

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 11

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	Jupiter Corporation	117	94	106	+4
2	H HuffnStuff	117	87	102	+8
3	C Cash	115	70	93	+3
4	B Skywalker Inc.	113	65	89	0
5	Amigo	96	47	72	0
6	E-Shoe-Rance	75	48	62	-22
7	G Camoteros	57	36	47	-4
8	D (deleted)	0	0	0	0
8	F (deleted)	0	0	0	0
8	I (deleted)	0	0	0	0
8	K (deleted)	0	0	0	0
8	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	Jupiter Corporation	115	93	104	0
2	H HuffnStuff	115	82	99	+4
3	C Cash	114	76	95	+1
4	B Skywalker Inc.	103	64	84	0
5	E-Shoe-Rance	81	55	68	-10
6	Amigo	85	48	67	+4
7	G Camoteros	60	40	50	-7
8	D (deleted)	0	0	0	0
8	F (deleted)	0	0	0	0
8	I (deleted)	0	0	0	0
8	K (deleted)	0	0	0	0
8	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	2.44	<b>3.42</b>	2.19	1.79	1.86	0.44	1.67	2.80	<b>6.12</b>	<b>6.17</b>	2.89	<b>24</b>	8	16	9	A
B	2.66	1.27	-2.05	<b>3.45</b>	1.81	1.86	3.26	3.93	<b>5.66</b>	<b>6.15</b>	2.75	<b>24</b>	8	15	8	B
C	<b>5.15</b>	<b>3.09</b>	1.83	<b>4.32</b>	<b>5.53</b>	<b>4.59</b>	3.60	3.35	<b>6.61</b>	<b>8.33</b>	<b>4.61</b>	<b>24</b>	10	<b>23</b>	14	C
D	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	D
E	1.28	1.26	1.04	2.55	1.61	2.35	1.22	2.81	4.20	2.31	2.05	10	3	12	6	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	2.25	1.38	1.93	2.42	2.08	0.95	0.55	-0.23	1.25	1.41	1.38	6	2	8	4	G
H	<b>3.02</b>	<b>3.22</b>	1.88	<b>4.43</b>	<b>3.59</b>	<b>5.60</b>	<b>6.14</b>	<b>4.56</b>	<b>8.47</b>	<b>14.91</b>	<b>5.29</b>	<b>24</b>	18	<b>24</b>	16	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	2.52	0.39	3.04	<b>5.60</b>	<b>6.74</b>	<b>8.61</b>	<b>5.09</b>	<b>7.99</b>	<b>12.75</b>	<b>16.34</b>	<b>6.63</b>	<b>24</b>	<b>20</b>	<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	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	<b>15.7</b>	<b>24.7</b>	13.9	10.2	9.6	2.2	7.7	11.8	<b>21.6</b>	<b>17.9</b>	14.4	22	14	19	14	A
B	<b>17.8</b>	11.1	-17.9	<b>32.4</b>	14.2	<b>16.5</b>	<b>24.3</b>	<b>24.3</b>	<b>30.0</b>	<b>26.4</b>	<b>20.8</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	B
C	<b>30.0</b>	<b>17.9</b>	9.5	<b>19.4</b>	<b>21.0</b>	14.7	10.2	8.6	<b>15.2</b>	<b>16.9</b>	<b>16.0</b>	21	13	21	15	C
D	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	D
E	8.3	8.1	7.0	<b>15.4</b>	8.6	11.3	5.5	11.6	<b>15.1</b>	7.6	10.5	10	6	14	10	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	14.3	8.1	10.3	12.0	9.3	4.0	2.3	-1.0	5.1	6.0	6.6	8	5	9	6	G
H	<b>18.1</b>	<b>16.2</b>	8.4	<b>17.4</b>	12.2	<b>16.4</b>	<b>16.0</b>	10.8	<b>17.1</b>	<b>25.4</b>	<b>16.7</b>	<b>24</b>	19	21	16	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>15.4</b>	2.1	<b>15.1</b>	<b>25.2</b>	<b>23.7</b>	<b>23.9</b>	11.9	<b>16.2</b>	<b>22.1</b>	<b>25.7</b>	<b>19.7</b>	<b>24</b>	19	23	19	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	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	26.16	<b>42.79</b>	23.23	16.70	16.18	9.46	16.73	32.31	<b>80.37</b>	<b>77.65</b>	<b>24</b>	4	<b>24</b>	4	A
B	<b>32.50</b>	17.74	10.86	<b>44.98</b>	23.74	20.39	33.41	47.48	<b>80.13</b>	<b>82.79</b>	<b>24</b>	5	<b>24</b>	5	B
C	<b>95.85</b>	<b>39.87</b>	21.44	<b>48.31</b>	<b>89.13</b>	<b>59.72</b>	37.34	32.91	<b>96.44</b>	<b>163.15</b>	<b>24</b>	9	<b>24</b>	9	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	D
E	16.64	11.06	9.11	29.99	17.24	27.92	15.53	35.23	<b>56.49</b>	29.45	11	2	11	2	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	24.34	14.47	18.37	25.68	25.69	14.68	9.49	6.48	14.62	17.84	7	1	7	1	G
H	<b>40.24</b>	<b>38.77</b>	20.58	<b>57.12</b>	38.85	<b>81.59</b>	<b>80.65</b>	<b>51.02</b>	<b>113.29</b>	<b>227.28</b>	<b>24</b>	13	<b>24</b>	13	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	27.71	16.05	34.42	<b>84.13</b>	<b>98.03</b>	<b>125.25</b>	<b>52.79</b>	<b>102.56</b>	<b>205.52</b>	<b>351.62</b>	<b>24</b>	<b>20</b>	<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	0	0	0	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>	B-	C+	C-	C-	C-	C-	C-	C-	C-	C	High	4	4	4	4	<b>A</b>
<b>B</b>	C+	C-	C-	C	C-	C-	B-	B	<b>A-</b>	<b>A</b>	Medium	<b>23</b>	<b>19</b>	<b>23</b>	<b>19</b>	<b>B</b>
<b>C</b>	<b>A-</b>	<b>B+</b>	B	<b>B+</b>	<b>B+</b>	<b>A-</b>	<b>B+</b>	<b>B+</b>	<b>A-</b>	<b>A</b>	Low	<b>23</b>	<b>19</b>	<b>23</b>	<b>19</b>	<b>C</b>
<b>D</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>D</b>
<b>E</b>	B-	C+	C	<b>B+</b>	B	<b>A-</b>	<b>B+</b>	<b>A-</b>	<b>A-</b>	<b>B+</b>	Medium	<b>20</b>	17	<b>20</b>	17	<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>	<b>B+</b>	B-	C	C	<b>A</b>	B	N/A	16	14	16	14	<b>G</b>
<b>H</b>	<b>B+</b>	B	C	B-	B	<b>B+</b>	<b>A-</b>	B	<b>A-</b>	<b>A</b>	Low	<b>23</b>	<b>19</b>	<b>23</b>	<b>19</b>	<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-	C-	C-	C	C	B-	B-	<b>B+</b>	<b>A</b>	<b>A</b>	Low	<b>23</b>	<b>19</b>	<b>23</b>	<b>19</b>	<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>	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>	<b>74</b>	65	<b>72</b>	<b>75</b>	68	66	<b>73</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>	22	17	<b>22</b>	17	<b>A</b>
<b>B</b>	63	<b>75</b>	<b>74</b>	<b>79</b>	<b>72</b>	60	57	58	62	62	61	18	13	17	12	<b>B</b>
<b>C</b>	<b>78</b>	<b>78</b>	<b>81</b>	<b>85</b>	<b>87</b>	<b>87</b>	<b>86</b>	<b>89</b>	<b>96</b>	<b>93</b>	<b>93</b>	<b>23</b>	19	<b>23</b>	19	<b>C</b>
<b>D</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>D</b>
<b>E</b>	<b>95</b>	<b>88</b>	<b>97</b>	<b>91</b>	<b>94</b>	<b>95</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<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>	69	64	<b>78</b>	67	69	65	<b>80</b>	<b>76</b>	<b>73</b>	<b>71</b>	<b>73</b>	<b>20</b>	14	<b>20</b>	15	<b>G</b>
<b>H</b>	<b>80</b>	<b>85</b>	<b>83</b>	<b>92</b>	<b>84</b>	<b>89</b>	<b>87</b>	<b>91</b>	<b>95</b>	<b>87</b>	<b>91</b>	<b>22</b>	18	<b>23</b>	18	<b>H</b>
<b>I</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>I</b>
<b>J</b>	68	68	<b>76</b>	<b>81</b>	<b>79</b>	<b>74</b>	<b>78</b>	<b>74</b>	69	<b>81</b>	<b>75</b>	<b>22</b>	16	<b>21</b>	15	<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>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 11 Expenditures for Corporate Social Responsibility and Citizenship**

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	8803	1826	0	1.52	0.31
Year 12	8666	2238	0	1.61	0.40	0.00
Year 13	9501	2321	0	1.51	0.40	0.00
Year 14	10282	2848	0	1.97	0.46	0.00
Year 15	10165	3835	0	1.60	0.51	0.00
Year 16	10044	3366	0	1.52	0.45	0.00
Year 17	10978	4190	0	1.41	0.53	0.00
Year 18	16265	4491	0	1.51	0.46	0.00
Year 19	17395	5958	0	1.53	0.64	0.00
Year 20	14664	7445	0	1.95	0.88	0.00

**Image Rating Points Generated from CSRC Expenditures**

	High	Avg.	Low
	Year 11	4	1
Year 12	8	2	0
Year 13	11	4	0
Year 14	14	5	0
Year 15	17	7	0
Year 16	16	7	0
Year 17	17	7	0
Year 18	18	8	0
Year 19	19	9	0
Year 20	19	9	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>E-Shoe-Rance</b>	C Cash
<b>Y15</b>	<b>E-Shoe-Rance</b>	C Cash
<b>Y16</b>	<b>E-Shoe-Rance</b>	C Cash
<b>Y17</b>	<b>G Camoters</b>	C Cash
<b>Y18</b>	<b>E-Shoe-Rance</b>	C Cash
<b>Y19</b>	<b>E-Shoe-Rance</b>	C Cash
<b>Y20</b>	<b>B Skywalker Inc.</b>	G Camoters

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

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	19,370	5,615	47,215	16,800	89,000
– Pairs Rejected	978	200	2,011	534	3,723
Net Y20 Production (after rejects)	18,392	5,415	45,204	16,266	85,277
Superior Materials Usage	67.5%	37.2%	40.0%	29.2%	43.8%
Capacity Utilization (branded + P-L prod.)	116.7%	102.1%	113.0%	120.0%	114.2%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 0.87	+ 0.29	8.16
Superior Materials	16.00	– 0.50	+ 0.67	16.17

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	1,716	2,680	2,662	4,381	11,439
– Pairs Cleared (inventory clearance)	526	720	897	1,577	3,720
Beginning Y20 Inventories	1,190	1,960	1,765	2,804	7,719
+ New Production (shipped from plants)	19,216	19,278	17,191	16,911	72,596
Pairs Available for Sale in Y20	20,406	21,238	18,956	19,715	80,315

**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)	19,037	19,772	17,942	17,831	74,582
Actual Year 20 Demand	19,096	19,822	18,316	18,358	75,592
Branded Pairs Sold	18,766	19,524	17,426	18,149	73,865
Required Y20 Ending Inventories	1,597	1,640	1,530	1,566	6,333
Inventory Surplus (Shortfall)	-472	-469	-916	-339	-2,196

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.2%
- Available for shipment to warehouses
- % usage up by 1.6 points over Y19
- % utilization down by 4.0 points from Y19

Lower than normal (43.8% industrywide) superior materials usage led to superior materials prices that were 3.1% below the base and standard materials prices that were 12.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 4.2% from the base.

- Average inventory clearance of 32.5%
- 6.2% higher than Y20 demand

Actual demand in Year 20 was 1.4% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times

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

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America	19,860	20,654	21,480	22,339
(internet + wholesale) Europe-Africa	20,615	21,440	22,298	23,190
Asia-Pacific	19,415	20,580	21,815	23,124
Latin America	19,459	20,627	21,865	23,177
<b>Total</b>	79,349	83,301	87,458	91,830
<b>Private-Label</b> — North America	3,283	3,283	3,283	3,283
Europe-Africa	3,325	3,325	3,325	3,325
Asia-Pacific	3,346	3,346	3,346	3,346
Latin America	3,297	3,297	3,297	3,297
<b>Total</b>	13,251	13,251	13,251	13,251

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

<b>Supply</b> — Beginning Year 21 Inventory	6,450
(000s) Potential Production (at max OT)	93,480
<b>Potential Global Supply</b>	99,930
<b>Demand</b> — Branded Sales Forecast	79,349
(000s) Private-Label Sales Forecast	13,251
<b>Expected Global Demand</b>	92,600
<b>Conclusion:</b>	Even at full overtime production, capacity is shy of what's needed to meet future demand. Opportunistic companies should consider building new capacity or purchasing used capacity.

**PLANT CAPACITY** (000s of pairs w/o overtime)

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20	
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total		
A	2,000	3,000	6,100	3,900	0	0	0	0	2,000	3,000	6,100	3,900	15,000	0	A
B	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	B
C	5,400	0	5,400	0	0	0	0	0	5,400	0	5,400	0	10,800	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	2,000	1,000	7,300	0	0	0	0	0	2,000	1,000	7,300	0	10,300	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	3,200	1,500	3,000	0	0	0	0	0	3,200	1,500	3,000	0	7,700	0	G
H	2,000	0	7,300	4,900	0	0	0	0	2,000	0	7,300	4,900	14,200	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	8,700	5,200	0	0	0	0	0	0	8,700	5,200	13,900	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
<b>Total</b>	16,600	5,500	41,800	14,000	0	0	0	0	16,600	5,500	41,800	14,000	77,900	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	739,223	481,205	45,885	85,139	17,422	109,572	43,503	19,821	46,248	0	7,500	A
B	344,478	212,141	27,242	19,071	9,469	76,555	6,653	19,771	46,131	0	7,500	B
C	657,313	394,750	40,967	106,975	14,269	100,352	10,127	26,766	62,455	22,500	7,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	518,773	338,565	35,090	96,537	13,919	34,662	9,246	7,417	17,306	7,500	7,500	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	417,701	264,284	25,210	94,650	10,118	23,439	1,441	6,599	15,399	54,685	10,937	G
H	888,966	490,016	53,944	152,866	16,619	175,521	15,813	47,912	111,796	0	7,500	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	776,051	410,467	54,374	104,015	16,318	190,877	15,773	52,531	122,573	97,500	7,500	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	620,358	370,204	40,387	94,179	14,019	101,568	14,651	25,831	60,273	26,026	7,991	

**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	163,035	387,874	774,498	188,407	305,000	234,840	0	46,252	281,091	0.00	0 / 2	A
B	41,117	146,759	265,109	42,314	25,000	151,662	0	46,133	197,795	0.00	1 / 1	B
C	15,278	216,947	529,356	64,611	75,000	349,791	0	39,954	389,745	3.00	3 / 2	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	0	140,175	341,358	44,810	63,000	223,744	0	9,804	233,548	1.00	2 / 3	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	1,999	115,624	284,233	28,723	18,000	276,797	0	-39,287	237,510	5.00	4 / 4	G
H	41,101	303,941	707,453	72,650	200,000	444,267	-121,258	111,795	434,803	0.00	0 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	46,826	267,683	707,933	51,098	166,500	465,262	0	25,073	490,335	13.00	3 / 1	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	44,194	225,572	515,706	70,373	121,786	306,623	-17,323	34,246	323,547	3.14	2 / 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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	65.1 %	6.2 %	11.5 %	2.4 %	14.8 %	6.3 %	2.06	37	2.52	0.59	0.53	High	A
B	61.6	7.9	5.5	2.7	22.2	13.4	3.47	36	11.51	0.19	2.52	Medium	B
C	60.1	6.2	16.3	2.2	15.3	9.5	3.36	35	9.91	0.18	3.01	Low	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	D
E	65.3	6.8	18.6	2.7	6.7	3.3	3.13	14	3.75	0.23	2.00	Medium	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	63.3	6.0	22.7	2.4	5.6	3.7	4.03	16	16.27	0.08	0.00	N/A	G
H	55.1	6.1	17.2	1.9	19.7	12.6	4.18	35	11.10	0.33	4.67	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	52.9	7.0	13.4	2.1	24.6	15.8	5.24	37	12.10	0.26	3.41	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	59.7 %	6.5 %	15.2 %	2.3 %	16.4 %	9.7 %	3.21	30	9.59	0.27	2.31	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		8.45	<b>7.50</b>	11.42	<b>10.89</b>	14.31	<b>13.88</b>
	Private-Label Footwear		7.09	<b>8.37</b>	9.63	<b>9.76</b>	12.63	<b>12.45</b>
Labor — North America	Total Compensation (\$/year)		16,652	<b>16,770</b>	20,099	<b>20,190</b>	28,368	<b>27,708</b>
	Productivity (pairs/worker/year)		4,279	<b>4,363</b>	4,912	<b>4,997</b>	6,077	<b>6,210</b>
	Labor Cost (\$/pair produced)		3.58	<b>3.61</b>	4.51	<b>4.43</b>	5.84	<b>5.50</b>
Europe Africa	Total Compensation (\$/year)		17,057	<b>17,028</b>	17,212	<b>17,356</b>	17,453	<b>17,569</b>
	Productivity (pairs/worker/year)		4,334	<b>4,415</b>	4,810	<b>4,898</b>	5,346	<b>5,391</b>
	Labor Cost (\$/pair produced)		3.60	<b>3.57</b>	4.48	<b>4.31</b>	5.53	<b>5.26</b>
Asia Pacific	Total Compensation (\$/year)		6,258	<b>6,322</b>	8,316	<b>8,297</b>	11,934	<b>11,367</b>
	Productivity (pairs/worker/year)		2,544	<b>2,593</b>	3,070	<b>3,136</b>	3,324	<b>3,431</b>
	Labor Cost (\$/pair produced)		2.32	<b>2.30</b>	2.90	<b>2.86</b>	3.73	<b>3.57</b>
Latin America	Total Compensation (\$/year)		7,113	<b>7,191</b>	7,498	<b>7,809</b>	8,213	<b>8,222</b>
	Productivity (pairs/worker/year)		2,862	<b>3,052</b>	3,137	<b>3,249</b>	3,365	<b>3,428</b>
	Labor Cost (\$/pair produced)		2.30	<b>2.27</b>	2.60	<b>2.60</b>	2.78	<b>2.82</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	<b>0.10</b>	1.44	<b>1.22</b>	2.50	<b>2.50</b>
	Cumulative		0.73	<b>0.72</b>	1.74	<b>1.68</b>	2.34	<b>2.36</b>
Reject Rates	Branded Production		1.5%	<b>1.5%</b>	4.6%	<b>4.7%</b>	8.2%	<b>8.3%</b>
	Private-Label Production		1.0%	<b>1.1%</b>	2.0%	<b>2.0%</b>	3.5%	<b>3.6%</b>
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	29.51	<b>28.92</b>	31.06	<b>30.82</b>	34.67	<b>36.49</b>
		E-A	25.36	<b>24.90</b>	29.08	<b>28.83</b>	32.80	<b>32.76</b>
		A-P	19.61	<b>18.33</b>	26.03	<b>25.61</b>	32.81	<b>32.46</b>
		L.A.	21.90	<b>21.29</b>	23.97	<b>23.55</b>	25.92	<b>25.25</b>
	Private-Label	N.A.	27.89	<b>27.60</b>	28.12	<b>27.60</b>	28.34	<b>27.60</b>
		E-A	24.57	<b>38.52</b>	27.25	<b>38.52</b>	29.93	<b>38.52</b>
		A-P	19.10	<b>19.50</b>	22.70	<b>22.79</b>	27.82	<b>28.09</b>
		L.A.	20.93	<b>19.92</b>	20.93	<b>20.75</b>	20.93	<b>21.57</b>

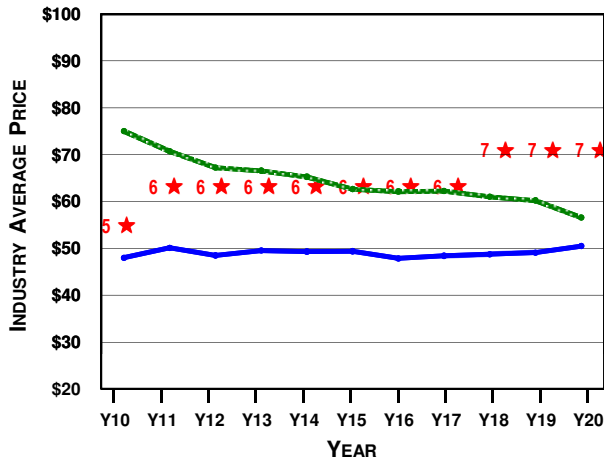
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	27.08	<b>25.43</b>	31.50	<b>30.99</b>	35.68	<b>37.18</b>
		E-A	26.91	<b>25.90</b>	32.11	<b>31.11</b>	36.56	<b>34.53</b>
		A-P	21.06	<b>19.83</b>	27.27	<b>26.93</b>	33.90	<b>33.71</b>
		L.A.	23.28	<b>22.76</b>	29.96	<b>29.91</b>	34.77	<b>36.15</b>
		Warehouse Expenses - Internet (\$ per pair sold)		10.33	<b>10.38</b>	10.63	<b>10.63</b>	10.98
	Wholesale		1.95	<b>2.01</b>	2.38	<b>2.36</b>	2.85	<b>2.78</b>
Marketing Expenses	Internet		7.60	<b>8.19</b>	11.08	<b>11.29</b>	16.49	<b>17.88</b>
	Wholesale		2.09	<b>1.96</b>	8.77	<b>8.79</b>	15.05	<b>14.66</b>
Administrative Expenses	(\$/pair sold)		1.08	<b>1.12</b>	1.43	<b>1.39</b>	1.82	<b>1.73</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	8.06	<b>4.63</b>	15.08	<b>11.94</b>	24.48	<b>16.87</b>
		E-A	11.10	<b>10.60</b>	16.31	<b>14.24</b>	25.52	<b>18.94</b>
		A-P	9.31	<b>8.76</b>	20.57	<b>15.89</b>	31.87	<b>19.72</b>
		L.A.	12.33	<b>7.24</b>	20.53	<b>14.97</b>	32.49	<b>19.64</b>
		Wholesale	N.A.	-0.17	<b>-0.65</b>	4.20	<b>6.41</b>	7.82
	E-A	4.30	<b>5.15</b>	7.72	<b>11.22</b>	13.67	<b>19.18</b>	
	A-P	-4.67	<b>-3.08</b>	6.26	<b>7.73</b>	15.44	<b>17.11</b>	
	L.A.	3.05	<b>-0.07</b>	6.83	<b>6.94</b>	10.13	<b>16.38</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	28.69	<b>26.59</b>	29.14	<b>30.14</b>	29.59	<b>37.73</b>
		E-A	26.08	<b>25.75</b>	28.37	<b>26.56</b>	31.18	<b>27.98</b>
		A-P	20.35	<b>20.75</b>	23.95	<b>22.72</b>	29.07	<b>26.11</b>
		L.A.	22.18	<b>21.17</b>	26.97	<b>26.76</b>	29.50	<b>36.30</b>
		Warehouse Expenses	(\$ per pair sold)		1.00	<b>1.00</b>	1.05	<b>1.04</b>
Margin Over Direct Costs (\$ per pair sold)		N.A.	2.11	<b>0.58</b>	2.94	<b>1.98</b>	3.76	<b>4.64</b>
		E-A	1.54	<b>0.56</b>	2.89	<b>2.21</b>	5.09	<b>3.36</b>
		A-P	2.49	<b>0.54</b>	3.46	<b>1.97</b>	4.15	<b>3.44</b>
		L.A.	3.17	<b>-1.80</b>	3.55	<b>0.53</b>	3.97	<b>2.26</b>

**CELEBRITY ENDORSEMENTS**

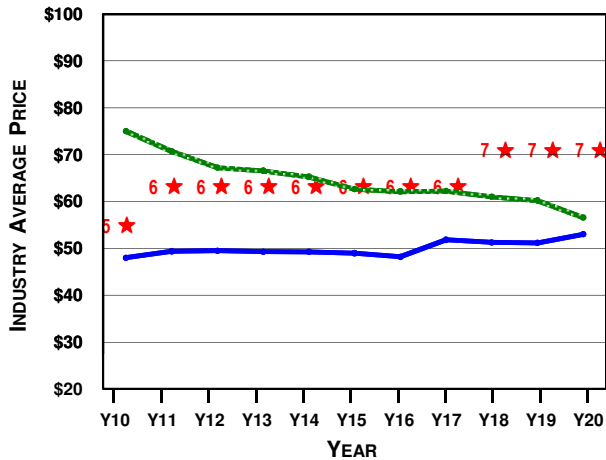
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company E	10,000	Y19	2 years	4	10,000	7,551	7,106	5,000
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	1	530	0	530	530
Fifa Beckham	70	100	70	55	Company G	13,909	Y16	5 years	6	13,909	13,007	10,603	8,023
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	1	530	0	530	530
José Montaña	60	50	60	95	Company G	10,909	Y18	3 years	5	10,909	10,000	8,570	5,000
Kobioshi Jones	55	60	95	90	Company J	530	Y20	4 years	1	530	0	530	530
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	530	0	530	530
Danica Andretti	70	65	55	60	Company E	10,000	Y19	3 years	4	10,000	9,324	9,363	9,000
LaBron Game	75	80	95	50	Company E	8,901	Y17	4 years	4	14,237	11,334	10,675	8,228
Lorena Lopez	45	85	60	100	Company H	12,676	Y19	2 years	4	12,676	10,000	10,526	9,428
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	1	530	0	530	530
Yao KungPao	60	35	100	50	Company G	12,909	Y18	4 years	5	12,909	11,111	10,604	9,000

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

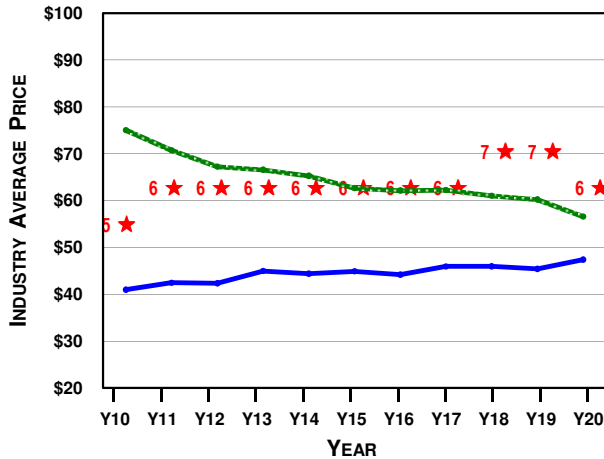
**NORTH AMERICA**



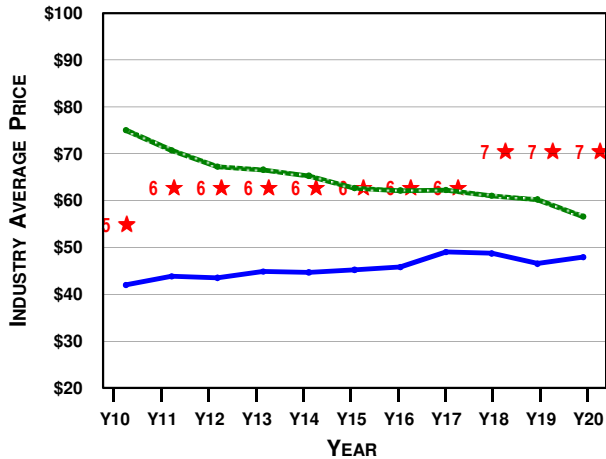
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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