

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 2

Friday, May 4, 2007

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
I Hope We Still Win	117	+2
BEST	115	0
Killarney Shoes	110	+2
Dynamic Footwear	109	-9
High Top	78	+6
Got no dough	57	-8
Exploded	37	-14
A (deleted)	0	0
C (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
I Hope We Still Win	102	+2
Killarney Shoes	85	+3
BEST	83	+3
Dynamic Footwear	78	+4
High Top	70	0
Got no dough	51	+1
Exploded	41	-1
A (deleted)	0	0
C (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
I Hope We Still Win	97	+19
BEST	66	+16
Killarney Shoes	65	+9
Dynamic Footwear	62	-4
High Top	45	+5
Got no dough	38	+4
Exploded	25	-16
A (deleted)	0	0
C (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
I Hope We Still Win	98	+1
Killarney Shoes	63	-3
Dynamic Footwear	61	-13
BEST	60	0
High Top	46	-1
Got no dough	40	-1
Exploded	16	-4
A (deleted)	0	0
C (deleted)	0	0
F (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

**EARNINGS PER SHARE (\$)**

Bold numbers indicate achievement of investor expectation for EPS shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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>2.73</b>	1.89	1.58	-0.07	0.94	3.30	<b>4.44</b>	<b>4.81</b>	<b>5.34</b>	<b>6.26</b>	2.98	7	6	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	1.36	1.59	-0.44	2.20	0.42	1.78	<b>4.69</b>	<b>6.59</b>	<b>8.89</b>	<b>6.39</b>	3.27	7	7	D
E	2.65	2.48	-5.16	-8.28	-2.35	-3.46	0.01	-0.24	0.44	0.07	-0.78	0	0	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	2.49	1.81	0.02	0.87	0.80	0.37	1.12	1.09	1.81	1.27	1.16	1	2	G
H	1.94	1.47	1.09	2.24	1.10	1.79	3.23	2.30	2.11	2.84	2.00	3	4	H
I	<b>3.68</b>	1.95	2.49	<b>5.56</b>	<b>3.56</b>	<b>12.20</b>	<b>19.06</b>	<b>19.47</b>	<b>15.78</b>	<b>18.22</b>	<b>9.69</b>	<b>20</b>	<b>20</b>	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>2.91</b>	2.52	0.87	2.36	1.42	1.59	<b>5.23</b>	<b>6.64</b>	<b>7.18</b>	<b>6.45</b>	<b>3.57</b>	7	7	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 investor expectation for ROE shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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>16.7</b>	11.3	9.9	-0.4	5.3	<b>16.6</b>	<b>19.0</b>	<b>20.2</b>	<b>20.9</b>	<b>20.0</b>	14.1	<b>20</b>	14	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	8.9	10.2	-3.0	<b>15.3</b>	2.7	10.7	<b>23.7</b>	<b>25.9</b>	<b>26.8</b>	<b>15.8</b>	14.9	16	15	D
E	<b>16.1</b>	13.1	-36.6	-145.4	-617.1	0.0	0.0	0.0	<b>175.9</b>	14.0	-29.3	14	0	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>15.2</b>	10.4	0.1	5.3	4.5	2.0	5.8	5.4	8.3	5.5	6.0	6	6	G
H	12.0	8.2	5.7	10.8	4.9	7.5	12.2	7.8	6.9	8.1	8.1	8	8	H
I	<b>22.8</b>	12.8	12.5	<b>22.1</b>	12.7	<b>27.3</b>	<b>36.1</b>	<b>27.0</b>	<b>17.6</b>	<b>18.0</b>	<b>19.9</b>	18	<b>20</b>	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>18.3</b>	<b>16.4</b>	5.6	12.5	6.8	8.0	<b>22.4</b>	<b>23.4</b>	<b>22.1</b>	<b>18.0</b>	<b>15.6</b>	18	16	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 investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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	31.47	17.96	14.81	8.73	8.35	43.87	<b>62.23</b>	<b>72.28</b>	<b>69.92</b>	<b>83.88</b>	+11	5	5	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	16.68	16.05	9.67	24.78	14.84	20.26	<b>68.58</b>	<b>93.12</b>	<b>142.95</b>	<b>83.19</b>	+11	5	5	D
E	30.60	24.96	14.81	9.27	5.70	4.75	5.42	4.65	5.43	4.55	-17	0	0	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	28.71	16.77	9.56	7.94	7.24	4.77	11.51	11.52	21.34	12.22	-9	1	1	G
H	18.73	12.40	9.95	24.72	14.55	20.56	39.67	30.73	23.78	32.09	+1	2	2	H
I	<b>49.56</b>	25.83	24.30	<b>78.20</b>	<b>44.38</b>	<b>155.57</b>	<b>311.44</b>	<b>361.17</b>	<b>201.87</b>	<b>310.70</b>	+26	<b>20</b>	<b>20</b>	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>44.45</b>	30.25	17.03	21.37	12.90	17.27	<b>73.62</b>	<b>126.22</b>	<b>130.17</b>	<b>88.49</b>	+11	6	6	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	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-	C-	C	C-	C	A-	A	A	A	A+	Low	20	20	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	C	C	C-	B-	C	C+	B+	B	A-	B	Medium	14	14	D
E	A-	C+	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	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+	C	C-	C	C	C-	C	C+	B	B+	Low	17	17	G
H	B	C+	B	A	B-	A-	A+	A+	A+	A	Medium	19	19	H
I	B	C	C+	B-	C+	B	B+	A	A-	A	Low	19	19	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-	C+	C	C+	C	C	B-	B	B-	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	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	85	93	90	73	63	74	73	76	77	72	75	14	15	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	69	71	75	73	89	97	100	100	100	100	100	20	20	D
E	69	59	55	94	71	80	95	90	94	56	80	11	16	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	81	86	82	85	68	82	84	74	77	65	72	13	14	G
H	64	63	66	61	58	64	62	66	70	65	67	13	13	H
I	72	59	67	78	92	96	93	97	88	98	94	20	19	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	83	78	78	76	84	94	94	100	100	99	100	20	20	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	0	0	0	0	0	0	0	0	0			
B	95	61	58	24	38	102	111	113	115	115	83	Good	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	56	58	26	78	40	65	114	112	118	109	78	Fair	D
E	102	74	24	28	23	23	26	25	51	37	41	Subpar	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	99	63	27	42	37	29	45	46	65	57	51	Subpar	G
H	77	54	55	81	49	69	92	77	72	78	70	Fair	H
I	108	67	73	105	89	112	115	119	115	117	102	Excellent	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	101	86	47	71	49	55	107	112	108	110	85	Good	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>25,683</b>	<b>15,413</b>	<b>48,390</b>	<b>12,054</b>	<b>101,540</b>
– Pairs Rejected	<b>900</b>	<b>675</b>	<b>1,911</b>	<b>565</b>	<b>4,051</b>
<b>Net Y20 Production (after rejects)</b>	<b>24,783</b>	<b>14,738</b>	<b>46,479</b>	<b>11,489</b>	<b>97,489</b>
<b>Superior Materials Usage</b>	<b>44.3%</b>	<b>25.4%</b>	<b>31.9%</b>	<b>12.6%</b>	<b>31.7%</b>
<b>Capacity Utilization (branded + P-L prod.)</b>	<b>106.1%</b>	<b>110.1%</b>	<b>115.2%</b>	<b>110.6%</b>	<b>111.5%</b>

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	<b>6.50</b>	<b>+ 2.38</b>	<b>+ 0.10</b>	<b>8.98</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 1.28</b>	<b>+ 0.21</b>	<b>12.93</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>3,882</b>	<b>3,719</b>	<b>3,170</b>	<b>3,225</b>	<b>13,996</b>
– Pairs Cleared (inventory clearance)	<b>994</b>	<b>1,270</b>	<b>1,015</b>	<b>1,073</b>	<b>4,352</b>
<b>Beginning Y20 Inventories</b>	<b>2,888</b>	<b>2,449</b>	<b>2,155</b>	<b>2,152</b>	<b>9,644</b>
+ New Production (shipped from plants)	<b>22,838</b>	<b>21,826</b>	<b>19,471</b>	<b>20,755</b>	<b>84,890</b>
<b>Pairs Available for Sale in Y20</b>	<b>25,726</b>	<b>24,275</b>	<b>21,626</b>	<b>22,907</b>	<b>94,534</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>20,972</b>	<b>20,082</b>	<b>18,454</b>	<b>18,646</b>	<b>78,154</b>
<b>Actual Year 20 Demand</b>	<b>21,534</b>	<b>20,417</b>	<b>18,690</b>	<b>19,201</b>	<b>79,842</b>
<b>Branded Pairs Sold</b>	<b>21,537</b>	<b>20,414</b>	<b>18,688</b>	<b>19,202</b>	<b>79,841</b>
<b>Required Y20 Ending Inventories</b>	<b>1,608</b>	<b>1,624</b>	<b>1,524</b>	<b>1,425</b>	<b>6,181</b>
<b>Inventory Surplus (Shortfall)</b>	<b>2,546</b>	<b>2,180</b>	<b>1,352</b>	<b>2,280</b>	<b>8,358</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.0%
- Available for shipment to warehouses
- % usage down by 3.7 points from Y19
- % utilization down by 5.8 points from Y19

Lower than normal (31.7% industrywide) superior materials usage led to superior materials prices that were 9.2% below the base and standard materials prices that were 36.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 1.5% from the base.

- Average inventory clearance of 31.1%
- 18.4% higher than Y20 demand

Actual demand in Year 20 was 2.2% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times
- { High in N.A. High in E-A  
Okay in A-P High in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded — North America</b>	<b>22,396</b>	<b>23,292</b>	<b>24,224</b>	<b>25,193</b>
(internet + wholesale) <b>Europe-Africa</b>	<b>21,234</b>	<b>22,083</b>	<b>22,966</b>	<b>23,885</b>
<b>Asia-Pacific</b>	<b>19,811</b>	<b>21,000</b>	<b>22,260</b>	<b>23,596</b>
<b>Latin America</b>	<b>20,353</b>	<b>21,574</b>	<b>22,868</b>	<b>24,240</b>
<b>Total</b>	<b>83,794</b>	<b>87,949</b>	<b>92,318</b>	<b>96,914</b>
<b>Private-Label — North America</b>	<b>3,325</b>	<b>3,325</b>	<b>3,325</b>	<b>3,325</b>
<b>Europe-Africa</b>	<b>3,290</b>	<b>3,290</b>	<b>3,290</b>	<b>3,290</b>
<b>Asia-Pacific</b>	<b>3,276</b>	<b>3,276</b>	<b>3,276</b>	<b>3,276</b>
<b>Latin America</b>	<b>3,311</b>	<b>3,311</b>	<b>3,311</b>	<b>3,311</b>
<b>Total</b>	<b>13,202</b>	<b>13,202</b>	<b>13,202</b>	<b>13,202</b>

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

<b>Supply — Beginning Year 21 Inventory</b>	<b>14,539</b>
(000s) <b>Potential Production (at max OT)</b>	<b>109,920</b>
<b>Potential Global Supply</b>	<b>124,459</b>
<b>Demand — Branded Sales Forecast</b>	<b>83,794</b>
(000s) <b>Private-Label Sales Forecast</b>	<b>13,202</b>
<b>Expected Global Demand</b>	<b>96,996</b>
<b>Conclusion:</b>	Excess supply of 28.3% 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	<b>A</b>
<b>B</b>	0	0	6,800	0	0	0	0	0	0	0	6,800	0	6,800	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>	5,700	2,000	6,000	2,000	1,400	0	0	0	7,100	2,000	6,000	2,000	17,100	0	<b>D</b>
<b>E</b>	5,500	2,000	0	0	0	0	0	0	5,500	2,000	0	0	7,500	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>	2,000	2,000	4,000	0	0	0	0	0	2,000	2,000	4,000	0	8,000	0	<b>G</b>
<b>H</b>	2,600	0	4,800	1,900	0	0	0	0	2,600	0	4,800	1,900	9,300	500	<b>H</b>
<b>I</b>	0	8,000	12,000	7,000	0	0	0	0	0	8,000	12,000	7,000	27,000	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>	7,000	0	7,300	0	0	0	1,100	0	7,000	0	8,400	0	15,400	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>22,800</b>	<b>14,000</b>	<b>40,900</b>	<b>10,900</b>	<b>1,400</b>	<b>0</b>	<b>1,100</b>	<b>0</b>	<b>24,200</b>	<b>14,000</b>	<b>42,000</b>	<b>10,900</b>	<b>91,100</b>	<b>500</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	320,691	191,222	26,131	22,501	9,219	71,618	4,577	20,112	46,929	750	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	723,594	386,866	52,782	174,924	19,522	89,500	21,053	20,534	47,913	7,500	7,500	D
E	304,022	186,157	26,647	53,584	9,918	27,716	26,137	0	1,579	0	22,500	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	321,799	204,034	22,935	54,597	10,420	29,813	11,124	5,607	13,082	0	10,280	G
H	387,985	249,599	31,996	56,387	11,718	38,285	2,118	10,850	25,317	890	8,900	H
I	1,154,847	666,173	81,683	159,944	29,416	217,631	22,454	58,553	136,624	82,500	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	732,838	452,230	48,049	125,215	17,817	89,527	20,397	20,739	48,391	26,250	7,500	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	563,682	333,754	41,460	92,450	15,433	80,584	15,409	19,485	45,691	16,841	10,240	

**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	10,206	109,171	274,502	17,025	12	211,287	0	46,178	257,465	0.10	9 / 1	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	234,039	625,319	92,678	209,983	282,241	0	40,417	322,658	1.00	3 / 3	D
E	0	102,865	281,255	214,201	55,000	10,473	0	1,581	12,054	0.00	0 / 3	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	10,168	173,889	343,970	27,858	72,000	231,029	0	13,083	244,112	0.00	3 / 4	G
H	0	146,971	390,002	41,490	36,000	308,823	-20,736	24,426	312,512	0.10	2 / 2	H
I	20,975	388,981	1,102,999	88,965	228,100	731,812	0	54,121	785,934	11.00	2 / 1	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	11,122	255,711	614,024	74,015	260,500	257,367	0	22,142	279,509	3.50	5 / 1	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	7,496	201,661	518,867	79,462	123,085	290,433	-2,962	28,850	316,321	2.24	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	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	59.6	8.1	7.0	2.9	22.3	14.6	6.41	39	15.65	0.00	63692.00	Low	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	C
D	53.5	7.3	24.2	2.7	12.4	6.6	2.53	56	4.25	0.42	1.40	Medium	D
E	61.2	8.8	17.6	3.3	9.1	0.5	0.48	60	1.06	0.90	0.09	High	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	63.4	7.1	17.0	3.2	9.3	4.1	6.24	139	2.68	0.23	4.23	Low	G
H	64.3	8.2	14.5	3.0	9.9	6.5	3.54	76	18.08	0.13	2.84	Medium	H
I	57.7	7.1	13.8	2.5	18.8	11.8	4.37	63	9.69	0.23	4.07	Low	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	61.7	6.6	17.1	2.4	12.2	6.6	3.45	59	4.39	0.48	1.63	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
	59.2 %	7.4 %	16.4 %	2.7 %	14.3 %	8.1 %	2.54	70	7.97	0.34	9100.89	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		7.86	<b>7.96</b>	10.06	<b>9.27</b>	11.46	<b>10.23</b>	
	Private-Label Footwear		7.92	<b>7.90</b>	8.38	<b>8.50</b>	9.87	<b>10.08</b>	
Labor — North America	Total Compensation (\$/year)		18,208	<b>19,645</b>	20,763	<b>21,096</b>	25,147	<b>24,016</b>	
	Productivity (pairs/worker/year)		4,605	<b>4,670</b>	5,313	<b>5,435</b>	6,173	<b>6,264</b>	
	Labor Cost (\$/pair produced)		2.80	<b>3.53</b>	3.72	<b>4.09</b>	4.38	<b>4.43</b>	
Europe Africa	Total Compensation (\$/year)		18,497	<b>18,090</b>	19,661	<b>19,506</b>	21,764	<b>21,853</b>	
	Productivity (pairs/worker/year)		4,688	<b>4,753</b>	5,150	<b>5,204</b>	5,793	<b>5,877</b>	
	Labor Cost (\$/pair produced)		3.34	<b>3.65</b>	3.74	<b>3.95</b>	4.08	<b>4.12</b>	
Asia Pacific	Total Compensation (\$/year)		4,131	<b>4,120</b>	5,120	<b>5,232</b>	6,137	<b>6,268</b>	
	Productivity (pairs/worker/year)		2,438	<b>2,447</b>	3,255	<b>3,341</b>	4,389	<b>4,567</b>	
	Labor Cost (\$/pair produced)		1.38	<b>1.42</b>	1.59	<b>1.64</b>	1.77	<b>1.79</b>	
Latin America	Total Compensation (\$/year)		5,092	<b>5,525</b>	5,820	<b>6,205</b>	7,099	<b>7,076</b>	
	Productivity (pairs/worker/year)		3,304	<b>3,243</b>	3,349	<b>3,371</b>	3,425	<b>3,451</b>	
	Labor Cost (\$/pair produced)		1.64	<b>1.72</b>	1.90	<b>1.98</b>	2.38	<b>2.44</b>	
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.50	<b>0.21</b>	0.99	<b>0.75</b>	1.95	<b>1.95</b>	
	Cumulative		0.67	<b>0.68</b>	1.18	<b>1.11</b>	2.09	<b>2.07</b>	
Reject Rates	Branded Production		2.4%	<b>2.3%</b>	4.2%	<b>4.3%</b>	6.0%	<b>6.4%</b>	
	Private-Label Production		1.4%	<b>1.5%</b>	2.2%	<b>2.3%</b>	3.1%	<b>3.2%</b>	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	21.77	<b>21.65</b>	26.49	<b>25.57</b>	31.72	<b>32.58</b>	
		E-A	19.03	<b>18.82</b>	25.49	<b>24.87</b>	30.62	<b>30.00</b>	
		A-P	17.16	<b>16.88</b>	20.22	<b>20.01</b>	22.66	<b>21.84</b>	
		L.A.	18.22	<b>17.31</b>	20.74	<b>20.52</b>	22.98	<b>22.92</b>	
		Private-Label	N.A.	16.52	<b>19.96</b>	17.86	<b>19.96</b>	19.46	<b>19.96</b>
		E-A	15.16	<b>18.84</b>	17.42	<b>21.79</b>	18.62	<b>24.74</b>	
		A-P	16.53	<b>16.61</b>	18.27	<b>18.58</b>	20.57	<b>20.65</b>	
		L.A.	15.52	<b>16.34</b>	15.52	<b>16.34</b>	15.52	<b>16.34</b>	

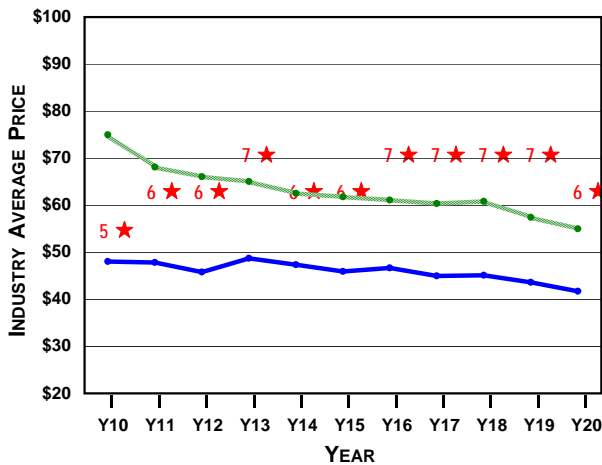
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.09	<b>20.99</b>	27.02	<b>26.15</b>	33.66	<b>34.32</b>
		E-A	20.98	<b>20.85</b>	29.08	<b>28.13</b>	32.62	<b>32.07</b>
		A-P	19.11	<b>18.93</b>	24.11	<b>23.20</b>	34.21	<b>30.22</b>
		L.A.	20.10	<b>19.51</b>	27.10	<b>25.67</b>	30.63	<b>29.48</b>
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.25	<b>10.39</b>	10.51	<b>10.55</b>	10.68	<b>10.78</b>
			1.70	<b>1.81</b>	2.23	<b>2.26</b>	2.56	<b>2.56</b>
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		8.86	<b>7.70</b>	11.25	<b>11.15</b>	14.78	<b>16.19</b>
			2.45	<b>2.41</b>	7.84	<b>7.26</b>	11.89	<b>13.15</b>
Administrative Expenses (\$/pair sold)		1.22	<b>1.26</b>	1.38	<b>1.38</b>	1.65	<b>1.55</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	10.84	<b>8.60</b>	15.85	<b>14.36</b>	22.24	<b>19.90</b>
		E-A	7.97	<b>7.30</b>	13.05	<b>11.76</b>	21.73	<b>18.27</b>
		A-P	7.46	<b>11.38</b>	18.68	<b>17.23</b>	24.15	<b>22.21</b>
		L.A.	8.38	<b>12.08</b>	15.73	<b>16.23</b>	23.06	<b>20.79</b>
Wholesale		N.A.	0.80	<b>-0.17</b>	5.08	<b>4.57</b>	11.72	<b>12.33</b>
		E-A	-0.45	<b>-0.36</b>	3.03	<b>2.54</b>	6.94	<b>7.92</b>
		A-P	0.29	<b>2.75</b>	6.73	<b>6.45</b>	10.09	<b>11.41</b>
		L.A.	0.85	<b>2.10</b>	3.81	<b>4.69</b>	7.61	<b>9.75</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.30	<b>20.29</b>	20.36	<b>21.43</b>	21.57	<b>22.03</b>
		E-A	17.16	<b>20.84</b>	19.75	<b>23.79</b>	21.48	<b>26.74</b>
		A-P	18.53	<b>18.61</b>	21.13	<b>20.64</b>	25.46	<b>22.65</b>
		L.A.	18.76	<b>18.34</b>	21.95	<b>18.34</b>	25.59	<b>18.34</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.	3.18	<b>2.04</b>	7.42	<b>2.52</b>	14.76	<b>3.33</b>
		E-A	2.71	<b>-2.49</b>	5.87	<b>-0.18</b>	9.23	<b>2.13</b>
		A-P	-1.64	<b>-0.14</b>	2.88	<b>0.63</b>	8.01	<b>1.11</b>
		L.A.	4.84	<b>7.58</b>	7.69	<b>7.58</b>	9.74	<b>7.58</b>

**CELEBRITY ENDORSEMENTS**

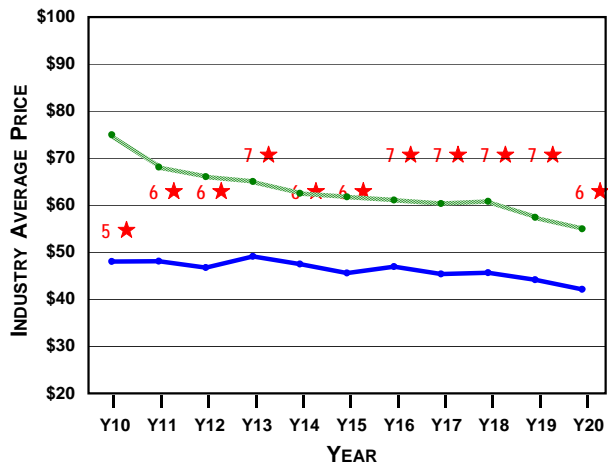
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	15,500	Y19	2 years	5	15,500	12,891	12,468	9,876
Oprah Letterman	100	70	65	75	Company H	16,234	Y20	3 years	3	16,234	16,000	11,414	2,007
Annika Stockholm	70	100	70	55	Company G	14,699	Y16	5 years	6	14,699	14,541	8,972	500
Tiger Green	95	80	85	75	Company K	17,500	Y20	2 years	3	17,500	16,234	11,914	2,007
José Montaña	60	50	60	95	Company K	12,500	Y18	3 years	6	12,500	12,319	9,094	500
Karioki Footsu	55	60	95	90	Company K	16,500	Y20	4 years	3	16,500	15,234	11,247	2,007
Jaques LaFeet	50	90	50	85	Company K	15,500	Y20	1 year	3	15,500	15,234	10,914	2,007
Serenus Willson	70	65	55	60	Company D	15,500	Y19	3 years	5	15,500	13,000	12,662	10,891
Natalie Kwan	75	80	95	50	Company D	14,000	Y17	4 years	6	14,888	14,000	9,763	500
Sergio Milano	45	85	60	100	Company D	15,500	Y19	2 years	5	15,500	13,500	13,339	11,572
Lance deFrance	80	85	75	70	Company K	17,000	Y20	3 years	3	17,000	16,234	11,747	2,007
Yao KungPao	60	35	100	50	Company I	12,319	Y18	4 years	6	12,319	11,500	8,928	500

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

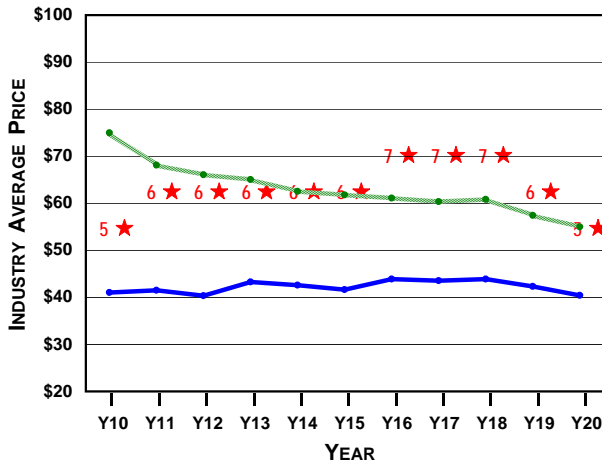
**NORTH AMERICA**



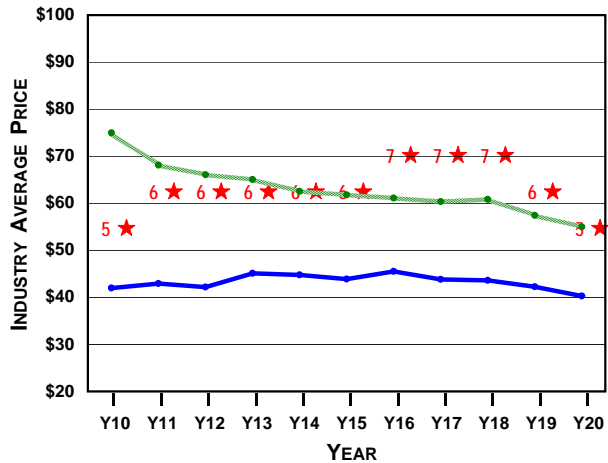
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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