

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 2

Friday, December 15, 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
DynamicKicks	117	+10
Got Yer Toes	117	+2
I Flash Athletics	116	+15
Juno Shoes	115	-2
Crash Bandiboots	114	+6
K Company	96	+6
Boots R Us	85	+11
All Star Athletics	77	-3
Lesters MBL Shoes	45	+16
Fukito Footwear	24	0
Hedge Hogs	19	-9
E (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Crash Bandiboots	92	+2
Juno Shoes	87	+3
Got Yer Toes	87	+4
I Flash Athletics	84	+4
DynamicKicks	82	+4
All Star Athletics	55	+3
K Company	51	+6
Boots R Us	49	+4
Lesters MBL Shoes	49	0
Hedge Hogs	37	-2
Fukito Footwear	36	-1
E (deleted)	0	0

## COMPANY SCORES : BEST-IN-INDUSTRY PERFORMANCE STANDARD

This scoring standard is based on how well each company performs relative to the best-performing company on EPS, ROE, Stock Price, Credit Rating, and Image Rating. In order to get a score of 100, a company must be the industry leader on all 5 measures, achieve the investor expectations on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating. Scores of 70 and higher indicate strong overall performance; companies with low scores (<50) trail the industry leaders by a significant margin. Each company's annual and overall scores are shown on the next two pages.

### YEAR 20 PERFORMANCE RANKINGS

Company Name	Year 20 Score	Change from Y19
Crash Bandiboots	92	+15
I Flash Athletics	81	+16
DynamicKicks	76	+6
Juno Shoes	75	-21
Got Yer Toes	75	-5
K Company	55	-4
Boots R Us	50	-3
All Star Athletics	46	-7
Lesters MBL Shoes	27	+9
Fukito Footwear	17	-1
Hedge Hogs	12	-10
E (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Crash Bandiboots	94	+10
Juno Shoes	80	-9
I Flash Athletics	78	+9
Got Yer Toes	78	-5
DynamicKicks	67	0
K Company	47	+1
Boots R Us	47	+6
All Star Athletics	45	+9
Lesters MBL Shoes	26	+3
Fukito Footwear	17	-2
Hedge Hogs	12	-11
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 (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>4.75</b>	2.25	-0.79	-0.49	1.41	-0.13	-3.48	0.55	3.51	2.49	0.98	4	4	A
B	2.31	2.67	-0.15	0.66	0.26	0.01	-0.23	0.46	2.34	2.68	1.12	5	5	B
C	<b>3.18</b>	<b>5.14</b>	2.40	2.33	2.75	<b>4.16</b>	2.86	<b>5.94</b>	<b>7.08</b>	<b>11.42</b>	<b>4.67</b>	<b>20</b>	<b>20</b>	C
D	<b>3.79</b>	2.12	-1.27	-0.51	1.42	1.89	1.50	3.04	3.84	<b>5.71</b>	1.99	10	9	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	E
F	<b>2.80</b>	1.42	-4.29	-5.35	-8.74	-7.82	-12.10	-7.01	-5.46	-5.43	-5.11	0	0	F
G	<b>4.41</b>	<b>5.10</b>	0.10	-1.25	3.28	2.62	2.30	<b>6.05</b>	<b>6.27</b>	<b>7.20</b>	3.52	13	15	G
H	<b>3.09</b>	0.74	-0.59	-3.13	-1.64	-1.71	0.63	-1.47	0.01	-0.55	-0.60	0	0	H
I	<b>2.91</b>	2.81	1.15	1.02	1.57	3.42	2.17	<b>4.64</b>	<b>4.32</b>	<b>8.33</b>	3.14	15	13	I
J	2.59	1.60	-1.12	2.27	2.25	<b>4.05</b>	<b>4.09</b>	<b>6.19</b>	<b>8.35</b>	<b>8.00</b>	<b>3.74</b>	14	16	J
K	1.32	0.53	-0.16	-1.07	-0.15	0.58	-0.32	1.57	2.51	3.09	0.74	5	3	K
L	<b>3.00</b>	<b>4.82</b>	-1.61	-1.90	-1.35	0.05	-0.95	1.63	0.48	1.10	0.46	2	2	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 (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>28.5</b>	14.5	-4.8	-3.0	8.2	-0.7	-21.8	3.8	<b>21.3</b>	12.8	5.8	8	6	A
B	14.1	13.5	-0.9	4.0	1.7	0.1	-2.3	4.5	<b>20.2</b>	<b>19.0</b>	8.3	12	9	B
C	<b>19.1</b>	<b>29.5</b>	<b>16.8</b>	14.1	14.7	<b>18.4</b>	11.0	<b>19.7</b>	<b>19.6</b>	<b>27.5</b>	<b>18.7</b>	18	<b>20</b>	C
D	<b>22.3</b>	10.9	-6.5	-3.6	8.6	10.4	7.6	13.4	<b>16.0</b>	<b>30.8</b>	10.7	<b>20</b>	11	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>16.9</b>	7.6	-28.0	-50.9	-252.6	0.0	0.0	0.0	0.0	0.0	0.0	0	0	F
G	<b>26.2</b>	<b>28.3</b>	0.5	-6.3	14.9	10.5	8.4	<b>19.2</b>	<b>17.7</b>	<b>21.5</b>	13.8	14	15	G
H	<b>18.5</b>	4.2	-3.3	-17.8	-11.4	-13.2	5.3	-14.1	0.2	-8.5	-4.8	0	0	H
I	<b>17.5</b>	14.7	5.8	4.8	7.1	13.9	8.0	<b>15.2</b>	12.4	<b>21.1</b>	12.2	14	13	I
J	<b>15.8</b>	9.6	-6.5	12.9	11.3	<b>16.9</b>	<b>15.4</b>	<b>19.9</b>	<b>21.8</b>	<b>17.8</b>	14.2	12	15	J
K	8.6	3.5	-1.2	-8.6	-1.2	4.7	-2.6	12.2	<b>16.7</b>	<b>18.7</b>	5.4	12	6	K
L	<b>18.6</b>	<b>29.3</b>	-15.4	-18.4	-11.7	0.4	-8.4	13.9	3.8	8.1	3.7	5	4	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>81.69</b>	<b>36.65</b>	19.49	11.85	12.69	7.68	4.70	6.10	32.42	29.25	-0 %	3	3	A
B	21.70	25.73	15.12	8.94	5.39	4.75	5.73	5.10	27.16	33.61	+1	3	3	B
C	<b>41.48</b>	<b>68.83</b>	32.70	22.09	25.75	<b>49.30</b>	29.25	<b>89.26</b>	<b>99.91</b>	<b>210.78</b>	+22	<b>20</b>	<b>20</b>	C
D	<b>64.50</b>	31.22	17.53	10.81	13.48	27.53	21.85	45.73	<b>58.55</b>	<b>97.71</b>	+13	9	9	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	31.81	17.73	10.92	6.78	4.93	5.63	4.70	5.19	4.60	4.80	-17	0	0	F
G	<b>75.06</b>	<b>84.40</b>	<b>37.59</b>	20.64	31.05	30.31	26.74	<b>88.29</b>	<b>110.26</b>	<b>126.69</b>	+16	12	12	G
H	<b>36.02</b>	19.98	11.78	7.66	4.95	5.53	6.86	4.65	5.61	4.55	-17	0	0	H
I	<b>36.58</b>	28.73	16.59	10.12	15.65	43.80	25.67	<b>72.58</b>	<b>53.31</b>	<b>160.17</b>	+18	15	15	I
J	27.40	16.03	9.67	21.41	25.12	<b>52.19</b>	<b>50.95</b>	<b>109.29</b>	<b>154.56</b>	<b>140.69</b>	+17	13	13	J
K	16.67	10.17	6.79	4.85	5.82	5.77	4.70	21.69	34.40	45.40	+4	4	4	K
L	<b>41.60</b>	<b>87.75</b>	<b>38.59</b>	21.30	12.02	7.17	4.76	18.14	11.23	11.64	-9 %	1	1	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>	C	C-	C-	C-	C-	C-	C-	C	B	Medium	14	14	A
B	B-	C	C-	C-	C-	C-	C-	C-	C+	B	High	14	14	B
C	<b>B+</b>	C+	C	C-	C+	B-	C+	B	B	<b>B+</b>	Medium	17	17	C
D	<b>A</b>	<b>B+</b>	C-	C-	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A</b>	Low	19	19	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-	C-	C-	C-	C-	C-	N/A	0	0	F
G	B	B-	C-	C-	C+	C+	B-	<b>A</b>	<b>A</b>	<b>A</b>	Medium	18	18	G
H	B-	C	C-	C-	C-	C-	<b>A+</b>	<b>B+</b>	C+	C-	N/A	0	0	H
I	<b>B+</b>	B	C+	C	C+	B	B	<b>A-</b>	<b>B+</b>	<b>B+</b>	Medium	17	17	I
J	B-	C	C-	B-	B-	<b>B+</b>	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	J
K	B-	C	C-	C-	C-	<b>B+</b>	<b>B+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	K
L	B-	B-	C-	C-	C-	C-	C-	C	C-	C	High	4	4	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>100</b>	<b>87</b>	<b>83</b>	<b>89</b>	<b>80</b>	<b>88</b>	<b>78</b>	<b>88</b>	<b>86</b>	<b>85</b>	<b>86</b>	17	18	A
B	<b>75</b>	<b>78</b>	<b>86</b>	<b>88</b>	<b>83</b>	<b>81</b>	<b>79</b>	<b>82</b>	<b>79</b>	<b>78</b>	<b>80</b>	16	16	B
C	63	69	<b>71</b>	64	<b>72</b>	<b>73</b>	<b>72</b>	<b>86</b>	<b>75</b>	<b>86</b>	<b>82</b>	17	17	C
D	<b>79</b>	<b>85</b>	<b>79</b>	<b>85</b>	<b>93</b>	<b>93</b>	<b>91</b>	<b>93</b>	<b>91</b>	<b>90</b>	<b>91</b>	18	19	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	<b>70</b>	<b>99</b>	<b>93</b>	<b>97</b>	<b>100</b>	<b>90</b>	<b>84</b>	<b>83</b>	<b>83</b>	<b>87</b>	<b>84</b>	17	17	F
G	<b>83</b>	<b>100</b>	<b>77</b>	<b>77</b>	<b>72</b>	<b>86</b>	<b>92</b>	<b>87</b>	<b>81</b>	<b>90</b>	<b>86</b>	18	18	G
H	<b>70</b>	<b>79</b>	57	63	64	61	<b>72</b>	57	64	60	60	12	12	H
I	67	67	<b>73</b>	<b>72</b>	68	<b>80</b>	<b>78</b>	<b>95</b>	<b>100</b>	<b>100</b>	<b>98</b>	<b>20</b>	<b>20</b>	I
J	<b>71</b>	<b>79</b>	<b>75</b>	62	67	69	69	<b>75</b>	<b>78</b>	<b>78</b>	<b>77</b>	16	16	J
K	57	50	60	57	58	63	66	<b>70</b>	<b>72</b>	68	<b>70</b>	14	14	K
L	<b>70</b>	<b>71</b>	<b>80</b>	<b>81</b>	<b>74</b>	<b>76</b>	<b>75</b>	<b>77</b>	64	<b>74</b>	<b>72</b>	15	15	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	<b>116</b>	82	33	29	46	26	23	34	80			
B	83	77	30	37	28	24	23	32	74	85	49	Subpar	B
C	106	100	<b>79</b>	62	76	96	71	109	108	114	<b>92</b>	Very Good	C
D	<b>116</b>	90	31	28	70	83	74	99	107	<b>117</b>	82	Good	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	97	54	29	27	26	26	24	24	24	24	36	Subpar	F
G	110	<b>108</b>	43	32	<b>82</b>	72	70	<b>116</b>	115	<b>117</b>	87	Good	G
H	97	48	22	22	20	19	57	38	28	19	37	Subpar	H
I	103	92	53	41	52	95	70	112	101	116	84	Good	I
J	89	58	26	<b>72</b>	71	<b>104</b>	<b>102</b>	115	<b>117</b>	115	87	Good	J
K	59	33	21	18	20	50	41	77	90	96	51	Subpar	K
L	98	104	42	33	27	25	23	59	29	45	49	Subpar	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>26,096</b>	<b>13,330</b>	<b>58,778</b>	<b>17,760</b>	<b>115,964</b>
– Pairs Rejected	<b>1,283</b>	<b>495</b>	<b>2,164</b>	<b>649</b>	<b>4,591</b>
<b>Net Y20 Production (after rejects)</b>	<b>24,813</b>	<b>12,835</b>	<b>56,614</b>	<b>17,111</b>	<b>111,373</b>
<b>Superior Materials Usage</b>	<b>44.6%</b>	<b>52.9%</b>	<b>47.6%</b>	<b>37.7%</b>	<b>46.0%</b>
<b>Capacity Utilization (branded + P-L prod.)</b>	<b>106.5%</b>	<b>120.1%</b>	<b>116.9%</b>	<b>120.0%</b>	<b>115.2%</b>

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	<b>7.00</b>	<b>+ 0.56</b>	<b>+ 0.36</b>	<b>7.92</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 0.28</b>	<b>+ 0.73</b>	<b>14.45</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>2,528</b>	<b>2,100</b>	<b>2,263</b>	<b>2,264</b>	<b>9,155</b>
– Pairs Cleared (inventory clearance)	<b>706</b>	<b>665</b>	<b>537</b>	<b>448</b>	<b>2,356</b>
<b>Beginning Y20 Inventories</b>	<b>1,822</b>	<b>1,435</b>	<b>1,726</b>	<b>1,816</b>	<b>6,799</b>
+ New Production (shipped from plants)	<b>23,555</b>	<b>24,093</b>	<b>23,737</b>	<b>22,838</b>	<b>94,223</b>
<b>Pairs Available for Sale in Y20</b>	<b>25,377</b>	<b>25,528</b>	<b>25,463</b>	<b>24,654</b>	<b>101,022</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 (see Y19 FIR)</b>	<b>25,145</b>	<b>24,871</b>	<b>23,845</b>	<b>23,108</b>	<b>96,969</b>
<b>Actual Year 20 Demand</b>	<b>25,421</b>	<b>25,003</b>	<b>24,178</b>	<b>23,507</b>	<b>98,109</b>
<b>Branded Pairs Sold</b>	<b>23,576</b>	<b>23,855</b>	<b>23,548</b>	<b>22,969</b>	<b>93,948</b>
<b>Required Y20 Ending Inventories</b>	<b>1,801</b>	<b>1,673</b>	<b>1,776</b>	<b>1,685</b>	<b>6,935</b>
<b>Inventory Surplus (Shortfall)</b>	<b>-2,225</b>	<b>-1,452</b>	<b>-681</b>	<b>-1,098</b>	<b>-5,456</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.0%
- Available for shipment to warehouses
- % usage down by 3.8 points from Y19
- % utilization unchanged from Y19

Lower than normal (46.0% industrywide) superior materials usage led to superior materials prices that were 2.0% below the base and standard materials prices that were 8.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.2% from the base.

- Average inventory clearance of 25.7%
- 3.0% higher than Y20 demand

Actual demand in Year 20 was 1.2% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times

↘ { Low in N.A.      Low in E-A  
     { Low in A-P      Low in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded (internet + wholesale)</b>				
– North America	26,438	27,496	28,596	29,740
– Europe-Africa	26,003	27,043	28,125	29,250
– Asia-Pacific	25,629	27,167	28,797	30,525
– Latin America	24,918	26,413	27,998	29,678
<b>Total</b>	<b>102,988</b>	<b>108,119</b>	<b>113,516</b>	<b>119,193</b>
<b>Private-Label</b>				
– North America	5,225	5,225	5,225	5,225
– Europe-Africa	5,159	5,159	5,159	5,159
– Asia-Pacific	5,159	5,159	5,159	5,159
– Latin America	5,126	5,126	5,126	5,126
<b>Total</b>	<b>20,669</b>	<b>20,669</b>	<b>20,669</b>	<b>20,669</b>

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	<b>6,935</b>
<b>Potential Production (at max OT)</b>	<b>121,080</b>
<b>Potential Global Supply</b>	<b>128,015</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>102,988</b>
<b>Private-Label Sales Forecast</b>	<b>20,669</b>
<b>Expected Global Demand</b>	<b>123,657</b>
<b>Conclusion:</b>	Even at full overtime production, capacity is shy of what's needed to meet future demand. Opportunistic companies should consider building new capacity or purchasing used capacity.

**PLANT CAPACITY (000s of pairs w/o overtime)**

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20		
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total			
<b>A</b>	0	2,000	6,500	0	0	0	0	0	0	2,000	6,500	0	0	8,500	0	<b>A</b>
<b>B</b>	0	2,200	4,000	1,800	0	0	0	0	0	2,200	4,000	1,800	0	8,000	0	<b>B</b>
<b>C</b>	0	0	8,200	4,200	2,200	0	0	0	2,200	0	8,200	4,200	14,600	0	0	<b>C</b>
<b>D</b>	0	1,000	4,000	1,500	0	0	0	0	0	1,000	4,000	1,500	6,500	0	0	<b>D</b>
<b>E</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>E</b>
<b>F</b>	6,200	0	2,000	0	0	0	0	0	6,200	0	2,000	0	8,200	0	0	<b>F</b>
<b>G</b>	3,000	0	7,300	0	0	0	0	0	3,000	0	7,300	0	10,300	0	0	<b>G</b>
<b>H</b>	2,800	1,200	2,100	0	0	0	0	0	2,800	1,200	2,100	0	6,100	0	0	<b>H</b>
<b>I</b>	2,700	2,700	3,500	3,200	0	0	0	0	2,700	2,700	3,500	3,200	12,100	0	0	<b>I</b>
<b>J</b>	1,800	0	6,500	4,100	100	0	0	0	1,900	0	6,500	4,100	12,500	0	0	<b>J</b>
<b>K</b>	2,400	0	2,000	0	0	0	0	0	2,400	0	2,000	0	4,400	200	0	<b>K</b>
<b>L</b>	3,300	2,000	4,200	0	0	0	0	0	3,300	2,000	4,200	0	9,500	0	0	<b>L</b>
<b>Total</b>	<b>22,200</b>	<b>11,100</b>	<b>50,300</b>	<b>14,800</b>	<b>2,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,500</b>	<b>11,100</b>	<b>50,300</b>	<b>14,800</b>	<b>100,700</b>	<b>200</b>	<b>200</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	540,181	291,932	35,225	153,064	10,920	49,040	18,771	9,081	21,188	0	8,500	A
B	493,728	246,203	34,336	125,658	10,419	77,112	15,142	18,591	43,379	0	16,200	B
C	668,265	411,247	38,776	60,837	17,018	140,387	18,039	36,704	85,644	52,500	7,500	C
D	415,723	201,585	23,214	109,703	8,919	72,302	1,542	21,228	49,532	1,736	8,680	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	493,714	331,541	26,376	102,630	10,620	22,547	71,382	0	-48,835	0	9,000	F
G	568,367	296,563	45,447	127,528	12,720	86,109	9,000	23,133	53,976	7,500	7,500	G
H	248,074	189,450	19,702	38,663	8,519	-8,260	6,336	0	-14,596	1,068	26,700	H
I	634,853	377,161	43,842	95,704	14,519	103,627	14,425	26,761	62,441	35,625	7,500	I
J	571,717	338,073	41,838	65,286	14,919	111,601	8,159	31,033	72,409	8,145	9,050	J
K	261,332	141,056	22,401	43,269	6,819	47,787	-722	14,553	33,956	660	11,000	K
L	409,396	274,583	28,096	66,907	11,918	27,892	11,578	4,276	12,038	0	10,921	L
	482,305	281,763	32,659	89,932	11,574	66,377	15,787	16,851	33,739	9,749	11,141	

**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	150,321	337,442	44,221	117,000	155,032	0	21,189	176,221	0.00	0 / 1	A
B	3,941	140,988	348,240	98,209	0	206,651	0	43,380	250,031	0.00	1 / 2	B
C	11,737	210,087	609,511	87,516	193,600	295,250	0	33,145	328,395	7.00	5 / 3	C
D	55,310	163,270	288,470	39,887	148,000	221,346	-168,560	47,797	100,583	0.20	6 / 2	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	160,557	345,758	674,286	20,000	-299,696	0	-48,832	-348,528	0.00	0 / 1	F
G	0	166,983	418,785	59,000	110,000	252,827	-49,517	46,475	249,785	1.00	1 / 1	G
H	161,989	232,160	378,150	33,103	170,000	167,909	22,800	-15,662	175,047	0.04	3 / 3	H
I	30,906	202,341	514,068	69,584	173,400	320,245	-75,975	26,815	271,084	4.75	6 / 1	I
J	11,033	195,859	532,274	37,162	76,500	394,059	-39,708	64,262	418,612	0.90	3 / 1	J
K	30,009	97,521	192,079	12,676	0	183,636	-37,530	33,296	179,403	0.06	2 / 1	K
L	0	109,125	271,125	82,654	34,600	141,835	0	12,036	153,871	0.00	1 / 1	L
	27,720	166,292	385,082	112,573	94,827	185,372	-31,681	23,991	177,682	1.27	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	54.0 %	6.5 %	<b>28.3 %</b>	2.0 %	9.1 %	3.9 %	3.40	21	2.61	0.40	2.15	Medium	A
B	49.9	7.0	<b>25.5</b>	2.1	15.6	8.8	<b>1.44</b>	21	5.09	0.23	<b>0.81</b>	<b>High</b>	B
C	61.5	5.8	<b>9.1</b>	2.5	<b>21.0</b>	12.8	2.40	37	7.78	0.40	1.25	Medium	C
D	<b>48.5</b>	5.6	<b>26.4</b>	2.1	17.4	11.9	4.09	7	46.89	0.57	3.63	Low	D
E	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	E
F	67.2	<b>5.3</b>	20.8	2.2	4.6	<b>-9.9</b>	<b>0.24</b>	46	0.32	<b>1.92</b>	<b>0.00</b>	N/A	F
G	52.2	<b>8.0</b>	22.4	2.2	15.2	9.5	2.83	45	9.57	0.34	2.12	Medium	G
H	<b>76.4</b>	<b>7.9</b>	15.6	3.4	<b>-3.3</b>	<b>-5.9</b>	7.01	21	-1.30	0.50	<b>0.00</b>	N/A	H
I	59.4	6.9	15.1	2.3	16.3	9.8	2.91	16	7.18	0.40	1.69	Medium	I
J	59.1	7.3	11.4	2.6	19.5	12.7	5.27	<b>47</b>	13.68	<b>0.16</b>	<b>10.82</b>	Low	J
K	54.0	<b>8.6</b>	16.6	2.6	18.3	<b>13.0</b>	<b>7.69</b>	6	<b>100.00</b>	0.00	10.00	Low	K
L	67.1	6.9	16.3	2.9	6.8	2.9	<b>1.32</b>	11	2.41	0.34	<b>0.58</b>	<b>High</b>	L
	58.4 %	6.8 %	18.6 %	2.4 %	13.8 %	7.0 %	1.48	25	17.66	0.48	3.00	Low	

**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		7.68	<b>8.13</b>	10.29	<b>10.41</b>	12.97	<b>12.90</b>
	Private-Label Footwear		6.97	<b>7.37</b>	10.48	<b>9.08</b>	12.36	<b>11.74</b>
Labor	North America	Total Compensation (\$/year)	19,298	<b>19,684</b>	25,157	<b>25,008</b>	31,158	<b>28,698</b>
		Productivity (pairs/worker/year)	4,569	<b>4,563</b>	5,428	<b>5,502</b>	6,201	<b>6,234</b>
		Labor Cost (\$/pair produced)	4.14	<b>3.90</b>	4.94	<b>4.77</b>	6.10	<b>6.27</b>
	Europe Africa	Total Compensation (\$/year)	18,999	<b>19,199</b>	23,086	<b>23,070</b>	27,666	<b>28,302</b>
		Productivity (pairs/worker/year)	4,354	<b>4,433</b>	5,012	<b>5,088</b>	6,045	<b>6,202</b>
		Labor Cost (\$/pair produced)	3.98	<b>3.74</b>	4.85	<b>4.63</b>	6.28	<b>6.46</b>
	Asia Pacific	Total Compensation (\$/year)	4,269	<b>4,329</b>	5,634	<b>5,506</b>	9,192	<b>8,439</b>
		Productivity (pairs/worker/year)	2,462	<b>2,470</b>	3,056	<b>3,094</b>	3,684	<b>3,837</b>
		Labor Cost (\$/pair produced)	1.41	<b>1.40</b>	1.84	<b>1.83</b>	3.15	<b>3.09</b>
	Latin America	Total Compensation (\$/year)	4,292	<b>4,350</b>	4,850	<b>4,976</b>	5,901	<b>6,230</b>
		Productivity (pairs/worker/year)	2,747	<b>2,789</b>	3,035	<b>3,103</b>	3,561	<b>3,703</b>
		Labor Cost (\$/pair produced)	1.57	<b>1.57</b>	1.68	<b>1.68</b>	1.79	<b>1.82</b>
TQM / 6Σ Quality Expenditures (\$ per pair of capacity)	Year 20	0.61	<b>0.40</b>	1.39	<b>1.36</b>	2.50	<b>2.50</b>	
	Cumulative	0.60	<b>0.58</b>	1.24	<b>1.25</b>	2.36	<b>2.38</b>	
Reject Rates	Branded Production	2.0%	<b>2.0%</b>	3.7%	<b>3.9%</b>	5.5%	<b>5.5%</b>	
	Private-Label Production	2.0%	<b>2.0%</b>	2.8%	<b>2.8%</b>	4.1%	<b>3.9%</b>	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	22.61	<b>23.10</b>	28.60	<b>29.34</b>	35.24	<b>44.21</b>
		E-A	22.73	<b>23.02</b>	27.80	<b>27.66</b>	31.97	<b>31.72</b>
		A-P	18.42	<b>19.34</b>	24.41	<b>25.30</b>	49.18	<b>53.49</b>
		L.A.	18.67	<b>18.71</b>	21.59	<b>21.78</b>	24.20	<b>24.56</b>
	Private-Label	N.A.	20.20	<b>20.49</b>	25.73	<b>22.20</b>	31.82	<b>24.36</b>
		E-A	21.94	<b>18.73</b>	25.52	<b>23.98</b>	30.15	<b>30.57</b>
		A-P	20.42	<b>17.75</b>	25.80	<b>19.42</b>	31.66	<b>20.96</b>
		L.A.	19.74	<b>18.52</b>	19.74	<b>18.79</b>	19.74	<b>19.06</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.	22.89	<b>25.07</b>	27.96	<b>28.85</b>	37.31	<b>45.17</b>
		E-A	26.59	<b>26.59</b>	31.46	<b>31.96</b>	38.18	<b>39.32</b>
		A-P	20.45	<b>21.23</b>	25.98	<b>26.38</b>	46.00	<b>46.16</b>
		L.A.	20.73	<b>20.72</b>	28.48	<b>28.09</b>	36.38	<b>37.39</b>
	Warehouse Expenses - Internet (\$ per pair sold)	Wholesale	10.37	<b>10.36</b>	10.61	<b>10.60</b>	11.35	<b>11.14</b>
			2.03	<b>2.02</b>	2.39	<b>2.39</b>	3.35	<b>3.13</b>
	Marketing Expenses - Internet (\$ per pair sold)	Wholesale	6.91	<b>6.25</b>	12.69	<b>12.54</b>	19.84	<b>18.69</b>
			4.59	<b>4.57</b>	10.66	<b>10.80</b>	15.01	<b>17.22</b>
	Administrative Expenses (\$/pair sold)		1.12	<b>1.12</b>	1.46	<b>1.40</b>	2.81	<b>1.95</b>
	Operating Profit (\$ per pair sold)	Internet	N.A.	-5.64	<b>-9.16</b>	16.01	<b>15.39</b>	33.93
E-A			-1.42	<b>-1.60</b>	12.93	<b>10.24</b>	31.36	<b>25.49</b>
A-P			4.91	<b>6.04</b>	17.53	<b>16.73</b>	36.38	<b>32.54</b>
L.A.			-6.63	<b>-1.94</b>	14.15	<b>16.91</b>	34.01	<b>33.90</b>
Wholesale		N.A.	-5.88	<b>-9.62</b>	4.66	<b>4.56</b>	11.27	<b>13.01</b>
		E-A	-0.11	<b>-0.10</b>	4.54	<b>2.83</b>	7.37	<b>5.58</b>
		A-P	-9.93	<b>-10.41</b>	4.45	<b>3.52</b>	14.11	<b>8.67</b>
		L.A.	-7.48	<b>-2.67</b>	3.87	<b>6.55</b>	9.53	<b>12.28</b>

Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.20	<b>22.49</b>	27.53	<b>24.03</b>	33.82	<b>26.36</b>
		E-A	23.94	<b>20.73</b>	28.46	<b>27.55</b>	32.15	<b>32.57</b>
		A-P	22.42	<b>19.75</b>	28.16	<b>21.70</b>	33.66	<b>22.96</b>
		L.A.	21.74	<b>20.52</b>	26.28	<b>24.53</b>	30.46	<b>29.40</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.	2.86	<b>-0.52</b>	7.68	<b>8.52</b>	14.01	<b>15.38</b>
		E-A	2.43	<b>4.50</b>	6.75	<b>11.73</b>	12.25	<b>18.29</b>
		A-P	-2.17	<b>-0.62</b>	3.88	<b>5.93</b>	13.08	<b>10.88</b>
		L.A.	2.80	<b>8.62</b>	5.42	<b>11.42</b>	7.18	<b>15.22</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	21,250	Y19	2 years	6	21,250	6,005	6,495	1,055
Oprah Letterman	100	70	65	75	Company F	30,000	Y20	3 years	2	30,000	12,222	21,111	12,222
Annika Stockholm	70	100	70	55	Company A	26,855	Y19	5 years	6	26,855	23,000	11,928	1,055
Tiger Green	95	80	85	75	Company F	30,000	Y20	2 years	2	30,000	12,222	21,111	12,222
José Montaña	60	50	60	95	Company B	20,000	Y18	3 years	8	20,000	18,000	8,492	702
Karioki Footsu	55	60	95	90	Company F	22,000	Y20	4 years	2	22,000	12,222	17,111	12,222
Jaques LaFeet	50	90	50	85	Company F	15,000	Y20	1 year	2	15,000	12,222	13,611	12,222
Serenus Willson	70	65	55	60	Company G	21,250	Y19	3 years	6	21,250	11,975	8,473	1,050
Natalie Kwan	75	80	95	50	Company B	26,222	Y17	4 years	4	26,222	7,456	9,795	502
Sergio Milano	45	85	60	100	Company G	21,250	Y19	2 years	6	21,250	11,001	7,661	1,055
Lance deFrance	80	85	75	70	Company F	15,000	Y20	3 years	2	15,000	12,222	13,611	12,222
Yao KungPao	60	35	100	50	Company G	25,000	Y18	4 years	8	26,785	25,000	10,964	702

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

