

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 6

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
Dark Horse Shoes	120	+1
HardWood	120	0
B-Easy	117	+1
CHEK	117	+3
Gyro	116	0
Apollo	115	0
Folla	113	-1
In the Zone	113	-5
Jumpin Jax	110	-7
Kasambara	25	0
E (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
In the Zone	105	+1
HardWood	103	+2
Jumpin Jax	97	+2
CHEK	92	+3
Folla	90	+3
Dark Horse Shoes	89	+4
Apollo	81	+3
Gyro	77	+4
B-Easy	64	+6
Kasambara	31	-1
E (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
HardWood	86	-6
Dark Horse Shoes	82	+9
Jumpin Jax	73	-13
Gyro	70	-1
Folla	67	-5
Apollo	66	-2
In the Zone	64	-10
CHEK	59	+1
B-Easy	57	-6
Kasambara	18	0
E (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
HardWood	92	-2
Jumpin Jax	79	-12
Dark Horse Shoes	78	+3
In the Zone	76	-9
Apollo	62	-2
Folla	61	-5
CHEK	59	-2
Gyro	56	0
B-Easy	49	+3
Kasambara	17	0
E (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	1.88	0.30	1.91	2.03	0.73	2.32	3.39	3.99	<b>6.87</b>	<b>8.03</b>	3.15	7	9	A
B	2.14	1.14	-0.24	-4.53	-3.49	-2.85	2.83	<b>4.14</b>	<b>5.97</b>	<b>7.42</b>	1.21	7	3	B
C	<b>3.03</b>	<b>3.47</b>	<b>3.38</b>	1.16	0.98	2.93	2.88	3.42	<b>6.44</b>	<b>9.47</b>	3.40	9	9	C
D	<b>3.65</b>	2.01	1.69	0.68	0.85	3.18	<b>6.56</b>	<b>8.84</b>	<b>9.71</b>	<b>21.67</b>	<b>5.79</b>	<b>20</b>	16	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	E
F	<b>2.85</b>	2.22	2.15	1.01	1.29	1.74	3.10	<b>4.49</b>	<b>8.12</b>	<b>10.12</b>	3.47	9	10	F
G	2.59	1.54	-0.86	1.14	0.13	1.95	2.28	3.14	<b>6.17</b>	<b>10.06</b>	2.31	9	6	G
H	<b>4.33</b>	2.76	2.84	<b>3.26</b>	3.11	<b>5.58</b>	<b>7.85</b>	<b>7.84</b>	<b>15.13</b>	<b>19.96</b>	<b>7.21</b>	18	<b>20</b>	H
I	<b>4.85</b>	<b>3.59</b>	2.40	<b>3.70</b>	3.17	<b>6.26</b>	<b>7.56</b>	<b>8.33</b>	<b>10.12</b>	<b>13.63</b>	<b>6.34</b>	13	18	I
J	<b>3.83</b>	1.97	1.93	0.15	<b>4.67</b>	<b>4.51</b>	<b>6.20</b>	<b>8.96</b>	<b>10.99</b>	<b>13.83</b>	<b>5.70</b>	13	16	J
K	2.30	-2.21	-2.60	-2.09	-2.82	-1.91	-0.97	0.53	-1.64	-1.07	-1.25	0	0	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	12.7	2.3	14.2	13.8	6.9	<b>16.7</b>	<b>21.9</b>	<b>22.4</b>	<b>42.2</b>	<b>80.5</b>	<b>22.9</b>	<b>20</b>	13	A
B	13.2	6.8	-1.4	-30.5	-32.1	-36.9	<b>36.7</b>	<b>37.1</b>	<b>37.1</b>	<b>36.8</b>	8.6	9	5	B
C	<b>18.2</b>	<b>16.8</b>	13.5	4.1	3.3	9.4	7.8	9.7	<b>16.4</b>	<b>24.4</b>	11.3	6	6	C
D	<b>22.1</b>	10.5	7.2	2.8	3.4	11.6	<b>20.4</b>	<b>22.2</b>	<b>20.0</b>	<b>35.0</b>	<b>16.9</b>	9	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	E
F	<b>17.8</b>	13.2	12.2	5.4	9.1	10.4	<b>15.7</b>	<b>22.1</b>	<b>41.8</b>	<b>74.0</b>	<b>20.3</b>	18	11	F
G	<b>16.2</b>	7.6	-6.7	7.7	0.9	13.1	14.6	<b>19.3</b>	<b>51.4</b>	<b>81.1</b>	<b>15.7</b>	<b>20</b>	9	G
H	<b>27.5</b>	<b>19.8</b>	<b>15.2</b>	<b>15.1</b>	13.4	<b>20.8</b>	<b>23.7</b>	<b>19.7</b>	<b>30.0</b>	<b>31.8</b>	<b>22.0</b>	8	12	H
I	<b>30.0</b>	<b>26.4</b>	<b>15.1</b>	<b>19.7</b>	14.1	<b>23.0</b>	<b>23.1</b>	<b>21.4</b>	<b>22.1</b>	<b>27.6</b>	<b>21.5</b>	7	12	I
J	<b>25.1</b>	<b>19.6</b>	<b>19.3</b>	1.4	<b>34.6</b>	<b>27.7</b>	<b>32.4</b>	<b>37.7</b>	<b>43.1</b>	<b>74.4</b>	<b>35.8</b>	18	<b>20</b>	J
K	14.1	-13.5	-18.6	-18.0	-30.8	-28.1	-18.2	10.4	-35.9	-33.3	-14.5	0	0	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	19.32	11.95	19.13	20.68	12.16	27.10	<b>51.17</b>	<b>70.43</b>	<b>121.17</b>	<b>145.32</b>	+17 %	6	6	A
B	21.76	12.91	7.75	5.16	4.80	5.69	28.55	<b>53.38</b>	<b>96.09</b>	<b>145.60</b>	+17	6	6	B
C	<b>39.94</b>	<b>43.10</b>	<b>38.25</b>	20.41	11.92	33.90	38.92	47.03	<b>100.74</b>	<b>198.92</b>	+21	9	9	C
D	<b>58.55</b>	29.50	17.06	9.84	7.35	38.73	<b>108.78</b>	<b>159.40</b>	<b>165.77</b>	<b>332.33</b>	+27	14	14	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	E
F	<b>47.19</b>	24.95	22.79	13.22	12.73	18.07	<b>54.42</b>	<b>65.92</b>	<b>158.75</b>	<b>208.28</b>	+21	9	9	F
G	30.47	16.61	9.93	9.88	6.54	24.21	27.40	42.14	<b>105.87</b>	<b>171.39</b>	+19	7	7	G
H	<b>67.25</b>	32.18	28.16	32.70	36.26	<b>75.34</b>	<b>149.50</b>	<b>129.95</b>	<b>259.98</b>	<b>459.21</b>	+31	<b>20</b>	<b>20</b>	H
I	<b>66.39</b>	<b>41.68</b>	22.61	37.97	31.89	<b>116.74</b>	<b>148.20</b>	<b>166.85</b>	<b>193.03</b>	<b>279.48</b>	+25	12	12	I
J	<b>69.87</b>	33.04	19.19	11.92	<b>60.53</b>	<b>76.98</b>	<b>124.90</b>	<b>188.53</b>	<b>231.49</b>	<b>256.52</b>	+24	11	11	J
K	22.12	13.27	8.64	6.04	4.80	5.66	4.70	5.04	4.60	5.16	-16 %	0	0	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	C	C-	B-	C	C	B	A-	A	A	A	Low	19	19	A
B	B	C-	C-	C-	C-	C-	C	B	A	A+	Low	<b>20</b>	<b>20</b>	B
C	A-	A-	<b>B+</b>	B-	B	A+	A+	A+	A+	A+	Low	<b>20</b>	<b>20</b>	C
D	B	C+	C	C	C+	<b>B+</b>	A+	A+	A+	A+	Low	<b>20</b>	<b>20</b>	D
E	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	E
F	A-	B	<b>B+</b>	C	B	A	A+	A+	A	A-	Medium	18	18	F
G	A-	C+	C-	C	B	<b>B+</b>	A	A	A-	A-	Low	18	18	G
H	B-	C-	C-	B-	B-	<b>B+</b>	A-	A	A+	A+	Low	<b>20</b>	<b>20</b>	H
I	<b>B+</b>	C+	C	B-	<b>B+</b>	A	A	A+	A+	A	Medium	19	19	I
J	B	C-	C-	C-	<b>B+</b>	<b>B+</b>	A	A+	A-	B	N/A	14	14	J
K	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	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	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	<b>82</b>	<b>88</b>	<b>82</b>	<b>81</b>	67	62	61	<b>74</b>	<b>73</b>	<b>72</b>	<b>73</b>	14	15	A
B	<b>84</b>	<b>85</b>	<b>87</b>	68	<b>85</b>	<b>72</b>	<b>76</b>	<b>76</b>	<b>74</b>	<b>75</b>	<b>75</b>	15	15	B
C	65	64	68	<b>77</b>	<b>75</b>	<b>83</b>	<b>81</b>	<b>76</b>	<b>75</b>	<b>74</b>	<b>75</b>	15	15	C
D	66	<b>87</b>	<b>79</b>	<b>84</b>	<b>78</b>	<b>87</b>	<b>91</b>	<b>91</b>	<b>95</b>	<b>95</b>	<b>94</b>	19	19	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	69	<b>71</b>	67	62	<b>74</b>	<b>70</b>	<b>70</b>	65	68	67	67	13	13	F
G	<b>84</b>	<b>75</b>	<b>86</b>	68	59	<b>71</b>	<b>76</b>	<b>78</b>	<b>83</b>	<b>81</b>	<b>81</b>	16	16	G
H	<b>81</b>	<b>91</b>	<b>74</b>	69	<b>74</b>	<b>96</b>	<b>93</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	H
I	65	<b>70</b>	62	63	<b>81</b>	<b>78</b>	<b>83</b>	<b>84</b>	<b>85</b>	63	<b>77</b>	13	15	I
J	<b>77</b>	<b>87</b>	<b>96</b>	<b>82</b>	58	<b>74</b>	<b>79</b>	<b>93</b>	<b>91</b>	<b>85</b>	<b>90</b>	17	18	J
K	67	67	<b>74</b>	69	<b>70</b>	<b>77</b>	<b>75</b>	<b>81</b>	<b>88</b>	<b>90</b>	<b>86</b>	18	17	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	69	35	76	67	42	80	102	112	115			
B	86	47	26	22	24	23	76	102	116	117	64	Subpar	B
C	106	<b>106</b>	<b>98</b>	55	53	90	88	94	114	117	92	Very Good	C
D	107	75	55	39	43	92	<b>119</b>	<b>119</b>	119	<b>120</b>	89	Good	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	109	85	81	42	62	75	102	112	114	113	90	Very Good	F
G	103	60	27	45	38	79	87	100	116	116	77	Fair	G
H	106	84	75	89	86	<b>116</b>	117	118	<b>120</b>	<b>120</b>	103	Excellent	H
I	<b>111</b>	97	70	<b>93</b>	94	<b>116</b>	117	118	118	113	<b>105</b>	Excellent	I
J	109	78	70	31	<b>108</b>	111	116	<b>119</b>	117	110	97	Very Good	J
K	77	27	26	23	22	24	23	41	25	25	31	Subpar	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>18,967</b>	<b>5,160</b>	<b>67,638</b>	<b>14,029</b>	<b>105,794</b>
– Pairs Rejected	<b>1,045</b>	<b>279</b>	<b>3,473</b>	<b>697</b>	<b>5,494</b>
<b>Net Y20 Production</b> (after rejects)	<b>17,922</b>	<b>4,881</b>	<b>64,165</b>	<b>13,332</b>	<b>100,300</b>
<b>Superior Materials Usage</b>	<b>18.6%</b>	<b>8.0%</b>	<b>30.5%</b>	<b>43.2%</b>	<b>29.0%</b>
<b>Capacity Utilization</b> (branded + P-L prod.)	<b>107.8%</b>	<b>120.0%</b>	<b>118.5%</b>	<b>110.5%</b>	<b>115.4%</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>+ 2.94</b>	<b>+ 0.38</b>	<b>10.32</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 1.47</b>	<b>+ 0.76</b>	<b>13.29</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>1,632</b>	<b>1,499</b>	<b>1,398</b>	<b>1,035</b>	<b>5,564</b>
– Pairs Cleared (inventory clearance)	<b>369</b>	<b>275</b>	<b>295</b>	<b>279</b>	<b>1,218</b>
<b>Beginning Y20 Inventories</b>	<b>1,263</b>	<b>1,224</b>	<b>1,103</b>	<b>756</b>	<b>4,346</b>
+ New Production (shipped from plants)	<b>20,837</b>	<b>21,115</b>	<b>20,273</b>	<b>20,576</b>	<b>82,801</b>
<b>Pairs Available for Sale in Y20</b>	<b>22,100</b>	<b>22,339</b>	<b>21,376</b>	<b>21,332</b>	<b>87,147</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</b> (see Y19 FIR)	<b>22,183</b>	<b>23,546</b>	<b>22,652</b>	<b>20,596</b>	<b>88,977</b>
<b>Actual Year 20 Demand</b>	<b>22,140</b>	<b>23,570</b>	<b>23,230</b>	<b>21,210</b>	<b>90,150</b>
<b>Branded Pairs Sold</b>	<b>20,208</b>	<b>20,872</b>	<b>19,933</b>	<b>19,595</b>	<b>80,608</b>
<b>Required Y20 Ending Inventories</b>	<b>1,263</b>	<b>1,467</b>	<b>1,443</b>	<b>1,102</b>	<b>5,275</b>
<b>Inventory Surplus (Shortfall)</b>	<b>-2,153</b>	<b>-2,938</b>	<b>-3,333</b>	<b>-1,758</b>	<b>-10,182</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.2%
- Available for shipment to warehouses
- % usage down by 7.1 points from Y19
- % utilization down by 3.6 points from Y19

Lower than normal (29.0% industrywide) superior materials usage led to superior materials prices that were 10.5% below the base and standard materials prices that were 42.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.4% from the base.

- Average inventory clearance of 21.9%
- 3.3% lower than Y20 demand
- Overall Y20 demand was 1.3% greater than expected.
- 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 (internet + wholesale)	<b>23,026</b>	<b>23,947</b>	<b>24,905</b>	<b>25,901</b>
Europe-Africa	<b>24,513</b>	<b>25,494</b>	<b>26,514</b>	<b>27,575</b>
Asia-Pacific	<b>24,624</b>	<b>26,101</b>	<b>27,667</b>	<b>29,327</b>
Latin America	<b>22,483</b>	<b>23,832</b>	<b>25,262</b>	<b>26,778</b>
<b>Total</b>	<b>94,646</b>	<b>99,374</b>	<b>104,348</b>	<b>109,581</b>
<b>Private-Label</b> — North America	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
Europe-Africa	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
Asia-Pacific	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
Latin America	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
<b>Total</b>	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	<b>5,275</b>
<b>Potential Production</b> (at max OT)	<b>110,040</b>
<b>Potential Global Supply</b>	<b>115,315</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>94,646</b>
<b>Private-Label Sales Forecast</b>	<b>18,800</b>
<b>Expected Global Demand</b>	<b>113,446</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	5,000	1,000	0	0	0	0	0	0	5,000	1,000	6,000	0	<b>A</b>
<b>B</b>	0	0	7,000	0	0	0	0	0	0	0	7,000	0	7,000	0	<b>B</b>
<b>C</b>	2,300	0	5,600	0	500	0	0	0	2,800	0	5,600	0	8,400	0	<b>C</b>
<b>D</b>	3,000	0	7,000	6,700	2,000	0	0	0	5,000	0	7,000	6,700	18,700	0	<b>D</b>
<b>E</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>E</b>
<b>F</b>	4,800	0	5,000	1,000	2,000	0	0	0	6,800	0	5,000	1,000	12,800	0	<b>F</b>
<b>G</b>	1,000	0	3,000	3,000	0	0	0	0	1,000	0	3,000	3,000	7,000	0	<b>G</b>
<b>H</b>	0	0	12,000	0	2,000	0	0	0	2,000	0	12,000	0	14,000	0	<b>H</b>
<b>I</b>	0	4,300	4,000	0	0	0	0	0	0	4,300	4,000	0	8,300	0	<b>I</b>
<b>J</b>	0	0	5,500	0	0	0	0	0	0	0	5,500	0	5,500	0	<b>J</b>
<b>K</b>	0	0	3,000	1,000	0	0	0	0	0	0	3,000	1,000	4,000	0	<b>K</b>
<b>Total</b>	<b>11,100</b>	<b>4,300</b>	<b>57,100</b>	<b>12,700</b>	<b>6,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,600</b>	<b>4,300</b>	<b>57,100</b>	<b>12,700</b>	<b>91,700</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	376,235	185,278	22,701	38,699	8,420	121,137	11,003	110,134	33,040	77,094	12,572	A
B	395,003	219,827	29,634	34,321	9,422	101,799	8,518	93,281	27,984	65,297	8,800	B
C	451,143	270,678	36,893	31,510	10,819	101,243	-258	101,501	30,450	71,051	75,000	C
D	912,523	475,635	50,068	42,887	21,119	322,814	-670	323,484	97,045	226,439	0	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	520,945	313,100	38,641	11,496	15,217	142,491	14,371	128,120	38,436	89,684	17,720	F
G	447,938	194,879	36,620	71,245	11,499	133,695	14,389	119,306	35,792	83,514	83	G
H	760,453	428,048	44,661	51,893	16,419	219,432	5,545	213,887	64,166	149,721	71,250	H
I	453,251	251,410	25,679	15,691	10,720	149,751	3,731	146,020	43,806	102,214	105,000	I
J	373,487	174,903	26,651	13,634	7,919	150,380	2,219	148,161	44,448	103,713	199,500	J
K	294,299	130,175	38,629	113,359	6,419	5,717	16,439	-10,722	0	-10,722	0	K
	498,528	264,393	35,018	42,474	11,797	144,846	7,529	137,317	41,517	95,801	48,993	

**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	17,270	124,191	276,326	32,743	148,500	96,441	-65,883	64,525	95,083	1.31	8 / 2	A
B	8,476	113,706	289,316	27,974	81,000	174,618	-50,775	56,499	180,342	1.00	1 / 1	B
C	17,005	141,638	327,471	30,082	16,000	300,751	-15,413	-3,949	281,389	10.00	5 / 1	C
D	98,947	332,406	755,206	56,909	0	595,666	-123,809	226,440	698,297	0.00	2 / 1	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	62,402	241,640	497,937	74,597	321,500	140,639	-110,760	71,961	101,840	2.00	7 / 3	F
G	9,395	153,861	358,175	42,510	225,000	115,345	-105,615	80,935	90,665	0.01	1 / 4	G
H	5,736	233,579	615,032	44,772	60,750	430,996	0	78,514	509,510	9.50	3 / 2	H
I	77,116	202,466	449,715	31,317	49,000	372,207	0	-2,809	369,398	14.00	6 / 2	I
J	1,577	104,848	225,068	27,452	106,200	187,203	0	-95,787	91,416	26.60	6 / 2	J
K	0	77,365	187,377	160,547	0	37,554	0	-10,724	26,830	0.00	0 / 1	K
	29,792	172,570	398,162	52,890	100,795	245,142	-47,226	46,560	244,477	6.44	4 / 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	49.2 %	6.0 %	10.3 %	2.2 %	32.2 %	20.5 %	3.79	9,597	11.01	0.60	4.82	Low	A
B	55.7	7.5	8.7	2.4	25.8	16.5	4.06	8,800	11.95	0.31	8.24	Low	B
C	60.0	8.2	7.0	2.4	22.4	15.7	4.71	7,500	100.00	0.06	4.12	Low	C
D	52.1	5.5	4.7	2.3	35.4	24.8	5.84	10,450	100.00	0.01	58.56	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	60.1	7.4	2.2	2.9	27.4	17.2	3.24	8,860	9.92	0.72	2.50	Medium	F
G	43.5	8.2	15.9	2.6	29.8	18.6	3.62	8,300	9.29	0.70	3.98	Low	G
H	56.3	5.9	6.8	2.2	28.9	19.7	5.22	7,500	39.57	0.11	16.14	Low	H
I	55.5	5.7	3.5	2.4	33.0	22.6	6.47	7,500	40.14	0.12	2.44	Medium	I
J	46.8	7.1	3.7	2.1	40.3	27.8	3.82	7,500	67.77	0.52	0.00	N/A	J
K	44.2	13.1	38.5	2.2	1.9	-3.6	0.48	10,000	0.35	0.78	0.01	High	K
	53.0 %	7.0 %	8.5 %	2.4 %	29.1 %	19.2 %	3.26	8,601	39.00	0.39	10.08	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		9.11	<b>9.31</b>	10.66	<b>10.47</b>	13.94	<b>13.18</b>	
	Private-Label Footwear		7.96	<b>8.97</b>	10.31	<b>10.89</b>	13.93	<b>13.60</b>	
Labor — North America	Total Compensation (\$/year)		16,869	<b>16,201</b>	18,758	<b>18,616</b>	22,193	<b>23,410</b>	
	Productivity (pairs/worker/year)		1,401	<b>1,740</b>	3,261	<b>3,946</b>	4,546	<b>5,391</b>	
	Labor Cost (\$/pair produced)		3.92	<b>0.00</b>	6.61	<b>3.74</b>	13.00	<b>5.17</b>	
Europe Africa	Total Compensation (\$/year)		15,897	<b>16,056</b>	15,897	<b>16,056</b>	15,897	<b>16,056</b>	
	Productivity (pairs/worker/year)		0	<b>4,154</b>	0	<b>4,154</b>	0	<b>4,154</b>	
	Labor Cost (\$/pair produced)		0.80	<b>5.23</b>	0.80	<b>5.23</b>	0.80	<b>5.23</b>	
Asia Pacific	Total Compensation (\$/year)		3,981	<b>3,953</b>	5,382	<b>5,572</b>	6,907	<b>7,351</b>	
	Productivity (pairs/worker/year)		2,301	<b>2,235</b>	3,014	<b>3,091</b>	3,755	<b>3,936</b>	
	Labor Cost (\$/pair produced)		1.41	<b>1.62</b>	1.83	<b>1.89</b>	2.13	<b>2.17</b>	
Latin America	Total Compensation (\$/year)		3,228	<b>3,260</b>	4,663	<b>4,847</b>	6,541	<b>7,022</b>	
	Productivity (pairs/worker/year)		2,433	<b>2,486</b>	2,963	<b>3,091</b>	3,675	<b>3,875</b>	
	Labor Cost (\$/pair produced)		1.39	<b>1.38</b>	1.68	<b>1.67</b>	1.95	<b>1.99</b>	
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.20	<b>0.19</b>	1.67	<b>1.50</b>	2.50	<b>2.50</b>	
	Cumulative		0.59	<b>0.51</b>	1.47	<b>1.45</b>	2.38	<b>2.18</b>	
Reject Rates	Branded Production		1.9%	<b>1.7%</b>	5.1%	<b>5.1%</b>	9.7%	<b>9.5%</b>	
	Private-Label Production		1.5%	<b>1.7%</b>	4.2%	<b>4.5%</b>	6.4%	<b>6.6%</b>	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	22.79	<b>21.29</b>	24.61	<b>23.60</b>	26.20	<b>24.94</b>	
		E-A	0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>	
		A-P	18.81	<b>19.37</b>	22.97	<b>22.80</b>	25.68	<b>25.77</b>	
		L.A.	17.36	<b>18.03</b>	22.87	<b>22.88</b>	25.31	<b>25.00</b>	
		Private-Label	N.A.	21.16	<b>21.94</b>	28.14	<b>23.57</b>	41.27	<b>25.57</b>
		E-A	16.23	<b>22.66</b>	16.23	<b>22.66</b>	16.23	<b>22.66</b>	
		A-P	18.11	<b>20.08</b>	22.64	<b>24.38</b>	30.33	<b>30.68</b>	
		L.A.	18.15	<b>18.45</b>	22.26	<b>24.92</b>	26.54	<b>29.43</b>	

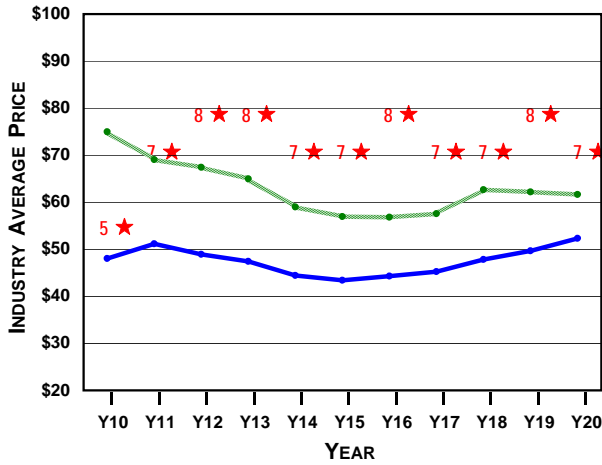
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.08	<b>23.32</b>	27.25	<b>26.86</b>	30.05	<b>29.79</b>
		E-A	25.89	<b>26.73</b>	30.02	<b>30.31</b>	32.71	<b>33.29</b>
		A-P	20.81	<b>21.35</b>	25.02	<b>24.83</b>	28.14	<b>27.77</b>
		L.A.	19.36	<b>20.03</b>	29.66	<b>28.43</b>	36.00	<b>34.90</b>
		Wholesale	12.82	<b>12.82</b>	13.14	<b>13.14</b>	13.48	<b>13.51</b>
	Warehouse Expenses - Internet (\$ per pair sold)	Wholesale	1.98	<b>1.94</b>	2.47	<b>2.46</b>	2.95	<b>3.01</b>
			3.82	<b>3.68</b>	11.60	<b>10.49</b>	24.59	<b>24.43</b>
	Marketing Expenses — Internet (\$ per pair sold)	Wholesale	0.31	<b>0.30</b>	6.58	<b>6.07</b>	29.28	<b>29.45</b>
			1.17	<b>1.11</b>	1.47	<b>1.54</b>	2.43	<b>2.40</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	3.22	<b>3.86</b>	20.68	<b>21.68</b>	32.37	<b>33.09</b>
		E-A	1.34	<b>1.12</b>	18.15	<b>17.70</b>	29.39	<b>29.30</b>
		A-P	5.48	<b>6.46</b>	23.25	<b>24.15</b>	35.27	<b>35.50</b>
		L.A.	5.80	<b>10.37</b>	17.55	<b>23.19</b>	31.81	<b>36.82</b>
		Wholesale	N.A.	-4.84	<b>-4.45</b>	10.93	<b>14.53</b>	20.57
	E-A	-7.39	<b>-7.90</b>	9.43	<b>12.53</b>	19.20	<b>27.96</b>	
	A-P	-1.46	<b>-1.22</b>	11.91	<b>16.46</b>	20.45	<b>33.83</b>	
	L.A.	-0.17	<b>4.16</b>	10.14	<b>18.11</b>	17.87	<b>33.30</b>	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.10	<b>23.94</b>	26.51	<b>25.74</b>	43.27	<b>27.57</b>
		E-A	18.23	<b>24.66</b>	24.26	<b>31.12</b>	28.70	<b>38.08</b>
		A-P	20.11	<b>22.08</b>	28.41	<b>27.96</b>	50.41	<b>32.68</b>
		L.A.	20.15	<b>20.45</b>	24.76	<b>29.23</b>	28.54	<b>35.68</b>
		Wholesale	0.50	<b>0.79</b>	1.01	<b>1.23</b>	1.39	<b>2.00</b>
	Warehouse Expenses (\$ per pair sold)	N.A.	-0.05	<b>4.75</b>	9.58	<b>8.32</b>	16.84	<b>9.90</b>
		E-A	6.88	<b>-0.05</b>	7.45	<b>4.43</b>	7.94	<b>6.75</b>
		A-P	-8.58	<b>-3.66</b>	7.03	<b>9.63</b>	18.10	<b>21.95</b>
		L.A.	-4.23	<b>-2.93</b>	3.70	<b>6.56</b>	8.55	<b>23.16</b>

**CELEBRITY ENDORSEMENTS**

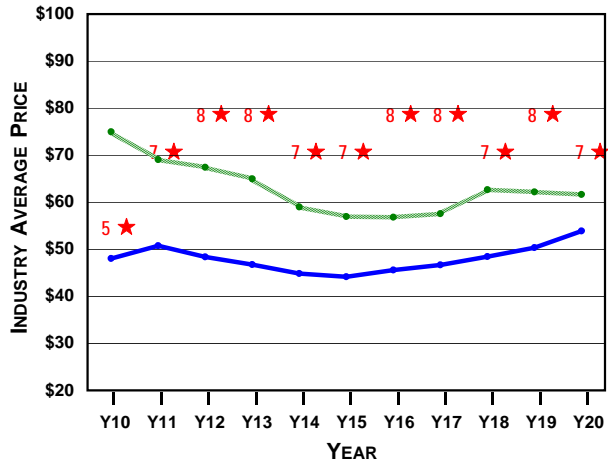
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	3,215	Y19	2 years	4	3,536	3,215	2,940	2,004
Oprah Letterman	100	70	65	75	Company H	1,203	Y20	3 years	3	3,556	1,203	1,753	500
Annika Stockholm	70	100	70	55	Company D	9,741	Y16	5 years	7	9,741	6,584	3,984	500
Tiger Green	95	80	85	75	Company G	7,056	Y20	2 years	3	7,056	1,203	2,920	500
José Montaña	60	50	60	95	Company H	1,203	Y20	3 years	3	3,556	1,203	1,753	500
Karioki Footsu	55	60	95	90	Company K	11,000	Y18	4 years	6	11,000	7,009	6,121	3,200
Jaques LaFeet	50	90	50	85	Company H	1,203	Y20	1 year	2	3,556	1,203	2,380	1,203
Serenus Willson	70	65	55	60	Company H	3,500	Y19	3 years	4	3,536	3,500	3,314	3,005
Natalie Kwan	75	80	95	50	Company K	10,000	Y17	4 years	6	10,000	4,502	3,812	505
Sergio Milano	45	85	60	100	Company H	4,002	Y19	2 years	4	4,002	3,536	3,440	3,005
Lance deFrance	80	85	75	70	Company H	1,203	Y20	3 years	3	3,556	1,203	1,753	500
Yao KungPao	60	35	100	50	Company K	11,000	Y18	4 years	6	11,000	7,431	5,700	2,013

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

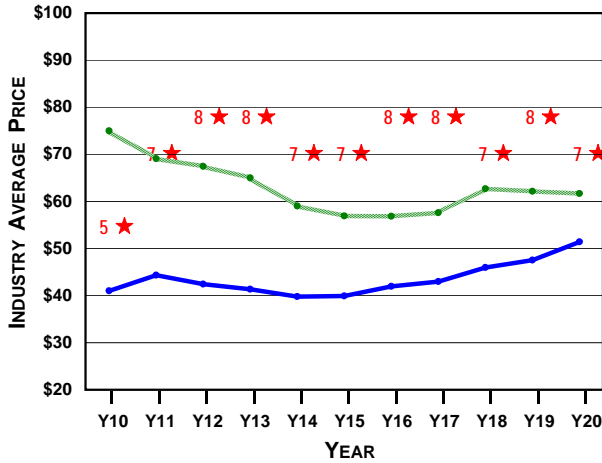
**NORTH AMERICA**



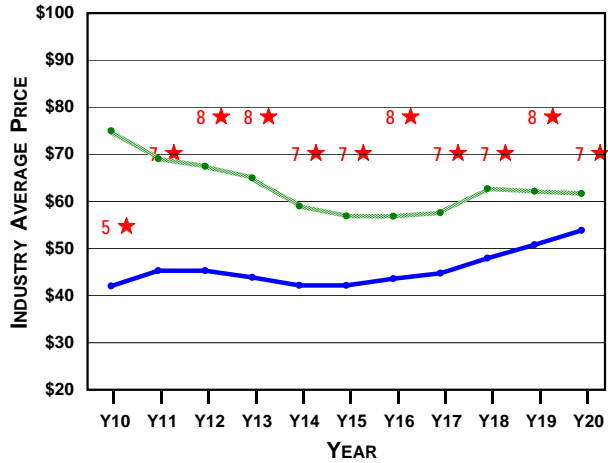
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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