

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 4

Friday, April 29, 2005

YEAR 20

## COMPANY SCORES : INVESTOR EXPECTATIONS STANDARD

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). 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 Confidence Index ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

### YEAR 20 INVESTOR CONFIDENCE INDEX

Company Name	Year 20 Index	Change from Y19
Chaos Shoes.com	120	+2
Grind Shoes	120	0
Jamba Juice	119	0
Apocalypse	117	+1
Its On Footwear	113	+1
Finally Graduating	113	0
K-ASER	112	-6
Bipper Boops	111	-9
Elated	72	+19
D (deleted)	0	0
H (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Grind Shoes	101	+2
Chaos Shoes.com	98	+3
K-ASER	92	+3
Jamba Juice	85	+3
Bipper Boops	83	+3
Its On Footwear	81	+3
Apocalypse	71	+5
Finally Graduating	62	+6
Elated	49	+3
D (deleted)	0	0
H (deleted)	0	0

## COMPANY SCORES : BEST-IN-INDUSTRY PERFORMANCE STANDARD

This scoring standard is based on how well each company performs relative to the best-performing company on EPS, ROE, Stock Price, Credit Rating, and Image Rating. In order to get a score of 100, a company must be the industry leader on all 5 measures, achieve the investor expectations on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating. Scores of 70 and higher indicate strong overall performance; companies with low scores (<50) trail the industry leaders by a significant margin. Each company's annual and overall scores are shown on the next two pages.

### YEAR 20 PERFORMANCE RANKINGS

Company Name	Year 20 Score	Change from Y19
Chaos Shoes.com	91	-6
Grind Shoes	85	-1
Apocalypse	77	+6
Jamba Juice	73	+1
Finally Graduating	73	+8
K-ASER	68	+3
Bipper Boops	63	-14
Its On Footwear	56	+5
Elated	34	+13
D (deleted)	0	0
H (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Chaos Shoes.com	92	+1
Grind Shoes	82	+2
Bipper Boops	77	-11
K-ASER	71	-2
Jamba Juice	64	+2
Apocalypse	62	+4
Finally Graduating	59	+4
Its On Footwear	53	-2
Elated	27	+11
D (deleted)	0	0
H (deleted)	0	0

**EARNINGS PER SHARE (\$)**

Bold numbers indicate achievement of the investor expectation for EPS shown below each column head. Best-in-industry performers earn a score of 20 (equal to a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading EPS performance. The overall best-in-industry score is based on a weighted average of the annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	Year 20	Overall	
A	<b>2.67</b>	2.05	2.29	-0.35	-1.41	0.70	0.18	<b>5.53</b>	<b>15.01</b>	<b>23.11</b>	<b>4.23</b>	13	7	A
B	<b>3.30</b>	1.36	1.28	1.55	0.13	2.53	1.46	<b>41.41</b>	<b>18.51</b>	<b>16.75</b>	<b>7.92</b>	9	13	B
C	<b>6.11</b>	<b>6.21</b>	<b>5.37</b>	1.55	2.36	<b>4.67</b>	3.23	<b>22.27</b>	<b>36.97</b>	<b>35.49</b>	<b>12.26</b>	<b>20</b>	<b>20</b>	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	D
E	1.69	<b>5.18</b>	2.57	-1.27	-4.97	-26.65	-7.48	0.09	<b>10.92</b>	<b>20.90</b>	0.31	12	1	E
F	1.93	0.63	1.34	-0.11	-3.52	1.27	1.04	<b>5.90</b>	<b>11.42</b>	<b>19.89</b>	3.41	11	6	F
G	<b>3.19</b>	<b>2.86</b>	2.53	2.11	2.34	2.82	2.31	<b>7.81</b>	<b>15.85</b>	<b>21.17</b>	<b>6.13</b>	12	10	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	H
I	<b>3.03</b>	2.10	1.33	0.67	0.50	2.39	1.71	<b>4.52</b>	<b>4.62</b>	<b>9.73</b>	3.05	5	5	I
J	<b>3.59</b>	1.45	1.95	0.36	-5.26	2.06	<b>4.16</b>	<b>5.03</b>	<b>10.42</b>	<b>15.75</b>	3.25	9	5	J
K	<b>3.84</b>	0.19	1.36	2.02	<b>4.21</b>	<b>4.02</b>	<b>10.03</b>	<b>9.00</b>	<b>9.84</b>	<b>19.63</b>	<b>6.14</b>	11	10	K

**RETURN ON EQUITY (%)**

Bold numbers indicate achievement of the investor expectation for ROE shown below each column head. Best-in-industry performers earn a score of 20 (equal to a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading ROE performance. The overall best-in-industry score is based on a weighted average of the annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	Year 20	Overall	
A	<b>16.8</b>	12.4	11.9	-1.8	-9.4	4.5	1.1	<b>29.7</b>	<b>51.2</b>	<b>71.8</b>	<b>21.6</b>	<b>20</b>	12	A
B	<b>20.6</b>	10.5	11.7	11.0	1.2	<b>20.0</b>	10.8	<b>115.5</b>	<b>34.2</b>	<b>41.2</b>	<b>37.3</b>	11	<b>20</b>	B
C	<b>36.7</b>	<b>38.0</b>	<b>21.8</b>	4.9	7.6	13.2	8.3	<b>43.1</b>	<b>51.8</b>	<b>41.7</b>	<b>28.2</b>	12	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	D
E	10.9	<b>27.4</b>	11.7	-5.6	-33.6	0.0	0.0	0.0	0.0	0.0	7.4	0	4	E
F	12.4	3.9	7.8	-0.7	-22.7	8.8	6.7	<b>31.1</b>	<b>44.2</b>	<b>71.9</b>	<b>18.6</b>	<b>20</b>	10	F
G	<b>19.3</b>	<b>16.7</b>	<b>15.6</b>	11.4	13.4	<b>15.8</b>	12.9	<b>36.4</b>	<b>51.6</b>	<b>58.1</b>	<b>28.4</b>	16	15	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	<b>18.1</b>	10.9	6.0	3.1	2.3	10.1	7.1	<b>18.3</b>	<b>16.9</b>	<b>40.7</b>	13.5	11	7	I
J	<b>21.2</b>	7.6	10.0	1.6	-26.5	11.3	<b>17.8</b>	<b>24.4</b>	<b>37.0</b>	<b>42.3</b>	14.3	12	8	J
K	<b>22.6</b>	1.2	9.9	12.8	<b>25.1</b>	<b>19.2</b>	<b>34.8</b>	<b>25.0</b>	<b>23.8</b>	<b>43.4</b>	<b>23.7</b>	12	13	K

**STOCK PRICE (\$ per share)**

Bold numbers indicate achievement of the investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (which equals a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading stock price. The overall best-in-industry score is based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Avg Annual Change	Best-In-Ind. Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)		Year 20	Overall	
A	31.75	21.17	24.13	13.61	8.67	6.42	4.79	29.61	<b>126.00</b>	<b>252.41</b>	+24 %	9	9	A
B	<b>61.08</b>	30.21	17.11	11.85	7.03	35.48	19.61	<b>93.66</b>	<b>206.40</b>	<b>327.24</b>	+27	11	11	B
C	<b>101.30</b>	<b>96.45</b>	<b>72.34</b>	33.46	22.11	<b>51.03</b>	38.11	<b>143.41</b>	<b>287.67</b>	<b>576.32</b>	+34	<b>20</b>	<b>20</b>	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	D
E	18.41	<b>86.25</b>	<b>38.07</b>	20.84	12.11	7.99	5.60	4.65	28.48	<b>121.10</b>	+15	4	4	E
F	20.65	12.45	10.96	6.73	4.80	12.34	8.65	45.92	<b>150.18</b>	<b>300.63</b>	+26	10	10	F
G	<b>46.65</b>	29.40	25.65	20.45	26.81	37.27	28.06	<b>120.13</b>	<b>241.17</b>	<b>482.94</b>	+32	17	17	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	H
I	<b>37.04</b>	20.88	12.00	6.96	4.80	28.48	20.96	<b>82.21</b>	<b>86.19</b>	<b>195.32</b>	+21	7	7	I
J	<b>61.43</b>	30.38	19.06	11.06	6.63	20.40	<b>55.00</b>	<b>91.35</b>	<b>201.95</b>	<b>363.21</b>	+28	13	13	J
K	<b>63.41</b>	31.07	16.84	17.80	<b>65.90</b>	<b>49.11</b>	<b>160.05</b>	<b>185.29</b>	<b>207.35</b>	<b>415.21</b>	+30 %	14	14	K

**CREDIT RATING**

Bolded credit ratings indicate meeting or beating the B+ investor expectation shown below each column head. For the best-in-industry scoring, companies with an A+ credit rating earn a score of 20 (which equals a 20% weighting in overall score). Lesser credit ratings earn lower scores. The overall best-in-industry score is based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Best-In-Ind. Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		Year 20	Overall	
A	B-	<b>B+</b>	<b>B+</b>	C-	C-	C+	C+	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	A
B	<b>B+</b>	C-	C	C	C-	<b>B+</b>	<b>B+</b>	<b>A+</b>	<b>A+</b>	B	N/A	14	14	B
C	B	C+	B-	C-	C+	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	C
D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	D
E	C	C-	C-	C-	C-	C-	C-	C-	C-	C	High	4	4	E
F	C+	C	C	C-	C-	C	C	<b>B+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	F
G	<b>A</b>	<b>B+</b>	B	B	<b>B+</b>	<b>A+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	G
H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	H
I	<b>A-</b>	<b>A-</b>	C+	C	B-	<b>A</b>	<b>B+</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	N/A	17	17	I
J	<b>A</b>	C+	B-	C-	C-	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	J
K	<b>A-</b>	C-	C-	C-	C	B	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A</b>	Medium	19	19	K

**IMAGE RATING**

Bolded image ratings indicate meeting or beating the 70 target image rating shown below each column head. Best-in-industry performers earn a score of 20 (equal to a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading image rating. Overall best-in-industry scores are based on the average of the image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall (70)	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	63	<b>75</b>	68	67	59	63	64	69	<b>70</b>	<b>74</b>	<b>71</b>	15	14	A
B	<b>100</b>	<b>81</b>	<b>92</b>	<b>83</b>	<b>81</b>	56	<b>80</b>	<b>91</b>	<b>100</b>	<b>89</b>	<b>93</b>	18	19	B
C	<b>76</b>	<b>77</b>	<b>82</b>	<b>73</b>	64	60	<b>71</b>	<b>72</b>	<b>86</b>	<b>95</b>	<b>84</b>	19	17	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	67	<b>96</b>	<b>89</b>	<b>84</b>	<b>70</b>	<b>80</b>	69	68	63	69	67	14	14	E
F	<b>90</b>	<b>76</b>	68	61	49	59	64	<b>78</b>	61	58	66	12	13	F
G	<b>91</b>	<b>80</b>	<b>96</b>	<b>87</b>	<b>80</b>	<b>90</b>	<b>87</b>	<b>98</b>	<b>100</b>	<b>98</b>	<b>99</b>	<b>20</b>	<b>20</b>	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	64	<b>79</b>	<b>76</b>	<b>75</b>	<b>82</b>	<b>85</b>	<b>89</b>	<b>85</b>	<b>82</b>	<b>80</b>	<b>82</b>	16	17	I
J	<b>87</b>	69	<b>91</b>	<b>93</b>	<b>73</b>	<b>72</b>	<b>82</b>	<b>88</b>	<b>89</b>	<b>92</b>	<b>90</b>	19	18	J
K	<b>77</b>	66	68	69	67	62	<b>75</b>	<b>78</b>	<b>83</b>	59	<b>73</b>	12	15	K

**INVESTOR CONFIDENCE INDEX**

The degree to which a company meets or beats the annual targets for each performance measure drives investor confidence in management's ability to deliver good results. An index score below 70 indicates subpar achievement of the annual performance targets. Index scores of 100 or more reflect consistently excellent or superior performance in meeting investor expectations.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Average Index	Overall Confidence	
	A	91	84	83	26	21	39	30	104	116			
B	114	64	60	57	28	89	71	119	<b>120</b>	111	83	Good	B
C	109	<b>101</b>	<b>106</b>	54	61	<b>103</b>	87	116	118	<b>120</b>	98	Very Good	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	63	96	76	33	26	25	22	21	53	72	49	Subpar	E
F	75	41	48	20	16	46	40	108	113	113	62	Subpar	F
G	115	99	91	<b>76</b>	85	100	86	<b>120</b>	<b>120</b>	<b>120</b>	<b>101</b>	Excellent	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	105	85	53	37	42	84	70	113	112	113	81	Good	I
J	<b>116</b>	66	71	33	23	78	111	117	119	119	85	Good	J
K	115	40	50	58	<b>93</b>	99	<b>116</b>	116	118	112	92	Very Good	K

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
<b>Total Year 20 Production</b>	<b>23,267</b>	<b>5,828</b>	<b>61,162</b>	<b>19,859</b>	<b>110,116</b>
– Pairs Rejected	<b>1,315</b>	<b>337</b>	<b>2,496</b>	<b>1,034</b>	<b>5,182</b>
<b>Net Y20 Production (after rejects)</b>	<b>21,952</b>	<b>5,491</b>	<b>58,666</b>	<b>18,825</b>	<b>104,934</b>
<b>Superior Materials Usage</b>	<b>36.4%</b>	<b>5.4%</b>	<b>41.1%</b>	<b>17.2%</b>	<b>33.9%</b>
<b>Capacity Utilization (branded + P-L prod.)</b>	<b>115.2%</b>	<b>97.1%</b>	<b>115.8%</b>	<b>116.8%</b>	<b>114.7%</b>

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	<b>7.00</b>	<b>+ 2.25</b>	<b>+ 0.33</b>	<b>9.58</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 1.13</b>	<b>+ 0.66</b>	<b>13.53</b>

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
<b>Ending Y19 Inventories</b>	<b>2,591</b>	<b>1,368</b>	<b>1,739</b>	<b>1,376</b>	<b>7,074</b>
– Pairs Cleared (inventory clearance)	<b>280</b>	<b>110</b>	<b>194</b>	<b>93</b>	<b>677</b>
<b>Beginning Y20 Inventories</b>	<b>2,311</b>	<b>1,258</b>	<b>1,545</b>	<b>1,283</b>	<b>6,397</b>
+ New Production (shipped from plants)	<b>24,587</b>	<b>20,082</b>	<b>19,655</b>	<b>24,428</b>	<b>88,752</b>
<b>Pairs Available for Sale in Y20</b>	<b>26,898</b>	<b>21,340</b>	<b>21,200</b>	<b>25,711</b>	<b>95,149</b>

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
<b>Projected 20 Demand (see Y19 FIR)</b>	<b>23,316</b>	<b>23,962</b>	<b>22,409</b>	<b>22,495</b>	<b>92,182</b>
<b>Actual Year 20 Demand</b>	<b>23,418</b>	<b>23,706</b>	<b>23,067</b>	<b>22,671</b>	<b>92,862</b>
<b>Branded Pairs Sold</b>	<b>23,307</b>	<b>19,693</b>	<b>19,587</b>	<b>22,306</b>	<b>84,893</b>
<b>Required Y20 Ending Inventories</b>	<b>1,787</b>	<b>1,547</b>	<b>1,613</b>	<b>1,608</b>	<b>6,555</b>
<b>Inventory Surplus (Shortfall)</b>	<b>1,237</b>	<b>-3,988</b>	<b>-4,194</b>	<b>1,122</b>	<b>-5,823</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.7%
- Available for shipment to warehouses
- % usage down by 5.8 points from Y19
- % utilization down by 4.5 points from Y19

Lower than normal (33.9% industrywide) superior materials usage led to superior materials prices that were 8.1% below the base and standard materials prices that were 32.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 4.7% from the base.

- Average inventory clearance of 9.6%
- 2.5% higher than Y20 demand
- Overall Y20 demand was 0.7% greater than expected.
- Needed to achieve delivery times
  - Okay in N.A. Low 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 — North America</b>	<b>24,355</b>	<b>25,329</b>	<b>26,342</b>	<b>27,396</b>
(internet + wholesale) <b>Europe-Africa</b>	<b>24,654</b>	<b>25,640</b>	<b>26,666</b>	<b>27,733</b>
<b>Asia-Pacific</b>	<b>24,451</b>	<b>25,918</b>	<b>27,473</b>	<b>29,121</b>
<b>Latin America</b>	<b>24,031</b>	<b>25,473</b>	<b>27,001</b>	<b>28,621</b>
<b>Total</b>	<b>97,491</b>	<b>102,360</b>	<b>107,482</b>	<b>112,871</b>
<b>Private-Label — North America</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>
<b>Europe-Africa</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>
<b>Asia-Pacific</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>
<b>Latin America</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>	<b>4,230</b>
<b>Total</b>	<b>16,920</b>	<b>16,920</b>	<b>16,920</b>	<b>16,920</b>

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

<b>Supply — Beginning Year 21 Inventory</b>	<b>8,914</b>
(000s) <b>Potential Production (at max OT)</b>	<b>115,200</b>
<b>Potential Global Supply</b>	<b>124,114</b>
<b>Demand — Branded Sales Forecast</b>	<b>97,491</b>
(000s) <b>Private-Label Sales Forecast</b>	<b>16,920</b>
<b>Expected Global Demand</b>	<b>114,411</b>
<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		
<b>A</b>	0	0	10,000	0	2,500	0	0	0	2,500	0	10,000	0	12,500	0	<b>A</b>
<b>B</b>	0	0	6,000	2,200	4,000	0	0	0	4,000	0	6,000	2,200	12,200	0	<b>B</b>
<b>C</b>	1,000	0	12,000	4,000	0	0	0	0	1,000	0	12,000	4,000	17,000	0	<b>C</b>
<b>D</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>D</b>
<b>E</b>	0	0	0	7,000	6,500	0	0	0	6,500	0	0	7,000	13,500	0	<b>E</b>
<b>F</b>	0	0	6,200	1,800	0	0	0	0	0	0	6,200	1,800	8,000	0	<b>F</b>
<b>G</b>	0	0	8,600	0	0	0	0	0	0	0	8,600	0	8,600	0	<b>G</b>
<b>H</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>H</b>
<b>I</b>	0	0	4,000	0	0	0	0	0	0	0	4,000	0	4,000	0	<b>I</b>
<b>J</b>	2,000	0	4,000	0	1,200	0	0	0	3,200	0	4,000	0	7,200	0	<b>J</b>
<b>K</b>	3,000	2,000	2,000	2,000	0	4,000	0	0	3,000	6,000	2,000	2,000	13,000	0	<b>K</b>
	<b>6,000</b>	<b>2,000</b>	<b>52,800</b>	<b>17,000</b>	<b>14,200</b>	<b>4,000</b>	<b>0</b>	<b>0</b>	<b>20,200</b>	<b>6,000</b>	<b>52,800</b>	<b>17,000</b>	<b>96,000</b>	<b>0</b>	

**INCOME STATEMENT DATA (\$000s)**

	Net Sales Revenues	Cost of Pairs Sold	Warehse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Pre-Tax Profit	Income Taxes	Net Profit	Dividends Paid	
A	724,433	313,804	36,098	74,737	14,920	284,874	7,565	277,309	83,193	194,116	0	A
B	584,020	323,359	35,829	31,213	14,619	179,000	-459	179,459	53,838	125,621	367,500	B
C	1,015,932	453,747	71,328	80,861	19,418	390,578	10,361	380,217	114,065	266,152	187,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	777,099	362,915	38,033	103,521	15,918	256,712	56,832	199,880	43,123	156,757	0	E
F	558,938	197,276	34,368	86,878	10,420	229,996	9,051	220,945	66,284	154,661	12,442	F
G	606,413	240,407	50,741	72,993	11,019	231,253	4,427	226,826	68,048	158,778	135,000	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	333,815	123,411	20,180	65,643	6,419	118,162	-4,175	122,337	36,701	85,636	167,200	I
J	463,979	224,482	36,915	23,852	9,621	169,109	357	168,752	50,626	118,126	59,250	J
K	630,075	359,460	27,550	12,907	15,418	214,740	4,411	210,329	63,099	147,230	127,500	K
	632,745	288,762	39,005	61,401	13,086	230,492	9,819	220,673	64,331	156,342	117,377	

**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	21,835	241,838	552,368	60,871	244,000	293,364	-240,000	194,133	247,497	0.00	3 / 3	A
B	0	218,189	533,745	92,544	257,000	426,081	0	-241,880	184,201	49.00	6 / 3	B
C	124,705	408,623	902,949	65,856	160,000	598,443	0	78,650	677,093	25.00	2 / 1	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	0	223,088	686,945	613,556	0	-83,369	0	156,758	73,389	0.00	0 / 1	E
F	12,392	200,748	382,888	35,150	126,000	208,404	-128,887	142,221	221,738	1.60	3 / 1	F
G	15,607	184,516	390,045	37,512	67,400	261,355	0	23,778	285,133	18.00	4 / 2	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	30,963	124,416	182,916	13,152	0	251,328	0	-81,564	169,764	19.00	2 / 2	I
J	20,638	146,038	340,927	32,305	0	249,766	0	58,857	308,622	7.90	2 / 2	J
K	0	178,059	534,005	51,902	132,750	329,625	0	19,728	349,353	17.00	6 / 3	K
	25,127	213,946	500,754	111,428	109,683	281,666	-40,987	38,964	279,643	15.28	3 / 2	

**SELECTED FINANCIAL AND OPERATING STATISTICS**

**CREDIT RATING DATA**

	Costs and Profits as a % of Net Revenues						Current Ratio	Shares of Stock (000s)	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	43.3 %	5.0 %	10.3 %	2.1 %	39.3 %	26.8 %	3.97	8,400	37.66	0.49	7.54	Low	A
B	55.4	6.1	5.3	2.5	30.6	21.5	2.36	7,500	100.00	0.60	0.00	N/A	B
C	44.7	7.0	8.0	1.9	38.4	26.2	6.20	7,500	37.70	0.20	5.77	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	46.7	4.9	13.3	2.0	33.0	20.2	0.36	7,500	4.52	0.84	0.32	High	E
F	35.3	6.1	15.5	1.9	41.1	27.7	5.71	7,776	25.41	0.37	11.38	Low	F
G	39.6	8.4	12.0	1.8	38.1	26.2	4.92	7,500	52.24	0.20	4.65	Low	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	H
I	37.0	6.0	19.7	1.9	35.4	25.7	9.46	8,800	100.00	0.00	0.00	N/A	I
J	48.4	8.0	5.1	2.1	36.4	25.5	4.52	7,500	473.69	0.03	7.40	Low	J
K	57.1	4.4	2.0	2.4	34.1	23.4	3.43	7,500	48.68	0.29	2.07	Medium	K
	45.6 %	6.2 %	9.7 %	2.1 %	36.4 %	24.7 %	1.92	7,775	97.77	0.34	4.35	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		8.25	<b>8.55</b>	10.32	<b>9.94</b>	12.08	<b>11.24</b>
	Private-Label Footwear		7.50	<b>8.73</b>	8.78	<b>9.48</b>	10.22	<b>11.14</b>
Labor — North America	Total Compensation (\$/year)		16,050	<b>16,050</b>	17,853	<b>18,476</b>	18,864	<b>21,775</b>
	Productivity (pairs/worker/year)		964	<b>1,219</b>	3,544	<b>4,486</b>	4,844	<b>6,092</b>
	Labor Cost (\$/pair produced)		3.51	<b>3.26</b>	8.62	<b>6.05</b>	18.15	<b>15.54</b>
Europe Africa	Total Compensation (\$/year)		16,583	<b>15,922</b>	16,583	<b>15,922</b>	16,583	<b>15,922</b>
	Productivity (pairs/worker/year)		1,179	<b>1,731</b>	1,179	<b>1,731</b>	1,179	<b>1,731</b>
	Labor Cost (\$/pair produced)		16.17	<b>9.77</b>	16.17	<b>9.77</b>	16.17	<b>9.77</b>
Asia Pacific	Total Compensation (\$/year)		4,064	<b>4,043</b>	5,093	<b>5,470</b>	6,277	<b>6,305</b>
	Productivity (pairs/worker/year)		2,569	<b>2,525</b>	3,103	<b>3,308</b>	4,094	<b>4,238</b>
	Labor Cost (\$/pair produced)		1.40	<b>1.42</b>	1.72	<b>1.71</b>	2.16	<b>2.04</b>
Latin America	Total Compensation (\$/year)		3,238	<b>3,238</b>	4,273	<b>4,518</b>	4,634	<b>5,119</b>
	Productivity (pairs/worker/year)		1,660	<b>1,705</b>	2,506	<b>2,611</b>	3,237	<b>3,373</b>
	Labor Cost (\$/pair produced)		1.36	<b>1.48</b>	1.92	<b>1.90</b>	2.46	<b>2.32</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	0.96	<b>0.89</b>	2.50	<b>2.50</b>
	Cumulative		0.50	<b>0.32</b>	1.26	<b>1.10</b>	2.30	<b>2.32</b>
Reject Rates	Branded Production		1.2%	<b>1.3%</b>	4.4%	<b>4.8%</b>	9.2%	<b>9.3%</b>
	Private-Label Production		1.6%	<b>1.9%</b>	2.6%	<b>3.7%</b>	4.2%	<b>4.9%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		25.74	<b>21.52</b>	27.24	<b>26.44</b>	28.73	<b>32.36</b>
	E-A		44.71	<b>38.40</b>	44.71	<b>38.40</b>	44.71	<b>38.40</b>
	A-P		16.30	<b>17.43</b>	21.56	<b>22.33</b>	28.29	<b>30.82</b>
	L.A.		17.91	<b>17.63</b>	23.11	<b>24.11</b>	31.22	<b>32.70</b>
	Private-Label — N.A.		18.05	<b>19.71</b>	31.54	<b>25.74</b>	45.03	<b>36.75</b>
	E-A		0.00	<b>26.63</b>	0.00	<b>26.63</b>	0.00	<b>26.63</b>
	A-P		16.16	<b>17.65</b>	17.02	<b>18.15</b>	17.97	<b>18.89</b>
	L.A.		16.19	<b>16.88</b>	18.08	<b>17.66</b>	20.47	<b>18.43</b>

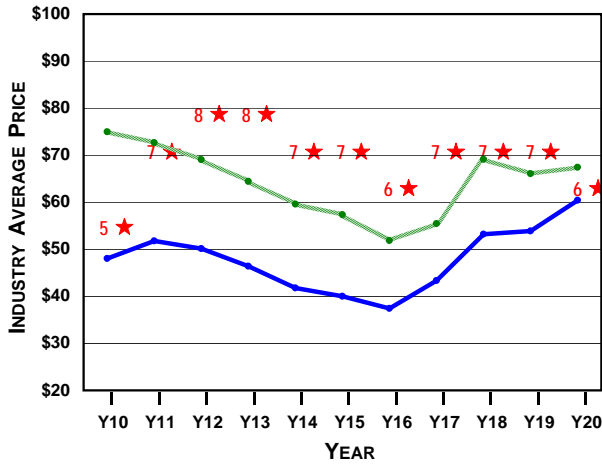
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.26	<b>21.42</b>	25.46	<b>25.95</b>	33.16	<b>34.28</b>
		E-A	23.42	<b>24.74</b>	29.18	<b>30.40</b>	46.71	<b>41.65</b>
		A-P	18.32	<b>19.41</b>	24.06	<b>24.76</b>	30.28	<b>32.69</b>
		L.A.	19.97	<b>19.65</b>	29.34	<b>27.54</b>	48.31	<b>34.63</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	12.82	<b>12.81</b>	13.11	<b>13.18</b>	13.37	<b>14.40</b>
			1.96	<b>1.73</b>	2.37	<b>2.42</b>	2.82	<b>3.89</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	3.49	<b>3.62</b>	12.36	<b>11.52</b>	30.78	<b>17.06</b>
			1.63	<b>0.63</b>	6.41	<b>6.10</b>	11.62	<b>14.17</b>
Administrative Expenses	(\$/pair sold)		1.09	<b>1.04</b>	1.28	<b>1.89</b>	1.70	<b>6.72</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	16.60	<b>15.98</b>	26.31	<b>27.15</b>	33.00	<b>36.56</b>
		E-A	2.93	<b>4.99</b>	21.53	<b>21.30</b>	35.69	<b>31.31</b>
		A-P	18.14	<b>19.45</b>	27.33	<b>28.79</b>	36.10	<b>39.59</b>
		L.A.	0.27	<b>18.77</b>	21.41	<b>28.68</b>	36.37	<b>42.23</b>
Wholesale		N.A.	12.23	<b>15.23</b>	17.57	<b>23.30</b>	24.24	<b>32.71</b>
		E-A	6.93	<b>16.82</b>	15.35	<b>23.78</b>	23.57	<b>31.69</b>
		A-P	11.69	<b>21.06</b>	17.38	<b>25.10</b>	24.21	<b>35.58</b>
		L.A.	2.12	<b>13.10</b>	14.26	<b>24.57</b>	26.16	<b>37.92</b>
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.93	<b>21.71</b>	27.44	<b>27.74</b>	47.03	<b>38.75</b>
		E-A	22.90	<b>25.01</b>	23.79	<b>27.26</b>	25.05	<b>28.63</b>
		A-P	18.16	<b>19.65</b>	20.99	<b>23.33</b>	24.83	<b>29.72</b>
		L.A.	19.59	<b>20.43</b>	21.03	<b>23.72</b>	22.47	<b>26.72</b>
Warehouse Expenses	(\$ per pair sold)		0.49	<b>0.85</b>	0.95	<b>1.20</b>	1.17	<b>2.00</b>
Margin Over Direct Costs (\$ per pair sold)		N.A.	-1.03	<b>-9.76</b>	14.13	<b>6.08</b>	22.07	<b>16.76</b>
		E-A	11.09	<b>3.44</b>	18.42	<b>5.93</b>	25.36	<b>9.13</b>
		A-P	12.02	<b>1.12</b>	20.86	<b>8.20</b>	26.69	<b>15.46</b>
		L.A.	15.46	<b>9.66</b>	20.31	<b>12.96</b>	25.16	<b>16.01</b>

**CELEBRITY ENDORSEMENTS**

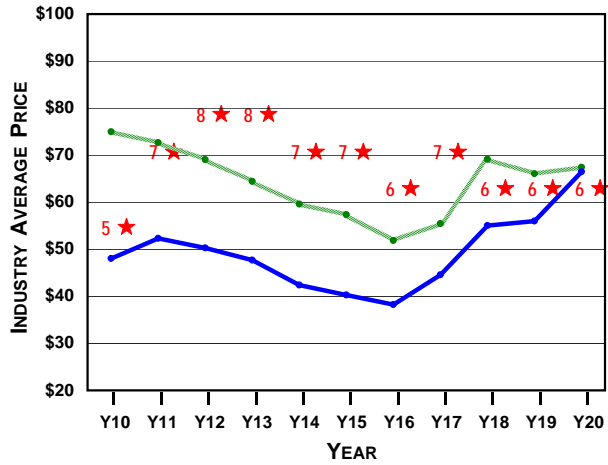
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company B	7,985	Y19	2 years	6	7,985	4,001	3,684	1,001
Oprah Letterman	100	70	65	75	Company A	8,050	Y20	3 years	2	8,050	523	4,287	523
Annika Stockholm	70	100	70	55	[unsigned]	0	N/A	5 years	6	10,000	9,005	5,789	500
Tiger Green	95	80	85	75	Company A	12,050	Y20	2 years	2	12,050	523	6,287	523
José Montaña	60	50	60	95	Company I	4,001	Y18	3 years	5	7,005	4,001	4,013	2,796
Karioki Footsu	55	60	95	90	Company A	12,050	Y20	4 years	2	12,050	523	6,287	523
Jaques LaFeet	50	90	50	85	Company A	8,050	Y20	1 year	2	8,050	523	4,287	523
Serenus Willson	70	65	55	60	Company A	5,500	Y19	3 years	6	6,101	5,500	4,246	3,025
Natalie Kwan	75	80	95	50	[unsigned]	0	N/A	4 years	4	9,005	4,001	4,914	3,149
Sergio Milano	45	85	60	100	Company F	6,101	Y19	2 years	6	6,101	5,500	4,454	3,025
Lance deFrance	80	85	75	70	Company A	12,050	Y20	3 years	2	12,050	523	6,287	523
Yao KungPao	60	35	100	50	Company B	7,435	Y18	4 years	6	7,435	7,005	4,625	2,796

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

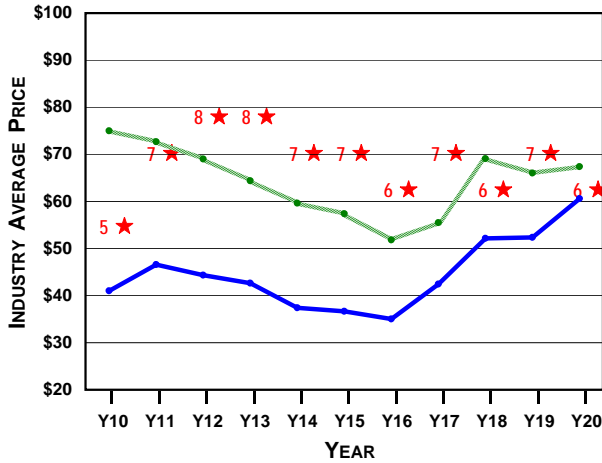
**NORTH AMERICA**



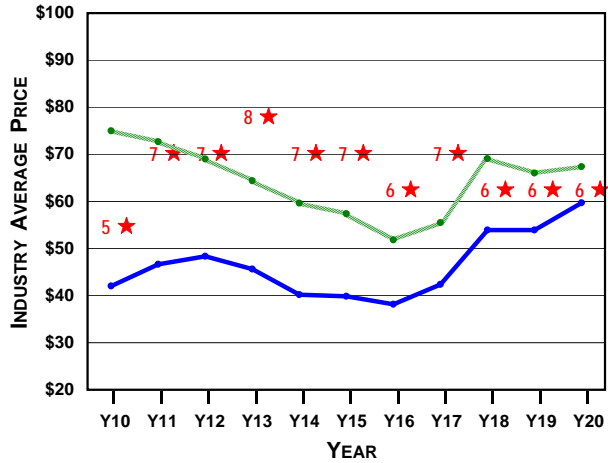
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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