

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 4

Friday, December 16, 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
Genesis	118	0
Alpha	116	+1
K.O. Athletics	115	-1
Best Brands	114	+10
Hybrid	114	-2
Insane Shoe Mfg.	105	+3
Falcon Millenium	95	-10
Longest Yard Inc.	94	+16
Dazzler Shoez	79	-15
Charismatic	70	+8
JSage GS Shoes	57	-5
E (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Genesis	89	+3
Hybrid	89	+3
K.O. Athletics	88	+3
Alpha	80	+4
Best Brands	80	+4
Falcon Millenium	73	+3
Longest Yard Inc.	70	+3
Dazzler Shoez	67	+2
Insane Shoe Mfg.	65	+4
JSage GS Shoes	50	+1
Charismatic	50	+2
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
Genesis	97	-1
K.O. Athletics	86	-2
Hybrid	80	-12
Alpha	77	-6
Best Brands	66	+5
Insane Shoe Mfg.	57	-5
Falcon Millenium	56	-10
Longest Yard Inc.	54	+6
Charismatic	42	0
Dazzler Shoez	41	-14
JSage GS Shoes	40	-2
E (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Genesis	97	+6
Hybrid	89	-7
Alpha	83	+2
K.O. Athletics	83	-2
Best Brands	67	+2
Longest Yard Inc.	60	+6
Insane Shoe Mfg.	57	+1
Falcon Millenium	53	-4
Charismatic	42	0
JSage GS Shoes	41	+2
Dazzler Shoez	41	-5
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	2.40	2.68	1.95	0.67	0.75	<b>4.18</b>	3.08	<b>9.77</b>	<b>8.77</b>	<b>9.10</b>	<b>4.33</b>	15	18	A
B	<b>4.70</b>	2.05	1.34	0.48	0.79	2.51	2.52	3.97	<b>5.15</b>	<b>7.39</b>	2.89	12	12	B
C	<b>2.95</b>	0.32	0.05	-0.95	-0.83	1.71	0.21	1.45	1.38	1.84	0.79	3	3	C
D	<b>3.38</b>	1.95	-0.46	-2.73	-1.99	1.74	2.71	<b>4.05</b>	3.97	3.37	1.45	5	6	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	E
F	<b>3.95</b>	-0.96	-2.63	-4.08	1.18	2.59	2.69	2.57	3.41	3.26	1.25	5	5	F
G	<b>3.12</b>	2.45	2.30	1.95	0.96	3.34	<b>5.18</b>	<b>6.31</b>	<b>9.15</b>	<b>12.48</b>	<b>4.57</b>	<b>20</b>	19	G
H	<b>2.67</b>	0.51	1.82	1.62	1.65	<b>6.13</b>	<b>7.39</b>	<b>8.02</b>	<b>8.91</b>	<b>9.72</b>	<b>4.72</b>	16	<b>20</b>	H
I	<b>2.88</b>	-0.08	-0.24	-0.21	0.63	2.10	1.84	3.12	3.97	<b>4.96</b>	1.86	8	8	I
J	2.57	0.12	0.24	-2.09	-0.81	0.34	0.33	1.47	0.82	0.72	0.36	1	2	J
K	<b>5.71</b>	2.74	2.16	0.72	-0.30	3.03	<b>5.01</b>	<b>8.62</b>	<b>7.64</b>	<b>9.72</b>	<b>4.11</b>	16	17	K
L	<b>3.87</b>	0.99	1.44	-0.34	0.85	2.68	2.41	3.04	3.10	3.65	2.16	6	9	L

**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	14.6	14.2	9.2	3.0	3.2	<b>16.2</b>	10.5	<b>27.3</b>	<b>19.5</b>	<b>17.4</b>	13.9	10	13	A
B	<b>26.8</b>	9.4	5.3	1.8	2.9	8.7	8.1	10.5	13.7	<b>17.6</b>	9.7	10	9	B
C	<b>18.2</b>	1.9	0.3	-5.5	-5.1	10.2	1.2	7.9	7.1	8.7	4.4	5	4	C
D	<b>20.1</b>	10.5	-2.7	-16.8	-14.4	12.8	<b>17.3</b>	<b>21.7</b>	<b>22.1</b>	<b>17.6</b>	8.7	10	8	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>24.3</b>	-7.4	-27.8	-51.4	14.0	<b>26.3</b>	<b>23.5</b>	<b>20.6</b>	<b>25.7</b>	<b>24.7</b>	11.2	14	10	F
G	<b>18.8</b>	14.1	12.2	9.7	4.5	<b>16.9</b>	<b>22.1</b>	<b>32.3</b>	<b>33.6</b>	<b>33.7</b>	<b>20.0</b>	19	18	G
H	<b>16.9</b>	3.5	12.0	11.5	10.5	<b>32.5</b>	<b>31.0</b>	<b>27.9</b>	<b>27.9</b>	<b>29.2</b>	<b>21.8</b>	17	<b>20</b>	H
I	<b>17.4</b>	-0.4	-1.3	-1.2	3.5	10.8	8.5	13.0	14.4	<b>15.5</b>	8.5	9	8	I
J	<b>15.7</b>	0.7	1.4	-17.9	-9.1	4.0	3.6	14.8	7.4	6.1	3.1	3	3	J
K	<b>34.4</b>	<b>15.7</b>	9.8	3.8	-1.5	13.9	<b>20.1</b>	<b>40.8</b>	<b>28.5</b>	<b>35.1</b>	<b>18.8</b>	<b>20</b>	17	K
L	<b>23.9</b>	7.8	13.1	-2.3	5.5	<b>15.5</b>	12.2	13.5	12.1	12.6	10.9	7	10	L

**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	24.85	28.33	18.90	11.30	7.55	40.16	36.57	<b>137.20</b>	<b>123.55</b>	<b>178.10</b>	+20 %	14	14	A
B	<b>82.59</b>	<b>36.44</b>	20.18	11.70	7.30	30.02	31.84	<b>52.04</b>	<b>68.94</b>	<b>114.57</b>	+14	9	9	B
C	<b>41.58</b>	22.49	13.48	8.51	5.90	16.24	10.06	20.60	15.92	27.04	-1	2	2	C
D	<b>50.74</b>	25.65	15.06	8.72	6.07	14.57	31.66	<b>50.24</b>	47.65	39.59	+3	3	3	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>70.04</b>	32.91	18.64	11.01	11.13	28.57	43.64	34.64	50.13	39.95	+3	3	3	F
G	<b>36.48</b>	25.91	21.39	17.97	10.79	39.45	<b>69.41</b>	<b>88.51</b>	<b>155.86</b>	<b>256.05</b>	+24	<b>20</b>	<b>20</b>	G
H	<b>33.47</b>	18.53	18.72	13.39	16.61	<b>78.93</b>	<b>155.60</b>	<b>169.00</b>	<b>160.44</b>	<b>170.57</b>	+19	13	13	H
I	<b>36.53</b>	19.72	11.64	6.96	6.67	26.63	21.86	39.37	<b>51.73</b>	<b>63.72</b>	+8	5	5	I
J	28.19	16.22	10.10	5.93	4.80	5.07	4.70	19.34	11.56	9.09	-11	1	1	J
K	<b>106.17</b>	<b>43.17</b>	23.62	13.70	8.21	36.83	<b>69.43</b>	<b>156.13</b>	<b>130.82</b>	<b>160.95</b>	+18	13	13	K
L	<b>64.35</b>	31.08	17.51	10.14	8.54	32.73	28.36	34.24	32.13	43.03	+4 %	3	3	L

**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	C+	C	C-	C-	C+	C	A-	A-	A+	Low	20	20	A
B	A-	C+	C+	C+	B-	A-	A	A	A	A+	Low	20	20	B
C	B	C-	C-	C-	C	<b>B+</b>	C	A	A+	A+	Low	20	20	C
D	B	C-	C-	C-	C-	C+	B-	B	B-	C+	High	8	8	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	B-	C-	C-	C-	C	B-	<b>B+</b>	B	A	<b>B+</b>	High	17	17	F
G	B-	B-	B-	C+	C	B-	C+	B-	A	<b>A+</b>	Low	20	20	G
H	B-	C-	C-	C+	C	<b>B+</b>	A-	A	A-	A-	Medium	18	18	H
I	<b>B+</b>	C-	C-	C-	C+	B	C+	B	A-	<b>B+</b>	Medium	17	17	I
J	<b>B+</b>	C-	C-	C-	C-	B	A-	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	J
K	B	C	C-	C+	C	<b>B+</b>	<b>B+</b>	A-	A-	<b>B+</b>	Medium	17	17	K
L	B	C-	C-	C-	C-	C	C	C+	B-	A-	Medium	18	18	L

**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>73</b>	66	<b>79</b>	62	<b>70</b>	<b>72</b>	<b>71</b>	<b>81</b>	<b>83</b>	<b>83</b>	<b>82</b>	18	18	A
B	<b>74</b>	67	67	66	67	58	61	<b>97</b>	63	69	<b>76</b>	15	17	B
C	<b>80</b>	69	61	62	58	58	58	59	57	56	57	12	13	C
D	<b>86</b>	<b>91</b>	<b>82</b>	<b>72</b>	<b>76</b>	64	68	67	<b>73</b>	68	69	15	16	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	68	<b>70</b>	<b>78</b>	<b>80</b>	<b>87</b>	<b>80</b>	<b>85</b>	<b>86</b>	<b>84</b>	<b>76</b>	<b>82</b>	17	18	F
G	<b>75</b>	<b>74</b>	<b>71</b>	67	<b>74</b>	<b>79</b>	<b>76</b>	<b>89</b>	<b>89</b>	<b>82</b>	<b>87</b>	18	<b>20</b>	G
H	<b>77</b>	<b>79</b>	<b>75</b>	63	<b>71</b>	<b>82</b>	<b>89</b>	<b>84</b>	<b>81</b>	<b>72</b>	<b>79</b>	16	18	H
I	<b>77</b>	<b>74</b>	67	<b>73</b>	<b>73</b>	<b>79</b>	<b>80</b>	<b>82</b>	<b>87</b>	<b>81</b>	<b>83</b>	18	19	I
J	<b>76</b>	<b>70</b>	<b>72</b>	<b>81</b>	<b>79</b>	68	64	66	65	67	66	15	15	J
K	<b>70</b>	<b>74</b>	<b>80</b>	69	<b>74</b>	<b>77</b>	<b>74</b>	<b>82</b>	<b>87</b>	<b>90</b>	<b>86</b>	<b>20</b>	19	K
L	<b>96</b>	<b>89</b>	<b>100</b>	<b>97</b>	<b>100</b>	<b>100</b>	<b>98</b>	<b>91</b>	<b>86</b>	<b>89</b>	<b>89</b>	<b>20</b>	<b>20</b>	L

**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	89	82	60	32	32	88	70	116	115			
B	<b>115</b>	75	54	38	43	79	78	102	104	114	80	Good	B
C	103	38	24	22	24	67	28	66	62	70	50	Subpar	C
D	108	66	30	24	24	60	81	99	94	79	67	Subpar	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	103	39	31	27	<b>57</b>	84	99	89	105	95	73	Fair	F
G	99	84	<b>75</b>	<b>61</b>	42	90	100	107	<b>118</b>	<b>118</b>	<b>89</b>	Good	G
H	94	41	59	58	55	<b>114</b>	<b>117</b>	<b>117</b>	116	114	<b>89</b>	Good	H
I	105	33	25	24	40	74	59	86	102	105	65	Subpar	I
J	98	31	29	25	23	44	49	78	62	57	50	Subpar	J
K	108	<b>87</b>	61	44	29	94	111	116	116	115	88	Good	K
L	112	58	60	29	40	78	69	78	78	94	70	Fair	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	26,640	0	74,382	23,400	124,422
– Pairs Rejected	1,803	0	4,544	2,195	8,542
Net Y20 Production (after rejects)	24,837	0	69,838	21,205	115,880
Superior Materials Usage	50.9%	0.0%	50.0%	50.9%	50.4%
Capacity Utilization (branded + P-L prod.)	116.8%	0.0%	119.2%	120.0%	118.8%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	9.00	- 0.02	+ 0.79	9.77
Superior Materials	17.50	+ 0.14	+ 1.54	19.18

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	3,895	2,482	3,581	2,794	12,752
– Pairs Cleared (inventory clearance)	703	539	851	492	2,585
Beginning Y20 Inventories	3,192	1,943	2,730	2,302	10,167
+ New Production (shipped from plants)	26,988	27,208	25,588	25,126	104,910
Pairs Available for Sale in Y20	30,180	29,151	28,318	27,428	115,077

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected 20 Demand (see Y19 FIR)	25,157	25,237	24,020	23,309	97,723
Actual Year 20 Demand	25,311	25,410	24,518	23,494	98,733
Branded Pairs Sold	25,306	25,368	24,463	23,451	98,588
Required Y20 Ending Inventories	2,145	2,006	1,970	1,959	8,080
Inventory Surplus (Shortfall)	2,562	1,288	1,182	1,817	6,849

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 6.9%
- Available for shipment to warehouses
- % usage up by 7.9 points over Y19
- % utilization up by 2.9 points over Y19

Higher than normal (50.4% industrywide) superior materials usage led to superior materials prices that were 0.8% above the base and standard materials prices that were 0.2% below the base. Industrywide capacity utilization above 110% resulted in materials price increases of 8.8% from the base.

- Average inventory clearance of 20.3%
- 16.6% higher than Y20 demand

Actual demand in Year 20 was 1.0% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times
- { High in N.A.    Okay in E-A  
    Okay 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 (internet + wholesale)	26,323	27,376	28,471	29,610
Europe-Africa	26,426	27,483	28,582	29,725
Asia-Pacific	25,989	27,548	29,201	30,953
Latin America	24,904	26,398	27,982	29,661
<b>Total</b>	103,642	108,805	114,236	119,949
<b>Private-Label</b> — North America	5,170	5,170	5,170	5,170
Europe-Africa	5,170	5,170	5,170	5,170
Asia-Pacific	5,170	5,170	5,170	5,170
Latin America	5,170	5,170	5,170	5,170
<b>Total</b>	20,680	20,680	20,680	20,680

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	14,929
Potential Production (at max OT)	125,640
<b>Potential Global Supply</b>	140,569
<b>Demand</b> — Branded Sales Forecast (000s)	103,642
Private-Label Sales Forecast	20,680
<b>Expected Global Demand</b>	124,322
<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	0	0	5,800	9,000	0	0	0	0	0	0	5,800	9,000	14,800	0	A
B	2,600	0	4,300	2,000	800	0	0	0	3,400	0	4,300	2,000	9,700	0	B
C	1,300	0	2,000	2,300	0	0	0	0	1,300	0	2,000	2,300	5,600	0	C
D	1,800	0	3,700	1,000	0	0	0	0	1,800	0	3,700	1,000	6,500	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	1,500	0	3,300	1,500	0	0	0	0	1,500	0	3,300	1,500	6,300	0	F
G	3,500	0	6,500	0	0	0	0	0	3,500	0	6,500	0	10,000	0	G
H	0	0	9,700	0	0	0	0	0	0	0	9,700	0	9,700	0	H
I	0	0	10,500	0	0	0	0	0	0	0	10,500	0	10,500	0	I
J	2,300	0	4,100	0	0	0	0	0	2,300	0	4,100	0	6,400	0	J
K	1,200	0	7,500	3,700	0	0	0	0	1,200	0	7,500	3,700	12,400	0	K
L	7,800	0	5,000	0	0	0	0	0	7,800	0	5,000	0	12,800	0	L
<b>Total</b>	22,000	0	62,400	19,500	800	0	0	0	22,800	0	62,400	19,500	104,700	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	714,769	411,543	50,176	94,222	17,221	141,607	11,537	39,021	91,049	30,000	10,000	A
B	476,345	300,896	41,476	37,050	12,120	84,803	5,594	23,763	55,446	0	7,500	B
C	317,594	203,954	24,268	52,183	8,019	29,170	1,968	8,161	19,041	3,108	10,360	C
D	306,690	180,455	25,893	42,402	8,919	49,021	12,924	10,829	25,268	7,500	7,500	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	355,447	198,044	34,378	47,166	8,719	67,140	2,231	19,473	45,436	18,096	13,920	F
G	623,947	329,104	48,304	85,770	12,418	148,351	14,668	40,105	93,578	15,000	7,500	G
H	555,816	319,526	36,098	76,326	12,119	111,747	7,622	31,238	72,887	67,500	7,500	H
I	602,517	317,627	37,748	158,587	12,919	75,636	9,944	19,708	45,984	0	9,274	I
J	319,131	241,991	26,918	19,534	8,819	21,869	-1,069	6,881	16,057	0	22,200	J
K	744,934	410,664	54,947	124,750	14,820	139,753	15,095	37,397	87,261	1,795	8,975	K
L	683,618	447,856	59,301	82,588	15,218	78,655	12,682	19,792	46,181	0	12,640	L
	518,255	305,605	39,955	74,598	11,937	86,159	8,472	23,306	54,381	13,000	10,670	

**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	8,340	235,032	671,339	72,612	43,600	494,077	0	61,049	555,127	3.00	1 / 1	A
B	53,893	199,987	471,821	43,767	84,700	287,909	0	55,445	343,354	0.00	0 / 1	B
C	10,440	106,321	241,763	16,950	0	212,291	-3,410	15,933	224,813	0.30	3 / 2	C
D	0	170,205	350,229	100,075	98,000	134,383	0	17,770	152,154	1.00	5 / 3	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	135,931	270,512	84,584	42,300	224,533	-108,243	27,339	143,628	1.30	6 / 1	F
G	15,555	207,257	428,760	43,603	68,000	238,578	0	78,579	317,157	2.00	1 / 1	G
H	7,000	192,875	415,577	50,008	113,000	247,183	0	5,386	252,569	9.00	8 / 1	H
I	0	211,416	476,743	105,189	85,300	305,844	-65,574	45,984	286,254	0.00	0 / 2	I
J	116,955	212,083	301,433	30,088	0	255,289	0	16,055	271,345	0.00	0 / 2	J
K	0	247,255	572,319	120,681	253,300	299,171	-186,300	85,468	198,338	0.20	5 / 1	K
L	4,428	232,214	516,673	88,705	38,800	342,987	0	46,181	389,168	0.00	0 / 2	L
	19,692	195,507	428,833	68,751	75,182	276,568	-33,048	41,381	284,901	1.53	3 / 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	57.6 %	7.0 %	13.2 %	2.4 %	19.8 %	12.7 %	3.24	57	12.27	0.10	4.16	Low	A
B	63.2	8.7	7.8	2.5	17.8	11.6	4.57	43	15.16	0.21	6.73	Low	B
C	64.2	7.6	16.4	2.5	9.2	6.0	6.27	29	14.82	0.00	10.00	Low	C
D	58.8	8.4	13.8	2.9	16.0	8.2	1.70	235	3.79	0.51	0.43	High	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	55.7	9.7	13.3	2.5	18.9	12.8	1.61	90	30.09	0.37	0.77	High	F
G	52.7	7.7	13.7	2.0	23.8	15.0	4.75	44	10.11	0.19	8.52	Low	G
H	57.5	6.5	13.7	2.2	20.1	13.1	3.86	60	14.66	0.31	1.68	Medium	H
I	52.7	6.3	26.3	2.1	12.6	7.6	2.01	70	7.61	0.31	1.13	Medium	I
J	75.8	8.4	6.1	2.8	6.9	5.0	7.05	31	100.00	0.00	10.00	Low	J
K	55.1	7.4	16.7	2.0	18.8	11.7	2.05	58	9.26	0.56	1.67	Medium	K
L	65.5	8.7	12.1	2.2	11.5	6.8	2.62	46	6.20	0.15	1.92	Medium	L
	59.0 %	7.7 %	14.4 %	2.3 %	16.6 %	2.5 %	2.84	69	20.36	0.25	4.27	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		9.93	<b>10.99</b>	11.51	<b>13.45</b>	13.30	<b>16.79</b>
	Private-Label Footwear		9.47	<b>8.84</b>	10.93	<b>12.35</b>	12.69	<b>15.67</b>
Labor — North America	Total Compensation (\$/year)		15,302	<b>15,608</b>	19,499	<b>19,878</b>	23,655	<b>24,431</b>
	Productivity (pairs/worker/year)		4,136	<b>4,153</b>	4,515	<b>4,569</b>	4,765	<b>4,848</b>
	Labor Cost (\$/pair produced)		3.76	<b>3.82</b>	4.67	<b>4.49</b>	5.68	<b>5.31</b>
Europe Africa	Total Compensation (\$/year)		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
	Productivity (pairs/worker/year)		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
	Labor Cost (\$/pair produced)		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
Asia Pacific	Total Compensation (\$/year)		3,714	<b>3,845</b>	4,984	<b>5,090</b>	5,848	<b>6,090</b>
	Productivity (pairs/worker/year)		2,308	<b>2,321</b>	3,013	<b>3,063</b>	3,438	<b>3,561</b>
	Labor Cost (\$/pair produced)		1.40	<b>1.38</b>	1.71	<b>1.76</b>	2.09	<b>2.09</b>
Latin America	Total Compensation (\$/year)		3,978	<b>4,012</b>	4,812	<b>4,950</b>	6,130	<b>6,197</b>
	Productivity (pairs/worker/year)		2,567	<b>2,540</b>	2,906	<b>2,941</b>	3,269	<b>3,389</b>
	Labor Cost (\$/pair produced)		1.58	<b>1.58</b>	1.81	<b>1.79</b>	2.18	<b>2.18</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	0.93	<b>0.74</b>	2.22	<b>2.20</b>
	Cumulative		0.30	<b>0.32</b>	0.87	<b>0.86</b>	2.05	<b>2.06</b>
Reject Rates	Branded Production		2.3%	<b>2.3%</b>	6.8%	<b>6.8%</b>	11.1%	<b>10.7%</b>
	Private-Label Production		2.8%	<b>3.6%</b>	4.6%	<b>5.0%</b>	8.2%	<b>6.7%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		26.93	<b>28.26</b>	30.09	<b>30.92</b>	34.00	<b>35.10</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		19.99	<b>21.47</b>	24.14	<b>25.23</b>	28.81	<b>29.29</b>
	L.A.		20.32	<b>22.48</b>	26.81	<b>27.84</b>	35.51	<b>35.50</b>
	Private-Label — N.A.		21.08	<b>23.73</b>	23.60	<b>26.91</b>	26.56	<b>30.59</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		20.46	<b>18.55</b>	22.97	<b>22.49</b>	27.96	<b>25.21</b>
	L.A.		19.63	<b>20.80</b>	30.01	<b>25.90</b>	40.38	<b>29.92</b>

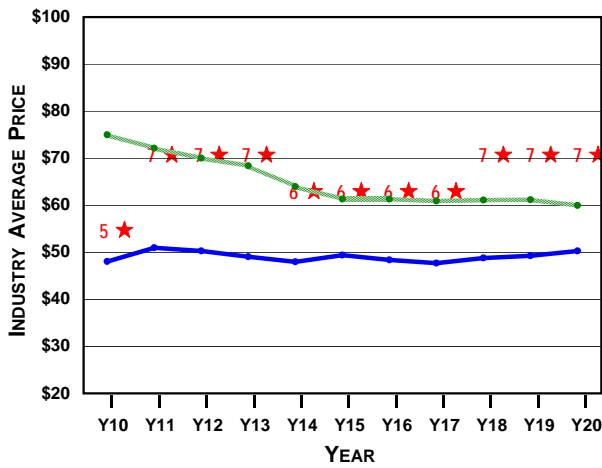
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.57	<b>26.06</b>	30.59	<b>31.40</b>	36.77	<b>37.17</b>
		E-A	26.97	<b>27.63</b>	31.57	<b>31.92</b>	38.08	<b>37.67</b>
		A-P	22.61	<b>23.98</b>	26.62	<b>27.78</b>	31.34	<b>31.73</b>
		L.A.	22.77	<b>24.72</b>	31.20	<b>32.34</b>	38.33	<b>39.12</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	15.41	<b>15.36</b>	15.66	<b>15.61</b>	15.90	<b>16.21</b>
			2.11	<b>2.01</b>	2.46	<b>2.39</b>	2.85	<b>3.17</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	7.80	<b>8.11</b>	14.49	<b>14.06</b>	21.47	<b>22.31</b>
			1.42	<b>2.85</b>	7.03	<b>7.09</b>	13.85	<b>14.49</b>
Administrative Expenses	(\$/pair sold)		0.99	<b>1.08</b>	1.39	<b>1.41</b>	1.70	<b>2.22</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	4.76	<b>4.09</b>	11.79	<b>10.04</b>	17.38	<b>15.17</b>
		E-A	4.83	<b>5.63</b>	10.83	<b>12.23</b>	17.47	<b>19.62</b>
		A-P	12.41	<b>10.16</b>	18.27	<b>15.84</b>	23.79	<b>22.20</b>
		L.A.	5.20	<b>-0.26</b>	12.59	<b>9.16</b>	20.54	<b>15.73</b>
Wholesale	N.A.	1.01	<b>2.61</b>	6.55	<b>6.71</b>	12.03	<b>10.77</b>	
	E-A	-1.78	<b>0.93</b>	6.07	<b>9.33</b>	11.57	<b>15.46</b>	
	A-P	3.30	<b>3.29</b>	9.31	<b>9.51</b>	13.79	<b>15.43</b>	
	L.A.	3.12	<b>0.90</b>	9.48	<b>8.67</b>	13.19	<b>13.89</b>	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.67	<b>24.74</b>	27.97	<b>28.68</b>	30.29	<b>33.09</b>
		E-A	27.51	<b>24.68</b>	28.93	<b>28.44</b>	30.97	<b>31.21</b>
		A-P	22.96	<b>21.05</b>	25.32	<b>24.32</b>	30.46	<b>26.38</b>
		L.A.	22.13	<b>23.30</b>	29.63	<b>30.21</b>	42.89	<b>33.61</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.	0.57	<b>-1.48</b>	3.23	<b>3.90</b>	6.13	<b>9.25</b>
		E-A	4.23	<b>2.81</b>	7.46	<b>6.32</b>	11.55	<b>10.37</b>
		A-P	1.51	<b>4.00</b>	5.30	<b>6.37</b>	7.94	<b>8.23</b>
		L.A.	-8.15	<b>-2.93</b>	2.08	<b>1.48</b>	6.67	<b>6.25</b>

**CELEBRITY ENDORSEMENTS**

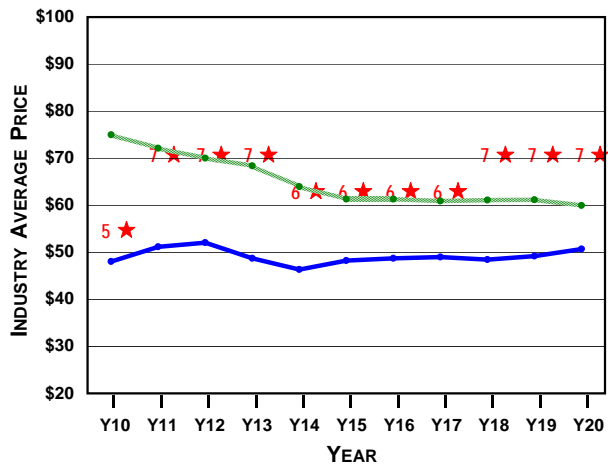
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	11,109	Y19	2 years	4	11,109	10,101	9,848	8,100
Oprah Letterman	100	70	65	75	Company G	13,598	Y20	3 years	6	15,400	13,598	9,335	2,001
Annika Stockholm	70	100	70	55	Company K	15,112	Y16	5 years	6	15,112	14,899	9,887	1,111
Tiger Green	95	80	85	75	Company D	16,100	Y20	2 years	6	16,100	13,598	9,452	2,001
José Montaña	60	50	60	95	Company I	15,000	Y18	3 years	7	15,000	10,101	9,801	6,099
Karioki Footsu	55	60	95	90	Company C	13,201	Y20	4 years	6	13,201	12,598	9,151	2,001
Jaques LaFeet	50	90	50	85	Company D	13,000	Y20	1 year	6	13,200	13,000	9,318	2,001
Serenus Willson	70	65	55	60	Company D	13,100	Y19	3 years	4	14,798	13,100	11,527	8,100
Natalie Kwan	75	80	95	50	Company B	8,009	Y20	4 years	6	13,002	12,598	8,952	2,001
Sergio Milano	45	85	60	100	Company K	11,901	Y19	2 years	4	11,999	11,901	10,900	8,100
Lance deFrance	80	85	75	70	Company G	13,598	Y20	3 years	6	13,598	10,000	8,451	2,001
Yao KungPao	60	35	100	50	Company I	16,000	Y18	4 years	7	16,000	10,879	9,122	6,009

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

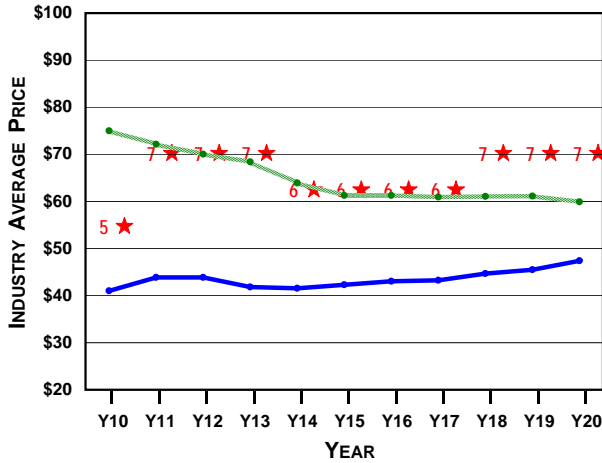
**NORTH AMERICA**



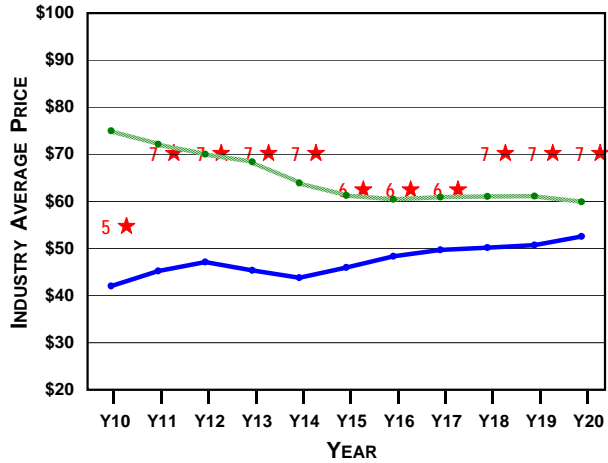
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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