

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

Friday, April 28, 2006

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
CF Flyers	117	+1
Elite Kicks	117	+1
Laces International	117	0
Bourne	116	-1
Fafner	115	-5
Hype	109	-4
DC Shoes Inc.	108	+23
International	103	+15
Genesis	97	-15
Jet stream	68	+8
Klassy Feet	59	-4
A (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Bourne	97	+3
Elite Kicks	95	+3
Fafner	94	+3
CF Flyers	92	+3
Laces International	88	+3
Hype	84	+2
Genesis	83	+2
DC Shoes Inc.	71	+5
International	60	+5
Klassy Feet	49	+1
Jet stream	36	+4
A (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
Hype	83	+2
Fafner	83	-16
Bourne	76	-7
Laces International	74	+1
Elite Kicks	74	-1
CF Flyers	63	+2
DC Shoes Inc.	48	+4
International	45	-1
Genesis	45	-11
Jet stream	36	0
Klassy Feet	36	-3
A (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Fafner	96	-4
Elite Kicks	91	+3
Bourne	87	-2
Hype	83	-1
Laces International	82	+4
CF Flyers	71	+1
Genesis	55	-5
DC Shoes Inc.	52	+2
International	45	+1
Klassy Feet	39	-2
Jet stream	32	+2
A (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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	A
B	<b>4.03</b>	1.44	1.38	1.89	2.31	<b>3.92</b>	<b>4.62</b>	<b>8.23</b>	<b>11.41</b>	<b>14.25</b>	<b>5.19</b>	16	17	B
C	<b>2.80</b>	<b>3.04</b>	2.75	0.43	1.95	2.48	<b>3.99</b>	<b>6.02</b>	<b>6.51</b>	<b>9.10</b>	<b>3.65</b>	10	12	C
D	2.53	0.74	1.00	-0.28	0.29	0.35	2.76	2.89	2.66	<b>4.59</b>	1.75	5	6	D
E	<b>4.02</b>	<b>3.57</b>	2.71	-0.34	3.22	3.62	<b>6.78</b>	<b>8.06</b>	<b>10.42</b>	<b>13.61</b>	<b>5.43</b>	16	18	E
F	2.29	2.41	1.51	1.23	2.65	<b>3.96</b>	<b>8.41</b>	<b>10.29</b>	<b>15.37</b>	<b>17.34</b>	<b>6.01</b>	<b>20</b>	<b>20</b>	F
G	<b>3.41</b>	2.47	1.58	0.27	0.94	1.56	3.48	3.06	<b>5.46</b>	4.32	2.74	5	9	G
H	<b>3.21</b>	2.68	2.69	0.97	2.53	1.57	<b>4.22</b>	<b>10.69</b>	<b>11.73</b>	<b>14.83</b>	<b>5.13</b>	17	17	H
I	<b>2.86</b>	2.08	0.41	-0.58	0.56	-2.02	1.20	1.74	2.88	<b>4.60</b>	1.35	5	4	I
J	1.19	0.71	-0.27	-3.31	-0.57	-1.97	0.26	0.39	0.92	1.24	-0.06	1	0	J
K	1.87	0.97	0.61	0.01	-0.97	-0.59	1.16	0.93	0.87	0.91	0.55	1	2	K
L	<b>2.70</b>	1.96	2.27	-0.84	1.91	2.52	<b>5.13</b>	<b>5.86</b>	<b>8.73</b>	<b>13.64</b>	<b>4.20</b>	16	14	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	A
B	<b>23.6</b>	7.7	7.1	10.8	12.3	<b>17.9</b>	<b>17.6</b>	<b>25.8</b>	<b>28.9</b>	<b>31.8</b>	<b>19.7</b>	6	17	B
C	<b>16.9</b>	<b>15.6</b>	12.3	1.8	7.7	7.8	13.7	<b>19.5</b>	<b>19.4</b>	<b>25.7</b>	13.7	5	12	C
D	<b>15.4</b>	4.9	5.3	-1.5	1.7	1.9	14.2	13.0	10.6	<b>15.8</b>	8.2	3	7	D
E	<b>24.4</b>	<b>22.7</b>	<b>17.5</b>	-2.0	<b>18.0</b>	<b>17.8</b>	<b>25.3</b>	<b>25.5</b>	<b>25.9</b>	<b>29.1</b>	<b>21.1</b>	5	19	E
F	14.5	13.6	7.5	6.0	11.9	14.7	<b>30.5</b>	<b>31.7</b>	<b>36.4</b>	<b>34.6</b>	<b>21.6</b>	6	19	F
G	<b>20.2</b>	12.4	6.3	0.9	4.7	7.1	14.2	11.0	<b>17.0</b>	11.7	10.0	2	9	G
H	<b>19.8</b>	14.8	13.6	4.7	11.4	6.5	<b>15.6</b>	<b>31.0</b>	<b>38.7</b>	<b>108.6</b>	<b>22.7</b>	<b>20</b>	<b>20</b>	H
I	<b>17.2</b>	10.9	2.0	-2.9	2.8	-10.4	6.3	8.5	12.6	<b>17.1</b>	6.5	3	6	I
J	8.2	3.7	-1.5	-19.5	-5.1	-23.5	3.2	4.7	10.3	12.4	-0.5	2	0	J
K	11.6	5.5	4.5	0.0	-9.9	-7.3	14.6	10.6	8.5	8.6	5.1	2	4	K
L	<b>16.9</b>	11.4	12.4	-4.6	<b>15.3</b>	<b>17.9</b>	<b>29.7</b>	<b>26.5</b>	<b>30.3</b>	<b>34.7</b>	<b>19.7</b>	6	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	A
B	<b>73.02</b>	33.64	18.43	17.74	24.47	<b>48.19</b>	<b>60.08</b>	<b>165.14</b>	<b>245.90</b>	<b>313.95</b>	+27	18	18	B
C	31.92	<b>34.89</b>	28.25	15.93	19.08	29.23	<b>68.19</b>	<b>117.39</b>	<b>117.77</b>	<b>187.36</b>	+20	11	11	C
D	25.98	14.69	9.95	5.90	4.80	5.24	27.87	39.69	35.33	<b>62.12</b>	+8	4	4	D
E	<b>77.12</b>	<b>50.52</b>	28.52	16.57	32.61	41.99	<b>105.66</b>	<b>133.88</b>	<b>193.15</b>	<b>293.59</b>	+26	17	17	E
F	27.83	24.21	14.30	11.50	28.89	<b>49.99</b>	<b>163.42</b>	<b>216.95</b>	<b>293.02</b>	<b>347.39</b>	+28	<b>20</b>	<b>20</b>	F
G	<b>46.18</b>	25.47	15.39	8.87	8.25	17.27	<b>51.34</b>	42.54	<b>85.49</b>	51.07	+6	3	3	G
H	<b>49.95</b>	30.31	28.20	15.94	24.89	14.76	<b>50.70</b>	<b>152.61</b>	<b>205.41</b>	<b>267.01</b>	+24	15	15	H
I	<b>35.07</b>	20.37	11.48	7.47	4.81	5.63	10.94	22.36	38.68	<b>61.66</b>	+8	4	4	I
J	16.35	9.37	6.50	4.85	5.60	4.75	4.90	5.59	12.02	17.20	-5	1	1	J
K	16.84	10.31	6.12	4.85	5.28	4.75	11.25	11.99	11.62	10.36	-10	1	1	K
L	<b>35.42</b>	21.81	25.61	14.76	18.62	27.37	<b>74.52</b>	<b>94.00</b>	<b>157.47</b>	<b>259.45</b>	+24 %	15	15	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	A
B	<b>A</b>	<b>B+</b>	B-	B-	B-	B	A-	A+	A+	A-	Medium	18	18	B
C	B	B-	B	C	<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>	C
D	B	B-	A	C+	A-	A	A+	A+	A+	A+	Low	<b>20</b>	<b>20</b>	D
E	<b>B+</b>	C+	C	C-	C	C+	B	<b>B+</b>	A	<b>A+</b>	Low	<b>20</b>	<b>20</b>	E
F	<b>B+</b>	B-	C+	C+	B	B	A-	A-	<b>A+</b>	<b>B+</b>	Medium	17	17	F
G	<b>B+</b>	<b>A-</b>	<b>B+</b>	C+	<b>B+</b>	A	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	G
H	B-	C+	C	C-	C	C-	C+	A-	<b>B+</b>	B	Medium	14	14	H
I	<b>B+</b>	B-	C	C-	C	C-	A-	A	A	<b>B+</b>	Medium	17	17	I
J	C+	C	C-	C-	C-	C-	B-	<b>B+</b>	A	<b>A+</b>	Low	<b>20</b>	<b>20</b>	J
K	<b>B+</b>	C+	B-	C	C-	C-	B	<b>B+</b>	A	<b>B+</b>	High	17	17	K
L	<b>B+</b>	B-	B	C-	C	C+	B	<b>B+</b>	A	A	Low	19	19	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 (70)	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	<b>86</b>	<b>80</b>	<b>84</b>	<b>76</b>	<b>82</b>	<b>85</b>	<b>84</b>	<b>76</b>	<b>79</b>	<b>82</b>	<b>79</b>	18	17	B
C	64	<b>71</b>	<b>70</b>	<b>79</b>	<b>85</b>	<b>80</b>	<b>79</b>	<b>78</b>	<b>76</b>	<b>76</b>	<b>77</b>	17	16	C
D	68	66	<b>73</b>	<b>71</b>	67	<b>73</b>	<b>71</b>	<b>71</b>	69	<b>74</b>	<b>71</b>	16	15	D
E	<b>76</b>	<b>71</b>	<b>73</b>	<b>80</b>	<b>78</b>	<b>84</b>	<b>78</b>	<b>80</b>	<b>79</b>	<b>74</b>	<b>78</b>	16	17	E
F	<b>84</b>	<b>77</b>	<b>79</b>	<b>77</b>	<b>83</b>	<b>81</b>	<b>92</b>	<b>92</b>	<b>99</b>	<b>91</b>	<b>94</b>	<b>20</b>	<b>20</b>	F
G	<b>74</b>	<b>74</b>	67	67	62	<b>73</b>	67	66	<b>70</b>	68	68	15	14	G
H	<b>71</b>	63	63	<b>82</b>	<b>84</b>	<b>84</b>	<b>88</b>	<b>81</b>	<b>75</b>	<b>78</b>	<b>78</b>	17	17	H
I	69	<b>71</b>	62	59	51	56	58	59	66	<b>72</b>	66	16	14	I
J	60	57	48	44	50	44	47	48	50	54	51	12	11	J
K	58	69	69	67	<b>70</b>	60	69	<b>75</b>	<b>71</b>	69	<b>72</b>	15	15	K
L	64	<b>86</b>	<b>87</b>	<b>72</b>	69	<b>75</b>	<b>79</b>	<b>80</b>	<b>81</b>	<b>84</b>	<b>82</b>	18	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	0	0	0	0	0	0	0	0	0	0	0	N/A	A
B	<b>117</b>	81	62	<b>68</b>	75	<b>102</b>	111	<b>117</b>	117	116	<b>97</b>	Very Good	B
C	95	93	<b>85</b>	38	72	82	107	116	116	<b>117</b>	92	Very Good	C
D	90	52	62	31	47	50	89	91	85	108	71	Fair	D
E	113	<b>99</b>	80	29	81	91	109	113	116	<b>117</b>	95	Very Good	E
F	95	82	57	51	<b>83</b>	100	<b>117</b>	<b>117</b>	<b>120</b>	115	94	Very Good	F
G	111	92	65	35	53	69	101	90	112	97	83	Good	G
H	101	83	73	42	67	47	93	116	113	109	84	Good	H
I	103	74	34	21	28	19	58	69	88	103	60	Subpar	I
J	55	35	18	15	17	15	32	44	60	68	36	Subpar	J
K	77	48	45	25	23	19	66	65	63	59	49	Subpar	K
L	100	76	84	28	64	77	108	113	117	<b>117</b>	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>32,494</b>	<b>12,840</b>	<b>72,597</b>	<b>16,840</b>	<b>134,771</b>
– Pairs Rejected	<b>1,602</b>	<b>558</b>	<b>3,387</b>	<b>978</b>	<b>6,525</b>
<b>Net Y20 Production</b> (after rejects)	<b>30,892</b>	<b>12,282</b>	<b>69,210</b>	<b>15,862</b>	<b>128,246</b>
<b>Superior Materials Usage</b>	<b>46.2%</b>	<b>51.0%</b>	<b>41.1%</b>	<b>39.7%</b>	<b>43.1%</b>
<b>Capacity Utilization</b> (branded + P-L prod.)	<b>114.4%</b>	<b>111.7%</b>	<b>116.3%</b>	<b>116.9%</b>	<b>115.5%</b>

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	<b>8.00</b>	<b>+ 1.10</b>	<b>+ 0.44</b>	<b>9.54</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 0.48</b>	<b>+ 0.77</b>	<b>14.29</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>3,747</b>	<b>1,266</b>	<b>1,246</b>	<b>1,284</b>	<b>7,543</b>
– Pairs Cleared (inventory clearance)	<b>99</b>	<b>38</b>	<b>45</b>	<b>48</b>	<b>230</b>
<b>Beginning Y20 Inventories</b>	<b>3,648</b>	<b>1,228</b>	<b>1,201</b>	<b>1,236</b>	<b>7,313</b>
+ New Production (shipped from plants)	<b>27,501</b>	<b>27,591</b>	<b>27,472</b>	<b>26,454</b>	<b>109,018</b>
<b>Pairs Available for Sale in Y20</b>	<b>31,149</b>	<b>28,819</b>	<b>28,673</b>	<b>27,690</b>	<b>116,331</b>

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
<b>Projected Y20 Demand</b> (see Y19 FIR)	<b>25,168</b>	<b>25,290</b>	<b>24,311</b>	<b>23,936</b>	<b>98,705</b>
<b>Actual Year 20 Demand</b>	<b>25,344</b>	<b>24,935</b>	<b>24,823</b>	<b>24,333</b>	<b>99,435</b>
<b>Branded Pairs Sold</b>	<b>25,337</b>	<b>24,916</b>	<b>24,820</b>	<b>24,292</b>	<b>99,365</b>
<b>Required Y20 Ending Inventories</b>	<b>1,443</b>	<b>1,327</b>	<b>1,421</b>	<b>1,476</b>	<b>5,667</b>
<b>Inventory Surplus (Shortfall)</b>	<b>4,251</b>	<b>2,415</b>	<b>2,185</b>	<b>1,623</b>	<b>10,474</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage down by 3.9 points from Y19
- % utilization up by 1.5 points over Y19

Lower than normal (43.1% industrywide) superior materials usage led to superior materials prices that were 3.5% below the base and standard materials prices that were 13.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.5% from the base.

- Average inventory clearance of 3.0%
- 17.0% higher than Y20 demand
- Actual demand in Year 20 was 0.7% greater than expected.
- 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)	<b>26,358</b>	<b>27,412</b>	<b>28,508</b>	<b>29,648</b>
Europe-Africa	<b>25,932</b>	<b>26,969</b>	<b>28,048</b>	<b>29,170</b>
Asia-Pacific	<b>26,313</b>	<b>27,892</b>	<b>29,566</b>	<b>31,340</b>
Latin America	<b>25,793</b>	<b>27,341</b>	<b>28,981</b>	<b>30,720</b>
<b>Total</b>	<b>104,396</b>	<b>109,614</b>	<b>115,103</b>	<b>120,878</b>
<b>Private-Label</b> — North America	<b>5,225</b>	<b>5,225</b>	<b>5,225</b>	<b>5,225</b>
Europe-Africa	<b>5,159</b>	<b>5,159</b>	<b>5,159</b>	<b>5,159</b>
Asia-Pacific	<b>5,203</b>	<b>5,203</b>	<b>5,203</b>	<b>5,203</b>
Latin America	<b>5,192</b>	<b>5,192</b>	<b>5,192</b>	<b>5,192</b>
<b>Total</b>	<b>20,779</b>	<b>20,779</b>	<b>20,779</b>	<b>20,779</b>

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	<b>16,141</b>
Potential Production (at max OT)	<b>144,600</b>
<b>Potential Global Supply</b>	<b>160,741</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>104,396</b>
Private-Label Sales Forecast	<b>20,779</b>
<b>Expected Global Demand</b>	<b>125,175</b>
<b>Conclusion:</b>	Excess supply of 28.4% is likely to boost competitive pressures in Year 21 significantly. Additional production capacity will not be needed for several years.

**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	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>A</b>
<b>B</b>	0	3,000	8,000	0	0	0	0	0	0	3,000	8,000	0	11,000	0	0	<b>B</b>
<b>C</b>	1,400	0	3,200	1,800	0	0	0	0	1,400	0	3,200	1,800	6,400	0	0	<b>C</b>
<b>D</b>	4,700	0	5,500	0	0	0	0	0	4,700	0	5,500	0	10,200	0	0	<b>D</b>
<b>E</b>	4,100	0	5,800	2,100	0	0	0	0	4,100	0	5,800	2,100	12,000	0	0	<b>E</b>
<b>F</b>	5,700	3,300	4,000	0	0	0	0	0	5,700	3,300	4,000	0	13,000	0	0	<b>F</b>
<b>G</b>	3,500	4,200	7,000	0	0	0	0	0	3,500	4,200	7,000	0	14,700	2,700	0	<b>G</b>
<b>H</b>	0	0	8,300	5,500	0	0	0	0	0	0	8,300	5,500	13,800	0	0	<b>H</b>
<b>I</b>	3,500	0	3,100	1,800	0	0	0	0	3,500	0	3,100	1,800	8,400	0	0	<b>I</b>
<b>J</b>	1,500	1,000	1,900	1,000	0	0	0	0	1,500	1,000	1,900	1,000	5,400	0	0	<b>J</b>
<b>K</b>	4,000	0	4,700	2,200	0	0	0	0	4,000	0	4,700	2,200	10,900	0	0	<b>K</b>
<b>L</b>	0	0	10,900	0	0	0	0	0	0	0	10,900	0	10,900	1,100	0	<b>L</b>
<b>Total</b>	<b>28,400</b>	<b>11,500</b>	<b>62,400</b>	<b>14,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,400</b>	<b>11,500</b>	<b>62,400</b>	<b>14,400</b>	<b>116,700</b>	<b>3,800</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	0	0	0	0	0	0	0	0	0	0	0	A
B	672,675	325,517	37,506	136,921	13,418	159,313	6,669	45,793	106,851	90,000	7,500	B
C	396,571	199,355	25,467	66,045	8,820	96,884	-563	29,234	68,213	75,000	7,500	C
D	504,274	298,872	35,696	53,045	12,618	104,043	-880	31,477	73,446	0	16,000	D
E	602,944	346,842	32,669	51,505	14,419	157,509	11,640	43,761	102,108	75,000	7,500	E
F	691,596	368,743	40,734	72,636	15,419	194,064	8,282	55,735	130,047	127,500	7,500	F
G	533,846	360,532	28,166	35,353	17,119	92,676	608	27,620	64,448	0	14,910	G
H	694,820	394,956	37,281	54,854	16,218	191,511	32,668	47,653	111,190	3,225	7,500	H
I	427,931	262,272	31,142	62,168	10,817	61,532	5,961	16,671	38,900	0	8,452	I
J	281,373	172,474	21,499	37,458	7,818	42,124	1,727	12,119	28,278	0	22,800	J
K	492,934	327,553	34,435	61,007	13,319	56,620	4,396	15,667	36,557	40,000	40,000	K
L	657,802	355,911	44,469	80,551	13,318	163,553	17,456	43,829	102,268	4,875	7,500	L
	541,524	310,275	33,551	64,686	13,028	119,984	7,997	33,596	78,391	37,782	13,378	

**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	0	0	0	0	0	0	0	0	0.00	0 / 0	A
B	0	217,808	497,205	69,118	84,000	327,239	0	16,848	344,087	12.00	6 / 2	B
C	675	131,237	287,063	25,142	0	268,707	0	-6,786	261,921	10.00	4 / 2	C
D	74,684	242,232	517,762	33,820	0	448,035	-37,540	73,447	483,942	0.00	0 / 1	D
E	7,481	196,097	486,584	41,590	80,000	337,886	0	27,108	364,994	10.00	4 / 1	E
F	0	233,332	519,394	70,164	72,000	374,683	0	2,547	377,230	17.00	3 / 2	F
G	11,751	155,667	631,703	38,902	9,000	519,351	0	64,450	583,801	0.00	0 / 1	G
H	0	225,601	601,875	130,734	349,360	83,024	-69,206	107,963	121,781	0.43	5 / 4	H
I	0	151,911	355,841	73,700	60,160	232,150	-49,067	38,898	221,981	0.00	0 / 1	I
J	101,840	195,619	292,641	29,637	20,000	214,728	0	28,276	243,004	0.00	0 / 1	J
K	33,765	273,145	518,986	54,221	40,000	428,209	0	-3,444	424,765	1.00	1 / 1	K
L	23,703	225,150	580,977	53,279	184,000	246,283	0	97,414	343,698	0.65	9 / 1	L
	23,082	204,345	480,912	56,392	81,684	316,390	-14,165	40,611	342,837	4.64	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	Mktnng. Expenses	Admin. Expenses	Operating Profit	Net Profit	Net Profit							
A	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A	
B	48.4	5.6	20.4	2.0	23.7	15.9	3.15	56	23.89	0.24	1.10	Medium	B	
C	50.3	6.4	16.7	2.2	24.4	17.2	5.22	59	100.00	0.00	10.00	Low	C	
D	59.3	7.1	10.5	2.5	20.6	14.6	7.16	67	100.00	0.01	19.25	Low	D	
E	57.5	5.4	8.5	2.4	26.1	16.9	4.71	47	13.53	0.18	5.48	Low	E	
F	53.3	5.9	10.5	2.2	28.1	18.8	3.33	66	23.43	0.20	1.04	Medium	F	
G	67.5	5.3	6.6	3.2	17.4	12.1	4.00	21	152.43	0.02	31.55	Low	G	
H	56.8	5.4	7.9	2.3	27.6	16.0	1.73	73	5.86	0.73	1.57	Medium	H	
I	61.3	7.3	14.5	2.5	14.4	9.1	2.06	62	10.32	0.28	1.39	Medium	I	
J	61.3	7.6	13.3	2.8	15.0	10.1	6.60	49	24.39	0.10	4.09	Low	J	
K	66.4	7.0	12.4	2.7	11.5	7.4	5.04	146	12.88	0.12	0.93	High	K	
L	54.1	6.8	12.2	2.0	24.9	15.5	4.23	38	9.37	0.36	5.31	Low	L	
	57.3 %	6.2 %	11.9 %	2.4 %	22.2 %	14.5 %	3.62	62	43.28	0.20	7.43	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	8.94	<b>9.54</b>	11.16	<b>11.37</b>	14.07	<b>14.30</b>
	Private-Label Footwear	9.05	<b>9.01</b>	10.66	<b>10.25</b>	14.88	<b>12.18</b>
Labor — North America	Total Compensation (\$/year)	17,141	<b>17,311</b>	20,825	<b>21,194</b>	26,647	<b>26,930</b>
	Productivity (pairs/worker/year)	3,950	<b>3,895</b>	4,689	<b>4,733</b>	5,661	<b>5,760</b>
	Labor Cost (\$/pair produced)	3.50	<b>3.50</b>	4.41	<b>4.55</b>	5.34	<b>5.07</b>
Europe Africa	Total Compensation (\$/year)	18,694	<b>18,359</b>	21,677	<b>22,454</b>	26,509	<b>28,398</b>
	Productivity (pairs/worker/year)	3,357	<b>3,224</b>	4,285	<b>4,508</b>	4,989	<b>5,760</b>
	Labor Cost (\$/pair produced)	4.48	<b>4.70</b>	5.39	<b>5.48</b>	6.15	<b>6.84</b>
Asia Pacific	Total Compensation (\$/year)	3,184	<b>3,483</b>	5,360	<b>5,575</b>	8,913	<b>9,021</b>
	Productivity (pairs/worker/year)	1,725	<b>1,791</b>	2,860	<b>2,903</b>	4,043	<b>4,122</b>
	Labor Cost (\$/pair produced)	1.23	<b>1.32</b>	1.88	<b>1.94</b>	2.35	<b>2.44</b>
Latin America	Total Compensation (\$/year)	3,465	<b>3,501</b>	4,695	<b>4,680</b>	6,141	<b>5,660</b>
	Productivity (pairs/worker/year)	2,204	<b>2,147</b>	2,613	<b>2,613</b>	3,122	<b>3,157</b>
	Labor Cost (\$/pair produced)	1.20	<b>1.20</b>	1.84	<b>1.91</b>	2.25	<b>2.39</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20	0.05	<b>0.05</b>	0.55	<b>0.68</b>	1.40	<b>1.40</b>
	Cumulative	0.23	<b>0.26</b>	0.75	<b>0.74</b>	1.79	<b>1.69</b>
Reject Rates	Branded Production	2.5%	<b>2.6%</b>	4.9%	<b>4.9%</b>	8.1%	<b>7.0%</b>
	Private-Label Production	2.4%	<b>2.3%</b>	4.3%	<b>3.8%</b>	7.3%	<b>4.8%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.	21.66	<b>22.49</b>	25.88	<b>25.81</b>	30.44	<b>28.26</b>
	E-A	21.89	<b>23.98</b>	26.20	<b>26.65</b>	29.77	<b>29.73</b>
	A-P	19.05	<b>20.85</b>	23.31	<b>23.40</b>	26.94	<b>26.98</b>
	L.A.	22.40	<b>22.43</b>	25.51	<b>25.52</b>	28.12	<b>28.65</b>
	Private-Label — N.A.	16.86	<b>18.22</b>	22.95	<b>21.74</b>	32.45	<b>24.95</b>
	E-A	18.57	<b>23.74</b>	20.27	<b>23.74</b>	21.96	<b>23.74</b>
	A-P	18.81	<b>19.51</b>	22.14	<b>22.88</b>	26.56	<b>30.22</b>
	L.A.	19.53	<b>19.44</b>	22.56	<b>21.20</b>	25.39	<b>22.95</b>

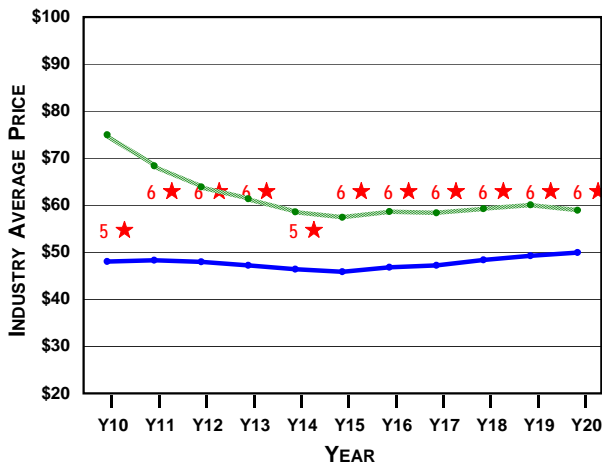
OPERATING BENCHMARKS		Industry Low		Industry Average		Industry High		
		Year 19	Year 20	Year 19	Year 20	Year 19	Year 20	
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.15	<b>25.02</b>	28.02	<b>27.99</b>	33.01	<b>30.87</b>
		E-A	28.31	<b>28.51</b>	35.15	<b>35.26</b>	41.74	<b>41.21</b>
		A-P	21.57	<b>23.32</b>	25.79	<b>25.89</b>	29.40	<b>29.44</b>
		L.A.	25.73	<b>25.64</b>	29.34	<b>29.20</b>	33.00	<b>32.46</b>
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.36	<b>10.37</b>	10.55	<b>10.54</b>	10.86	<b>10.76</b>
			2.05	<b>2.07</b>	2.34	<b>2.31</b>	2.83	<b>2.66</b>
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		5.49	<b>5.06</b>	9.46	<b>8.23</b>	14.23	<b>13.38</b>
			3.93	<b>4.17</b>	7.35	<b>7.01</b>	12.54	<b>11.54</b>
Administrative Expenses (\$/pair sold)		1.12	<b>1.11</b>	1.46	<b>1.49</b>	2.03	<b>2.51</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	5.80	<b>5.17</b>	17.55	<b>17.50</b>	26.82	<b>26.41</b>
		E-A	-0.45	<b>-1.50</b>	12.76	<b>12.49</b>	25.09	<b>24.96</b>
		A-P	9.58	<b>9.62</b>	20.65	<b>20.96</b>	28.43	<b>27.73</b>
		L.A.	8.79	<b>9.55</b>	17.02	<b>19.77</b>	25.41	<b>27.44</b>
Wholesale	N.A.	3.41	<b>3.08</b>	8.54	<b>9.44</b>	13.01	<b>14.38</b>	
	E-A	1.39	<b>1.79</b>	8.07	<b>9.45</b>	15.44	<b>17.94</b>	
	A-P	2.69	<b>5.59</b>	8.45	<b>10.49</b>	13.04	<b>16.40</b>	
	L.A.	3.97	<b>6.79</b>	8.99	<b>12.63</b>	13.31	<b>17.17</b>	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.36	<b>20.72</b>	24.00	<b>25.42</b>	27.28	<b>27.46</b>
		E-A	21.07	<b>26.24</b>	29.54	<b>35.51</b>	39.09	<b>42.78</b>
		A-P	21.31	<b>22.01</b>	24.64	<b>25.38</b>	29.06	<b>32.72</b>
		L.A.	21.70	<b>21.94</b>	26.80	<b>24.48</b>	37.61	<b>28.90</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.	3.53	<b>1.88</b>	7.31	<b>6.08</b>	9.57	<b>8.54</b>
		E-A	1.39	<b>-3.50</b>	8.12	<b>2.76</b>	12.94	<b>10.01</b>
		A-P	2.40	<b>0.19</b>	4.82	<b>3.05</b>	7.27	<b>7.34</b>
		L.A.	0.59	<b>1.86</b>	6.71	<b>7.15</b>	13.70	<b>10.79</b>

**CELEBRITY ENDORSEMENTS**

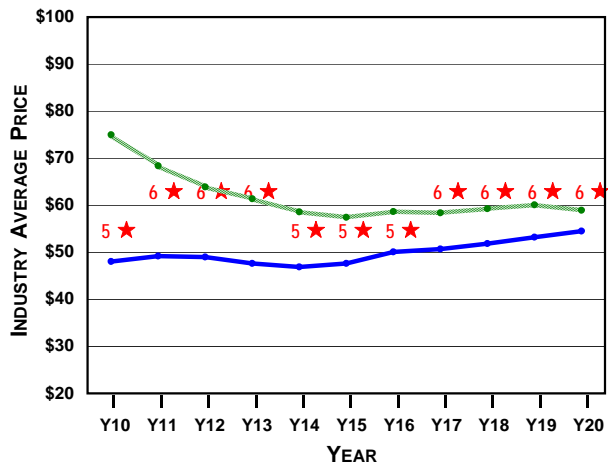
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company C	6,400	Y19	2 years	6	10,106	6,400	4,655	600
Oprah Letterman	100	70	65	75	Company C	12,000	Y20	3 years	5	12,000	11,900	7,387	1,001
Annika Stockholm	70	100	70	55	Company F	6,900	Y16	5 years	7	6,900	6,802	5,239	623
Tiger Green	95	80	85	75	Company F	12,900	Y20	2 years	4	12,900	12,000	6,731	1,001
José Montaña	60	50	60	95	Company B	9,260	Y18	3 years	8	9,260	8,001	5,598	600
Karioki Footsu	55	60	95	90	Company B	10,106	Y19	4 years	6	10,106	8,100	5,655	600
Jaques LaFeet	50	90	50	85	Company C	10,000	Y20	1 year	4	10,000	3,900	3,981	1,001
Serenus Willson	70	65	55	60	Company B	10,106	Y19	3 years	6	10,106	8,100	5,239	600
Natalie Kwan	75	80	95	50	Company B	9,265	Y17	4 years	7	9,265	7,900	4,813	500
Sergio Milano	45	85	60	100	Company B	11,210	Y19	2 years	6	11,210	7,000	5,139	600
Lance deFrance	80	85	75	70	Company B	13,265	Y19	3 years	7	13,265	8,250	6,277	600
Yao KungPao	60	35	100	50	Company B	10,210	Y18	4 years	7	10,210	7,400	5,091	900

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

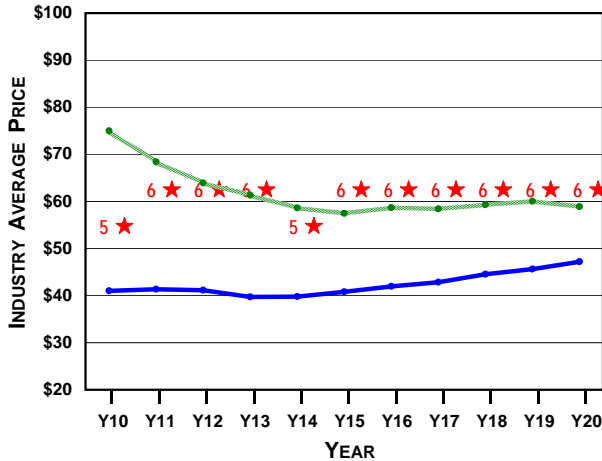
**NORTH AMERICA**



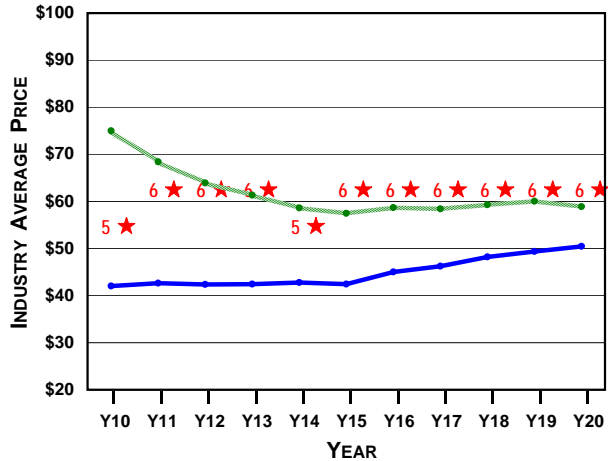
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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