

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

Friday, December 14, 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
Area 51 shoes LLC	114	+7
J umanji	110	+17
L ick My Shoes	110	+27
INCOMPETENT FEET	100	+21
G Company	95	-6
EDIDAS	81	+16
Bad Company	69	+15
F. Diamond Eveready	67	+15
Cool Shoes	65	+36
D Company	45	-2
Hot Feet	32	+18
K (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
L ick My Shoes	82	+4
Area 51 shoes LLC	78	+4
INCOMPETENT FEET	74	+3
J umanji	72	+5
G Company	66	+4
EDIDAS	64	+2
F. Diamond Eveready	52	+1
Cool Shoes	50	+2
D Company	50	-1
Bad Company	49	+2
Hot Feet	37	-1
K (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
L ick My Shoes	88	+25
Area 51 shoes LLC	79	-10
J umanji	74	+7
G Company	66	-11
INCOMPETENT FEET	65	+4
EDIDAS	55	+4
Bad Company	48	+7
Cool Shoes	45	+23
F. Diamond Eveready	42	+4
D Company	33	-2
Hot Feet	24	+15
K (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
L ick My Shoes	94	+14
Area 51 shoes LLC	89	-1
J umanji	76	+6
INCOMPETENT FEET	67	+2
G Company	58	-6
EDIDAS	57	+3
Cool Shoes	44	+15
Bad Company	43	+3
D Company	40	-4
F. Diamond Eveready	29	+1
Hot Feet	23	+13
K (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	2.29	1.79	-0.93	-2.52	3.16	<b>4.94</b>	<b>5.07</b>	<b>4.98</b>	<b>6.07</b>	<b>5.99</b>	3.40	15	19	A
B	2.06	-2.15	-0.81	-1.45	1.19	2.04	1.14	1.24	0.96	1.84	0.61	5	3	B
C	2.61	1.12	-1.15	-2.51	-0.71	1.53	1.07	1.07	0.18	1.22	0.63	3	4	C
D	1.80	0.63	-0.83	-1.36	0.56	1.62	0.35	1.53	0.15	0.23	0.45	1	3	D
E	<b>3.56</b>	1.23	1.12	-0.02	-4.01	0.82	3.12	3.25	1.71	2.73	1.36	7	8	E
F	2.55	2.10	-3.02	-3.62	-1.12	2.67	1.27	1.37	1.68	2.54	0.56	6	3	F
G	2.41	1.11	-0.73	-1.39	0.32	1.96	1.26	3.20	3.46	3.67	1.34	9	7	G
H	<b>2.69</b>	0.28	-1.22	-1.36	-0.01	0.72	0.46	-0.76	-0.94	0.14	-0.17	0	0	H
I	2.64	1.52	-0.13	-1.06	1.78	1.96	2.36	2.09	2.08	3.91	1.77	10	10	I
J	2.47	0.73	-1.44	-1.73	2.04	<b>4.55</b>	<b>4.35</b>	3.80	4.06	<b>5.72</b>	2.41	14	13	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	K
L	<b>3.05</b>	2.63	1.15	0.19	1.41	<b>5.76</b>	<b>4.19</b>	<b>5.47</b>	3.81	<b>7.91</b>	<b>3.58</b>	<b>20</b>	<b>20</b>	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	14.4	12.0	-6.9	-21.4	<b>26.3</b>	<b>31.1</b>	<b>22.2</b>	<b>18.9</b>	<b>19.9</b>	<b>16.0</b>	14.3	13	19	A
B	12.8	-13.5	-5.6	-10.9	9.0	13.8	6.9	7.0	5.2	9.4	3.7	8	5	B
C	<b>16.4</b>	6.8	-7.9	-20.7	-9.4	<b>21.5</b>	12.8	10.6	1.7	11.4	5.8	9	8	C
D	11.5	3.9	-5.3	-12.9	5.2	13.5	2.7	11.8	1.2	1.8	3.5	1	5	D
E	<b>21.9</b>	7.3	6.4	-0.2	-35.3	8.4	<b>26.6</b>	<b>22.1</b>	10.7	<b>15.1</b>	9.4	12	13	E
F	<b>15.5</b>	11.1	-17.9	-31.4	-11.3	<b>25.1</b>	10.2	10.1	10.4	<b>19.1</b>	4.2	16	6	F
G	<b>15.2</b>	6.7	-4.4	-12.9	2.8	<b>15.6</b>	9.0	<b>18.0</b>	<b>22.5</b>	<b>24.6</b>	9.6	<b>20</b>	13	G
H	<b>17.0</b>	1.6	-9.1	-11.6	-0.1	5.8	3.5	-7.1	-10.4	1.6	-1.4	1	0	H
I	<b>17.3</b>	7.9	-0.7	-5.4	10.1	10.3	10.5	8.4	9.1	12.7	7.9	10	11	I
J	<b>15.5</b>	5.2	-11.3	-15.8	<b>18.4</b>	<b>31.4</b>	<b>23.9</b>	<b>17.8</b>	<b>16.1</b>	<b>19.2</b>	13.5	16	18	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	K
L	<b>19.5</b>	<b>20.5</b>	8.4	1.4	9.2	<b>30.5</b>	<b>17.0</b>	<b>16.8</b>	10.3	<b>18.4</b>	14.9	15	<b>20</b>	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	22.45	16.38	9.60	6.10	32.59	<b>70.03</b>	<b>71.04</b>	<b>60.74</b>	<b>74.59</b>	<b>74.93</b>	+10 %	13	13	A
B	18.84	10.94	6.53	4.85	9.82	22.48	13.25	13.35	9.85	24.79	-2	4	4	B
C	<b>36.30</b>	19.79	11.32	6.87	4.80	13.95	13.56	14.35	8.92	14.28	-7	2	2	C
D	17.79	10.89	6.91	4.85	5.70	21.19	12.67	23.81	13.53	8.13	-12	1	1	D
E	<b>63.16</b>	31.01	17.27	10.46	6.67	8.04	30.46	40.08	21.39	29.59	-0	5	5	E
F	28.79	19.61	11.60	7.72	5.07	26.72	14.78	15.80	15.93	35.24	+2	6	6	F
G	28.40	16.27	10.21	6.17	4.80	24.66	15.97	43.76	44.93	45.09	+4	8	8	G
H	<b>35.17</b>	19.42	11.67	7.19	4.80	6.68	5.79	4.65	5.07	4.55	-17	1	1	H
I	<b>35.99</b>	19.46	11.33	7.46	23.20	26.79	33.93	25.54	23.36	52.33	+6	9	9	I
J	25.01	13.94	8.52	5.79	17.24	<b>63.93</b>	<b>60.13</b>	46.40	44.48	<b>74.37</b>	+10	13	13	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	K
L	<b>38.54</b>	28.46	16.59	9.68	12.85	<b>64.83</b>	<b>54.15</b>	<b>71.92</b>	37.95	<b>114.82</b>	+14 %	<b>20</b>	<b>20</b>	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	C	C-	C-	C-	C-	C-	C	C	B-	A-	Low	18	18	A
B	C+	C-	C-	C-	C+	B	<b>B+</b>	A-	<b>A</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	B
C	B	C-	C-	C-	C-	C	B	<b>B+</b>	C	<b>B+</b>	Medium	17	17	C
D	C+	C	C-	C-	<b>B+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	D
E	B	C	C-	C-	C-	C-	B-	B	B-	B	Medium	14	14	E
F	B	C	C-	C-	C-	C+	C+	C	C	C-	High	0	0	F
G	B	C-	C-	C-	C	B-	B	<b>B+</b>	A-	B	Medium	14	14	G
H	<b>A-</b>	C-	C-	C-	<b>B+</b>	<b>A+</b>	<b>A</b>	C-	C-	B	Medium	14	14	H
I	<b>B+</b>	B	C-	C	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A-</b>	Medium	18	18	I
J	C+	C-	C-	C-	C	C+	C+	C+	B	A-	Medium	18	18	J
K	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	K
L	B-	C	C-	C-	C-	C	C+	B	B-	B	Medium	14	14	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>78</b>	<b>85</b>	<b>86</b>	<b>86</b>	<b>93</b>	<b>98</b>	<b>98</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	A
B	60	<b>70</b>	62	58	59	58	53	56	54	53	54	11	11	B
C	68	62	67	<b>74</b>	68	69	65	64	65	<b>72</b>	67	14	13	C
D	<b>75</b>	<b>73</b>	<b>73</b>	61	67	67	60	63	52	51	55	10	11	D
E	<b>72</b>	<b>85</b>	<b>83</b>	<b>84</b>	<b>88</b>	<b>87</b>	<b>85</b>	<b>84</b>	<b>90</b>	<b>87</b>	<b>87</b>	17	17	E
F	64	65	63	67	65	61	60	66	<b>73</b>	69	69	14	14	F
G	<b>72</b>	69	<b>71</b>	<b>80</b>	<b>77</b>	<b>77</b>	<b>83</b>	<b>81</b>	<b>80</b>	<b>77</b>	<b>79</b>	15	16	G
H	60	60	<b>70</b>	47	45	46	53	46	41	39	42	8	8	H
I	<b>71</b>	<b>81</b>	<b>72</b>	<b>70</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>91</b>	<b>97</b>	18	19	I
J	65	<b>73</b>	69	66	65	67	68	67	<b>72</b>	64	68	13	14	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	<b>82</b>	<b>88</b>	<b>90</b>	<b>95</b>	<b>94</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>96</b>	<b>99</b>	19	<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	75	61	27	25	<b>81</b>	95	<b>99</b>	95	<b>107</b>			
B	69	26	22	19	49	72	56	58	54	69	49	Subpar	B
C	97	47	25	25	21	62	64	63	29	65	50	Subpar	C
D	68	39	24	19	52	80	52	76	47	45	50	Subpar	D
E	<b>107</b>	63	47	27	26	41	87	94	65	81	64	Subpar	E
F	91	64	24	23	21	76	52	53	52	67	52	Subpar	F
G	92	47	26	24	33	75	64	98	101	95	66	Subpar	G
H	101	32	26	17	35	52	48	15	14	32	37	Subpar	H
I	103	71	26	28	<b>81</b>	85	89	79	79	100	74	Fair	I
J	82	40	25	22	65	97	95	87	93	110	72	Fair	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	100	<b>86</b>	<b>51</b>	<b>32</b>	49	<b>100</b>	96	<b>109</b>	83	110	<b>82</b>	Good	L

**FOOTWEAR PRODUCTION** (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	26,040	19,326	63,507	17,160	126,033
– Pairs Rejected	859	785	2,648	540	4,832
Net Y20 Production (after rejects)	25,181	18,541	60,859	16,620	121,201
Superior Materials Usage	45.0%	41.0%	48.3%	47.2%	46.3%
Capacity Utilization (branded + P-L prod.)	120.0%	117.1%	106.4%	120.0%	112.3%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 0.44	+ 0.14	6.58
Superior Materials	12.00	- 0.22	+ 0.28	12.06

**BRANDED WAREHOUSES** (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,854	1,195	2,273	586	6,908
– Pairs Cleared (inventory clearance)	399	598	848	317	2,162
Beginning Y20 Inventories	2,455	597	1,425	269	4,746
+ New Production (shipped from plants)	26,062	27,995	25,497	27,089	106,643
Pairs Available for Sale in Y20	28,517	28,592	26,922	27,358	111,389

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected Y20 Demand (see Y19 FIR)	25,188	24,836	23,507	23,705	97,236
Actual Year 20 Demand	24,894	25,216	23,892	23,969	97,970
Branded Pairs Sold	24,895	25,215	23,893	23,969	97,972
Required Y20 Ending Inventories	736	678	653	595	2,662
Inventory Surplus (Shortfall)	2,886	2,690	2,324	2,712	10,612

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 3.8%
- Available for shipment to warehouses
- % usage up by 6.8 points over Y19
- % utilization up by 5.7 points over Y19

Lower than normal (46.3% industrywide) superior materials usage led to superior materials prices that were 1.9% below the base and standard materials prices that were 7.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 2.3% from the base.

- Average inventory clearance of 31.3%
- 13.7% higher than Y20 demand
- Actual demand in Year 20 was 0.8% greater than expected.
- 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</b> — North America	25,890	26,926	28,003	29,123
(internet + wholesale) Europe-Africa	26,224	27,273	28,364	29,499
Asia-Pacific	25,326	26,846	28,457	30,164
Latin America	25,407	26,931	28,547	30,260
<b>Total</b>	102,847	107,976	113,371	119,046
<b>Private-Label</b> — North America	5,126	5,126	5,126	5,126
Europe-Africa	5,214	5,214	5,214	5,214
Asia-Pacific	5,159	5,159	5,159	5,159
Latin America	5,148	5,148	5,148	5,148
<b>Total</b>	20,647	20,647	20,647	20,647

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	13,417
Potential Production (at max OT)	137,160
<b>Potential Global Supply</b>	150,577
<b>Demand</b> — Branded Sales Forecast (000s)	102,847
Private-Label Sales Forecast	20,647
<b>Expected Global Demand</b>	123,494
<b>Conclusion:</b>	Excess supply of 21.9% is likely to intensify competition in Year 21 until market growth absorbs the excess.

**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		
A	3,500	4,500	6,500	6,500	0	0	0	0	3,500	4,500	6,500	6,500	21,000	0	A
B	2,500	0	3,000	0	0	0	0	0	2,500	0	3,000	0	5,500	0	B
C	3,000	3,000	5,000	0	0	0	0	0	3,000	3,000	5,000	0	11,000	0	C
D	2,000	1,000	4,100	0	0	0	0	0	2,000	1,000	4,100	0	7,100	0	D
E	2,200	0	4,800	0	0	0	0	0	2,200	0	4,800	0	7,000	0	E
F	0	2,400	6,000	0	0	0	0	0	0	2,400	6,000	0	8,400	0	F
G	2,500	2,600	2,000	1,800	0	0	0	0	2,500	2,600	2,000	1,800	8,900	100	G
H	3,000	1,000	0	0	-2,000	0	0	0	1,000	1,000	0	0	2,000	2,000	H
I	0	2,000	12,000	0	0	0	0	0	0	2,000	12,000	0	14,000	0	I
J	0	0	9,300	0	0	0	0	0	0	0	9,300	0	9,300	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	5,000	0	7,000	6,000	0	0	0	0	5,000	0	7,000	6,000	18,000	0	L
<b>Total</b>	23,700	16,500	59,700	14,300	-2,000	0	0	0	21,700	16,500	59,700	14,300	112,200	2,100	

**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	778,813	416,625	58,490	126,470	23,418	153,810	49,352	31,337	73,121	4,880	12,200	A
B	217,313	125,764	18,438	37,905	7,920	27,286	956	7,899	18,431	5,000	10,000	B
C	463,221	276,462	25,845	96,818	13,419	50,677	9,630	12,314	28,733	8,460	23,500	C
D	174,793	124,326	14,137	21,842	9,519	4,969	-217	1,556	3,630	0	15,675	D
E	377,954	228,759	29,351	69,153	9,420	41,271	12,002	8,781	20,488	2,250	7,500	E
F	410,704	248,501	31,627	73,568	10,819	46,189	18,966	8,167	19,056	17,850	7,500	F
G	472,755	225,651	31,894	149,060	11,320	54,830	13,050	12,534	29,246	796	7,961	G
H	104,771	49,103	14,382	30,728	4,419	6,139	1,695	0	4,444	0	31,250	H
I	592,365	373,004	36,241	79,407	16,420	87,293	-285	26,273	61,305	3,604	15,670	I
J	405,714	219,352	34,189	63,000	11,719	77,454	16,186	18,380	42,888	3,750	7,500	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	801,471	433,250	61,621	175,273	20,417	110,910	26,133	25,433	59,344	7,500	7,500	L
	436,352	247,345	32,383	83,929	12,619	60,075	13,406	13,879	32,790	4,917	13,296	

**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	2,054	220,989	747,851	62,553	117,700	346,765	152,594	68,240	567,598	0.40	9 / 1	A
B	28,902	98,784	213,686	11,273	0	188,980	0	13,433	202,413	0.50	3 / 2	B
C	1,839	159,207	375,925	46,713	66,500	242,439	0	20,273	262,712	0.36	7 / 1	C
D	31,139	78,476	213,053	8,350	0	201,073	0	3,630	204,703	0.00	1 / 2	D
E	914	126,042	246,499	40,580	61,000	126,679	0	18,240	144,919	0.30	4 / 1	E
F	10,522	148,897	318,228	59,937	162,530	103,946	-9,388	1,204	95,761	2.38	7 / 2	F
G	0	138,906	320,449	53,938	179,100	150,370	-91,409	28,451	87,411	0.10	1 / 1	G
H	97,150	219,261	340,665	12,809	48,000	275,412	0	4,444	279,856	0.00	2 / 1	H
I	0	180,819	552,362	122,130	0	538,210	-165,678	57,700	430,232	0.23	3 / 2	I
J	42,744	169,952	404,836	38,788	123,000	203,911	0	39,137	243,048	0.50	6 / 2	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	3,027	218,731	636,281	96,684	225,000	331,066	-68,310	51,841	314,597	1.00	1 / 1	L
	19,845	160,006	397,258	50,341	89,348	246,259	-16,563	27,872	257,568	0.52	4 / 1	

**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	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	53.5 %	7.5 %	16.2 %	3.0 %	19.7 %	9.4 %	3.53	27	3.12	0.19	5.02	Low	A
B	57.9	8.5	17.4	3.6	12.6	8.5	8.76	50	28.54	0.00	10.00	Low	B
C	59.7	5.6	20.9	2.9	10.9	6.2	3.41	66	5.26	0.24	1.70	Medium	C
D	71.1	8.1	12.5	5.4	2.8	2.1	9.40	15	100.00	0.00	10.00	Low	D
E	60.5	7.8	18.3	2.5	10.9	5.4	3.11	49	3.44	0.33	1.68	Medium	E
F	60.5	7.7	17.9	2.6	11.2	4.6	2.48	53	2.44	0.64	0.43	High	F
G	47.7	6.7	31.5	2.4	11.6	6.2	2.58	35	4.20	0.66	1.53	Medium	G
H	46.9	13.7	29.3	4.2	5.9	4.2	17.12	741	3.62	0.16	1.13	Medium	H
I	63.0	6.1	13.4	2.8	14.7	10.3	1.48	57	100.00	0.16	1.00	Medium	I
J	54.1	8.4	15.5	2.9	19.1	10.6	4.38	44	4.79	0.35	2.92	Medium	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	K
L	54.1	7.7	21.9	2.5	13.8	7.4	2.26	14	4.24	0.43	1.75	Medium	L
	56.7 %	7.4 %	19.2 %	2.9 %	13.8 %	7.5 %	3.18	105	23.60	0.29	3.38	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		6.61	<b>7.07</b>	8.16	<b>8.25</b>	9.37	<b>9.83</b>
	Private-Label Footwear		6.43	<b>6.48</b>	7.80	<b>7.87</b>	9.13	<b>8.90</b>
Labor — North America	Total Compensation (\$/year)		17,713	<b>17,880</b>	21,745	<b>22,341</b>	29,232	<b>32,017</b>
	Productivity (pairs/worker/year)		3,822	<b>3,833</b>	5,328	<b>5,394</b>	6,715	<b>6,927</b>
	Labor Cost (\$/pair produced)		2.75	<b>3.41</b>	4.19	<b>4.29</b>	5.19	<b>5.23</b>
Europe Africa	Total Compensation (\$/year)		18,177	<b>15,963</b>	19,692	<b>19,421</b>	22,105	<b>23,573</b>
	Productivity (pairs/worker/year)		4,279	<b>4,259</b>	4,954	<b>4,891</b>	5,617	<b>5,658</b>
	Labor Cost (\$/pair produced)		3.64	<b>3.08</b>	4.25	<b>4.28</b>	4.87	<b>5.12</b>
Asia Pacific	Total Compensation (\$/year)		5,122	<b>4,864</b>	6,060	<b>6,034</b>	9,373	<b>9,687</b>
	Productivity (pairs/worker/year)		2,275	<b>2,275</b>	3,180	<b>3,171</b>	4,296	<b>4,404</b>
	Labor Cost (\$/pair produced)		1.36	<b>1.26</b>	1.99	<b>2.07</b>	2.61	<b>2.60</b>
Latin America	Total Compensation (\$/year)		5,408	<b>4,807</b>	6,354	<b>5,806</b>	7,181	<b>6,908</b>
	Productivity (pairs/worker/year)		2,669	<b>2,663</b>	3,498	<b>3,421</b>	4,366	<b>4,350</b>
	Labor Cost (\$/pair produced)		1.52	<b>1.40</b>	1.96	<b>1.91</b>	2.75	<b>2.68</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	0.84	<b>0.73</b>	1.63	<b>1.92</b>
	Cumulative		0.21	<b>0.20</b>	0.95	<b>0.90</b>	1.83	<b>1.76</b>
Reject Rates	Branded Production		1.9%	<b>2.1%</b>	3.9%	<b>4.0%</b>	6.5%	<b>6.3%</b>
	Private-Label Production		2.1%	<b>2.5%</b>	3.3%	<b>4.3%</b>	5.9%	<b>6.0%</b>
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	18.38	<b>17.84</b>	36.18	<b>22.33</b>	135.79	<b>28.83</b>
		E-A	17.08	<b>16.11</b>	22.68	<b>20.48</b>	30.08	<b>22.65</b>
		A-P	16.73	<b>16.57</b>	21.28	<b>21.91</b>	34.21	<b>37.06</b>
		L.A.	16.05	<b>15.20</b>	17.76	<b>17.01</b>	19.33	<b>19.41</b>
	Private-Label	N.A.	15.92	<b>17.64</b>	35.65	<b>21.97</b>	123.86	<b>26.00</b>
		E-A	0.00	<b>14.59</b>	0.00	<b>18.83</b>	0.00	<b>21.09</b>
		A-P	15.96	<b>15.46</b>	17.34	<b>17.65</b>	19.19	<b>20.30</b>
		L.A.	14.75	<b>14.95</b>	14.75	<b>14.95</b>	14.75	<b>14.95</b>

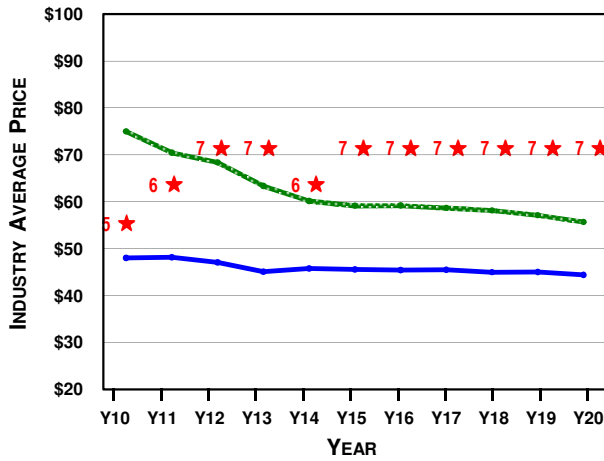
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.38	<b>20.15</b>	25.78	<b>25.92</b>	34.16	<b>33.28</b>
		E-A	20.39	<b>18.12</b>	26.67	<b>25.48</b>	31.82	<b>32.42</b>
		A-P	18.72	<b>18.57</b>	24.07	<b>24.99</b>	35.89	<b>39.01</b>
		L.A.	18.05	<b>17.20</b>	30.71	<b>26.55</b>	61.37	<b>33.91</b>
Warehouse Expenses - Internet	(\$ per pair sold)		10.25	<b>10.21</b>	10.91	<b>10.85</b>	13.89	<b>13.67</b>
		Wholesale	1.78	<b>1.68</b>	2.76	<b>2.67</b>	6.47	<b>6.06</b>
Marketing Expenses - Internet	(\$ per pair sold)		7.62	<b>6.41</b>	11.10	<b>10.56</b>	18.87	<b>17.89</b>
		Wholesale	5.60	<b>5.73</b>	10.46	<b>9.96</b>	15.64	<b>16.77</b>
Administrative Expenses	(\$/pair sold)		1.11	<b>1.01</b>	1.70	<b>1.64</b>	3.30	<b>2.68</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	7.29	<b>1.75</b>	16.14	<b>14.19</b>	26.51	<b>26.71</b>
		E-A	2.39	<b>5.12</b>	14.74	<b>16.03</b>	25.09	<b>22.75</b>
		A-P	-3.35	<b>-7.95</b>	18.15	<b>16.04</b>	26.71	<b>27.04</b>
		L.A.	-30.30	<b>3.87</b>	9.38	<b>17.34</b>	23.69	<b>26.80</b>
Wholesale	N.A.	-1.80	<b>0.39</b>	3.41	<b>3.14</b>	6.53	<b>6.84</b>	
	E-A	-1.57	<b>0.23</b>	3.52	<b>5.72</b>	6.49	<b>10.81</b>	
	A-P	-9.93	<b>-12.79</b>	2.45	<b>2.13</b>	10.00	<b>10.32</b>	
	L.A.	-29.97	<b>2.64</b>	-2.22	<b>6.19</b>	6.72	<b>9.88</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	17.92	<b>19.64</b>	37.65	<b>23.97</b>	125.86	<b>28.00</b>
		E-A	25.14	<b>16.59</b>	26.27	<b>21.01</b>	28.18	<b>23.63</b>
		A-P	17.96	<b>17.46</b>	18.90	<b>18.33</b>	21.19	<b>19.20</b>
		L.A.	16.75	<b>16.95</b>	16.75	<b>24.11</b>	16.75	<b>31.26</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.	-97.11	<b>0.50</b>	-11.49	<b>4.36</b>	7.48	<b>9.36</b>	
	E-A	-0.15	<b>1.21</b>	1.09	<b>5.71</b>	1.87	<b>9.26</b>	
	A-P	-0.73	<b>-0.75</b>	0.23	<b>-0.13</b>	1.18	<b>0.49</b>	
	L.A.	4.83	<b>-1.14</b>	4.83	<b>0.80</b>	4.83	<b>2.74</b>	

**CELEBRITY ENDORSEMENTS**

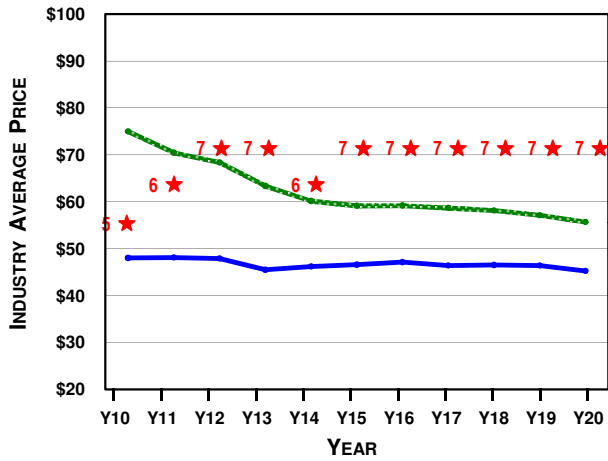
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company C	15,000	Y19	2 years	4	15,000	13,333	12,348	9,555
Oprah Letterman	100	70	65	75	Company L	22,099	Y20	3 years	4	22,099	20,011	14,278	5,000
Annika Stockholm	70	100	70	55	Company G	22,506	Y16	5 years	6	22,506	19,101	14,704	10,000
Tiger Green	95	80	85	75	Company L	23,099	Y20	2 years	4	23,099	20,011	14,528	5,000
José Montaña	60	50	60	95	Company L	18,009	Y18	3 years	6	18,009	12,409	12,181	10,000
Karioki Footsu	55	60	95	90	Company L	21,099	Y20	4 years	4	21,099	15,011	12,778	5,000
Jaques LaFeet	50	90	50	85	Company L	21,099	Y20	1 year	4	21,099	15,011	12,778	5,000
Serenus Willson	70	65	55	60	Company G	22,011	Y19	3 years	5	22,011	15,000	15,001	11,555
Natalie Kwan	75	80	95	50	Company L	21,999	Y17	4 years	6	25,000	21,999	15,628	10,000
Sergio Milano	45	85	60	100	Company A	18,305	Y19	2 years	5	24,011	18,305	16,241	10,555
Lance deFrance	80	85	75	70	Company G	20,011	Y20	3 years	4	20,011	18,099	13,278	5,000
Yao KungPao	60	35	100	50	Company F	12,111	Y18	4 years	6	16,009	12,111	11,631	10,000

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

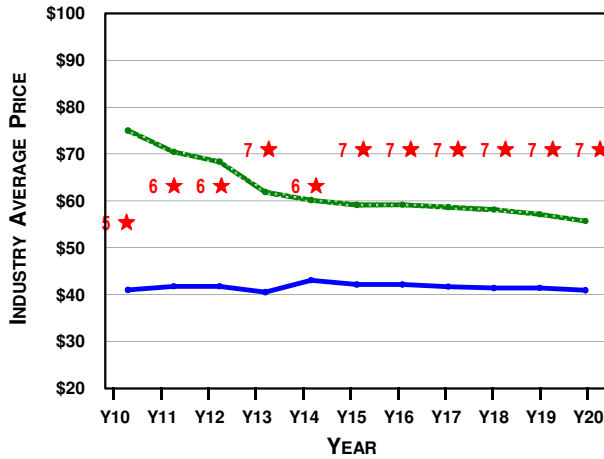
**NORTH AMERICA**



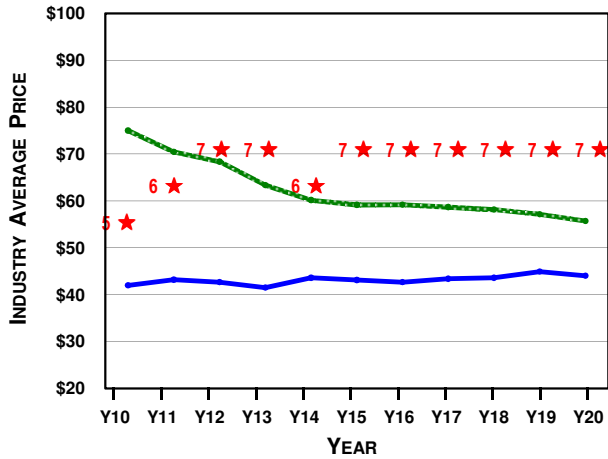
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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