

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 9

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
LHeBe	118	+1
Halt	117	+8
Flinstone Footwear	116	+1
Gas Savers	108	+79
Cant Touch This	100	+46
A New Shoe	96	+50
Dig It Shoes	70	-22
Incredible Footwear	35	+10
B (deleted)	0	0
E (deleted)	0	0
J (deleted)	0	0
K (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Flinstone Footwear	111	+1
Halt	106	+1
LHeBe	105	+1
A New Shoe	96	0
Cant Touch This	86	+2
Gas Savers	77	+4
Dig It Shoes	68	0
Incredible Footwear	44	-1
B (deleted)	0	0
E (deleted)	0	0
J (deleted)	0	0
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
Flinstone Footwear	95	0
LHeBe	90	+3
Halt	78	+9
Gas Savers	59	+37
Cant Touch This	54	+17
A New Shoe	53	+21
Dig It Shoes	43	-13
Incredible Footwear	26	+8
B (deleted)	0	0
E (deleted)	0	0
J (deleted)	0	0
K (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Flinstone Footwear	94	+1
LHeBe	90	+1
Halt	85	+1
A New Shoe	64	+9
Gas Savers	59	+23
Cant Touch This	56	+3
Dig It Shoes	49	-6
Incredible Footwear	28	+11
B (deleted)	0	0
E (deleted)	0	0
J (deleted)	0	0
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	<b>4.52</b>	<b>4.44</b>	<b>4.36</b>	<b>4.61</b>	<b>5.06</b>	<b>6.08</b>	<b>5.00</b>	2.24	1.27	<b>4.62</b>	<b>4.25</b>	7	13	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	B
C	2.22	<b>3.42</b>	1.70	2.21	2.12	<b>5.18</b>	3.30	0.97	0.61	4.18	2.59	6	8	C
D	<b>3.80</b>	1.80	0.59	0.94	0.08	1.79	2.11	1.84	3.02	1.89	1.76	3	5	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	2.22	<b>2.94</b>	<b>3.39</b>	<b>4.46</b>	<b>5.85</b>	<b>8.08</b>	<b>7.65</b>	<b>9.02</b>	<b>9.83</b>	<b>13.95</b>	<b>6.42</b>	<b>20</b>	<b>19</b>	F
G	1.52	2.31	0.95	1.50	2.82	<b>3.81</b>	2.22	2.26	-1.71	3.95	1.92	6	6	G
H	<b>3.01</b>	<b>5.02</b>	<b>3.11</b>	<b>4.11</b>	<b>5.28</b>	<b>9.36</b>	<b>10.94</b>	<b>8.20</b>	<b>7.30</b>	<b>12.04</b>	<b>6.78</b>	17	<b>20</b>	H
I	<b>2.82</b>	1.57	1.30	0.74	-3.60	2.49	-0.80	-1.85	-6.22	-3.48	-1.67	0	0	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	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>3.35</b>	2.38	<b>4.64</b>	<b>4.61</b>	<b>5.76</b>	<b>4.93</b>	<b>8.34</b>	<b>6.76</b>	<b>9.37</b>	<b>12.93</b>	<b>6.11</b>	19	18	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	<b>26.7</b>	<b>23.7</b>	<b>21.1</b>	<b>17.4</b>	<b>17.0</b>	<b>20.0</b>	<b>15.4</b>	6.6	3.6	11.3	14.8	7	13	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	B
C	14.1	<b>19.3</b>	8.8	10.3	9.0	<b>18.3</b>	11.0	3.2	2.0	12.9	10.3	8	9	C
D	<b>22.6</b>	9.3	2.8	4.3	0.4	7.7	8.4	6.9	10.1	6.5	7.3	4	6	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	14.1	<b>16.3</b>	<b>16.4</b>	<b>19.0</b>	<b>21.8</b>	<b>25.6</b>	<b>23.5</b>	<b>29.5</b>	<b>28.1</b>	<b>33.7</b>	<b>23.0</b>	<b>20</b>	<b>20</b>	F
G	10.1	12.6	5.1	8.0	13.0	<b>16.2</b>	8.9	8.2	-6.3	14.2	8.7	8	8	G
H	<b>18.4</b>	<b>29.7</b>	<b>18.0</b>	<b>19.7</b>	<b>20.7</b>	<b>28.5</b>	<b>25.5</b>	<b>15.4</b>	11.7	<b>16.9</b>	<b>17.6</b>	10	15	H
I	<b>17.0</b>	8.3	6.5	3.6	-19.1	13.6	-5.4	-14.1	-74.5	-81.9	-13.0	0	0	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	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>19.9</b>	12.2	<b>20.3</b>	<b>19.6</b>	<b>20.2</b>	<b>15.7</b>	<b>17.5</b>	<b>15.8</b>	<b>20.8</b>	<b>27.1</b>	<b>18.2</b>	16	16	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	<b>95.08</b>	<b>73.68</b>	<b>70.47</b>	<b>58.09</b>	<b>64.86</b>	<b>76.95</b>	<b>56.54</b>	27.83	16.00	50.08	+5 %	4	4	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	B
C	24.85	<b>47.55</b>	25.01	23.63	20.74	<b>93.26</b>	44.42	23.57	13.38	49.68	+5	4	4	C
D	<b>59.19</b>	29.44	16.64	9.88	6.33	21.11	24.10	27.67	45.72	24.28	-2	2	2	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	24.87	<b>35.32</b>	<b>41.40</b>	<b>63.02</b>	<b>94.54</b>	<b>161.92</b>	<b>142.00</b>	<b>167.11</b>	<b>167.52</b>	<b>279.79</b>	+25	<b>20</b>	<b>20</b>	F
G	17.03	26.03	14.98	15.00	31.07	<b>52.64</b>	26.84	23.51	13.80	<b>67.26</b>	+8	5	5	G
H	<b>37.25</b>	<b>73.43</b>	34.57	<b>51.10</b>	<b>66.85</b>	<b>168.68</b>	<b>197.43</b>	<b>103.22</b>	<b>82.16</b>	<b>154.06</b>	+18	11	11	H
I	<b>32.93</b>	18.63	11.02	6.60	4.80	24.14	14.11	8.94	5.32	4.55	-17	0	0	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	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>43.90</b>	23.42	<b>62.69</b>	<b>63.90</b>	<b>74.91</b>	<b>58.02</b>	<b>142.70</b>	<b>83.77</b>	<b>146.03</b>	<b>246.25</b>	+23 %	18	18	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>A</b>	B	B	B	B	B	B	C+	C+	<b>B+</b>	Medium	17	17	A
B	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	B
C	<b>B+</b>	<b>B+</b>	B	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A-</b>	<b>A</b>	Medium	19	19	C
D	<b>B+</b>	C+	C	B-	C	<b>A-</b>	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A</b>	Medium	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>B+</b>	<b>A</b>	<b>A-</b>	<b>A-</b>	<b>A</b>	<b>A-</b>	<b>B+</b>	B	<b>B+</b>	<b>A-</b>	Medium	18	18	F
G	B	<b>B+</b>	C+	B-	<b>A-</b>	<b>A-</b>	<b>A-</b>	B	C-	<b>A+</b>	Low	<b>20</b>	<b>20</b>	G
H	B-	B-	B-	B-	B-	B	B	B-	<b>A-</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	H
I	<b>A-</b>	B-	C	C-	C-	C-	C	<b>B+</b>	C	<b>B+</b>	N/A	17	17	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	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>B+</b>	C	C+	C	C	<b>A-</b>	<b>A</b>	<b>A-</b>	<b>A-</b>	<b>A</b>	Low	19	19	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	67	68	<b>84</b>	<b>85</b>	<b>93</b>	<b>94</b>	<b>83</b>	<b>82</b>	<b>80</b>	<b>86</b>	<b>83</b>	18	17	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	65	67	60	<b>73</b>	<b>81</b>	<b>77</b>	<b>78</b>	<b>78</b>	<b>76</b>	<b>81</b>	<b>78</b>	17	16	C
D	68	64	<b>70</b>	68	68	<b>84</b>	<b>75</b>	<b>87</b>	<b>89</b>	<b>73</b>	<b>83</b>	15	17	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	65	<b>76</b>	<b>75</b>	<b>75</b>	<b>81</b>	<b>83</b>	<b>90</b>	<b>87</b>	<b>88</b>	<b>82</b>	<b>86</b>	17	17	F
G	<b>75</b>	<b>85</b>	<b>77</b>	<b>81</b>	<b>100</b>	<b>99</b>	<b>92</b>	<b>100</b>	<b>100</b>	<b>96</b>	<b>99</b>	<b>20</b>	<b>20</b>	G
H	<b>76</b>	<b>75</b>	<b>70</b>	<b>73</b>	<b>91</b>	<b>96</b>	<b>96</b>	<b>96</b>	<b>91</b>	<b>98</b>	<b>95</b>	<b>20</b>	19	H
I	63	61	60	47	60	69	53	50	65	44	53	9	11	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	61	<b>73</b>	<b>78</b>	<b>79</b>	<b>87</b>	<b>92</b>	<b>98</b>	<b>99</b>	<b>91</b>	<b>90</b>	<b>93</b>	18	19	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>114</b>	107	<b>110</b>	108	108	110	103	61	46			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	91	<b>108</b>	70	83	79	115	96	64	54	100	86	Good	C
D	111	68	41	48	27	74	76	74	92	70	68	Subpar	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	91	105	106	<b>114</b>	<b>117</b>	<b>116</b>	115	110	115	116	<b>111</b>	Superior	F
G	72	90	50	62	94	110	81	72	29	108	77	Fair	G
H	98	105	93	101	107	112	112	104	109	117	106	Excellent	H
I	102	62	45	26	19	63	25	38	25	35	44	Subpar	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	107	71	101	96	97	111	<b>117</b>	<b>115</b>	<b>117</b>	<b>118</b>	105	Excellent	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	24,161	10,000	41,625	14,809	90,595
– Pairs Rejected	1,018	647	2,243	1,235	5,143
Net Y20 Production (after rejects)	23,143	9,353	39,382	13,574	85,452
Superior Materials Usage	29.2%	17.5%	39.8%	34.5%	33.6%
Capacity Utilization (branded + P-L prod.)	109.3%	104.2%	115.0%	112.2%	111.7%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.97	+ 0.10	8.07
Superior Materials	12.00	– 0.98	+ 0.20	11.22

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,865	3,344	3,392	1,264	9,865
– Pairs Cleared (inventory clearance)	372	650	696	145	1,863
Beginning Y20 Inventories	1,493	2,694	2,696	1,119	8,002
+ New Production (shipped from plants)	18,769	19,030	18,489	18,499	74,787
Pairs Available for Sale in Y20	20,262	21,724	21,185	19,618	82,789

**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)	20,769	21,587	20,348	20,369	83,073
Actual Year 20 Demand	20,590	21,822	20,814	20,536	83,762
Branded Pairs Sold	18,788	20,216	19,470	18,144	76,618
Required Y20 Ending Inventories	1,348	1,508	1,317	1,327	5,500
Inventory Surplus (Shortfall)	-2,193	-2,049	-1,786	-2,893	-8,921

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.7%
- Available for shipment to warehouses
- % usage down by 2.9 points from Y19
- % utilization down by 3.3 points from Y19

Lower than normal (33.6% industrywide) superior materials usage led to superior materials prices that were 8.2% below the base and standard materials prices that were 32.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 1.7% from the base.

- Average inventory clearance of 18.9%
- 1.2% lower than Y20 demand
- Actual demand in Year 20 was 0.8% greater than expected.
- 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</b> — North America	21,413	22,270	23,161	24,087
(internet + wholesale) Europe-Africa	22,695	23,603	24,547	25,529
Asia-Pacific	22,063	23,387	24,790	26,277
Latin America	21,768	23,074	24,458	25,925
<b>Total</b>	87,939	92,334	96,956	101,818
<b>Private-Label</b> — North America	3,712	3,712	3,712	3,712
Europe-Africa	3,784	3,784	3,784	3,784
Asia-Pacific	3,776	3,776	3,776	3,776
Latin America	3,768	3,768	3,768	3,768
<b>Total</b>	15,040	15,040	15,040	15,040

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	6,171
Potential Production (at max OT)	97,320
<b>Potential Global Supply</b>	103,491
<b>Demand</b> — Branded Sales Forecast (000s)	87,939
Private-Label Sales Forecast	15,040
<b>Expected Global Demand</b>	102,979
<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		
A	5,000	0	7,500	0	0	0	0	0	5,000	0	7,500	0	12,500	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	2,000	1,000	4,000	0	0	0	0	0	2,000	1,000	4,000	0	7,000	0	C
D	2,000	0	2,000	2,500	0	0	0	2,000	2,000	0	2,000	4,500	8,500	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	7,700	4,200	4,400	0	0	0	-400	0	7,700	4,200	4,000	0	15,900	0	F
G	2,000	0	6,000	0	0	0	-2,000	0	2,000	0	4,000	0	6,000	0	G
H	0	0	5,500	5,500	0	0	3,500	0	0	0	9,000	5,500	14,500	0	H
I	0	2,000	2,200	0	0	-1,000	-1,000	0	0	1,000	1,200	0	2,200	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	3,400	3,400	4,500	2,700	0	0	0	500	3,400	3,400	4,500	3,200	14,500	0	L
<b>Total</b>	22,100	10,600	36,100	10,700	0	-1,000	100	2,500	22,100	9,600	36,200	13,200	81,100	0	

**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	525,819	377,437	38,379	30,960	14,921	64,122	14,570	14,866	34,686	7,500	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	392,183	227,651	28,619	77,491	9,421	49,001	-3	14,701	34,303	0	8,200	C
D	306,904	175,735	21,700	74,471	10,920	24,078	-466	7,363	17,181	0	9,080	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	769,552	364,230	49,430	165,481	18,321	172,090	22,597	44,848	104,645	52,500	7,500	F
G	407,014	206,004	35,621	113,866	8,418	43,105	5,513	7,358	30,234	7,654	7,654	G
H	737,191	424,298	46,820	115,883	16,919	133,271	4,294	38,693	90,284	750	7,500	H
I	80,048	88,333	13,232	57,071	4,619	-83,207	-226	0	-82,981	0	23,850	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	689,567	350,692	53,162	114,703	16,919	154,091	15,506	41,576	97,009	30,000	7,500	L
	488,535	276,798	35,870	93,741	12,557	69,569	7,723	21,176	40,670	12,301	9,848	

**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	3,438	168,415	465,347	53,119	100,000	299,206	-14,168	27,190	312,228	1.00	7 / 1	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	81,724	201,071	323,879	40,864	0	248,709	0	34,306	283,015	0.00	1 / 2	C
D	27,111	106,246	326,237	31,507	20,000	257,549	0	17,181	274,730	0.00	2 / 5	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	23,975	246,823	605,550	63,116	206,000	284,287	0	52,147	336,434	7.00	4 / 2	F
G	24,430	130,961	241,967	17,141	0	202,247	0	22,579	224,826	1.00	3 / 3	G
H	5,138	218,928	631,770	40,608	12,000	489,629	0	89,533	579,162	0.10	9 / 1	H
I	4,003	27,040	65,522	5,742	0	142,761	0	-82,981	59,780	0.00	0 / 1	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	47,072	246,398	601,664	59,937	150,000	325,156	-438	67,009	391,727	4.00	5 / 4	L
	27,111	168,235	407,742	39,004	61,000	281,193	-1,826	28,371	307,738	1.64	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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	71.8 %	7.3 %	<b>5.9 %</b>	2.8 %	12.2 %	6.6 %	3.17	34	4.40	0.27	2.35	Medium	A
B	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	B
C	58.0	7.3	19.8	2.4	12.5	8.7	4.92	<b>44</b>	<b>100.00</b>	0.06	2.54	Medium	C
D	57.3	7.1	24.3	3.6	7.8	5.6	3.37	6	<b>100.00</b>	0.11	2.22	Medium	D
E	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	E
F	<b>47.3</b>	<b>6.4</b>	21.5	2.4	<b>22.4</b>	13.6	3.91	32	7.62	<b>0.39</b>	2.55	Medium	F
G	50.6	8.8	28.0	2.1	10.6	7.4	<b>7.64</b>	9	7.82	0.00	10.00	Low	G
H	57.6	<b>6.4</b>	15.7	2.3	18.1	12.2	5.39	35	31.04	<b>0.03</b>	<b>20.03</b>	Low	H
I	<b>###</b>	<b>16.5</b>	<b>71.3</b>	5.8	<b>###</b>	<b>###</b>	4.71	12	<b>100.00</b>	0.00	<b>0.00</b>	N/A	I
J	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	J
K	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	K
L	50.9	7.7	16.6	2.5	22.3	<b>14.1</b>	4.11	33	9.94	<b>0.30</b>	3.30	Low	L
	56.7 %	7.3 %	19.2 %	2.6 %	14.2 %	8.3 %	4.31	26	45.10	0.15	5.37	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		7.22	<b>7.40</b>	9.21	<b>8.95</b>	10.92	<b>10.57</b>
	Private-Label Footwear		6.88	<b>7.01</b>	7.61	<b>7.59</b>	7.89	<b>8.92</b>
Labor — North America	Total Compensation (\$/year)		15,924	<b>15,924</b>	19,259	<b>19,291</b>	22,020	<b>22,409</b>
	Productivity (pairs/worker/year)		4,569	<b>4,606</b>	5,050	<b>5,147</b>	5,604	<b>5,845</b>
	Labor Cost (\$/pair produced)		2.69	<b>2.71</b>	3.90	<b>3.84</b>	4.85	<b>4.68</b>
Europe Africa	Total Compensation (\$/year)		17,656	<b>17,089</b>	20,580	<b>20,671</b>	25,481	<b>26,936</b>
	Productivity (pairs/worker/year)		5,398	<b>5,470</b>	5,622	<b>5,678</b>	5,951	<b>6,088</b>
	Labor Cost (\$/pair produced)		2.83	<b>3.25</b>	3.82	<b>3.91</b>	4.62	<b>4.79</b>
Asia Pacific	Total Compensation (\$/year)		4,400	<b>4,400</b>	5,487	<b>5,728</b>	8,447	<b>8,927</b>
	Productivity (pairs/worker/year)		2,531	<b>2,399</b>	3,109	<b>3,095</b>	3,671	<b>3,748</b>
	Labor Cost (\$/pair produced)		1.62	<b>1.60</b>	1.90	<b>1.94</b>	2.41	<b>2.51</b>
Latin America	Total Compensation (\$/year)		4,400	<b>4,400</b>	5,129	<b>5,375</b>	5,537	<b>6,185</b>
	Productivity (pairs/worker/year)		2,508	<b>2,411</b>	3,084	<b>3,099</b>	3,452	<b>3,571</b>
	Labor Cost (\$/pair produced)		1.84	<b>1.88</b>	1.91	<b>1.94</b>	1.96	<b>1.97</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.13	<b>0.07</b>	0.92	<b>0.89</b>	2.00	<b>2.00</b>
	Cumulative		0.54	<b>0.47</b>	1.05	<b>1.02</b>	1.64	<b>1.66</b>
Reject Rates	Branded Production		3.2%	<b>3.2%</b>	5.4%	<b>5.6%</b>	9.9%	<b>9.9%</b>
	Private-Label Production		1.8%	<b>2.2%</b>	2.9%	<b>3.2%</b>	3.9%	<b>4.9%</b>
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	19.18	<b>19.92</b>	23.62	<b>24.17</b>	26.69	<b>28.56</b>
		E-A	17.21	<b>17.55</b>	22.03	<b>23.15</b>	26.82	<b>26.89</b>
		A-P	17.82	<b>18.33</b>	21.53	<b>21.79</b>	24.50	<b>27.00</b>
		L.A.	20.23	<b>18.89</b>	20.38	<b>19.73</b>	20.49	<b>20.46</b>
	Private-Label	N.A.	15.21	<b>15.81</b>	17.65	<b>15.89</b>	21.20	<b>15.96</b>
		E-A	13.81	<b>0.00</b>	13.81	<b>0.00</b>	13.81	<b>0.00</b>
		A-P	16.25	<b>15.26</b>	17.57	<b>17.07</b>	18.54	<b>19.49</b>
		L.A.	19.07	<b>18.10</b>	19.07	<b>18.10</b>	19.07	<b>18.10</b>

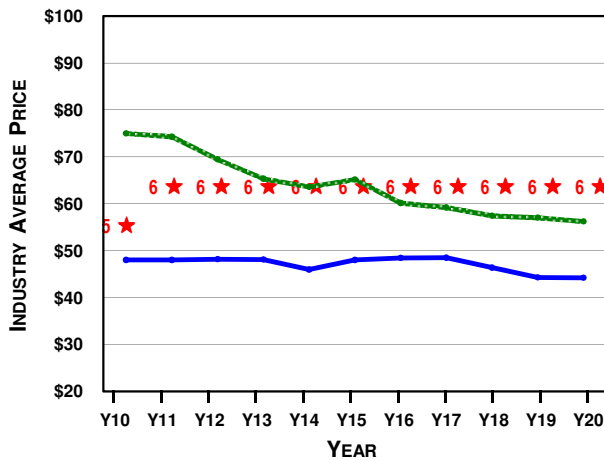
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.18	<b>21.86</b>	26.26	<b>26.88</b>	28.98	<b>30.49</b>
		E-A	21.77	<b>20.43</b>	27.86	<b>27.42</b>	32.79	<b>31.65</b>
		A-P	19.74	<b>20.26</b>	23.72	<b>23.84</b>	27.67	<b>28.91</b>
		L.A.	22.22	<b>20.99</b>	27.86	<b>27.10</b>	33.73	<b>36.83</b>
Warehouse Expenses - Internet	(\$ per pair sold)		10.34	<b>10.31</b>	10.69	<b>10.76</b>	11.16	<b>12.28</b>
		Wholesale	1.93	<b>1.88</b>	2.45	<b>2.38</b>	3.14	<b>2.95</b>
Marketing Expenses - Internet	(\$ per pair sold)		7.81	<b>7.34</b>	12.56	<b>13.06</b>	17.82	<b>23.66</b>
		Wholesale	1.80	<b>1.80</b>	9.96	<b>11.29</b>	17.64	<b>17.74</b>
Administrative Expenses	(\$/pair sold)		0.75	<b>1.10</b>	1.32	<b>1.41</b>	2.03	<b>2.22</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	2.81	<b>-5.31</b>	11.93	<b>9.93</b>	23.54	<b>24.11</b>
		E-A	1.15	<b>-0.27</b>	10.20	<b>11.64</b>	22.43	<b>26.66</b>
		A-P	6.05	<b>-8.58</b>	14.56	<b>13.31</b>	24.56	<b>24.73</b>
		L.A.	-6.87	<b>-12.43</b>	8.27	<b>12.44</b>	16.78	<b>23.29</b>
Wholesale	N.A.	-17.07	<b>-1.00</b>	3.43	<b>5.94</b>	9.41	<b>9.44</b>	
	E-A	-15.18	<b>-26.45</b>	0.72	<b>1.42</b>	9.27	<b>10.02</b>	
	A-P	-19.89	<b>-34.36</b>	1.14	<b>0.38</b>	7.74	<b>9.36</b>	
	L.A.	-25.51	<b>-40.90</b>	-0.07	<b>3.22</b>	11.47	<b>14.99</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	17.21	<b>17.96</b>	20.72	<b>20.22</b>	23.20	<b>22.47</b>
		E-A	19.78	<b>24.03</b>	19.78	<b>24.03</b>	19.78	<b>24.03</b>
		A-P	18.25	<b>18.59</b>	19.57	<b>19.67</b>	20.54	<b>21.49</b>
		L.A.	21.07	<b>20.10</b>	23.15	<b>22.68</b>	27.30	<b>27.56</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.	0.49	<b>2.52</b>	2.60	<b>9.78</b>	5.58	<b>17.03</b>
		E-A	15.63	<b>-0.16</b>	15.63	<b>-0.16</b>	15.63	<b>0.00</b>
		A-P	-3.48	<b>-3.84</b>	-2.91	<b>-1.50</b>	0.00	<b>0.00</b>
		L.A.	-0.02	<b>0.48</b>	4.37	<b>4.94</b>	9.97	<b>8.60</b>

**CELEBRITY ENDORSEMENTS**

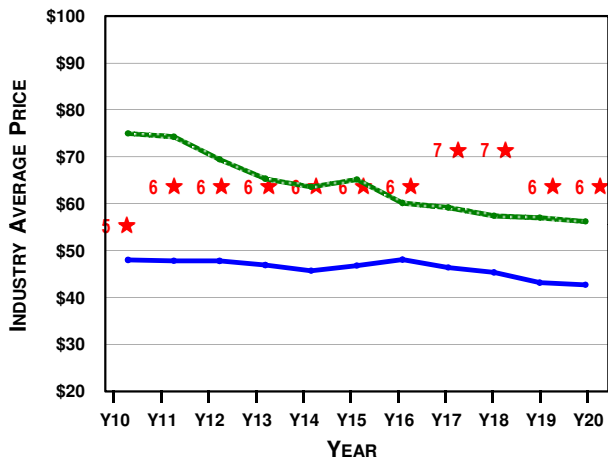
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	20,000	Y19	2 years	3	20,000	18,321	16,774	12,000
Oprah Letterman	100	70	65	75	Company D	23,000	Y20	3 years	2	23,000	5,000	14,000	5,000
Annika Stockholm	70	100	70	55	Company F	23,213	Y16	5 years	6	23,213	15,000	11,569	500
Tiger Green	95	80	85	75	Company G	5,000	Y20	2 years	2	22,000	5,000	13,500	5,000
José Montaña	60	50	60	95	Company G	20,000	Y18	3 years	3	20,000	17,353	17,784	16,000
Karioki Footsu	55	60	95	90	Company G	5,000	Y20	4 years	1	5,000	0	5,000	5,000
Jaques LaFeet	50	90	50	85	Company G	5,000	Y20	1 year	1	5,000	0	5,000	5,000
Serenus Willson	70	65	55	60	Company L	13,001	Y19	3 years	4	20,000	18,321	15,831	12,000
Natalie Kwan	75	80	95	50	Company C	17,015	Y17	4 years	4	17,213	17,015	14,870	12,253
Sergio Milano	45	85	60	100	Company H	18,321	Y19	2 years	3	20,000	18,321	15,440	8,000
Lance deFrance	80	85	75	70	Company G	5,000	Y20	3 years	1	5,000	0	5,000	5,000
Yao KungPao	60	35	100	50	Company G	14,000	Y18	4 years	3	17,353	14,000	13,784	10,000

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

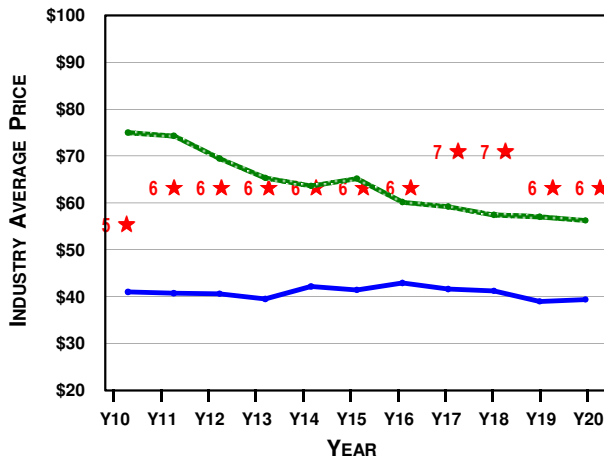
**NORTH AMERICA**



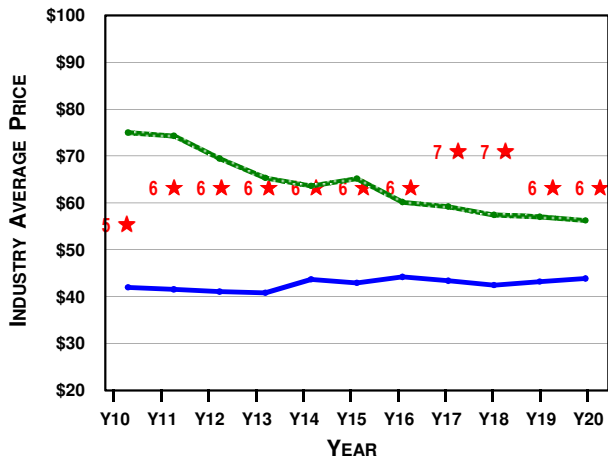
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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