

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 4

Friday, May 23, 2008

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
AlphaDog	118	+3
LocoFeet	118	+3
Electric Company	117	+2
Helicon Corporation	117	-1
B-Smart	113	0
Contact	113	0
Icarus Elite	109	-4
Dreamerz	50	-4
J Company	33	+15
F (deleted)	0	0
G (deleted)	0	0
K (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
AlphaDog	103	+2
Electric Company	97	+2
B-Smart	96	+2
LocoFeet	93	+3
Helicon Corporation	89	+3
Contact	84	+3
Icarus Elite	69	+5
Dreamerz	40	+1
J Company	32	+1
F (deleted)	0	0
G (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
AlphaDog	93	+18
LocoFeet	81	+15
B-Smart	78	+2
Electric Company	77	+5
Helicon Corporation	73	-10
Contact	68	+5
Icarus Elite	61	-2
Dreamerz	35	-3
J Company	19	+7
F (deleted)	0	0
G (deleted)	0	0
K (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
AlphaDog	92	+8
B-Smart	88	-2
LocoFeet	79	+4
Electric Company	74	-1
Helicon Corporation	72	-7
Contact	69	+1
Icarus Elite	56	-2
Dreamerz	14	-1
J Company	12	0
F (deleted)	0	0
G (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>4.03</b>	<b>4.28</b>	<b>4.01</b>	2.60	<b>5.36</b>	<b>7.47</b>	<b>6.48</b>	<b>4.86</b>	<b>7.98</b>	<b>10.99</b>	<b>5.75</b>	<b>20</b>	16	A
B	<b>4.93</b>	<b>3.14</b>	2.23	-1.11	<b>6.04</b>	<b>12.08</b>	<b>16.91</b>	<b>7.31</b>	<b>9.47</b>	<b>9.82</b>	<b>6.98</b>	18	<b>20</b>	B
C	2.33	1.46	1.63	0.58	1.78	3.50	<b>4.32</b>	3.85	<b>5.14</b>	<b>5.57</b>	3.48	10	10	C
D	2.42	0.81	-6.66	-4.86	-3.15	-0.21	1.40	1.33	1.34	1.20	-0.44	2	0	D
E	<b>2.81</b>	0.02	2.09	2.56	<b>4.45</b>	<b>4.03</b>	<b>7.90</b>	3.85	<b>6.77</b>	<b>7.55</b>	<b>3.82</b>	14	11	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	G
H	<b>3.11</b>	1.30	2.27	-0.12	2.07	3.04	<b>5.25</b>	3.81	<b>8.18</b>	<b>6.63</b>	3.35	12	10	H
I	<b>2.85</b>	1.53	-0.44	-0.94	0.03	0.95	3.19	3.03	<b>5.00</b>	<b>4.83</b>	1.93	9	6	I
J	2.61	-3.77	-3.63	-2.36	-0.06	0.54	1.12	-1.15	-0.45	0.73	-0.66	1	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>3.53</b>	2.41	2.01	-0.91	3.34	<b>4.31</b>	<b>6.81</b>	<b>4.68</b>	<b>5.76</b>	<b>8.12</b>	<b>3.99</b>	15	11	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>24.8</b>	<b>27.3</b>	<b>20.2</b>	11.2	<b>19.2</b>	<b>22.4</b>	<b>16.1</b>	10.7	<b>16.1</b>	<b>21.2</b>	<b>17.2</b>	15	18	A
B	<b>29.9</b>	<b>15.8</b>	7.4	-6.1	<b>26.5</b>	<b>39.4</b>	<b>41.0</b>	13.8	<b>16.0</b>	<b>16.3</b>	<b>19.4</b>	12	<b>20</b>	B
C	14.3	8.0	8.2	2.8	11.1	<b>20.7</b>	<b>18.9</b>	13.1	<b>15.1</b>	14.6	13.1	11	14	C
D	14.8	4.4	-63.3	-102.2	-419.3	0.0	0.0	<b>129.5</b>	<b>56.8</b>	<b>27.4</b>	-7.8	<b>20</b>	0	D
E	<b>17.1</b>	0.1	10.4	10.7	<b>15.7</b>	14.7	<b>26.1</b>	11.0	<b>17.1</b>	<b>19.2</b>	13.9	14	14	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	G
H	<b>19.1</b>	7.5	12.3	-0.6	11.1	13.7	<b>21.3</b>	13.5	<b>24.6</b>	<b>17.4</b>	14.1	13	15	H
I	<b>17.2</b>	8.4	-2.7	-5.5	0.2	5.6	<b>16.7</b>	13.7	<b>19.2</b>	<b>17.5</b>	9.6	13	10	I
J	<b>15.9</b>	-23.6	-28.0	-23.7	-0.7	6.0	11.6	-12.0	-5.2	8.3	-6.2	6	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>22.7</b>	<b>18.1</b>	11.5	-5.6	<b>19.6</b>	<b>20.7</b>	<b>25.8</b>	14.5	<b>15.9</b>	<b>20.4</b>	<b>16.3</b>	15	17	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>53.24</b>	<b>55.88</b>	<b>46.85</b>	24.36	<b>66.36</b>	<b>116.77</b>	<b>84.74</b>	<b>55.07</b>	<b>106.72</b>	<b>213.82</b>	+22 %	<b>20</b>	<b>20</b>	A
B	<b>88.78</b>	<b>39.03</b>	22.61	12.82	<b>64.62</b>	<b>181.59</b>	<b>355.60</b>	<b>143.03</b>	<b>104.39</b>	<b>117.92</b>	+15	11	11	B
C	24.46	13.99	15.65	9.08	18.77	<b>49.76</b>	<b>63.23</b>	48.13	<b>69.35</b>	<b>70.42</b>	+9	7	7	C
D	22.48	13.39	8.76	5.31	4.80	5.43	10.39	16.12	16.28	12.01	-9	1	1	D
E	<b>35.39</b>	19.14	20.29	26.41	<b>71.39</b>	<b>51.06</b>	<b>138.64</b>	<b>55.48</b>	<b>108.81</b>	<b>113.47</b>	+14	11	11	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	G
H	<b>53.67</b>	27.01	24.03	13.62	23.70	33.49	<b>71.94</b>	44.07	<b>154.73</b>	<b>106.35</b>	+14	10	10	H
I	<b>35.85</b>	19.87	11.34	7.27	5.03	10.50	43.47	43.07	<b>85.20</b>	<b>66.96</b>	+8	6	6	I
J	27.07	15.33	9.04	6.06	4.80	5.22	11.81	7.58	4.60	8.49	-12	1	1	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>47.85</b>	25.48	17.91	10.90	38.17	<b>53.39</b>	<b>98.89</b>	<b>54.22</b>	<b>80.82</b>	<b>134.66</b>	+16 %	13	13	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-	C+	C	C	B-	<b>B+</b>	<b>B+</b>	B-	<b>A-</b>	<b>A-</b>	Medium	18	18	A
B	B	C+	C-	C-	B-	<b>B+</b>	<b>A-</b>	B	<b>B+</b>	<b>B+</b>	Medium	17	17	B
C	B	C+	C	C-	C	<b>B+</b>	<b>A-</b>	<b>A-</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	C
D	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	D
E	<b>A-</b>	C-	B	<b>A</b>	<b>A+</b>	<b>A</b>	<b>A+</b>	<b>A</b>	<b>A</b>	<b>A</b>	Low	19	19	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	G
H	<b>A-</b>	C+	B	C-	B	B	<b>A-</b>	B	<b>A</b>	<b>A</b>	Low	19	19	H
I	<b>B+</b>	C+	C-	C-	C-	C	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	I
J	B-	C-	C-	C-	C-	C-	C	C-	C-	C-	High	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-	C	C-	C-	C+	B	<b>A</b>	<b>A-</b>	<b>A-</b>	<b>A-</b>	Medium	18	18	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	62	<b>76</b>	<b>78</b>	<b>92</b>	<b>98</b>	<b>100</b>	<b>99</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	A
B	68	<b>81</b>	<b>86</b>	<b>93</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	B
C	<b>75</b>	<b>79</b>	<b>73</b>	<b>92</b>	<b>89</b>	<b>91</b>	<b>89</b>	<b>84</b>	<b>89</b>	<b>99</b>	<b>91</b>	<b>20</b>	18	C
D	56	67	<b>77</b>	<b>90</b>	69	64	63	65	63	60	63	12	13	D
E	<b>76</b>	67	<b>72</b>	<b>76</b>	<b>84</b>	<b>87</b>	<b>91</b>	<b>94</b>	<b>93</b>	<b>94</b>	<b>94</b>	19	19	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	<b>75</b>	68	<b>70</b>	<b>74</b>	<b>82</b>	<b>70</b>	<b>85</b>	<b>88</b>	<b>89</b>	<b>96</b>	<b>91</b>	19	18	H
I	<b>73</b>	65	65	<b>70</b>	66	66	68	<b>70</b>	<b>72</b>	67	<b>70</b>	13	14	I
J	61	64	59	51	52	58	57	50	56	56	54	11	11	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	<b>79</b>	<b>81</b>	62	<b>87</b>	<b>91</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</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	102	<b>101</b>	<b>94</b>	70	107	<b>116</b>	113	93	115			
B	107	93	59	30	108	<b>116</b>	118	106	113	113	96	Very Good	B
C	88	58	55	36	61	107	113	100	113	113	84	Good	C
D	80	39	26	26	22	20	29	57	54	50	40	Subpar	D
E	106	30	75	<b>87</b>	<b>113</b>	108	<b>119</b>	101	115	117	97	Very Good	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	<b>112</b>	62	80	28	76	86	116	94	<b>118</b>	117	89	Good	H
I	103	61	25	24	21	40	99	94	113	109	69	Subpar	I
J	87	27	22	18	17	30	46	17	18	33	32	Subpar	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	104	80	56	28	91	108	<b>119</b>	<b>108</b>	115	<b>118</b>	93	Very 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	9,775	15,000	66,120	21,921	112,816
– Pairs Rejected	238	826	3,504	953	5,521
Net Y20 Production (after rejects)	9,537	14,174	62,616	20,968	107,295
Superior Materials Usage	59.3%	37.0%	76.2%	39.8%	62.5%
Capacity Utilization (branded + P-L prod.)	119.2%	120.0%	120.0%	106.9%	117.2%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	- 0.38	+ 0.43	6.05
Superior Materials	12.00	+ 3.00	+ 0.86	15.86

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	3,547	4,796	2,844	1,731	12,918
– Pairs Cleared (inventory clearance)	1,315	1,949	1,077	211	4,552
Beginning Y20 Inventories	2,232	2,847	1,767	1,520	8,366
+ New Production (shipped from plants)	25,142	23,400	23,718	21,463	93,723
Pairs Available for Sale in Y20	27,374	26,247	25,485	22,983	102,089

**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)	22,685	23,026	21,153	19,870	86,734
Actual Year 20 Demand	22,498	23,049	21,532	20,431	87,509
Branded Pairs Sold	22,500	23,044	21,533	20,425	87,502
Required Y20 Ending Inventories	2,245	2,207	2,183	1,832	8,467
Inventory Surplus (Shortfall)	2,629	957	1,743	623	5,952

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.9%
- Available for shipment to warehouses
- % usage up by 1.4 points over Y19
- % utilization up by 6.4 points over Y19

Higher than normal (62.5% industrywide) superior materials usage led to superior materials prices that were 25.0% above the base and standard materials prices that were 6.3% below the base. Industrywide capacity utilization above 110% resulted in materials price increases of 7.2% from the base.

- Average inventory clearance of 35.2%
- 16.7% higher than Y20 demand
- Actual demand in Year 20 was 0.9% greater than expected.
- Needed to achieve delivery times
- { High in N.A. Okay 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)	23,398	24,334	25,307	26,319
Europe-Africa	23,971	24,930	25,927	26,964
Asia-Pacific	22,823	24,192	25,644	27,183
Latin America	21,657	22,956	24,333	25,793
<b>Total</b>	91,849	96,412	101,211	106,259
<b>Private-Label</b> — North America	3,888	3,888	3,888	3,888
Europe-Africa	3,933	3,933	3,933	3,933
Asia-Pacific	3,924	3,924	3,924	3,924
Latin America	3,879	3,879	3,879	3,879
<b>Total</b>	15,624	15,624	15,624	15,624

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	14,587
Potential Production (at max OT)	116,760
<b>Potential Global Supply</b>	131,347
<b>Demand</b> — Branded Sales Forecast (000s)	91,849
Private-Label Sales Forecast	15,624
<b>Expected Global Demand</b>	107,473
<b>Conclusion:</b>	Excess supply of 22.2% 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	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	A
B	0	0	12,000	8,000	0	0	0	0	0	0	12,000	8,000	20,000	0	B
C	0	7,100	9,300	3,500	0	0	0	0	0	7,100	9,300	3,500	19,900	0	C
D	0	0	2,000	2,200	0	0	0	0	0	0	2,000	2,200	4,200	0	D
E	0	1,500	5,500	2,000	0	0	0	0	0	1,500	5,500	2,000	9,000	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	8,500	0	0	0	0	0	0	0	8,500	0	8,500	1,000	H
I	2,900	1,400	1,700	1,400	0	0	0	0	2,900	1,400	1,700	1,400	7,400	0	I
J	2,000	1,500	1,000	1,200	0	0	0	0	2,000	1,500	1,000	1,200	5,700	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	3,000	1,000	3,100	2,200	300	0	0	0	3,300	1,000	3,100	2,200	9,600	0	L
	7,900	12,500	55,100	20,500	300	0	0	0	8,200	12,500	55,100	20,500	96,300	1,000	

**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	728,687	443,487	42,539	97,552	14,419	130,690	12,910	35,334	82,446	90,000	7,500	A
B	940,004	528,777	54,890	199,166	22,419	134,752	29,545	31,562	73,645	16,650	7,500	B
C	819,433	486,342	46,900	96,798	22,319	167,074	7,826	47,774	111,474	0	20,000	C
D	257,410	124,812	17,570	65,303	6,620	43,105	21,719	6,416	14,970	0	12,500	D
E	495,358	323,592	32,244	39,419	11,419	88,684	7,829	24,257	56,598	30,000	7,500	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	548,168	321,801	34,077	97,418	10,917	83,955	12,884	21,321	49,750	22,500	7,500	H
I	461,552	221,553	38,526	115,852	9,819	75,802	1,001	22,440	52,361	1,085	10,850	I
J	282,745	158,513	22,564	69,147	8,120	24,401	16,324	0	8,077	0	11,000	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	536,988	292,584	37,529	101,209	12,019	93,647	6,636	26,103	60,908	37,500	7,500	L
	563,372	322,385	36,315	97,985	13,119	93,568	12,964	23,912	56,692	21,971	10,206	

**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	497	236,636	562,375	55,022	121,500	393,355	0	-7,502	385,853	12.00	3 / 2	A
B	4,460	335,049	866,775	99,503	328,000	465,023	-82,747	56,996	439,272	2.22	4 / 5	B
C	15,972	279,299	858,001	69,737	25,000	763,613	-111,825	111,476	763,264	0.00	0 / 1	C
D	13,890	94,214	212,128	100,598	25,000	22,709	48,850	14,972	86,530	0.00	1 / 2	D
E	13,461	177,436	431,950	38,972	90,000	287,405	-11,026	26,598	302,978	4.00	2 / 2	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	188,168	466,202	51,573	115,000	272,380	0	27,250	299,629	3.00	2 / 3	H
I	0	147,060	324,775	35,178	4,600	311,814	-78,090	51,273	284,997	0.10	3 / 3	I
J	1,036	127,671	294,168	136,035	57,000	93,056	0	8,077	101,133	0.00	2 / 4	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	0	151,813	399,318	60,057	29,000	286,853	0	23,408	310,261	5.00	4 / 2	L
	5,480	193,038	490,632	71,853	88,344	321,801	-26,093	34,727	330,435	2.92	2 / 3	

**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	60.9 %	5.8 %	13.4 %	2.0 %	17.9 %	11.3 %	4.30	49	10.12	0.24	1.55	Medium	A
B	56.3	5.8	21.2	2.4	14.3	7.8	3.37	86	4.56	0.43	2.37	Medium	B
C	59.4	5.7	11.8	2.7	20.4	13.6	4.01	57	21.35	0.06	5.71	Low	C
D	48.5	6.8	25.4	2.6	16.7	5.8	0.94	47	1.98	0.54	0.30	High	D
E	65.3	6.5	8.0	2.3	17.9	11.4	4.55	59	11.33	0.23	4.95	Low	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	G
H	58.7	6.2	17.8	2.0	15.3	9.1	3.65	59	6.52	0.28	3.07	Low	H
I	48.0	8.3	25.1	2.1	16.4	11.3	4.18	53	75.73	0.06	4.41	Low	I
J	56.1	8.0	24.5	2.9	8.6	2.9	0.94	125	1.49	0.58	0.19	High	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	54.5	7.0	18.8	2.2	17.4	11.3	2.53	26	14.11	0.14	1.63	Medium	L
	57.2 %	6.4 %	17.4 %	2.3 %	16.6 %	10.1 %	2.69	62	16.35	0.28	2.69	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		7.24	<b>7.73</b>	10.60	<b>11.48</b>	12.95	<b>14.77</b>
	Private-Label Footwear		5.73	<b>6.17</b>	7.64	<b>7.01</b>	12.11	<b>8.29</b>
Labor — North America	Total Compensation (\$/year)		18,523	<b>18,515</b>	21,643	<b>21,982</b>	25,076	<b>25,810</b>
	Productivity (pairs/worker/year)		4,839	<b>4,805</b>	5,711	<b>5,793</b>	6,314	<b>6,482</b>
	Labor Cost (\$/pair produced)		3.73	<b>3.06</b>	4.05	<b>3.84</b>	4.24	<b>4.26</b>
Europe Africa	Total Compensation (\$/year)		16,194	<b>16,356</b>	18,481	<b>19,079</b>	22,893	<b>23,550</b>
	Productivity (pairs/worker/year)		4,598	<b>4,566</b>	5,456	<b>5,827</b>	6,650	<b>7,010</b>
	Labor Cost (\$/pair produced)		3.30	<b>3.05</b>	3.70	<b>3.53</b>	4.07	<b>4.10</b>
Asia Pacific	Total Compensation (\$/year)		2,850	<b>4,022</b>	5,248	<b>5,203</b>	7,441	<b>6,992</b>
	Productivity (pairs/worker/year)		2,140	<b>2,023</b>	3,051	<b>3,093</b>	4,230	<b>4,295</b>
	Labor Cost (\$/pair produced)		0.00	<b>1.38</b>	1.57	<b>1.73</b>	2.24	<b>2.08</b>
Latin America	Total Compensation (\$/year)		3,324	<b>3,307</b>	5,334	<b>4,896</b>	7,793	<b>7,219</b>
	Productivity (pairs/worker/year)		2,134	<b>2,109</b>	3,034	<b>3,010</b>	4,299	<b>4,362</b>
	Labor Cost (\$/pair produced)		1.59	<b>1.32</b>	1.82	<b>1.67</b>	2.45	<b>2.00</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.58	<b>0.82</b>	1.74	<b>1.86</b>	2.50	<b>2.50</b>
	Cumulative		0.70	<b>0.73</b>	1.67	<b>1.70</b>	2.38	<b>2.39</b>
Reject Rates	Branded Production		1.5%	<b>1.5%</b>	4.8%	<b>4.9%</b>	7.6%	<b>7.6%</b>
	Private-Label Production		0.9%	<b>1.9%</b>	3.0%	<b>2.4%</b>	6.5%	<b>2.6%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		24.15	<b>24.80</b>	24.78	<b>25.18</b>	25.65	<b>25.54</b>
	E-A		21.12	<b>20.22</b>	24.82	<b>24.61</b>	27.46	<b>26.57</b>
	A-P		18.43	<b>18.97</b>	24.40	<b>25.56</b>	30.42	<b>31.53</b>
	L.A.		22.58	<b>21.33</b>	28.79	<b>25.21</b>	43.73	<b>35.73</b>
	Private-Label — N.A.		21.45	<b>19.97</b>	21.45	<b>19.97</b>	21.45	<b>19.97</b>
	E-A		21.69	<b>15.49</b>	21.69	<b>17.29</b>	21.69	<b>19.09</b>
	A-P		15.81	<b>16.28</b>	16.68	<b>17.34</b>	17.17	<b>18.39</b>
	L.A.		14.57	<b>15.06</b>	22.21	<b>16.78</b>	30.27	<b>18.49</b>

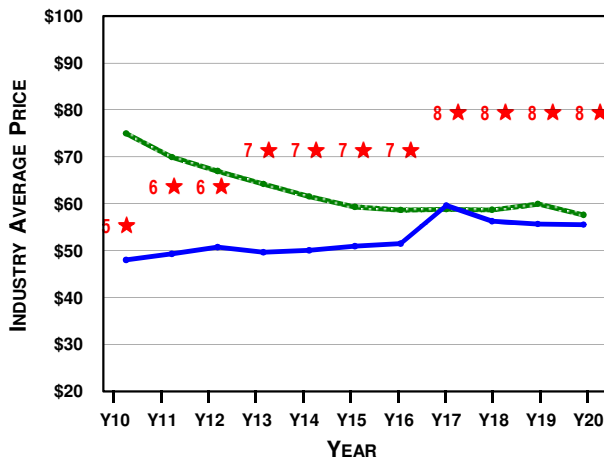
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.90	<b>22.57</b>	28.04	<b>28.71</b>	36.17	<b>35.30</b>
		E-A	23.12	<b>22.22</b>	30.33	<b>30.53</b>	36.67	<b>35.27</b>
		A-P	23.38	<b>23.49</b>	27.87	<b>27.84</b>	35.56	<b>33.93</b>
		L.A.	25.35	<b>24.71</b>	30.61	<b>30.80</b>	36.85	<b>39.32</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.30	<b>10.32</b>	10.71	<b>10.65</b>	11.49	<b>11.52</b>
			1.83	<b>1.85</b>	2.38	<b>2.30</b>	3.16	<b>2.76</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	6.27	<b>6.12</b>	13.03	<b>12.27</b>	20.99	<b>21.77</b>
			4.77	<b>4.95</b>	10.42	<b>10.30</b>	14.40	<b>14.76</b>
Administrative Expenses	(\$/pair sold)		1.10	<b>1.10</b>	1.61	<b>1.36</b>	3.08	<b>1.65</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	3.68	<b>7.46</b>	16.94	<b>14.39</b>	26.35	<b>21.06</b>
		E-A	3.96	<b>4.80</b>	14.80	<b>13.27</b>	22.89	<b>20.19</b>
		A-P	-5.51	<b>1.69</b>	16.51	<b>15.34</b>	28.97	<b>25.85</b>
		L.A.	0.60	<b>6.65</b>	14.21	<b>11.45</b>	28.15	<b>21.01</b>
Wholesale		N.A.	5.22	<b>4.42</b>	14.29	<b>13.41</b>	61.96	<b>61.57</b>
		E-A	3.84	<b>2.81</b>	8.26	<b>8.64</b>	11.61	<b>12.23</b>
		A-P	-0.40	<b>0.65</b>	8.21	<b>9.10</b>	11.37	<b>13.34</b>
		L.A.	3.58	<b>2.75</b>	8.30	<b>7.90</b>	12.38	<b>12.79</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	17.57	<b>17.71</b>	20.51	<b>19.84</b>	23.45	<b>21.97</b>
		E-A	22.48	<b>17.49</b>	23.09	<b>19.91</b>	23.69	<b>21.15</b>
		A-P	17.81	<b>18.28</b>	18.43	<b>19.34</b>	19.05	<b>20.39</b>
		L.A.	16.57	<b>17.06</b>	24.21	<b>18.78</b>	32.27	<b>20.49</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.	-0.46	<b>0.17</b>	-0.05	<b>0.48</b>	0.36	<b>0.78</b>
		E-A	0.59	<b>0.98</b>	0.67	<b>2.00</b>	0.74	<b>3.40</b>
		A-P	2.92	<b>-1.33</b>	3.22	<b>0.05</b>	3.52	<b>1.44</b>
		L.A.	-5.27	<b>-4.03</b>	-1.57	<b>-1.83</b>	1.36	<b>0.38</b>

**CELEBRITY ENDORSEMENTS**

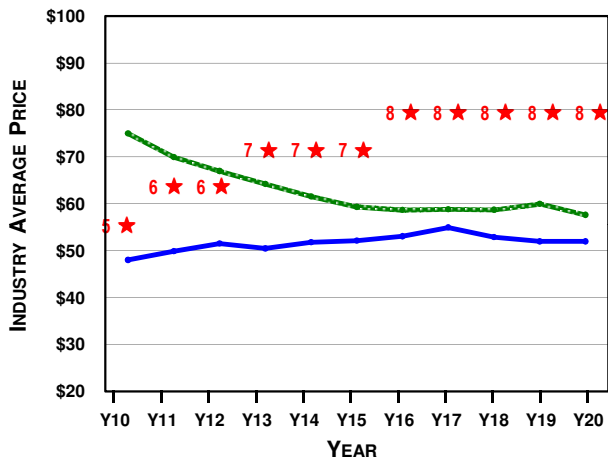
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company B	5,555	Y19	2 years	5	10,010	5,555	4,129	512
Oprah Letterman	100	70	65	75	Company D	11,234	Y20	3 years	4	12,999	11,234	9,978	5,678
Fifa Beckham	70	100	70	55	Company I	19,000	Y19	5 years	5	19,000	15,999	11,697	2,345
Tiger Green	95	80	85	75	Company L	14,999	Y20	2 years	4	14,999	11,234	9,645	2,345
Jos Montaa	60	50	60	95	Company B	10,123	Y18	3 years	6	10,123	9,999	5,565	623
Kobioshi Jones	55	60	95	90	Company D	11,234	Y20	4 years	3	11,234	10,001	8,230	3,456
Ace Federar	50	90	50	85	Company D	11,234	Y20	1 year	3	11,234	10,001	8,601	4,567
Danica Andretti	70	65	55	60	Company H	9,876	Y19	3 years	4	9,876	5,555	4,210	623
LaBron Game	75	80	95	50	Company H	15,999	Y17	4 years	7	15,999	10,001	8,247	1,436
Lorena Lopez	45	85	60	100	Company B	11,111	Y19	2 years	5	11,111	11,010	8,055	3,456
Lance deFrance	80	85	75	70	Company D	11,234	Y20	3 years	3	11,234	10,001	8,412	4,000
Yao KungPao	60	35	100	50	Company B	10,123	Y18	4 years	5	10,123	8,999	5,702	623

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

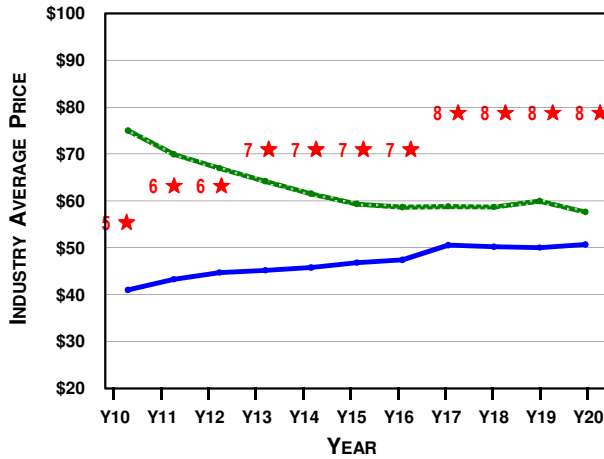
**NORTH AMERICA**



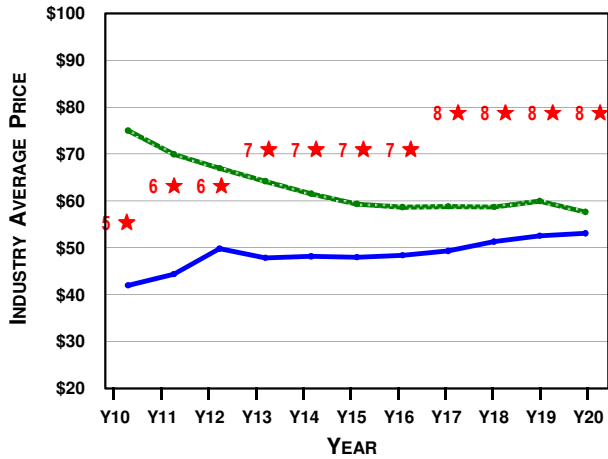
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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