

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

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
Koast Shoes Co.	117	0
Just Do It	112	-3
H	109	-6
E Fonzy Flyers	102	+32
Fallacious Shoes	99	-14
Go Go Gadgetlegs	93	-15
B Air	89	-21
Lithe Inc.	86	+16
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
I (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
H	102	+1
Koast Shoes Co.	89	+3
Just Do It	88	+2
Go Go Gadgetlegs	75	+2
Fallacious Shoes	73	+3
B Air	70	+2
E Fonzy Flyers	57	+5
Lithe Inc.	51	+4
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
I (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
H	83	+1
Koast Shoes Co.	78	-11
Just Do It	65	-4
E Fonzy Flyers	60	+24
Go Go Gadgetlegs	53	-14
Fallacious Shoes	50	-10
Lithe Inc.	46	+2
B Air	42	-15
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
I (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
H	90	-1
Koast Shoes Co.	84	-1
Just Do It	69	-1
Fallacious Shoes	52	-4
Go Go Gadgetlegs	51	-8
E Fonzy Flyers	48	+22
B Air	46	-8
Lithe Inc.	40	+1
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
I (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	2.27	1.32	-2.35	0.69	2.36	1.97	2.65	3.20	<b>4.85</b>	3.99	2.05	6	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	D
E	<b>4.99</b>	-0.41	2.89	-5.96	-3.67	-4.99	-3.73	<b>4.69</b>	<b>5.59</b>	<b>5.14</b>	0.75	7	2	E
F	2.08	2.03	-0.87	0.40	1.08	1.72	1.96	2.57	<b>4.77</b>	4.10	1.91	6	6	F
G	<b>2.82</b>	2.61	0.03	0.58	0.88	1.37	2.82	3.97	<b>5.58</b>	4.41	2.53	6	8	G
H	<b>3.55</b>	<b>2.87</b>	2.58	<b>3.71</b>	<b>4.54</b>	<b>6.28</b>	<b>8.67</b>	<b>9.81</b>	<b>10.77</b>	<b>13.83</b>	<b>6.66</b>	<b>20</b>	<b>20</b>	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	I
J	<b>3.51</b>	1.53	0.07	2.41	2.66	3.07	<b>5.07</b>	<b>5.53</b>	<b>7.80</b>	<b>8.30</b>	<b>3.76</b>	12	11	J
K	<b>2.94</b>	1.11	-1.37	2.40	<b>3.86</b>	3.20	<b>5.14</b>	<b>8.20</b>	<b>10.89</b>	<b>10.27</b>	<b>4.55</b>	15	14	K
L	1.84	1.49	-1.06	-0.95	-0.10	-0.89	0.71	0.73	1.09	2.39	0.58	3	2	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	13.9	7.0	-15.6	4.6	14.4	10.6	12.7	13.4	<b>17.5</b>	14.3	10.3	6	9	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	D
E	<b>32.1</b>	-4.1	<b>27.2</b>	-69.8	-115.5	0.0	0.0	0.0	0.0	<b>46.1</b>	12.9	18	11	E
F	13.2	13.3	-5.7	3.3	7.8	11.3	11.5	13.2	<b>21.1</b>	<b>20.1</b>	11.5	8	10	F
G	<b>17.1</b>	14.0	0.2	3.2	6.8	11.4	<b>18.3</b>	<b>24.7</b>	<b>46.4</b>	<b>51.3</b>	<b>17.8</b>	<b>20</b>	15	G
H	<b>23.0</b>	<b>23.7</b>	<b>17.6</b>	<b>20.8</b>	<b>20.7</b>	<b>22.9</b>	<b>26.0</b>	<b>25.1</b>	<b>25.3</b>	<b>32.2</b>	<b>23.9</b>	13	<b>20</b>	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	I
J	<b>22.6</b>	12.4	0.6	14.3	14.4	14.6	<b>21.0</b>	<b>19.4</b>	<b>24.7</b>	<b>28.8</b>	<b>18.0</b>	11	15	J
K	<b>18.3</b>	7.1	-9.3	<b>20.7</b>	<b>26.2</b>	<b>17.5</b>	<b>22.9</b>	<b>28.2</b>	<b>29.5</b>	<b>24.8</b>	<b>19.9</b>	10	17	K
L	11.4	8.4	-6.0	-6.1	-0.7	-8.8	8.2	7.7	11.2	<b>23.8</b>	5.0	9	4	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	22.69	13.62	8.81	5.77	27.73	23.06	32.47	37.33	<b>75.94</b>	51.60	+6	4	4	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	D
E	<b>90.50</b>	<b>38.65</b>	33.93	19.18	11.54	6.84	4.70	28.25	<b>65.69</b>	<b>85.53</b>	+11	7	7	E
F	20.31	20.69	12.06	7.53	9.63	20.78	23.02	32.09	<b>65.63</b>	50.40	+5	4	4	F
G	<b>32.41</b>	27.70	15.77	9.94	8.18	15.21	35.98	<b>51.86</b>	<b>81.76</b>	<b>54.36</b>	+6	4	4	G
H	<b>49.51</b>	31.61	25.90	<b>41.24</b>	<b>56.30</b>	<b>91.26</b>	<b>174.18</b>	<b>201.63</b>	<b>210.90</b>	<b>249.67</b>	+24	<b>20</b>	<b>20</b>	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	I
J	<b>58.61</b>	29.05	16.33	22.93	30.86	36.87	<b>76.19</b>	<b>83.70</b>	<b>133.13</b>	<b>141.12</b>	+17	11	11	J
K	<b>42.04</b>	22.11	12.39	22.49	<b>51.47</b>	39.27	<b>68.86</b>	<b>131.73</b>	<b>234.63</b>	<b>206.15</b>	+21	17	17	K
L	16.85	13.60	8.72	5.58	4.80	4.98	7.21	11.39	15.86	41.05	+3 %	3	3	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+	B-	B	<b>B+</b>	<b>A-</b>	B-	High	11	11	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	D
E	C+	C-	C-	C-	C-	C-	C-	C-	C-	C+	High	8	8	E
F	C+	C+	C-	C+	B	<b>A-</b>	<b>B+</b>	<b>A-</b>	<b>A-</b>	B	Medium	14	14	F
G	B	C+	C-	C-	C-	C+	<b>B+</b>	<b>B+</b>	B	C+	Medium	8	8	G
H	B-	C	C	C	B-	B	<b>B+</b>	<b>A-</b>	<b>A-</b>	B	High	14	14	H
I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	I
J	B-	C-	C-	C	C+	B-	<b>B+</b>	<b>A-</b>	<b>A-</b>	<b>B+</b>	Medium	17	17	J
K	B	C	C-	C-	B-	C+	B	<b>A-</b>	<b>A</b>	<b>A</b>	Medium	<b>19</b>	<b>19</b>	K
L	B-	C+	C-	C-	C-	C-	<b>A+</b>	<b>A+</b>	<b>B+</b>	B-	High	11	11	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	69	66	<b>70</b>	68	<b>71</b>	68	<b>72</b>	<b>80</b>	<b>78</b>	<b>76</b>	<b>78</b>	15	16	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	<b>73</b>	<b>80</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>94</b>	<b>100</b>	<b>100</b>	<b>98</b>	<b>20</b>	<b>20</b>	E
F	<b>76</b>	<b>81</b>	<b>72</b>	<b>81</b>	<b>78</b>	<b>80</b>	<b>74</b>	<b>87</b>	<b>92</b>	<b>90</b>	<b>90</b>	18	18	F
G	<b>85</b>	<b>98</b>	<b>80</b>	<b>94</b>	<b>88</b>	<b>81</b>	<b>80</b>	<b>78</b>	<b>79</b>	<b>77</b>	<b>78</b>	15	16	G
H	63	<b>72</b>	67	<b>71</b>	69	<b>74</b>	<b>75</b>	<b>75</b>	<b>74</b>	<b>78</b>	<b>76</b>	16	16	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	63	62	<b>75</b>	<b>83</b>	<b>82</b>	<b>80</b>	<b>75</b>	<b>70</b>	<b>77</b>	<b>70</b>	<b>72</b>	14	15	J
K	<b>75</b>	<b>78</b>	69	68	<b>70</b>	69	<b>70</b>	<b>74</b>	<b>87</b>	<b>85</b>	<b>82</b>	17	17	K
L	<b>81</b>	<b>89</b>	<b>84</b>	<b>80</b>	<b>77</b>	67	68	<b>92</b>	<b>95</b>	<b>100</b>	<b>96</b>	<b>20</b>	<b>20</b>	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	82	49	25	32	74	66	81	90	110	89	70	Fair	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	100	42	<b>85</b>	34	29	27	26	57	70	102	57	Subpar	E
F	76	74	27	40	58	76	76	88	113	99	73	Fair	F
G	100	85	30	36	41	59	94	106	108	93	75	Fair	G
H	101	<b>86</b>	76	<b>90</b>	<b>102</b>	<b>109</b>	<b>113</b>	<b>115</b>	115	109	<b>102</b>	Excellent	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	101	63	31	72	79	86	112	113	115	112	88	Good	J
K	<b>103</b>	55	27	69	99	85	107	<b>115</b>	<b>117</b>	<b>117</b>	89	Good	K
L	74	60	27	24	23	21	61	66	70	86	51	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>22,560</b>	<b>6,904</b>	<b>51,599</b>	<b>16,080</b>	<b>97,143</b>
– Pairs Rejected	<b>1,393</b>	<b>223</b>	<b>2,116</b>	<b>607</b>	<b>4,339</b>
<b>Net Y20 Production</b> (after rejects)	<b>21,167</b>	<b>6,681</b>	<b>49,483</b>	<b>15,473</b>	<b>92,804</b>
<b>Superior Materials Usage</b>	<b>36.6%</b>	<b>33.0%</b>	<b>35.1%</b>	<b>25.7%</b>	<b>33.7%</b>
<b>Capacity Utilization</b> (branded + P-L prod.)	<b>120.0%</b>	<b>117.0%</b>	<b>114.4%</b>	<b>120.0%</b>	<b>116.8%</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>+ 2.12</b>	<b>+ 0.44</b>	<b>9.06</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 1.14</b>	<b>+ 0.95</b>	<b>13.81</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>1,523</b>	<b>1,845</b>	<b>2,241</b>	<b>1,103</b>	<b>6,712</b>
– Pairs Cleared (inventory clearance)	<b>128</b>	<b>0</b>	<b>160</b>	<b>113</b>	<b>401</b>
<b>Beginning Y20 Inventories</b>	<b>1,395</b>	<b>1,845</b>	<b>2,081</b>	<b>990</b>	<b>6,311</b>
+ New Production (shipped from plants)	<b>22,476</b>	<b>21,129</b>	<b>21,032</b>	<b>19,877</b>	<b>84,514</b>
<b>Pairs Available for Sale in Y20</b>	<b>23,871</b>	<b>22,974</b>	<b>23,113</b>	<b>20,867</b>	<b>90,825</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>22,314</b>	<b>21,695</b>	<b>21,035</b>	<b>19,926</b>	<b>84,970</b>
<b>Actual Year 20 Demand</b>	<b>20,520</b>	<b>19,592</b>	<b>19,997</b>	<b>18,368</b>	<b>78,478</b>
<b>Branded Pairs Sold</b>	<b>20,518</b>	<b>19,595</b>	<b>19,998</b>	<b>18,368</b>	<b>78,479</b>
<b>Required Y20 Ending Inventories</b>	<b>1,287</b>	<b>1,102</b>	<b>1,346</b>	<b>1,184</b>	<b>4,919</b>
<b>Inventory Surplus (Shortfall)</b>	<b>2,066</b>	<b>2,277</b>	<b>1,769</b>	<b>1,312</b>	<b>7,424</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.5%
- Available for shipment to warehouses
- % usage up by 0.2 points over Y19
- % utilization up by 3.1 points over Y19

Lower than normal (33.7% industrywide) superior materials usage led to superior materials prices that were 8.2% below the base and standard materials prices that were 32.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.8% from the base.

- Average inventory clearance of 6.0%
- 15.7% higher than Y20 demand

Actual demand in Year 20 was 7.6% less than expected due to increases in industry average prices.

- Needed to achieve delivery times

↘ { High in N.A.      High 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>21,341</b>	<b>22,195</b>	<b>23,083</b>	<b>24,006</b>
Europe-Africa	<b>20,376</b>	<b>21,191</b>	<b>22,039</b>	<b>22,921</b>
Asia-Pacific	<b>21,197</b>	<b>22,469</b>	<b>23,817</b>	<b>25,246</b>
Latin America	<b>19,471</b>	<b>20,639</b>	<b>21,877</b>	<b>23,190</b>
<b>Total</b>	<b>82,385</b>	<b>86,494</b>	<b>90,816</b>	<b>95,363</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>3,744</b>	<b>3,744</b>	<b>3,744</b>	<b>3,744</b>
Asia-Pacific	<b>3,824</b>	<b>3,824</b>	<b>3,824</b>	<b>3,824</b>
Latin America	<b>3,768</b>	<b>3,768</b>	<b>3,768</b>	<b>3,768</b>
<b>Total</b>	<b>15,112</b>	<b>15,112</b>	<b>15,112</b>	<b>15,112</b>

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	<b>12,343</b>
<b>Potential Production</b> (at max OT)	<b>100,320</b>
<b>Potential Global Supply</b>	<b>112,663</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>82,385</b>
<b>Private-Label Sales Forecast</b>	<b>15,112</b>
<b>Expected Global Demand</b>	<b>97,497</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	0	0	0	0	0	0	0	0	0	0	0	0	<b>A</b>
<b>B</b>	0	1,900	5,000	2,800	0	0	0	0	0	1,900	5,000	2,800	9,700	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>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>D</b>
<b>E</b>	2,500	2,500	4,900	2,500	0	0	0	0	2,500	2,500	4,900	2,500	12,400	0	<b>E</b>
<b>F</b>	0	0	7,800	0	0	0	0	0	0	0	7,800	0	7,800	0	<b>F</b>
<b>G</b>	2,500	1,500	4,500	2,500	0	0	0	0	2,500	1,500	4,500	2,500	11,000	0	<b>G</b>
<b>H</b>	0	0	5,200	5,100	0	0	1,000	500	0	0	6,200	5,600	11,800	0	<b>H</b>
<b>I</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>I</b>
<b>J</b>	5,000	0	5,000	0	0	0	0	0	5,000	0	5,000	0	10,000	0	<b>J</b>
<b>K</b>	5,700	0	5,100	0	0	0	0	0	5,700	0	5,100	0	10,800	0	<b>K</b>
<b>L</b>	3,100	0	6,600	0	0	0	0	0	3,100	0	6,600	0	9,700	400	<b>L</b>
<b>Total</b>	<b>18,800</b>	<b>5,900</b>	<b>44,100</b>	<b>12,900</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>500</b>	<b>18,800</b>	<b>5,900</b>	<b>45,100</b>	<b>13,400</b>	<b>83,200</b>	<b>400</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	484,106	250,672	35,162	130,228	12,121	55,923	10,892	13,509	31,522	15,800	7,900	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	557,031	297,793	29,566	81,555	14,818	133,299	48,269	20,789	64,241	18,750	12,500	E
F	470,826	234,848	23,228	137,600	10,218	64,932	15,039	14,968	34,925	0	8,522	F
G	502,688	238,500	33,169	125,537	13,418	92,064	26,668	19,619	45,777	1,559	10,390	G
H	708,321	300,498	42,704	188,794	14,218	162,107	13,927	44,454	103,726	108,750	7,500	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	583,754	270,951	39,183	158,914	12,420	102,286	13,396	26,667	62,223	28,500	7,500	J
K	613,755	308,471	43,352	126,968	13,219	121,745	11,702	33,013	77,030	67,500	7,500	K
L	519,173	284,674	34,808	121,862	12,118	65,711	12,282	16,029	37,400	18,756	15,630	L
	554,957	273,301	35,147	133,932	12,819	99,758	19,022	23,631	57,106	32,452	9,680	

**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	0.00	0 / 0	A	
B	0	158,284	388,092	74,296	143,000	270,043	-114,972	15,725	170,796	2.00	2 / 1	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	0	151,953	449,190	169,582	19,000	18,068	197,050	45,490	260,608	1.50	5 / 2	E
F	0	154,900	375,587	52,198	149,600	173,603	-34,740	34,926	173,789	0.00	3 / 3	F
G	0	166,488	417,777	93,517	251,000	105,182	-76,136	44,215	73,260	0.15	3 / 2	G
H	0	226,836	572,480	61,533	191,700	324,273	0	-5,025	319,247	14.50	4 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	202,012	414,194	85,008	111,000	214,609	-30,149	33,725	218,186	3.80	5 / 1	J
K	0	197,319	427,881	43,306	69,800	305,245	0	9,530	314,775	9.00	5 / 1	K
L	126,936	288,293	550,333	77,496	385,000	226,036	-156,842	18,642	87,837	1.20	2 / 1	L
	15,867	193,261	449,442	82,117	165,013	204,632	-26,974	24,653	202,312	4.02	4 / 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							
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	51.8	7.3	26.9	2.5	11.6	6.5	2.13	61	5.13	0.48	0.81	High	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	D
E	53.5	5.3	14.6	2.7	23.9	11.5	0.90	31	2.76	0.35	0.56	High	E
F	49.9	4.9	29.2	2.2	13.8	7.4	2.97	59	4.32	0.48	1.75	Medium	F
G	47.4	6.6	25.0	2.7	18.3	9.1	1.78	63	3.45	0.76	1.07	Medium	G
H	42.4	6.0	26.7	2.0	22.9	14.6	3.69	61	11.64	0.39	0.71	High	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	I
J	46.4	6.7	27.2	2.1	17.5	10.7	2.38	76	7.64	0.40	1.02	Medium	J
K	50.3	7.1	20.7	2.2	19.8	12.6	4.56	57	10.40	0.20	2.41	Medium	K
L	54.8	6.7	23.5	2.3	12.7	7.2	3.72	41	5.35	0.78	0.91	High	L
	49.2 %	6.3 %	24.1 %	2.3 %	18.0 %	10.3 %	2.35	56	6.34	0.48	1.16	Medium	

**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		8.19	<b>8.39</b>	9.74	<b>10.02</b>	11.41	<b>11.83</b>
	Private-Label Footwear		7.49	<b>7.66</b>	9.39	<b>9.58</b>	11.79	<b>11.42</b>
Labor — North America	Total Compensation (\$/year)		17,811	<b>18,021</b>	20,341	<b>21,393</b>	24,246	<b>24,989</b>
	Productivity (pairs/worker/year)		4,017	<b>4,096</b>	5,078	<b>5,571</b>	6,053	<b>6,245</b>
	Labor Cost (\$/pair produced)		3.88	<b>3.46</b>	4.37	<b>4.13</b>	5.07	<b>5.32</b>
Europe Africa	Total Compensation (\$/year)		20,853	<b>21,692</b>	21,785	<b>22,276</b>	22,760	<b>22,776</b>
	Productivity (pairs/worker/year)		5,827	<b>5,845</b>	5,903	<b>5,997</b>	6,001	<b>6,156</b>
	Labor Cost (\$/pair produced)		3.40	<b>3.61</b>	3.64	<b>3.77</b>	3.89	<b>3.92</b>
Asia Pacific	Total Compensation (\$/year)		4,041	<b>4,153</b>	4,760	<b>5,027</b>	6,228	<b>6,454</b>
	Productivity (pairs/worker/year)		1,953	<b>1,966</b>	2,986	<b>3,169</b>	3,791	<b>4,536</b>
	Labor Cost (\$/pair produced)		1.40	<b>1.39</b>	1.63	<b>1.68</b>	2.03	<b>2.10</b>
Latin America	Total Compensation (\$/year)		4,110	<b>4,393</b>	4,897	<b>5,195</b>	6,414	<b>6,817</b>
	Productivity (pairs/worker/year)		2,104	<b>2,163</b>	2,885	<b>2,971</b>	3,595	<b>3,753</b>
	Labor Cost (\$/pair produced)		1.61	<b>1.60</b>	1.79	<b>1.85</b>	2.01	<b>2.21</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	<b>0.05</b>	0.88	<b>0.91</b>	2.40	<b>2.40</b>
	Cumulative		0.31	<b>0.27</b>	0.93	<b>0.96</b>	2.22	<b>2.25</b>
Reject Rates	Branded Production		1.3%	<b>1.3%</b>	4.1%	<b>4.3%</b>	7.5%	<b>7.5%</b>
	Private-Label Production		1.0%	<b>1.3%</b>	2.7%	<b>2.8%</b>	4.1%	<b>3.9%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		20.97	<b>21.20</b>	24.47	<b>24.25</b>	25.63	<b>26.10</b>
	E-A		19.84	<b>20.21</b>	21.92	<b>21.88</b>	25.51	<b>25.10</b>
	A-P		17.14	<b>17.38</b>	22.21	<b>21.45</b>	32.51	<b>26.97</b>
	L.A.		16.82	<b>17.02</b>	19.36	<b>19.41</b>	21.39	<b>21.83</b>
	Private-Label — N.A.		21.60	<b>18.71</b>	22.46	<b>20.58</b>	24.34	<b>22.45</b>
	E-A		22.75	<b>21.49</b>	24.12	<b>24.01</b>	25.48	<b>26.52</b>
	A-P		18.48	<b>20.34</b>	22.19	<b>22.46</b>	29.10	<b>23.71</b>
	L.A.		18.25	<b>18.55</b>	21.01	<b>18.55</b>	23.77	<b>18.55</b>

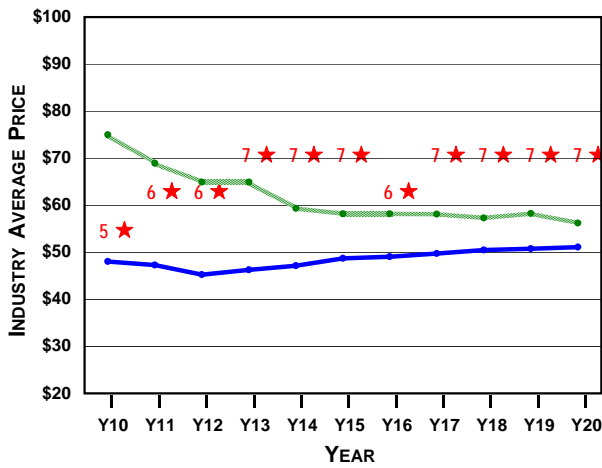
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.70	<b>23.00</b>	25.72	<b>25.50</b>	27.68	<b>28.10</b>
		E-A	23.49	<b>23.59</b>	28.45	<b>27.65</b>	31.35	<b>29.97</b>
		A-P	19.14	<b>19.37</b>	24.22	<b>23.49</b>	34.44	<b>29.31</b>
		L.A.	18.82	<b>19.02</b>	25.83	<b>24.93</b>	29.97	<b>29.18</b>
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.37	<b>10.39</b>	10.54	<b>10.49</b>	10.69	<b>10.76</b>
			2.05	<b>2.08</b>	2.31	<b>2.23</b>	2.57	<b>2.66</b>
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		9.02	<b>9.99</b>	14.45	<b>14.73</b>	23.35	<b>24.20</b>
			10.36	<b>11.38</b>	13.18	<b>13.68</b>	15.38	<b>15.80</b>
Administrative Expenses (\$/pair sold)		1.09	<b>1.13</b>	1.37	<b>1.39</b>	2.38	<b>2.67</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	-0.22	<b>5.74</b>	13.25	<b>12.39</b>	20.88	<b>18.56</b>
		E-A	-3.22	<b>4.43</b>	9.78	<b>10.00</b>	16.30	<b>15.45</b>
		A-P	0.35	<b>4.45</b>	15.54	<b>14.02</b>	22.82	<b>19.38</b>
		L.A.	2.21	<b>10.47</b>	15.09	<b>15.69</b>	21.85	<b>23.84</b>
Wholesale	N.A.	2.91	<b>3.13</b>	7.18	<b>7.34</b>	11.90	<b>12.08</b>	
	E-A	0.10	<b>2.78</b>	5.71	<b>6.38</b>	9.40	<b>9.92</b>	
	A-P	-0.67	<b>2.32</b>	6.57	<b>6.29</b>	10.57	<b>10.62</b>	
	L.A.	1.55	<b>8.57</b>	8.82	<b>11.71</b>	13.10	<b>16.42</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.87	<b>23.13</b>	24.49	<b>25.15</b>	26.34	<b>27.26</b>
		E-A	24.75	<b>25.24</b>	27.29	<b>27.81</b>	30.44	<b>30.38</b>
		A-P	22.59	<b>0.00</b>	22.59	<b>#####</b>	22.59	<b>0.00</b>
		L.A.	25.60	<b>22.15</b>	25.69	<b>22.95</b>	25.77	<b>23.74</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.	-8.34	<b>6.83</b>	5.08	<b>10.15</b>	14.09	<b>13.93</b>
		E-A	7.70	<b>3.24</b>	13.78	<b>10.37</b>	20.65	<b>17.49</b>
		A-P	-1.23	<b>0.00</b>	-1.23	<b>#####</b>	0.00	<b>0.00</b>
		L.A.	4.23	<b>9.79</b>	8.14	<b>13.14</b>	13.30	<b>16.48</b>

**CELEBRITY ENDORSEMENTS**

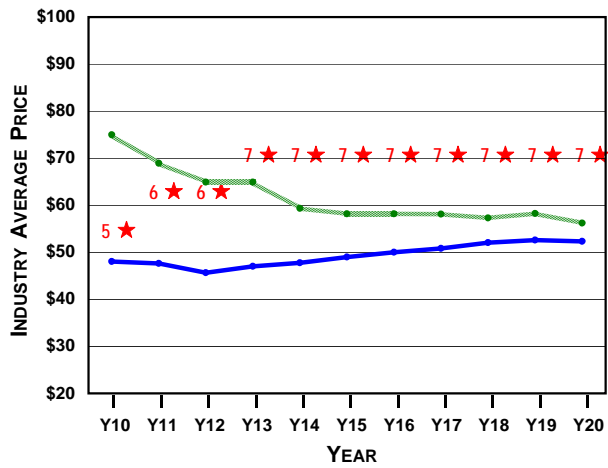
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	11,117	Y19	2 years	3	11,117	8,847	9,214	7,677
Oprah Letterman	100	70	65	75	Company L	18,001	Y20	3 years	2	18,001	9,233	13,617	9,233
Annika Stockholm	70	100	70	55	Company F	11,231	Y16	5 years	4	11,231	11,117	8,709	4,387
Tiger Green	95	80	85	75	Company L	18,001	Y20	2 years	2	18,001	15,533	16,767	15,533
José Montaña	60	50	60	95	Company E	10,000	Y18	3 years	5	13,487	10,000	9,415	6,001
Karioki Footsu	55	60	95	90	Company L	18,001	Y20	4 years	2	18,001	9,233	13,617	9,233
Jaques LaFeet	50	90	50	85	Company L	18,001	Y20	1 year	2	18,001	9,233	13,617	9,233
Serenus Willson	70	65	55	60	Company K	7,677	Y19	3 years	3	11,117	8,847	9,214	7,677
Natalie Kwan	75	80	95	50	Company H	13,387	Y17	4 years	4	13,387	12,007	10,678	8,201
Sergio Milano	45	85	60	100	Company H	8,847	Y19	2 years	4	11,117	8,847	8,910	7,677
Lance deFrance	80	85	75	70	Company L	18,001	Y20	3 years	2	18,001	9,233	13,617	9,233
Yao KungPao	60	35	100	50	Company H	13,487	Y18	4 years	5	13,487	9,233	9,287	6,501

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

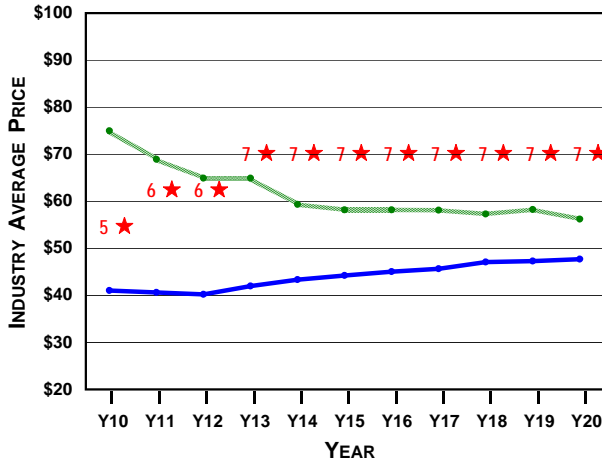
**NORTH AMERICA**



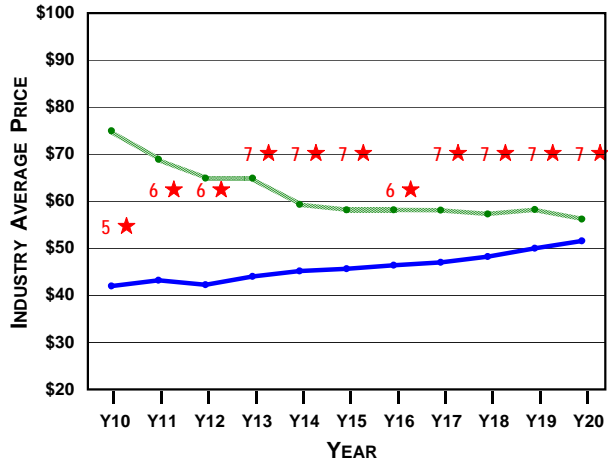
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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