

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

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
Carry The Light	110	+23
G Force	98	+30
Do not understand	89	+31
Kicks for Christ	84	+37
All GoGos	82	+45
ELITE FOOTWEAR	53	+22
Heavenly	25	-1
Intense Footwear	22	-6
B (deleted)	0	0
F (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
G Force	99	0
Carry The Light	96	+2
All GoGos	80	0
Do not understand	78	+1
Kicks for Christ	66	+3
Intense Footwear	56	-4
Heavenly	55	-4
ELITE FOOTWEAR	53	0
B (deleted)	0	0
F (deleted)	0	0
J (deleted)	0	0
L (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
Carry The Light	91	+10
G Force	72	+8
Do not understand	58	+6
Kicks for Christ	57	+15
All GoGos	52	+19
ELITE FOOTWEAR	39	+13
Heavenly	18	-2
Intense Footwear	14	-8
B (deleted)	0	0
F (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Carry The Light	95	+6
G Force	72	0
All GoGos	62	+5
Kicks for Christ	57	+4
Do not understand	57	0
ELITE FOOTWEAR	43	+10
Heavenly	32	-4
Intense Footwear	28	-10
B (deleted)	0	0
F (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

**EARNINGS PER SHARE (\$)**

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	Year 20	Overall	
A	<b>4.02</b>	<b>4.15</b>	<b>3.63</b>	1.86	<b>4.01</b>	2.90	<b>4.19</b>	3.53	0.94	4.35	3.39	10	13	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	<b>6.08</b>	<b>4.25</b>	<b>4.78</b>	1.29	<b>4.11</b>	<b>5.45</b>	<b>5.31</b>	<b>7.56</b>	<b>4.51</b>	<b>8.47</b>	<b>5.17</b>	<b>20</b>	<b>20</b>	C
D	<b>2.93</b>	<b>3.51</b>	2.87	1.41	1.89	1.67	2.97	3.28	2.34	<b>4.52</b>	2.71	11	10	D
E	<b>3.28</b>	1.77	0.62	0.07	0.80	0.71	1.17	0.84	0.26	1.04	0.95	2	4	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	F
G	<b>3.17</b>	<b>4.48</b>	<b>4.41</b>	3.14	<b>3.75</b>	<b>3.98</b>	<b>4.14</b>	<b>5.05</b>	3.22	<b>6.62</b>	<b>4.13</b>	16	16	G
H	<b>3.34</b>	<b>3.51</b>	0.91	-0.99	1.37	0.94	1.99	1.74	-0.43	-0.01	1.21	0	5	H
I	2.45	<b>3.46</b>	-0.15	-6.28	1.12	2.23	2.66	3.05	-0.35	-1.10	0.76	0	3	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	1.86	<b>3.35</b>	1.14	-0.67	2.11	0.74	3.54	<b>4.19</b>	1.27	3.61	2.11	9	8	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	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	<b>23.4</b>	<b>21.6</b>	<b>18.8</b>	9.8	<b>19.6</b>	12.1	<b>15.3</b>	11.3	2.8	12.0	13.4	12	18	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	<b>36.6</b>	<b>23.4</b>	<b>18.3</b>	4.8	12.2	<b>15.0</b>	13.7	<b>15.0</b>	8.2	13.4	13.4	14	18	C
D	<b>18.4</b>	<b>17.6</b>	11.8	5.3	6.4	5.2	8.9	8.8	6.1	12.0	9.3	12	12	D
E	<b>20.1</b>	10.0	4.0	0.4	4.2	3.5	5.6	3.8	1.2	4.6	4.7	5	6	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	F
G	<b>19.2</b>	<b>20.9</b>	<b>18.0</b>	11.6	12.4	11.9	11.4	12.8	8.4	<b>19.5</b>	13.9	<b>20</b>	<b>19</b>	G
H	<b>20.5</b>	<b>21.4</b>	6.6	-7.3	9.3	5.9	11.5	8.7	-2.6	-0.1	7.4	0	10	H
I	<b>15.4</b>	<b>20.4</b>	-1.3	-74.6	<b>19.1</b>	<b>29.7</b>	<b>26.7</b>	<b>23.8</b>	-2.4	-8.4	6.7	0	9	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	11.9	<b>17.8</b>	6.8	-4.0	11.9	3.8	<b>16.6</b>	<b>16.7</b>	4.6	11.9	9.8	12	13	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	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	<b>59.27</b>	<b>54.56</b>	<b>41.41</b>	22.08	<b>44.07</b>	27.97	<b>48.64</b>	33.68	18.90	44.12	+4 %	6	6	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	<b>112.49</b>	<b>56.78</b>	<b>63.85</b>	31.02	<b>46.67</b>	<b>64.68</b>	<b>72.60</b>	<b>101.05</b>	48.49	<b>136.34</b>	+16	<b>20</b>	<b>20</b>	C
D	<b>42.93</b>	<b>51.30</b>	30.95	17.53	17.96	14.64	33.62	40.00	27.01	<b>60.92</b>	+7	9	9	D
E	<b>52.94</b>	26.99	14.93	9.47	7.58	6.78	12.79	8.22	5.46	11.21	-9	2	2	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	F
G	<b>48.49</b>	<b>63.46</b>	<b>59.30</b>	32.00	39.43	<b>45.03</b>	<b>53.43</b>	<b>58.33</b>	35.93	<b>93.47</b>	+12	14	14	G
H	<b>66.91</b>	<b>61.60</b>	29.85	17.06	10.63	8.29	22.43	20.56	11.96	7.04	-14	1	1	H
I	30.87	<b>42.73</b>	23.17	13.12	11.55	20.60	31.55	37.38	20.59	12.40	-9	2	2	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	19.14	<b>40.34</b>	21.52	12.28	20.97	12.20	44.83	48.31	25.28	37.00	+2	5	5	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	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>B+</b>	B	C+	C-	C-	C-	C	C-	C-	C+	High	8	8	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	<b>A-</b>	<b>B+</b>	B-	C-	C-	C	C	B-	B-	<b>B+</b>	Medium	<b>17</b>	<b>17</b>	C
D	<b>A-</b>	<b>A</b>	<b>B+</b>	B	B	C+	B-	B-	C+	B-	High	11	11	D
E	B	C	B-	C+	B	C+	C+	B-	C	B	Medium	14	14	E
F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	F
G	<b>A-</b>	<b>B+</b>	<b>B+</b>	B	<b>B+</b>	B	<b>B+</b>	<b>B+</b>	C	C	High	4	4	G
H	<b>A-</b>	B	C-	C-	B-	C+	C+	C-	C-	C-	High	0	0	H
I	B-	C	C-	C-	C-	C-	C-	C-	C-	C-	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>	C-	C-	C-	C-	C-	C	C	B	Medium	14	14	K
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	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>70</b>	67	<b>71</b>	<b>80</b>	<b>83</b>	<b>81</b>	<b>81</b>	<b>83</b>	<b>83</b>	<b>81</b>	<b>82</b>	16	17	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	<b>87</b>	<b>81</b>	<b>90</b>	<b>91</b>	<b>93</b>	<b>89</b>	<b>99</b>	<b>100</b>	<b>97</b>	<b>100</b>	<b>99</b>	<b>20</b>	<b>20</b>	C
D	61	67	<b>71</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>71</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>73</b>	15	15	D
E	<b>74</b>	<b>77</b>	<b>83</b>	<b>80</b>	<b>80</b>	<b>81</b>	<b>81</b>	<b>87</b>	<b>84</b>	<b>82</b>	<b>84</b>	16	17	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	<b>84</b>	<b>75</b>	<b>85</b>	<b>90</b>	<b>83</b>	<b>84</b>	<b>90</b>	<b>89</b>	<b>100</b>	<b>92</b>	<b>94</b>	18	19	G
H	<b>79</b>	<b>78</b>	<b>72</b>	59	54	58	60	<b>74</b>	<b>74</b>	<b>83</b>	<b>77</b>	17	16	H
I	<b>79</b>	<b>93</b>	<b>78</b>	<b>70</b>	<b>70</b>	66	<b>76</b>	<b>80</b>	<b>72</b>	58	<b>70</b>	12	14	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	63	69	63	<b>71</b>	<b>97</b>	<b>91</b>	<b>100</b>	<b>91</b>	<b>79</b>	<b>83</b>	<b>84</b>	17	17	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	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	112	107	94	56	86	67	88	69	37			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	<b>116</b>	<b>114</b>	105	53	82	<b>95</b>	94	104	<b>87</b>	<b>110</b>	96	Very Good	C
D	105	110	92	62	66	52	74	76	58	89	78	Fair	D
E	106	66	51	35	52	42	49	46	31	53	53	Subpar	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	113	113	<b>112</b>	<b>89</b>	<b>99</b>	<b>95</b>	<b>101</b>	<b>105</b>	68	98	<b>99</b>	Very Good	G
H	114	107	51	26	52	42	60	50	26	25	55	Subpar	H
I	90	95	34	27	55	64	73	75	28	22	56	Subpar	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	76	106	46	26	62	38	82	88	47	84	66	Subpar	K
L	0	0	0	0	0	0	0	0	0	0	0	N/A	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>14,520</b>	<b>15,960</b>	<b>49,138</b>	<b>18,120</b>	<b>97,738</b>
– Pairs Rejected	<b>949</b>	<b>595</b>	<b>2,452</b>	<b>666</b>	<b>4,662</b>
<b>Net Y20 Production</b> (after rejects)	<b>13,571</b>	<b>15,365</b>	<b>46,686</b>	<b>17,454</b>	<b>93,076</b>
<b>Superior Materials Usage</b>	<b>43.6%</b>	<b>29.3%</b>	<b>46.8%</b>	<b>42.1%</b>	<b>42.6%</b>
<b>Capacity Utilization</b> (branded + P-L prod.)	<b>120.0%</b>	<b>120.0%</b>	<b>115.9%</b>	<b>120.0%</b>	<b>117.9%</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>+ 1.18</b>	<b>+ 0.63</b>	<b>9.81</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 0.52</b>	<b>+ 1.11</b>	<b>14.59</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>4,965</b>	<b>4,226</b>	<b>5,285</b>	<b>4,152</b>	<b>18,628</b>
– Pairs Cleared (inventory clearance)	<b>1,726</b>	<b>1,651</b>	<b>1,624</b>	<b>1,431</b>	<b>6,432</b>
<b>Beginning Y20 Inventories</b>	<b>3,239</b>	<b>2,575</b>	<b>3,661</b>	<b>2,721</b>	<b>12,196</b>
+ New Production (shipped from plants)	<b>19,715</b>	<b>21,391</b>	<b>20,701</b>	<b>23,046</b>	<b>84,853</b>
<b>Pairs Available for Sale in Y20</b>	<b>22,954</b>	<b>23,966</b>	<b>24,362</b>	<b>25,767</b>	<b>97,049</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>20,733</b>	<b>20,367</b>	<b>20,199</b>	<b>19,691</b>	<b>80,990</b>
<b>Actual Year 20 Demand</b>	<b>20,688</b>	<b>20,408</b>	<b>20,360</b>	<b>19,856</b>	<b>81,312</b>
<b>Branded Pairs Sold</b>	<b>20,688</b>	<b>20,393</b>	<b>20,360</b>	<b>19,859</b>	<b>81,300</b>
<b>Required Y20 Ending Inventories</b>	<b>1,219</b>	<b>1,101</b>	<b>1,318</b>	<b>1,192</b>	<b>4,830</b>
<b>Inventory Surplus (Shortfall)</b>	<b>348</b>	<b>2,176</b>	<b>2,653</b>	<b>4,716</b>	<b>9,893</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage up by 6.0 points over Y19
- % utilization up by 9.0 points over Y19

Lower than normal (42.6% industrywide) superior materials usage led to superior materials prices that were 3.7% below the base and standard materials prices that were 14.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 7.9% from the base.

- Average inventory clearance of 34.5%
- 19.4% higher than Y20 demand
- Actual demand in Year 20 was 0.4% greater than expected.
- Needed to achieve delivery times
- { Okay in N.A. High in E-A High in A-P Very high in L.A.

**DEMAND FORECAST** (000s of pair)

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America (internet + wholesale)	<b>21,516</b>	<b>22,377</b>	<b>23,272</b>	<b>24,203</b>
Europe-Africa	<b>21,224</b>	<b>22,073</b>	<b>22,956</b>	<b>23,874</b>
Asia-Pacific	<b>21,582</b>	<b>22,877</b>	<b>24,250</b>	<b>25,705</b>
Latin America	<b>21,047</b>	<b>22,310</b>	<b>23,649</b>	<b>25,068</b>
<b>Total</b>	<b>85,369</b>	<b>89,637</b>	<b>94,127</b>	<b>98,850</b>
<b>Private-Label</b> — North America	<b>3,776</b>	<b>3,776</b>	<b>3,776</b>	<b>3,776</b>
Europe-Africa	<b>3,752</b>	<b>3,752</b>	<b>3,752</b>	<b>3,752</b>
Asia-Pacific	<b>3,752</b>	<b>3,752</b>	<b>3,752</b>	<b>3,752</b>
Latin America	<b>3,744</b>	<b>3,744</b>	<b>3,744</b>	<b>3,744</b>
<b>Total</b>	<b>15,024</b>	<b>15,024</b>	<b>15,024</b>	<b>15,024</b>

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	<b>14,723</b>
Potential Production (at max OT)	<b>99,480</b>
<b>Potential Global Supply</b>	<b>114,203</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>85,369</b>
Private-Label Sales Forecast	<b>15,024</b>
<b>Expected Global Demand</b>	<b>100,393</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	7,000	3,000	0	0	0	0	0	0	7,000	3,000	10,000	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	6,500	7,500	3,400	0	0	0	0	0	6,500	7,500	3,400	17,400	0	<b>C</b>
<b>D</b>	4,200	0	5,300	0	1,000	0	0	0	5,200	0	5,300	0	10,500	0	<b>D</b>
<b>E</b>	2,500	3,100	1,700	2,000	-600	-300	0	-200	1,900	2,800	1,700	1,800	8,200	0	<b>E</b>
<b>F</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>F</b>
<b>G</b>	7,400	1,000	5,400	3,900	-7,400	0	2,000	0	0	1,000	7,400	3,900	12,300	0	<b>G</b>
<b>H</b>	0	0	10,000	0	0	0	0	0	0	0	10,000	0	10,000	0	<b>H</b>
<b>I</b>	0	4,000	0	4,000	0	-1,000	0	-1,000	0	3,000	0	3,000	6,000	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>	5,000	0	3,500	0	0	0	0	0	5,000	0	3,500	0	8,500	0	<b>K</b>
<b>L</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>L</b>
<b>Total</b>	<b>19,100</b>	<b>14,600</b>	<b>40,400</b>	<b>16,300</b>	<b>-7,000</b>	<b>-1,300</b>	<b>2,000</b>	<b>-1,200</b>	<b>12,100</b>	<b>13,300</b>	<b>42,400</b>	<b>15,100</b>	<b>82,900</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	539,478	331,896	36,156	87,207	12,420	71,799	25,215	13,975	32,609	0	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	776,146	467,816	54,003	122,211	19,819	112,297	21,524	27,232	63,541	43,125	7,500	C
D	568,795	334,026	45,153	115,004	12,920	61,692	13,259	14,530	33,903	17,250	7,500	D
E	497,091	306,569	31,798	113,888	10,618	34,218	11,933	6,686	15,599	14,850	15,000	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	642,468	347,381	44,621	127,006	14,719	108,741	37,838	21,271	49,632	61,725	7,500	G
H	484,394	363,457	33,928	45,844	12,419	28,746	28,885	0	-139	0	10,000	H
I	354,380	209,144	29,114	82,031	8,417	25,674	33,891	0	-8,217	5,700	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	548,194	345,714	42,630	88,304	10,920	60,626	21,921	11,612	27,093	0	7,500	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	551,368	338,250	39,675	97,687	12,782	62,974	24,308	11,913	26,753	17,831	8,750	

**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	242,511	490,441	120,203	82,500	255,127	0	32,611	287,738	0.00	0 / 1	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	233,849	748,649	84,200	225,012	506,642	-87,621	20,416	439,437	5.75	9 / 1	C
D	0	246,833	482,143	99,165	91,400	274,925	0	16,653	291,578	2.30	3 / 4	D
E	0	167,953	389,947	45,413	5,000	338,788	0	746	339,534	0.99	2 / 1	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	0	229,245	566,165	115,089	202,903	260,264	0	-12,091	248,173	8.23	4 / 3	G
H	0	157,820	447,609	75,142	195,900	176,705	0	-138	176,567	0.00	3 / 3	H
I	57,502	159,846	363,495	252,494	20,000	104,920	0	-13,920	91,001	0.76	1 / 2	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	63,072	236,082	421,765	55,569	125,000	214,100	0	27,095	241,196	0.00	0 / 1	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	15,072	209,267	488,777	105,909	118,464	266,434	-10,953	8,922	264,403	2.25	3 / 2	

**SELECTED FINANCIAL AND OPERATING STATISTICS**

**CREDIT RATING DATA**

	Costs and Profits as a % of Net Revenues							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	Current Ratio						
A	61.5 %	6.7 %	16.2 %	2.3 %	13.3 %	6.0 %	2.02	118	2.85	0.35	0.64	High	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	60.3	7.0	15.7	2.6	14.5	8.2	2.78	53	5.22	0.35	1.65	Medium	C
D	58.7	7.9	20.2	2.3	10.8	6.0	2.49	114	4.65	0.34	0.58	High	D
E	61.7	6.4	22.9	2.1	6.9	3.1	3.70	61	2.87	0.05	1.51	Medium	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	F
G	54.1	6.9	19.8	2.3	16.9	7.7	1.99	73	2.87	0.49	0.22	High	G
H	75.0	7.0	9.5	2.6	5.9	0.0	2.10	46	1.00	0.53	0.56	High	H
I	59.0	8.2	23.1	2.4	7.2	-2.3	0.63	29	0.76	0.71	0.00	N/A	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	63.1	7.8	16.1	2.0	11.1	4.9	4.25	43	2.77	0.36	1.82	Medium	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	61.3 %	7.2 %	17.7 %	2.3 %	11.4 %	4.9 %	1.98	67	2.87	0.40	0.87	High	

**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		9.14	<b>8.53</b>	10.53	<b>11.12</b>	12.20	<b>14.12</b>
	Private-Label Footwear		9.30	<b>9.58</b>	10.32	<b>10.91</b>	11.80	<b>12.23</b>
Labor — North America	Total Compensation (\$/year)		18,430	<b>18,430</b>	20,711	<b>20,030</b>	22,851	<b>23,092</b>
	Productivity (pairs/worker/year)		4,282	<b>4,005</b>	4,511	<b>4,108</b>	4,676	<b>4,292</b>
	Labor Cost (\$/pair produced)		4.61	<b>5.03</b>	4.95	<b>5.42</b>	5.35	<b>6.02</b>
Europe Africa	Total Compensation (\$/year)		18,180	<b>18,433</b>	19,604	<b>19,838</b>	23,297	<b>23,417</b>
	Productivity (pairs/worker/year)		4,343	<b>4,312</b>	4,920	<b>4,876</b>	5,731	<b>5,648</b>
	Labor Cost (\$/pair produced)		3.42	<b>3.64</b>	4.05	<b>4.44</b>	4.62	<b>5.66</b>
Asia Pacific	Total Compensation (\$/year)		4,263	<b>4,547</b>	4,969	<b>5,368</b>	6,098	<b>6,884</b>
	Productivity (pairs/worker/year)		2,533	<b>2,508</b>	2,918	<b>3,001</b>	3,562	<b>3,733</b>
	Labor Cost (\$/pair produced)		1.49	<b>1.60</b>	1.78	<b>1.90</b>	2.10	<b>2.19</b>
Latin America	Total Compensation (\$/year)		4,440	<b>4,770</b>	5,026	<b>5,496</b>	6,152	<b>6,950</b>
	Productivity (pairs/worker/year)		2,617	<b>2,656</b>	3,067	<b>3,170</b>	3,602	<b>3,790</b>
	Labor Cost (\$/pair produced)		1.60	<b>1.64</b>	1.74	<b>1.82</b>	1.89	<b>1.98</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.09	<b>0.10</b>	0.79	<b>0.70</b>	1.47	<b>1.46</b>
	Cumulative		0.28	<b>0.26</b>	0.84	<b>0.81</b>	1.35	<b>1.36</b>
Reject Rates	Branded Production		2.7%	<b>2.9%</b>	5.1%	<b>4.8%</b>	10.2%	<b>10.1%</b>
	Private-Label Production		2.5%	<b>4.1%</b>	3.9%	<b>4.2%</b>	4.4%	<b>4.2%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.48	<b>26.49</b>	26.98	<b>28.14</b>	30.36	<b>29.36</b>
	E-A		19.84	<b>19.42</b>	23.67	<b>22.83</b>	26.33	<b>27.13</b>
	A-P		20.18	<b>18.51</b>	23.61	<b>24.07</b>	27.37	<b>28.54</b>
	L.A.		19.10	<b>18.85</b>	23.54	<b>22.12</b>	27.16	<b>25.49</b>
	Private-Label — N.A.		20.90	<b>0.00</b>	20.90	<b>0.00</b>	20.90	<b>0.00</b>
	E-A		20.58	<b>21.02</b>	21.88	<b>21.02</b>	23.17	<b>21.02</b>
	A-P		21.75	<b>19.57</b>	24.30	<b>22.55</b>	26.48	<b>25.52</b>
	L.A.		20.76	<b>21.72</b>	20.76	<b>21.72</b>	20.76	<b>21.72</b>

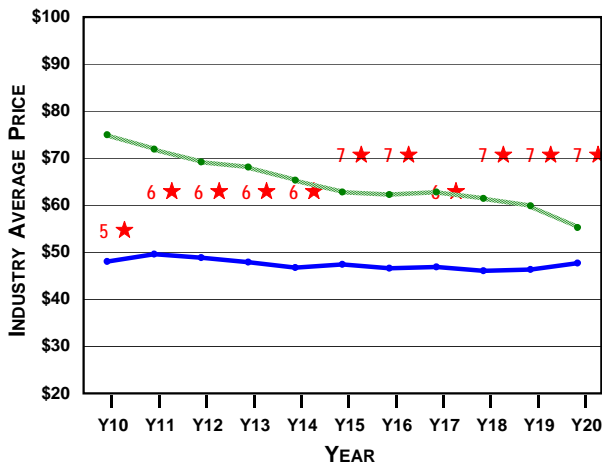
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.30	<b>23.23</b>	28.55	<b>28.09</b>	32.90	<b>32.37</b>
		E-A	22.40	<b>21.93</b>	33.09	<b>33.29</b>	41.36	<b>42.39</b>
		A-P	22.69	<b>21.27</b>	27.67	<b>27.40</b>	39.32	<b>33.99</b>
		L.A.	21.39	<b>21.35</b>	28.71	<b>28.09</b>	34.53	<b>38.35</b>
		Wholesale	10.54	<b>10.51</b>	10.83	<b>10.71</b>	11.15	<b>10.93</b>
	Warehouse Expenses - Internet (\$ per pair sold)	Wholesale	2.13	<b>2.14</b>	2.57	<b>2.44</b>	3.00	<b>2.81</b>
		Marketing Expenses — Internet (\$ per pair sold)	7.66	<b>8.08</b>	11.91	<b>10.89</b>	18.27	<b>12.55</b>
	Marketing Expenses — Wholesale (\$ per pair sold)	Wholesale	7.91	<b>5.00</b>	9.80	<b>9.52</b>	13.59	<b>12.92</b>
		Administrative Expenses (\$/pair sold)	1.15	<b>1.08</b>	1.43	<b>1.27</b>	1.82	<b>1.57</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	9.08	<b>7.25</b>	16.24	<b>13.66</b>	26.89	<b>19.39</b>
		E-A	2.31	<b>0.73</b>	14.36	<b>10.67</b>	33.45	<b>21.12</b>
		A-P	1.39	<b>0.26</b>	17.68	<b>14.69</b>	28.92	<b>23.03</b>
		L.A.	5.47	<b>7.58</b>	15.86	<b>15.43</b>	29.72	<b>24.07</b>
		Wholesale	-4.70	<b>-1.29</b>	2.36	<b>5.19</b>	5.54	<b>8.00</b>
	Wholesale	E-A	1.33	<b>0.89</b>	5.80	<b>6.02</b>	9.93	<b>12.36</b>
		A-P	-1.49	<b>-3.38</b>	2.30	<b>3.95</b>	5.66	<b>7.93</b>
	Wholesale	L.A.	-2.51	<b>-2.03</b>	2.10	<b>4.15</b>	5.96	<b>8.93</b>
		Private-Label — Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.40	<b>24.03</b>	23.40	<b>24.03</b>	23.40
Private-Label Market Segments		E-A	23.08	<b>23.52</b>	24.38	<b>23.52</b>	25.67	<b>23.52</b>
		A-P	24.25	<b>22.07</b>	26.80	<b>25.05</b>	28.98	<b>28.02</b>
		L.A.	23.26	<b>24.22</b>	24.54	<b>24.22</b>	25.82	<b>24.22</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.	-4.50	<b>-7.81</b>	-4.50	<b>-7.81</b>	0.00	<b>0.00</b>
		E-A	2.64	<b>-2.37</b>	4.35	<b>-2.37</b>	6.06	<b>0.00</b>
		A-P	-7.41	<b>-5.23</b>	-3.37	<b>-3.93</b>	0.62	<b>0.00</b>
		L.A.	-8.98	<b>-6.91</b>	-6.86	<b>-6.91</b>	0.00	<b>0.00</b>

**CELEBRITY ENDORSEMENTS**

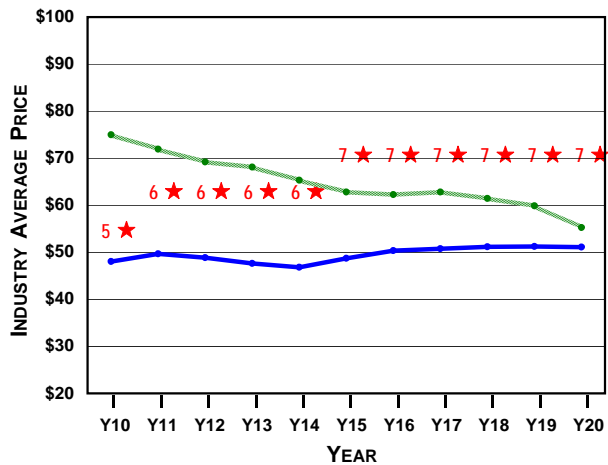
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	12,375	Y19	2 years	5	12,375	12,000	11,122	9,000
Oprah Letterman	100	70	65	75	Company D	14,225	Y20	3 years	2	14,225	13,999	14,112	13,999
Annika Stockholm	70	100	70	55	Company E	12,999	Y16	5 years	6	12,999	9,999	8,769	5,000
Tiger Green	95	80	85	75	Company K	13,999	Y20	2 years	2	13,999	10,000	12,000	10,000
José Montaña	60	50	60	95	Company G	12,876	Y18	3 years	5	12,876	10,237	10,182	8,999
Karioki Footsu	55	60	95	90	[unsigned]	0	N/A	4 years	2	13,999	13,500	13,750	13,500
Jaques LaFeet	50	90	50	85	[unsigned]	0	N/A	1 year	2	13,999	12,769	13,384	12,769
Serenus Willson	70	65	55	60	Company C	13,000	Y19	3 years	5	13,000	11,999	10,922	9,000
Natalie Kwan	75	80	95	50	Company C	10,299	Y17	4 years	6	13,275	10,299	10,151	8,999
Sergio Milano	45	85	60	100	Company D	13,675	Y19	2 years	5	13,675	13,000	11,982	9,000
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	2	14,225	13,999	14,112	13,999
Yao KungPao	60	35	100	50	Company I	9,000	Y18	4 years	5	11,738	10,237	9,385	7,599

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

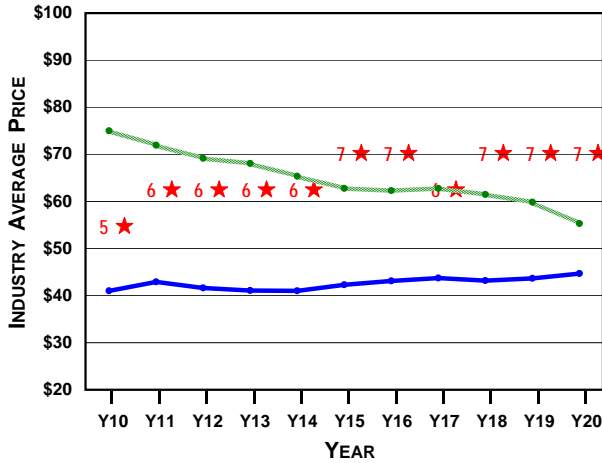
**NORTH AMERICA**



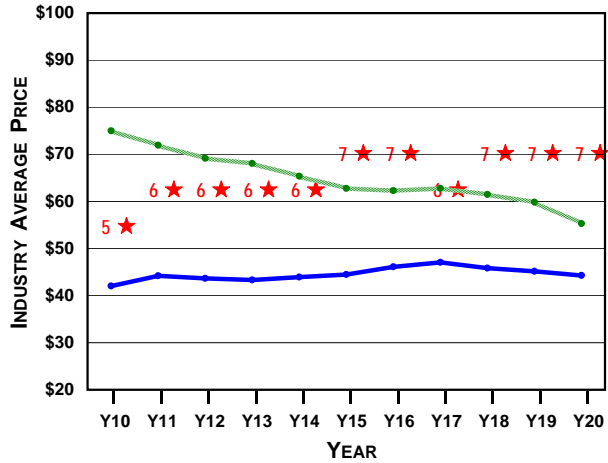
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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