

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

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
DUMA	118	+2
Azure Athletics	117	0
Kool Kicks	117	0
F Company	113	+7
Love Our Shoes	113	-4
H Fortune	104	+3
G Company	59	-6
B (deleted)	0	0
C (deleted)	0	0
E Company	0	0
I (deleted)	0	0
J (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
DUMA	101	+2
Kool Kicks	96	+2
Love Our Shoes	88	+2
Azure Athletics	84	+4
H Fortune	65	+4
F Company	61	+6
G Company	51	+1
B (deleted)	0	0
C (deleted)	0	0
E Company	0	0
I (deleted)	0	0
J (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
Azure Athletics	91	-3
Kool Kicks	88	+4
DUMA	86	+6
Love Our Shoes	68	-9
F Company	58	+5
H Fortune	51	+2
G Company	30	-8
B (deleted)	0	0
C (deleted)	0	0
E Company	0	0
I (deleted)	0	0
J (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Azure Athletics	94	-2
Kool Kicks	89	0
DUMA	88	+4
Love Our Shoes	69	-10
F Company	48	+7
H Fortune	47	+2
G Company	19	-1
B (deleted)	0	0
C (deleted)	0	0
E Company	0	0
I (deleted)	0	0
J (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	1.73	<b>4.80</b>	<b>4.40</b>	1.26	0.48	1.36	<b>7.85</b>	<b>12.13</b>	<b>16.47</b>	<b>18.79</b>	<b>7.03</b>	<b>20</b>	<b>20</b>	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	C
D	<b>3.87</b>	<b>3.73</b>	<b>4.26</b>	2.61	3.04	2.47	<b>5.14</b>	<b>9.01</b>	<b>12.53</b>	<b>15.87</b>	<b>6.18</b>	17	18	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>3.11</b>	0.27	0.39	-0.97	-4.17	-2.68	1.62	3.90	<b>4.90</b>	<b>6.16</b>	1.22	7	3	F
G	<b>3.46</b>	1.01	0.80	-1.23	-7.14	-6.44	-3.14	3.65	2.11	1.51	-0.28	2	0	G
H	<b>3.30</b>	0.49	0.82	-4.45	-2.63	1.39	2.24	<b>5.27</b>	<b>4.28</b>	<b>5.42</b>	1.60	6	5	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	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	<b>3.05</b>	1.47	3.00	2.61	0.71	<b>3.73</b>	<b>4.38</b>	<b>12.20</b>	<b>11.61</b>	<b>13.70</b>	<b>5.52</b>	15	16	K
L	<b>3.99</b>	2.03	2.64	0.39	-1.02	2.65	<b>4.91</b>	<b>6.88</b>	<b>8.29</b>	<b>8.31</b>	<b>3.90</b>	9	11	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	11.0	<b>25.8</b>	<b>22.6</b>	6.7	2.4	5.9	<b>28.5</b>	<b>32.7</b>	<b>33.2</b>	<b>29.4</b>	<b>21.5</b>	15	17	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	C
D	<b>22.6</b>	<b>17.8</b>	<b>17.2</b>	9.9	10.5	8.0	<b>15.0</b>	<b>22.1</b>	<b>24.9</b>	<b>26.9</b>	<b>17.6</b>	13	14	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>18.6</b>	1.5	2.1	-5.3	-26.3	-21.5	13.6	<b>26.6</b>	<b>25.7</b>	<b>26.3</b>	7.0	13	6	F
G	<b>20.5</b>	5.3	4.1	-6.3	-46.5	-75.2	-124.8	<b>110.6</b>	<b>34.2</b>	<b>18.9</b>	-2.6	9	0	G
H	<b>20.2</b>	2.9	4.9	-34.1	-33.0	<b>19.0</b>	<b>24.5</b>	<b>40.9</b>	<b>24.5</b>	<b>26.6</b>	11.5	13	9	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	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	<b>19.1</b>	9.0	<b>17.5</b>	<b>18.8</b>	4.8	<b>21.6</b>	<b>20.7</b>	<b>42.0</b>	<b>33.4</b>	<b>39.9</b>	<b>25.3</b>	<b>20</b>	<b>20</b>	K
L	<b>24.8</b>	14.8	<b>17.0</b>	2.4	-6.3	<b>16.0</b>	<b>26.1</b>	<b>33.3</b>	<b>37.6</b>	<b>38.1</b>	<b>21.9</b>	19	17	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	17.19	<b>82.17</b>	<b>77.24</b>	35.74	19.41	11.91	<b>60.45</b>	<b>169.71</b>	<b>337.90</b>	<b>376.35</b>	+29 %	<b>20</b>	<b>20</b>	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	C
D	<b>62.76</b>	<b>48.54</b>	<b>50.85</b>	26.85	33.76	26.69	<b>80.41</b>	<b>154.10</b>	<b>250.78</b>	<b>341.52</b>	+28	18	18	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>41.64</b>	22.21	13.05	8.07	5.54	4.75	14.79	<b>50.09</b>	<b>67.08</b>	<b>89.38</b>	+12	5	5	F
G	<b>54.24</b>	28.09	15.48	9.05	5.80	4.75	4.82	29.03	26.89	18.57	-5	1	1	G
H	<b>46.78</b>	24.30	13.89	8.16	5.42	12.17	25.49	<b>76.91</b>	<b>57.06</b>	<b>89.49</b>	+12	5	5	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	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	<b>55.15</b>	28.00	34.73	27.57	15.83	<b>47.05</b>	<b>58.60</b>	<b>169.99</b>	<b>256.11</b>	<b>295.31</b>	+26	16	16	K
L	<b>60.83</b>	30.10	26.82	14.94	8.70	31.70	<b>90.98</b>	<b>137.77</b>	<b>183.35</b>	<b>132.99</b>	+16 %	7	7	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	C	C	C-	C-	C-	C-	C+	B	<b>A</b>	<b>A</b>	Medium	19	19	A
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	B
C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	C
D	<b>A-</b>	<b>B+</b>	B-	C+	B-	B-	<b>A-</b>	<b>A-</b>	<b>B+</b>	<b>A-</b>	Medium	18	18	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>B+</b>	C-	C-	C-	C-	C-	C-	C	B	<b>B+</b>	Medium	17	17	F
G	<b>A</b>	B	B-	C-	C-	C-	C-	C-	C-	C-	High	0	0	G
H	B-	C-	C-	C-	C-	C	C+	<b>A-</b>	<b>A-</b>	<b>B+</b>	High	17	17	H
I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	I
J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	J
K	<b>B+</b>	B-	<b>B+</b>	C+	C	B	<b>A-</b>	<b>A</b>	<b>A</b>	<b>A-</b>	Medium	18	18	K
L	B	C	C	C-	C-	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	N/A	17	17	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	66	<b>78</b>	<b>86</b>	<b>88</b>	<b>91</b>	<b>94</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>83</b>	<b>84</b>	17	18	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	<b>76</b>	<b>72</b>	68	<b>76</b>	<b>77</b>	<b>79</b>	<b>81</b>	<b>82</b>	<b>97</b>	<b>97</b>	<b>92</b>	<b>20</b>	<b>20</b>	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	<b>80</b>	<b>71</b>	64	<b>71</b>	<b>71</b>	<b>76</b>	<b>77</b>	<b>74</b>	<b>75</b>	<b>80</b>	<b>76</b>	16	17	F
G	69	57	51	63	67	<b>71</b>	<b>79</b>	<b>83</b>	<b>75</b>	<b>86</b>	<b>81</b>	18	18	G
H	61	<b>76</b>	55	53	52	53	52	50	50	49	50	10	11	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	<b>80</b>	58	69	<b>74</b>	64	<b>74</b>	<b>76</b>	<b>87</b>	<b>85</b>	<b>94</b>	<b>89</b>	19	19	K
L	69	<b>99</b>	<b>96</b>	<b>81</b>	<b>81</b>	64	<b>78</b>	<b>78</b>	<b>80</b>	<b>77</b>	<b>78</b>	16	17	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	62	97	94	58	38	43	101	110	<b>117</b>			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	<b>115</b>	<b>109</b>	100	72	<b>80</b>	69	111	116	116	<b>118</b>	<b>101</b>	Excellent	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	108	37	31	24	23	23	53	88	106	113	61	Subpar	F
G	114	62	45	23	22	22	23	76	65	59	51	Subpar	G
H	98	42	36	19	18	56	70	107	101	104	65	Subpar	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	109	67	<b>101</b>	<b>82</b>	40	<b>102</b>	111	<b>117</b>	<b>117</b>	117	96	Very Good	K
L	108	80	81	35	26	91	<b>116</b>	<b>117</b>	<b>117</b>	113	88	Good	L

**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>24,353</b>	<b>11,040</b>	<b>59,406</b>	<b>18,420</b>	<b>113,219</b>
– Pairs Rejected	<b>1,556</b>	<b>584</b>	<b>3,783</b>	<b>1,069</b>	<b>6,992</b>
<b>Net Y20 Production</b> (after rejects)	<b>22,797</b>	<b>10,456</b>	<b>55,623</b>	<b>17,351</b>	<b>106,227</b>
<b>Superior Materials Usage</b>	<b>33.7%</b>	<b>37.7%</b>	<b>33.0%</b>	<b>38.4%</b>	<b>34.5%</b>
<b>Capacity Utilization</b> (branded + P-L prod.)	<b>118.8%</b>	<b>120.0%</b>	<b>102.2%</b>	<b>85.3%</b>	<b>103.5%</b>

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	<b>9.00</b>	<b>+ 2.79</b>	<b>0.00</b>	<b>11.79</b>
<b>Superior Materials</b>	<b>17.50</b>	<b>- 1.36</b>	<b>0.00</b>	<b>16.14</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>3,723</b>	<b>3,929</b>	<b>18,096</b>	<b>3,026</b>	<b>28,774</b>
– Pairs Cleared (inventory clearance)	<b>265</b>	<b>299</b>	<b>0</b>	<b>165</b>	<b>729</b>
<b>Beginning Y20 Inventories</b>	<b>3,458</b>	<b>3,630</b>	<b>18,096</b>	<b>2,861</b>	<b>28,045</b>
+ New Production (shipped from plants)	<b>22,124</b>	<b>25,279</b>	<b>25,381</b>	<b>21,917</b>	<b>94,701</b>
<b>Pairs Available for Sale in Y20</b>	<b>25,582</b>	<b>28,909</b>	<b>43,477</b>	<b>24,778</b>	<b>122,746</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>21,932</b>	<b>23,836</b>	<b>22,993</b>	<b>22,536</b>	<b>91,297</b>
<b>Actual Year 20 Demand</b>	<b>22,120</b>	<b>23,309</b>	<b>22,659</b>	<b>22,951</b>	<b>91,039</b>
<b>Branded Pairs Sold</b>	<b>21,824</b>	<b>23,308</b>	<b>22,659</b>	<b>22,783</b>	<b>90,574</b>
<b>Required Y20 Ending Inventories</b>	<b>1,228</b>	<b>1,217</b>	<b>1,306</b>	<b>991</b>	<b>4,742</b>
<b>Inventory Surplus (Shortfall)</b>	<b>272</b>	<b>4,384</b>	<b>19,512</b>	<b>-553</b>	<b>23,615</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 6.2%
- Available for shipment to warehouses
- % usage down by 0.4 points from Y19
- % utilization up by 2.3 points over Y19

Lower than normal (34.5% industrywide) superior materials usage led to superior materials prices that were 7.8% below the base and standard materials prices that were 31.0% above the base.

- Average inventory clearance of 2.5%
- 34.8% higher than Y20 demand
- Actual demand in Year 20 was 0.3% less than expected.
- Needed to achieve delivery times
- { Okay in N.A. High in E-A  
Very high 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>23,005</b>	<b>23,925</b>	<b>24,882</b>	<b>25,877</b>
Europe-Africa	<b>24,242</b>	<b>25,212</b>	<b>26,220</b>	<b>27,269</b>
Asia-Pacific	<b>24,018</b>	<b>25,459</b>	<b>26,987</b>	<b>28,606</b>
Latin America	<b>24,328</b>	<b>25,788</b>	<b>27,335</b>	<b>28,975</b>
<b>Total</b>	<b>95,593</b>	<b>100,384</b>	<b>105,424</b>	<b>110,727</b>
<b>Private-Label</b> — North America	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>
Europe-Africa	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>
Asia-Pacific	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>
Latin America	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>	<b>3,760</b>
<b>Total</b>	<b>15,040</b>	<b>15,040</b>	<b>15,040</b>	<b>15,040</b>

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	<b>28,910</b>
Potential Production (at max OT)	<b>96,480</b>
<b>Potential Global Supply</b>	<b>125,390</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>95,593</b>
Private-Label Sales Forecast	<b>15,040</b>
<b>Expected Global Demand</b>	<b>110,633</b>
<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		
<b>A</b>	0	0	12,000	4,500	0	0	0	0	0	0	12,000	4,500	16,500	0	<b>A</b>
<b>B</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>B</b>
<b>C</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>C</b>
<b>D</b>	8,100	0	12,000	0	0	0	0	0	8,100	0	12,000	0	20,100	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>	2,000	0	4,000	4,000	0	0	0	0	2,000	0	4,000	4,000	10,000	0	<b>F</b>
<b>G</b>	4,200	1,000	8,600	0	0	0	300	0	4,200	1,000	8,900	0	14,100	0	<b>G</b>
<b>H</b>	1,400	1,400	0	1,000	0	0	0	0	1,400	1,400	0	1,000	3,800	0	<b>H</b>
<b>I</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>I</b>
<b>J</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>J</b>
<b>K</b>	4,800	3,800	4,200	0	0	0	0	0	4,800	3,800	4,200	0	12,800	0	<b>K</b>
<b>L</b>	0	0	0	3,100	0	0	0	0	0	0	0	3,100	3,100	0	<b>L</b>
<b>Total</b>	<b>20,500</b>	<b>9,200</b>	<b>57,800</b>	<b>21,600</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>20,500</b>	<b>9,200</b>	<b>58,100</b>	<b>21,600</b>	<b>109,400</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)	Income Taxes	Net Profit	Total Dividend Payment (\$000s)	Shares of Stock (000s of shares outstanding)	
A	1,017,297	453,992	67,567	194,894	18,919	281,925	20,259	78,500	183,166	17,550	9,750	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	1,062,136	621,360	61,104	125,841	22,516	231,315	26,317	61,499	143,499	54,240	9,040	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	592,701	355,013	35,744	91,910	12,420	97,614	16,216	24,419	56,979	0	9,250	F
G	877,840	554,635	69,576	158,351	16,519	78,759	56,063	0	22,696	0	15,000	G
H	215,534	112,515	22,248	13,596	6,220	60,955	2,858	17,429	40,668	30,000	7,500	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	755,892	400,777	50,453	129,380	15,218	160,064	11,760	44,491	103,813	64,413	7,578	K
L	222,630	92,551	29,825	6,162	5,518	88,574	-430	26,701	62,303	78,750	7,500	L
	660,053	379,265	50,531	101,578	16,094	112,585	48,352	31,630	32,603	30,619	12,577	

**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	0	381,496	843,359	138,578	0	539,143	0	165,639	704,781	1.80	8 / 2	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	388,803	903,104	152,797	194,720	512,370	-46,039	89,256	555,587	6.00	3 / 1	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	199,625	408,780	90,135	100,600	215,458	-54,390	56,978	218,045	0.00	0 / 1	F
G	0	330,060	605,503	474,293	0	108,513	0	22,697	131,210	0.00	0 / 2	G
H	29,052	100,262	197,269	39,333	0	147,265	0	10,670	157,936	4.00	1 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	35,264	241,266	520,005	68,097	218,700	286,750	-92,940	39,398	233,208	8.50	6 / 4	K
L	4,470	70,129	166,075	10,584	0	171,937	0	-16,447	155,491	10.50	5 / 1	L
	8,598	292,634	642,020	410,082	73,628	180,496	-24,171	1,986	158,311	3.85	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	44.6 %	6.6 %	<b>19.2 %</b>	1.9 %	27.7 %	18.0 %	2.75	<b>102</b>	<b>13.92</b>	<b>0.10</b>	2.47	Medium	A
B	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	B
C	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	C
D	<b>58.5</b>	<b>5.8</b>	11.8	2.1	21.8	13.5	2.54	91	8.79	0.31	1.50	Medium	D
E	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	E
F	<b>59.9</b>	6.0	<b>15.5</b>	2.1	16.5	9.6	2.21	56	6.02	0.37	1.62	Medium	F
G	<b>63.2</b>	7.9	<b>18.0</b>	1.9	<b>9.0</b>	<b>2.6</b>	<b>0.70</b>	72	1.40	<b>0.69</b>	<b>0.12</b>	<b>High</b>	G
H	52.2	10.3	6.3	2.9	28.3	18.9	2.55	55	21.33	0.13	<b>0.84</b>	<b>High</b>	H
I	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	I
J	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	J
K	53.0	6.7	<b>17.1</b>	2.0	21.2	13.7	3.54	17	<b>13.61</b>	0.47	<b>2.61</b>	Medium	K
L	<b>41.6</b>	<b>13.4</b>	<b>2.8</b>	2.5	<b>39.8</b>	<b>28.0</b>	<b>6.63</b>	37	<b>100.00</b>	0.00	<b>0.00</b>	N/A	L
	57.5 %	7.7 %	15.4 %	2.4 %	17.1 %	4.6 %	0.71	137	20.59	0.45	1.15	Medium	

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

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		10.23	<b>11.64</b>	11.88	<b>13.08</b>	13.32	<b>15.06</b>
	Private-Label Footwear		9.99	<b>10.75</b>	11.39	<b>12.96</b>	13.81	<b>15.97</b>
Labor — North America	Total Compensation (\$/year)		20,023	<b>19,985</b>	23,196	<b>22,810</b>	25,874	<b>26,634</b>
	Productivity (pairs/worker/year)		3,694	<b>3,676</b>	4,773	<b>4,802</b>	6,401	<b>6,526</b>
	Labor Cost (\$/pair produced)		4.15	<b>4.10</b>	5.18	<b>5.12</b>	5.85	<b>5.95</b>
Europe Africa	Total Compensation (\$/year)		15,300	<b>15,300</b>	18,487	<b>18,573</b>	20,482	<b>20,635</b>
	Productivity (pairs/worker/year)		3,322	<b>3,239</b>	3,936	<b>3,931</b>	4,570	<b>4,659</b>
	Labor Cost (\$/pair produced)		3.73	<b>3.71</b>	4.99	<b>5.10</b>	5.54	<b>5.82</b>
Asia Pacific	Total Compensation (\$/year)		3,675	<b>3,703</b>	4,660	<b>4,732</b>	5,556	<b>5,671</b>
	Productivity (pairs/worker/year)		2,270	<b>2,258</b>	2,788	<b>2,831</b>	3,207	<b>3,270</b>
	Labor Cost (\$/pair produced)		1.61	<b>1.43</b>	1.76	<b>1.71</b>	1.85	<b>1.86</b>
Latin America	Total Compensation (\$/year)		3,264	<b>3,293</b>	3,914	<b>3,974</b>	4,554	<b>4,767</b>
	Productivity (pairs/worker/year)		2,304	<b>2,283</b>	2,656	<b>2,673</b>	3,044	<b>3,135</b>
	Labor Cost (\$/pair produced)		1.28	<b>1.36</b>	1.60	<b>1.63</b>	1.76	<b>1.78</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.15	<b>0.00</b>	0.85	<b>0.90</b>	2.50	<b>2.50</b>
	Cumulative		0.30	<b>0.29</b>	0.84	<b>0.85</b>	2.12	<b>2.18</b>
Reject Rates	Branded Production		2.2%	<b>2.2%</b>	5.5%	<b>5.6%</b>	7.5%	<b>7.5%</b>
	Private-Label Production		3.2%	<b>4.2%</b>	5.7%	<b>5.8%</b>	9.8%	<b>9.8%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.83	<b>24.02</b>	26.65	<b>28.13</b>	29.06	<b>31.94</b>
	E-A		21.60	<b>24.15</b>	25.94	<b>31.08</b>	32.28	<b>47.47</b>
	A-P		20.89	<b>21.60</b>	22.90	<b>24.14</b>	27.17	<b>28.79</b>
	L.A.		21.20	<b>22.63</b>	24.92	<b>26.40</b>	31.79	<b>33.83</b>
	Private-Label — N.A.		20.17	<b>20.15</b>	20.17	<b>20.15</b>	20.17	<b>20.15</b>
	E-A		19.48	<b>23.53</b>	19.48	<b>23.53</b>	19.48	<b>23.53</b>
	A-P		20.02	<b>18.77</b>	26.52	<b>28.26</b>	31.54	<b>39.46</b>
	L.A.		26.84	<b>23.34</b>	26.84	<b>23.34</b>	26.84	<b>23.34</b>

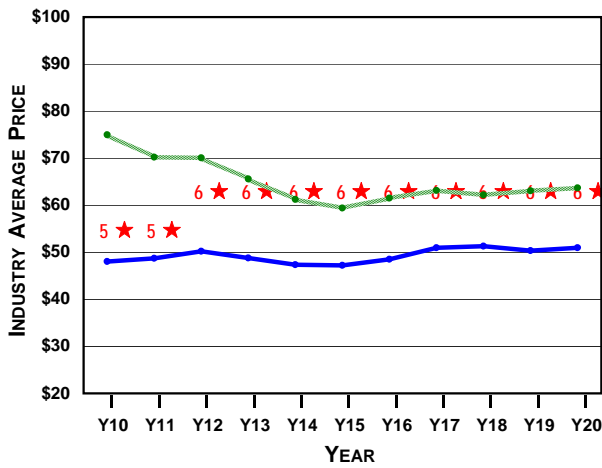
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.52	<b>26.42</b>	28.24	<b>29.18</b>	31.60	<b>33.00</b>
		E-A	24.05	<b>27.50</b>	30.53	<b>31.76</b>	35.12	<b>37.67</b>
		A-P	23.40	<b>24.11</b>	26.94	<b>27.90</b>	34.37	<b>35.99</b>
		L.A.	23.72	<b>25.11</b>	28.62	<b>30.03</b>	34.23	<b>36.29</b>
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		15.33	<b>15.36</b>	15.75	<b>15.86</b>	16.86	<b>16.98</b>
			1.83	<b>1.92</b>	2.43	<b>2.48</b>	3.38	<b>3.63</b>
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		2.25	<b>2.22</b>	10.07	<b>9.24</b>	16.23	<b>14.54</b>
			1.47	<b>1.54</b>	8.27	<b>7.67</b>	11.74	<b>11.14</b>
Administrative Expenses (\$/pair sold)		1.06	<b>1.01</b>	1.56	<b>1.56</b>	3.41	<b>3.42</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	7.38	<b>5.99</b>	20.86	<b>21.49</b>	26.68	<b>28.20</b>
		E-A	2.91	<b>2.18</b>	15.89	<b>18.39</b>	27.74	<b>29.81</b>
		A-P	-0.63	<b>-2.04</b>	20.84	<b>20.14</b>	34.49	<b>33.57</b>
		L.A.	-1.86	<b>-4.84</b>	18.46	<b>17.20</b>	32.46	<b>29.45</b>
Wholesale	N.A.	6.53	<b>4.73</b>	11.09	<b>11.59</b>	23.00	<b>22.08</b>	
	E-A	1.29	<b>0.94</b>	11.51	<b>14.47</b>	41.68	<b>53.75</b>	
	A-P	-5.16	<b>-6.60</b>	9.82	<b>14.33</b>	31.32	<b>48.53</b>	
	L.A.	-11.17	<b>-14.16</b>	9.75	<b>9.36</b>	29.94	<b>30.12</b>	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.67	<b>23.46</b>	27.85	<b>29.27</b>	33.03	<b>34.87</b>
		E-A	21.98	<b>26.03</b>	26.52	<b>34.70</b>	31.06	<b>49.17</b>
		A-P	30.49	<b>27.23</b>	30.49	<b>29.90</b>	30.49	<b>32.57</b>
		L.A.	24.78	<b>25.24</b>	32.06	<b>25.54</b>	42.07	<b>25.84</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.	-7.03	<b>-8.87</b>	1.09	<b>-1.64</b>	9.21	<b>5.41</b>
		E-A	6.48	<b>-0.19</b>	16.05	<b>10.50</b>	25.61	<b>19.35</b>
		A-P	-4.99	<b>-7.31</b>	-4.99	<b>-4.69</b>	0.00	<b>0.00</b>
		L.A.	1.69	<b>5.19</b>	5.02	<b>9.37</b>	8.91	<b>13.54</b>

**CELEBRITY ENDORSEMENTS**

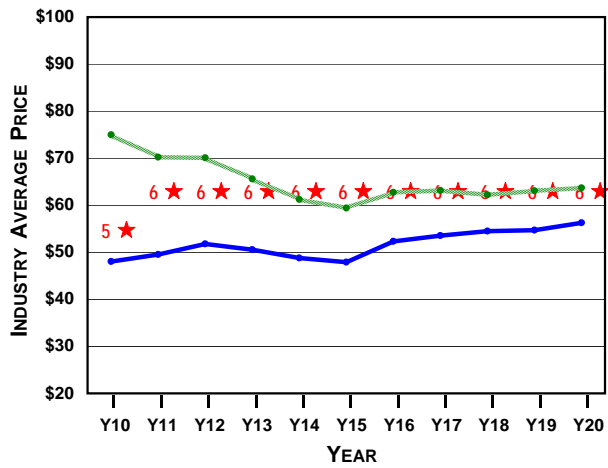
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company G	16,000	Y19	2 years	5	16,000	11,000	8,329	500
Oprah Letterman	100	70	65	75	Company D	8,856	Y20	3 years	2	8,856	7,777	8,317	7,777
Annika Stockholm	70	100	70	55	Company G	16,000	Y16	5 years	6	16,000	13,003	7,791	500
Tiger Green	95	80	85	75	Company A	7,777	Y20	2 years	2	7,777	5,562	6,670	5,562
José Montaña	60	50	60	95	Company A	13,333	Y18	3 years	7	13,333	10,000	5,694	500
Karioki Footsu	55	60	95	90	Company A	7,777	Y20	4 years	2	8,779	7,777	8,278	7,777
Jaques LaFeet	50	90	50	85	Company A	7,777	Y20	1 year	2	7,777	2,365	5,071	2,365
Serenus Willson	70	65	55	60	Company A	13,333	Y18	3 years	7	13,333	11,027	6,736	500
Natalie Kwan	75	80	95	50	Company A	11,000	Y19	4 years	4	11,000	11,000	7,600	500
Sergio Milano	45	85	60	100	Company A	9,000	Y19	2 years	5	10,000	9,000	6,986	500
Lance deFrance	80	85	75	70	Company A	7,777	Y20	3 years	2	7,777	2,356	5,067	2,356
Yao KungPao	60	35	100	50	Company A	13,333	Y18	4 years	5	13,333	11,027	7,712	500

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

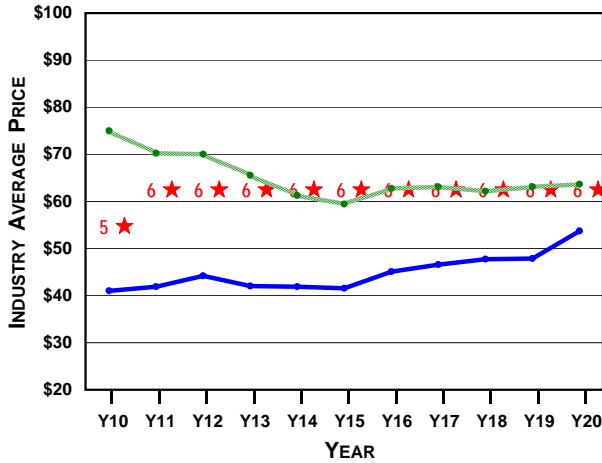
**NORTH AMERICA**



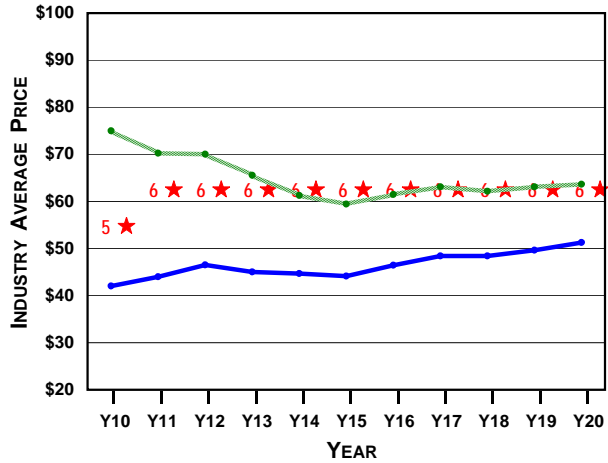
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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