.3	4.6	9.4	8.2	9.3	11	8	12	6	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>51.01</b>	25.57	26.53	<b>46.05</b>	<b>47.07</b>	24.26	13.92	14.27	<b>52.94</b>	<b>64.32</b>	22	6	22	6	A
B	<b>47.36</b>	<b>53.11</b>	<b>45.21</b>	<b>56.58</b>	<b>70.68</b>	<b>53.92</b>	27.63	<b>52.14</b>	<b>116.22</b>	<b>57.47</b>	21	6	21	6	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	<b>44.65</b>	23.73	13.32	28.75	39.18	43.15	28.38	24.19	<b>90.41</b>	<b>89.41</b>	<b>24</b>	9	<b>24</b>	9	D
E	<b>36.68</b>	20.24	28.68	<b>59.36</b>	<b>58.84</b>	<b>64.73</b>	38.10	29.49	<b>122.26</b>	<b>130.85</b>	<b>24</b>	13	<b>24</b>	13	E
F	16.99	<b>43.54</b>	<b>64.80</b>	<b>129.60</b>	<b>164.68</b>	<b>79.97</b>	<b>76.78</b>	38.99	<b>66.19</b>	<b>62.01</b>	22	6	22	6	F
G	16.78	30.54	16.77	<b>39.51</b>	41.54	33.30	20.76	11.98	7.59	4.98	2	1	2	1	G
H	<b>53.25</b>	<b>40.97</b>	<b>44.63</b>	<b>69.16</b>	<b>55.35</b>	<b>55.08</b>	34.72	<b>74.58</b>	<b>169.82</b>	<b>198.41</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	H
I	<b>34.77</b>	31.49	23.22	<b>76.27</b>	<b>51.79</b>	39.27	40.79	41.13	<b>100.93</b>	<b>99.69</b>	<b>24</b>	10	<b>24</b>	10	I
J	<b>77.12</b>	<b>51.61</b>	<b>46.27</b>	<b>50.98</b>	<b>50.37</b>	<b>84.65</b>	<b>75.50</b>	<b>74.97</b>	<b>122.51</b>	<b>126.07</b>	<b>24</b>	13	<b>24</b>	13	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	29.42	20.84	13.60	28.02	29.36	26.27	21.45	12.19	33.59	31.85	12	3	12	3	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	C-	C	C+	C+	C-	C	C+	<b>B+</b>	A-	Medium	22	18	22	18	<b>A</b>
<b>B</b>	<b>B+</b>	<b>B+</b>	B-	B	B	B-	C+	<b>B+</b>	<b>A</b>	B	N/A	16	14	16	14	<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-	B-	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	24	20	24	20	<b>D</b>
<b>E</b>	B	B-	B-	B	<b>B+</b>	A-	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	24	20	24	20	<b>E</b>
<b>F</b>	B-	B	B	<b>B+</b>	C+	C-	C	C-	C-	C	High	4	4	4	4	<b>F</b>
<b>G</b>	B-	B-	B-	<b>B+</b>	<b>A</b>	<b>B+</b>	B	C+	C	C-	N/A	0	1	0	1	<b>G</b>
<b>H</b>	<b>B+</b>	B	<b>B+</b>	A-	A-	A-	A-	<b>B+</b>	<b>B+</b>	A-	Low	22	18	22	18	<b>H</b>
<b>I</b>	A-	<b>A</b>	A-	<b>A+</b>	<b>A+</b>	A-	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	24	20	24	20	<b>I</b>
<b>J</b>	A-	<b>B+</b>	B	B	B-	B	B	B	<b>B+</b>	A-	Medium	22	18	22	18	<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>B+</b>	<b>B+</b>	B	<b>A</b>	<b>A</b>	A-	<b>A+</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>	68	<b>74</b>	<b>85</b>	<b>83</b>	<b>76</b>	<b>78</b>	<b>77</b>	<b>74</b>	<b>74</b>	<b>73</b>	<b>74</b>	20	18	21	19	<b>A</b>
<b>B</b>	<b>72</b>	<b>73</b>	<b>85</b>	<b>88</b>	<b>78</b>	<b>76</b>	<b>76</b>	58	56	45	53	13	11	15	13	<b>B</b>
<b>C</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>C</b>
<b>D</b>	<b>74</b>	<b>73</b>	<b>74</b>	<b>84</b>	<b>75</b>	<b>70</b>	<b>72</b>	67	<b>70</b>	67	68	19	17	19	17	<b>D</b>
<b>E</b>	<b>77</b>	<b>78</b>	<b>79</b>	<b>73</b>	<b>71</b>	<b>76</b>	<b>70</b>	67	<b>71</b>	65	68	19	16	19	17	<b>E</b>
<b>F</b>	54	57	65	63	67	64	<b>74</b>	64	57	53	58	15	13	17	15	<b>F</b>
<b>G</b>	67	<b>70</b>	64	63	60	59	61	56	55	46	52	13	11	15	13	<b>G</b>
<b>H</b>	64	<b>75</b>	<b>70</b>	68	67	68	67	<b>79</b>	<b>80</b>	<b>81</b>	<b>80</b>	22	20	21	20	<b>H</b>
<b>I</b>	56	58	59	56	60	64	51	47	48	50	48	14	12	14	12	<b>I</b>
<b>J</b>	<b>76</b>	<b>70</b>	<b>73</b>	<b>74</b>	69	66	<b>71</b>	<b>72</b>	<b>72</b>	<b>73</b>	<b>72</b>	20	18	20	18	<b>J</b>
<b>K</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>K</b>
<b>L</b>	<b>72</b>	<b>83</b>	<b>74</b>	<b>76</b>	<b>73</b>	<b>73</b>	<b>73</b>	66	<b>73</b>	61	67	17	15	19	17	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

	Industry 8 Expenditures for Corporate Social Responsibility and Citizenship						Image Rating Points Generated from CSRC Expenditures		
	Total (\$000s)			Per Pair Sold (\$ / pair)			High	Avg.	Low
	High	Avg.	Low	High	Avg.	Low			
Year 11	5000	994	0	0.93	0.17	0.00	2	1	0
Year 12	10775	1642	0	1.55	0.25	0.00	6	1	0
Year 13	6000	1176	0	0.71	0.15	0.00	6	2	0
Year 14	6000	1393	0	0.67	0.16	0.00	8	2	0
Year 15	8579	2489	0	1.16	0.29	0.00	10	3	0
Year 16	9416	2054	0	1.21	0.25	0.00	10	4	0
Year 17	6492	1163	0	0.61	0.13	0.00	10	4	0
Year 18	6504	1592	0	0.60	0.16	0.00	12	4	0
Year 19	7872	2061	0	0.58	0.18	0.00	14	5	0
Year 20	27550	5565	0	1.14	0.38	0.00	14	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
Y14	<b>FORILLA</b>	Athos
Y15	<b>Hunt4it</b>	Athos
Y16	<b>Hunt4it</b>	Athos
Y17	<b>Athos</b>	Lgreenies
Y18	<b>Athos</b>	J Company
Y19	<b>Athos</b>	J Company
Y20	<b>Hunt4it</b>	Illusions

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

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	38,229	3,400	67,208	9,740	118,577
– Pairs Rejected	1,535	126	2,915	335	4,911
Net Y20 Production (after rejects)	36,694	3,274	64,293	9,405	113,666
Superior Materials Usage	28.9%	33.9%	19.4%	24.9%	23.3%
Capacity Utilization (branded + P-L prod.)	107.4%	113.3%	106.2%	118.8%	107.7%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 3.74	0.00	10.74
Superior Materials	16.00	- 2.14	0.00	13.86

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	3,088	4,542	1,910	3,753	13,293
– Pairs Cleared (inventory clearance)	711	962	389	1,112	3,174
Beginning Y20 Inventories	2,377	3,580	1,521	2,641	10,119
+ New Production (shipped from plants)	24,783	24,761	23,936	23,346	96,826
Pairs Available for Sale in Y20	27,160	28,341	25,457	25,987	106,945

**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)	24,638	24,138	23,373	22,638	94,787
Actual Year 20 Demand	24,880	24,410	24,070	23,317	96,677
Branded Pairs Sold	24,588	24,325	23,434	23,271	95,618
Required Y20 Ending Inventories	2,064	2,042	2,023	1,911	8,040
Inventory Surplus (Shortfall)	-235	1,520	-781	546	1,050

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.1%
- Available for shipment to warehouses
- % usage down by 3.6 points from Y19
- % utilization down by 5.1 points from Y19

Lower than normal (23.3% industrywide) superior materials usage led to superior materials prices that were 13.4% below the base and standard materials prices that were 53.4% above the base.

- Average inventory clearance of 23.9%
- 10.6% higher than Y20 demand

Actual demand in Year 20 was 2.0% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times

↘ { Low in N.A.      Okay in E-A  
       Low in A-P      Okay in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America	25,875	26,910	27,986	29,105
(internet + wholesale) Europe-Africa	25,386	26,401	27,457	28,555
Asia-Pacific	25,514	27,045	28,668	30,388
Latin America	24,716	26,199	27,771	29,437
<b>Total</b>	101,491	106,555	111,882	117,485
<b>Private-Label</b> — North America	4,740	4,740	4,740	4,740
Europe-Africa	4,690	4,690	4,690	4,690
Asia-Pacific	4,760	4,760	4,760	4,760
Latin America	4,710	4,710	4,710	4,710
<b>Total</b>	18,900	18,900	18,900	18,900

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

<b>Supply</b> — Beginning Year 21 Inventory	11,327
(000s) Potential Production (at max OT)	132,600
<b>Potential Global Supply</b>	143,927
<b>Demand</b> — Branded Sales Forecast	101,491
(000s) Private-Label Sales Forecast	18,900
<b>Expected Global Demand</b>	120,391
<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	2,200	2,000	4,400	2,400	0	0	0	0	2,200	2,000	4,400	2,400	11,000	0	A
B	2,000	0	4,500	2,000	0	0	0	0	2,000	0	4,500	2,000	8,500	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	4,000	0	4,000	0	0	0	0	0	4,000	0	4,000	0	8,000	0	D
E	2,300	0	4,500	2,800	0	0	0	0	2,300	0	4,500	2,800	9,600	400	E
F	2,000	0	12,000	0	0	0	0	0	2,000	0	12,000	0	14,000	0	F
G	2,400	1,000	3,800	1,000	0	0	0	0	2,400	1,000	3,800	1,000	8,200	0	G
H	10,500	0	12,000	0	0	0	0	0	10,500	0	12,000	0	22,500	0	H
I	0	0	6,000	0	0	0	0	0	0	0	6,000	0	6,000	0	I
J	7,700	0	7,800	0	0	0	0	0	7,700	0	7,800	0	15,500	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	2,500	0	4,300	0	0	0	0	0	2,500	0	4,300	0	6,800	0	L
<b>Total</b>	35,600	3,000	63,300	8,200	0	0	0	0	35,600	3,000	63,300	8,200	110,100	400	

**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	586,355	394,001	40,894	51,976	14,768	84,716	11,102	22,084	51,530	18,750	12,500	A
B	364,652	232,914	22,006	43,971	11,169	54,592	3,972	15,022	35,052	127,500	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	496,084	248,507	38,799	96,443	10,919	101,416	-348	30,529	71,235	5,825	11,650	D
E	469,613	298,723	26,997	57,079	12,020	74,794	1,328	22,040	51,426	37,500	7,500	E
F	608,207	364,812	39,841	76,948	16,419	110,187	40,254	20,980	48,953	0	7,950	F
G	293,177	216,799	22,762	40,753	10,621	2,242	6,132	0	-3,890	52,500	7,500	G
H	1,141,731	776,808	61,316	104,710	25,969	172,928	38,294	40,390	94,244	1,458	8,100	H
I	419,288	226,138	30,467	85,032	9,319	68,332	-130	20,539	47,923	5,625	7,500	I
J	823,633	485,138	54,659	127,443	18,969	137,424	15,309	36,635	85,480	1,742	8,710	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	366,285	235,465	26,835	45,406	10,269	48,310	-1,592	14,671	34,231	14,000	14,000	L
	556,903	347,931	36,458	72,976	14,044	85,494	11,432	22,289	51,618	26,490	9,291	

**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	35,077	220,643	541,497	70,017	72,500	366,200	0	32,780	398,980	1.50	7 / 2	A
B	19,240	131,028	317,839	53,936	60,000	296,351	0	-92,448	203,903	17.00	4 / 2	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	86,567	253,319	403,719	28,647	0	332,751	-23,088	65,409	375,072	0.50	4 / 4	D
E	14,965	143,612	350,340	24,736	0	311,679	0	13,925	325,604	5.00	6 / 1	E
F	0	246,232	671,712	208,131	204,500	210,104	0	48,977	259,081	0.00	0 / 1	F
G	8,734	86,823	269,483	36,153	78,400	211,317	0	-56,387	154,930	7.00	2 / 2	G
H	41,564	375,164	1,015,049	112,593	305,000	410,326	94,344	92,786	597,456	0.18	8 / 1	H
I	66,540	199,670	355,969	20,232	0	293,440	0	42,297	335,737	0.75	3 / 3	I
J	7,499	260,200	699,557	106,777	79,200	461,351	-31,508	83,737	513,580	0.20	2 / 4	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	204,393	308,430	450,003	24,319	0	405,454	0	20,230	425,684	1.00	5 / 3	L
	48,458	222,512	507,517	68,554	79,960	329,897	3,975	25,131	359,003	3.31	4 / 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	67.2 %	7.0 %	<b>8.9 %</b>	2.5 %	14.4 %	8.8 %	<b>3.15</b>	36	7.63	0.19	2.01	Medium	A
B	63.9	6.0	12.1	3.1	15.0	9.6	<b>2.43</b>	37	13.74	0.30	<b>0.00</b>	N/A	B
C	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	C
D	<b>50.1</b>	<b>7.8</b>	<b>19.4</b>	2.2	<b>20.4</b>	<b>14.4</b>	8.84	62	<b>100.00</b>	0.00	10.00	Low	D
E	63.6	5.7	12.2	2.6	15.9	11.0	5.81	16	56.32	0.00	10.00	Low	E
F	60.0	6.6	12.7	2.7	18.1	8.0	<b>1.18</b>	<b>92</b>	2.74	<b>0.56</b>	<b>0.50</b>	<b>High</b>	F
G	<b>73.9</b>	<b>7.8</b>	13.9	3.6	<b>0.8</b>	<b>-1.3</b>	<b>2.40</b>	12	0.37	0.36	<b>0.00</b>	N/A	G
H	<b>68.0</b>	<b>5.4</b>	9.2	2.3	15.1	8.3	3.33	47	4.52	0.34	3.49	Low	H
I	53.9	<b>7.3</b>	<b>20.3</b>	2.2	16.3	11.4	9.87	46	<b>100.00</b>	0.00	10.00	Low	I
J	58.9	6.6	15.5	2.3	16.7	10.4	<b>2.44</b>	35	8.98	0.19	2.15	Medium	J
K	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	K
L	64.3	<b>7.3</b>	12.4	2.8	13.2	9.3	<b>12.68</b>	20	<b>100.00</b>	<b>0.01</b>	<b>12.35</b>	Low	L
	62.5 %	6.5 %	13.1 %	2.5 %	15.4 %	9.3 %	3.25	40	39.43	0.20	5.05	Low	

**Bold** = best in industry      **Yellow** = needs management attention

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		10.23	<b>10.04</b>	11.88	<b>11.59</b>	14.91	<b>14.16</b>
	Private-Label Footwear		8.79	<b>8.90</b>	10.76	<b>10.67</b>	11.74	<b>11.37</b>
Labor — North America	Total Compensation (\$/year)		18,710	<b>17,971</b>	21,693	<b>21,430</b>	26,096	<b>26,558</b>
	Productivity (pairs/worker/year)		3,986	<b>4,010</b>	4,344	<b>4,360</b>	5,589	<b>5,656</b>
	Labor Cost (\$/pair produced)		4.90	<b>4.68</b>	5.29	<b>5.18</b>	5.62	<b>5.55</b>
Europe Africa	Total Compensation (\$/year)		20,353	<b>19,469</b>	21,408	<b>21,154</b>	22,462	<b>22,839</b>
	Productivity (pairs/worker/year)		4,081	<b>4,045</b>	4,137	<b>4,134</b>	4,192	<b>4,222</b>
	Labor Cost (\$/pair produced)		5.18	<b>4.90</b>	5.45	<b>5.33</b>	5.71	<b>5.76</b>
Asia Pacific	Total Compensation (\$/year)		6,844	<b>6,855</b>	8,036	<b>8,078</b>	10,044	<b>10,244</b>
	Productivity (pairs/worker/year)		2,349	<b>2,333</b>	2,581	<b>2,592</b>	2,851	<b>2,877</b>
	Labor Cost (\$/pair produced)		3.01	<b>2.99</b>	3.30	<b>3.27</b>	3.92	<b>3.97</b>
Latin America	Total Compensation (\$/year)		6,835	<b>6,777</b>	7,635	<b>7,665</b>	8,495	<b>8,532</b>
	Productivity (pairs/worker/year)		2,435	<b>2,352</b>	2,663	<b>2,662</b>	2,839	<b>2,880</b>
	Labor Cost (\$/pair produced)		2.99	<b>3.01</b>	3.07	<b>3.07</b>	3.11	<b>3.14</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.10</b>	1.16	<b>1.17</b>	2.50	<b>2.50</b>
	Cumulative		0.32	<b>0.32</b>	1.42	<b>1.40</b>	2.37	<b>2.40</b>
Reject Rates	Branded Production		1.9%	<b>2.0%</b>	4.0%	<b>4.1%</b>	6.6%	<b>6.6%</b>
	Private-Label Production		1.4%	<b>1.6%</b>	2.1%	<b>2.1%</b>	2.7%	<b>2.7%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		25.44	<b>25.74</b>	30.07	<b>31.90</b>	35.21	<b>40.14</b>
	E-A		31.82	<b>30.49</b>	32.82	<b>31.13</b>	33.82	<b>31.77</b>
	A-P		22.78	<b>23.18</b>	28.20	<b>26.78</b>	49.77	<b>30.02</b>
	L.A.		27.86	<b>26.65</b>	29.68	<b>29.26</b>	32.46	<b>35.19</b>
	Private-Label — N.A.		24.77	<b>25.38</b>	27.22	<b>27.14</b>	28.25	<b>28.89</b>
	E-A		28.56	<b>0.00</b>	28.56	<b>0.00</b>	28.56	<b>0.00</b>
	A-P		22.66	<b>22.92</b>	26.21	<b>24.03</b>	38.91	<b>25.28</b>
	L.A.		23.92	<b>22.30</b>	26.01	<b>24.28</b>	28.19	<b>26.16</b>

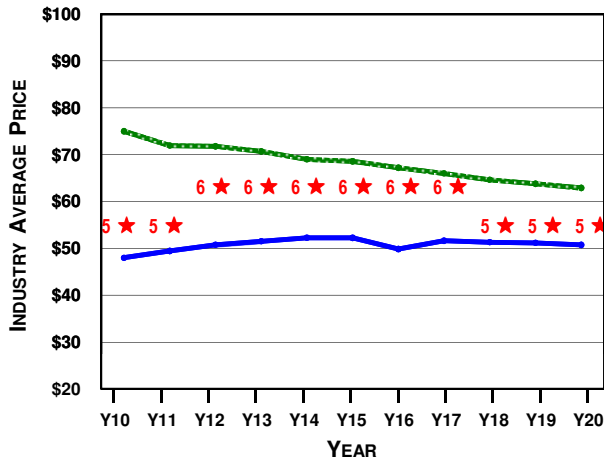
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	26.66	<b>26.96</b>	31.70	<b>32.85</b>	38.39	<b>40.75</b>
		E-A	29.72	<b>29.33</b>	33.23	<b>32.57</b>	37.12	<b>35.86</b>
		A-P	23.97	<b>24.39</b>	29.57	<b>28.35</b>	49.62	<b>32.90</b>
		L.A.	27.46	<b>28.07</b>	31.40	<b>31.47</b>	34.30	<b>35.50</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.45	<b>10.47</b>	10.68	<b>10.65</b>	11.10	<b>10.95</b>
			2.09	<b>2.01</b>	2.46	<b>2.42</b>	3.08	<b>2.88</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	8.17	<b>7.23</b>	11.50	<b>10.76</b>	15.86	<b>17.66</b>
			3.44	<b>3.70</b>	8.27	<b>7.62</b>	14.38	<b>12.57</b>
Administrative Expenses	(\$/pair sold)		1.08	<b>1.06</b>	1.52	<b>1.55</b>	2.42	<b>2.27</b>
Operating Profit (\$ per pair sold)	— Internet	N.A.	6.83	<b>-1.60</b>	17.03	<b>15.71</b>	26.20	<b>25.45</b>
		E-A	10.13	<b>9.04</b>	17.07	<b>18.50</b>	25.64	<b>28.00</b>
		A-P	-3.49	<b>9.95</b>	20.34	<b>20.26</b>	31.02	<b>30.36</b>
		L.A.	10.41	<b>9.34</b>	21.43	<b>19.29</b>	31.55	<b>32.25</b>
Wholesale	—	N.A.	-4.05	<b>-8.82</b>	6.34	<b>5.46</b>	10.59	<b>12.72</b>
		E-A	0.38	<b>2.86</b>	6.27	<b>7.58</b>	9.69	<b>10.78</b>
		A-P	-23.26	<b>-8.20</b>	4.73	<b>4.81</b>	12.04	<b>10.34</b>
		L.A.	4.91	<b>3.88</b>	8.64	<b>7.27</b>	13.58	<b>13.43</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	28.38	<b>26.63</b>	29.41	<b>26.63</b>	30.64	<b>26.63</b>
		E-A	29.64	<b>29.18</b>	30.70	<b>29.18</b>	33.70	<b>29.18</b>
		A-P	24.38	<b>24.17</b>	25.05	<b>25.28</b>	26.14	<b>26.53</b>
		L.A.	25.17	<b>23.55</b>	28.62	<b>28.15</b>	31.46	<b>32.19</b>
Warehouse Expenses	(\$ per pair sold)		1.00	<b>1.00</b>	1.00	<b>1.00</b>	1.00	<b>1.00</b>
Margin Over Direct Costs (\$ per pair sold)	—	N.A.	1.74	<b>3.29</b>	3.78	<b>3.29</b>	4.99	<b>3.29</b>
		E-A	3.93	<b>3.73</b>	6.20	<b>3.73</b>	10.41	<b>3.73</b>
		A-P	1.21	<b>0.26</b>	2.63	<b>0.69</b>	4.08	<b>1.18</b>
		L.A.	4.83	<b>8.28</b>	10.82	<b>9.49</b>	13.83	<b>11.28</b>

**CELEBRITY ENDORSEMENTS**

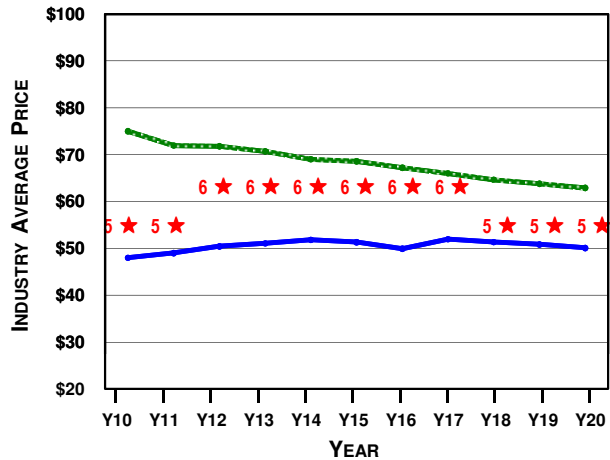
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company H	15,250	Y19	2 years	6	19,003	15,250	12,061	2,111
Oprah Letterman	100	70	65	75	Company J	16,001	Y20	3 years	2	20,001	16,001	18,001	16,001
Fifa Beckham	70	100	70	55	Company I	15,000	Y16	5 years	9	15,000	15,000	11,331	6,505
Tiger Green	95	80	85	75	Company B	20,001	Y20	2 years	2	20,001	12,199	16,100	12,199
José Montaña	60	50	60	95	Company J	17,501	Y18	3 years	7	17,501	16,500	13,250	10,000
Kobioshi Jones	55	60	95	90	Company B	20,001	Y20	4 years	1	20,001	0	20,001	20,001
Ace Federar	50	90	50	85	Company B	20,001	Y20	1 year	2	20,001	10,199	15,100	10,199
Danica Andretti	70	65	55	60	Company B	20,001	Y19	3 years	6	20,001	19,003	13,445	2,111
LaBron Game	75	80	95	50	Company J	16,001	Y17	4 years	9	16,001	15,111	11,354	1,100
Lorena Lopez	45	85	60	100	Company J	19,003	Y19	2 years	7	19,003	15,001	11,801	2,111
Lance deFrance	80	85	75	70	Company B	20,001	Y20	3 years	1	20,001	0	20,001	20,001
Yao KungPao	60	35	100	50	Company G	16,500	Y18	4 years	6	17,501	16,500	13,875	10,000

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

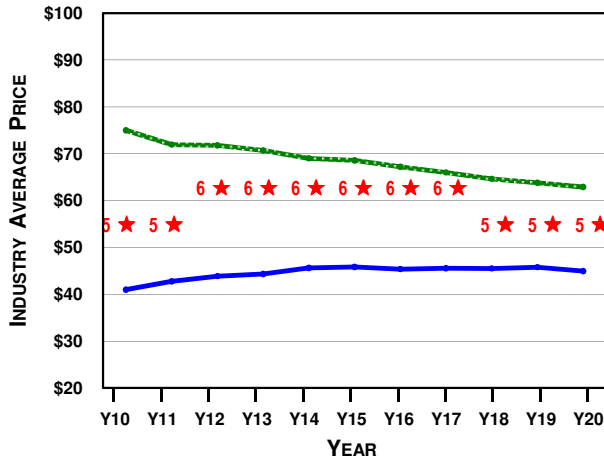
**NORTH AMERICA**



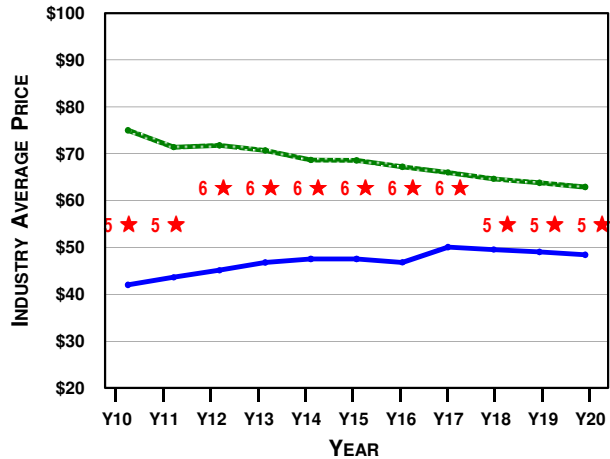
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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