

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

Friday, August 22, 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
K Viper	118	-1
Diamond Athletics	116	+3
Alnova	114	+6
FIT Shoes	111	-6
Longs Shoes	109	+7
Broad Street Shoes	99	-16
Interstellar shoe co	72	-26
GAscent Returns	26	-24
C (deleted)	0	0
E (deleted)	0	0
H (deleted)	0	0
J (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Diamond Athletics	104	+2
FIT Shoes	102	+2
K Viper	100	+2
Alnova	97	+2
Broad Street Shoes	83	+1
Longs Shoes	75	+4
Interstellar shoe co	69	0
GAscent Returns	42	-2
C (deleted)	0	0
E (deleted)	0	0
H (deleted)	0	0
J (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
K Viper	99	0
Diamond Athletics	82	+5
Alnova	76	+15
FIT Shoes	73	-14
Longs Shoes	67	+9
Broad Street Shoes	57	-11
Interstellar shoe co	44	-10
GAscent Returns	18	-11
C (deleted)	0	0
E (deleted)	0	0
H (deleted)	0	0
J (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
K Viper	98	+2
Diamond Athletics	89	+2
FIT Shoes	79	-9
Alnova	77	+6
Longs Shoes	67	+5
Broad Street Shoes	64	-3
Interstellar shoe co	42	-9
GAscent Returns	21	-3
C (deleted)	0	0
E (deleted)	0	0
H (deleted)	0	0
J (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>3.60</b>	1.09	<b>4.24</b>	<b>3.75</b>	<b>4.98</b>	2.31	<b>7.40</b>	<b>8.43</b>	<b>6.19</b>	<b>8.89</b>	<b>4.92</b>	15	16	A
B	1.19	0.78	<b>3.22</b>	<b>5.34</b>	2.57	3.53	1.39	<b>6.15</b>	<b>6.91</b>	<b>4.73</b>	3.41	8	11	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	<b>5.28</b>	2.70	<b>3.83</b>	3.22	<b>4.81</b>	<b>4.18</b>	<b>6.79</b>	<b>10.82</b>	<b>9.58</b>	<b>8.87</b>	<b>5.97</b>	15	<b>20</b>	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	<b>3.85</b>	1.58	<b>3.70</b>	<b>5.68</b>	<b>4.89</b>	3.46	<b>5.17</b>	<b>8.76</b>	<b>10.84</b>	<b>7.75</b>	<b>5.40</b>	13	18	F
G	2.60	-1.62	1.51	0.01	-0.75	-2.00	-0.25	<b>4.79</b>	1.65	-2.62	0.35	0	1	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	H
I	2.54	-2.60	2.56	1.14	0.82	2.50	1.76	3.65	3.91	3.19	1.79	6	6	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	<b>4.66</b>	1.49	<b>4.16</b>	<b>4.98</b>	<b>3.72</b>	2.28	<b>6.36</b>	<b>8.71</b>	<b>12.89</b>	<b>11.59</b>	<b>6.04</b>	<b>20</b>	<b>20</b>	K
L	<b>3.77</b>	0.66	1.89	0.14	1.17	0.74	2.40	<b>4.56</b>	3.29	4.21	2.51	7	8	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>21.3</b>	5.7	<b>19.1</b>	<b>15.1</b>	<b>15.8</b>	6.8	<b>16.3</b>	<b>16.9</b>	12.1	<b>16.3</b>	13.9	15	13	A
B	7.8	4.9	<b>18.2</b>	<b>26.6</b>	<b>16.5</b>	<b>18.9</b>	6.6	<b>25.2</b>	<b>22.7</b>	13.0	<b>15.6</b>	12	15	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	<b>32.7</b>	<b>19.7</b>	<b>24.0</b>	<b>17.5</b>	<b>22.4</b>	<b>17.2</b>	<b>23.7</b>	<b>29.7</b>	<b>21.5</b>	<b>17.5</b>	<b>20.9</b>	16	<b>20</b>	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	<b>22.6</b>	8.3	<b>16.9</b>	<b>22.7</b>	<b>17.9</b>	11.6	<b>15.7</b>	<b>22.0</b>	<b>23.0</b>	<b>15.2</b>	<b>17.0</b>	14	16	F
G	<b>15.9</b>	-10.8	10.7	0.1	-5.2	-15.2	-2.1	<b>33.5</b>	9.4	-15.4	2.3	0	2	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	<b>15.4</b>	-15.9	<b>15.6</b>	6.8	4.1	11.6	6.9	13.4	14.5	11.6	8.5	10	8	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	<b>29.0</b>	11.5	<b>26.7</b>	<b>24.7</b>	<b>15.1</b>	8.1	<b>19.7</b>	<b>22.2</b>	<b>28.0</b>	<b>22.1</b>	<b>19.9</b>	<b>20</b>	19	K
L	<b>22.6</b>	4.4	12.6	1.1	9.9	6.2	<b>16.4</b>	<b>25.1</b>	14.3	<b>15.6</b>	13.4	14	13	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>53.13</b>	27.04	<b>57.25</b>	<b>42.48</b>	<b>68.16</b>	32.68	<b>111.72</b>	<b>118.78</b>	<b>79.29</b>	<b>113.85</b>	+14 %	10	10	A
B	16.72	10.46	<b>37.94</b>	<b>85.72</b>	37.53	39.44	21.11	<b>95.00</b>	<b>97.61</b>	<b>57.47</b>	+7	5	5	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	C
D	<b>105.83</b>	<b>42.79</b>	<b>46.95</b>	33.17	<b>64.79</b>	<b>51.06</b>	<b>108.97</b>	<b>200.98</b>	<b>167.66</b>	<b>146.99</b>	+17	13	13	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	<b>58.18</b>	28.98	<b>45.17</b>	<b>85.46</b>	<b>65.59</b>	36.87	<b>60.22</b>	<b>149.52</b>	<b>228.38</b>	<b>112.64</b>	+14	10	10	F
G	27.43	15.84	13.80	8.85	5.88	4.75	5.23	28.44	19.03	11.74	-9	1	1	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	H
I	25.62	14.74	25.93	14.66	9.26	25.49	18.46	46.98	45.29	37.62	+2	3	3	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	<b>81.88</b>	<b>36.77</b>	<b>54.83</b>	<b>57.77</b>	<b>44.26</b>	23.40	<b>79.74</b>	<b>157.03</b>	<b>264.29</b>	<b>220.85</b>	+22	<b>20</b>	<b>20</b>	K
L	<b>59.29</b>	29.72	17.67	10.08	12.96	7.97	37.42	<b>84.90</b>	<b>51.89</b>	<b>66.14</b>	+8 %	6	6	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>B+</b>	C-	C+	C	C	B	<b>A</b>	<b>A</b>	<b>A-</b>	<b>A</b>	Low	19	19	A
B	C+	C+	<b>A-</b>	<b>B+</b>	C	C	C-	<b>B+</b>	<b>A-</b>	<b>B+</b>	Medium	17	17	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	B	C	C	C	B-	B	<b>A-</b>	<b>A</b>	<b>B+</b>	<b>A</b>	Low	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	C-	C+	B-	B-	B	<b>A-</b>	<b>A</b>	<b>A</b>	<b>B+</b>	Medium	17	17	F
G	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	G
H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	H
I	B-	C-	C-	C	C	B	<b>B+</b>	<b>A</b>	<b>A-</b>	C+	N/A	8	8	I
J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	J
K	B	C-	C+	B	B-	C+	B	<b>A-</b>	<b>A</b>	<b>A</b>	Medium	19	19	K
L	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>	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>80</b>	65	<b>85</b>	68	<b>82</b>	<b>82</b>	<b>78</b>	<b>96</b>	<b>87</b>	<b>83</b>	<b>89</b>	17	19	A
B	61	51	51	67	60	68	58	<b>80</b>	<b>75</b>	<b>70</b>	<b>75</b>	15	16	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	68	<b>73</b>	67	<b>75</b>	<b>74</b>	<b>70</b>	<b>73</b>	<b>79</b>	<b>79</b>	<b>88</b>	<b>82</b>	19	17	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	<b>70</b>	<b>79</b>	<b>75</b>	<b>82</b>	<b>78</b>	<b>88</b>	<b>80</b>	<b>85</b>	<b>84</b>	<b>88</b>	<b>86</b>	19	18	F
G	<b>74</b>	<b>84</b>	<b>73</b>	<b>82</b>	<b>74</b>	59	68	<b>77</b>	<b>87</b>	<b>82</b>	<b>82</b>	17	17	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	65	<b>76</b>	<b>81</b>	<b>88</b>	64	<b>78</b>	<b>81</b>	<b>81</b>	<b>80</b>	<b>79</b>	<b>80</b>	17	17	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	<b>77</b>	60	<b>80</b>	<b>74</b>	<b>76</b>	<b>79</b>	<b>92</b>	<b>92</b>	<b>95</b>	<b>94</b>	<b>94</b>	<b>20</b>	<b>20</b>	K
L	<b>73</b>	64	<b>72</b>	<b>71</b>	<b>75</b>	<b>74</b>	<b>79</b>	<b>89</b>	<b>95</b>	<b>95</b>	<b>93</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	<b>112</b>	51	<b>101</b>	86	95	75	113	116	108			
B	54	41	100	<b>111</b>	75	83	42	113	115	99	83	Good	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	107	<b>88</b>	93	84	<b>105</b>	<b>100</b>	<b>114</b>	116	113	116	<b>104</b>	Excellent	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	108	60	94	106	103	90	109	<b>117</b>	117	111	102	Excellent	F
G	90	31	52	27	24	19	21	79	50	26	42	Subpar	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	86	30	73	50	36	78	68	100	98	72	69	Subpar	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	109	63	<b>101</b>	109	95	63	110	<b>117</b>	<b>119</b>	<b>118</b>	100	Excellent	K
L	108	46	59	27	47	45	94	115	102	109	75	Fair	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	18,549	4,320	71,400	25,920	120,189
– Pairs Rejected	1,739	496	3,652	1,128	7,015
Net Y20 Production (after rejects)	16,810	3,824	67,748	24,792	113,174
Superior Materials Usage	29.2%	49.7%	40.8%	52.4%	41.8%
Capacity Utilization (branded + P-L prod.)	103.1%	120.0%	120.0%	118.9%	116.8%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 0.98	+ 0.41	7.39
Superior Materials	12.00	– 0.49	+ 0.82	12.33

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	3,532	5,014	3,482	3,101	15,129
– Pairs Cleared (inventory clearance)	1,136	987	990	925	4,038
Beginning Y20 Inventories	2,396	4,027	2,492	2,176	11,091
+ New Production (shipped from plants)	25,057	24,113	25,528	25,968	100,666
Pairs Available for Sale in Y20	27,453	28,140	28,020	28,144	111,757

**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)	23,712	23,146	22,330	22,303	91,491
Actual Year 20 Demand	23,728	23,600	22,781	22,670	92,778
Branded Pairs Sold	23,728	23,604	22,779	22,669	92,780
Required Y20 Ending Inventories	2,623	2,461	2,537	2,369	9,990
Inventory Surplus (Shortfall)	1,102	2,075	2,704	3,106	8,987

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.8%
- Available for shipment to warehouses
- % usage up by 2.5 points over Y19
- % utilization up by 1.0 points over Y19

Lower than normal (41.8% industrywide) superior materials usage led to superior materials prices that were 4.1% below the base and standard materials prices that were 16.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.8% from the base.

- Average inventory clearance of 26.7%
- 20.5% higher than Y20 demand

Actual demand in Year 20 was 1.4% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times
- { Okay in N.A. Okay in E-A  
High 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 (internet + wholesale)	24,677	25,664	26,691	27,759
Europe-Africa	24,544	25,526	26,547	27,609
Asia-Pacific	24,148	25,597	27,133	28,761
Latin America	24,030	25,472	27,000	28,620
<b>Total</b>	97,399	102,259	107,371	112,749
<b>Private-Label</b> — North America	3,744	3,744	3,744	3,744
Europe-Africa	3,776	3,776	3,776	3,776
Asia-Pacific	3,736	3,736	3,736	3,736
Latin America	3,736	3,736	3,736	3,736
<b>Total</b>	14,992	14,992	14,992	14,992

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	18,977
Potential Production (at max OT)	123,480
<b>Potential Global Supply</b>	142,457
<b>Demand</b> — Branded Sales Forecast (000s)	97,399
Private-Label Sales Forecast	14,992
<b>Expected Global Demand</b>	112,391
<b>Conclusion:</b>	Excess supply of 26.8% 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	11,000	3,500	0	0	0	0	0	0	11,000	3,500	14,500	0	A
B	7,500	0	4,000	0	0	0	0	0	7,500	0	4,000	0	11,500	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	7,500	6,000	0	0	0	0	0	0	7,500	6,000	13,500	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	7,000	4,000	0	0	0	0	0	0	7,000	4,000	11,000	0	F
G	10,500	3,600	2,000	1,000	0	0	0	0	10,500	3,600	2,000	1,000	17,100	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	6,000	0	0	0	0	0	0	0	6,000	0	6,000	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	10,000	2,500	0	0	0	0	0	0	10,000	2,500	12,500	0	K
L	0	0	12,000	4,800	0	0	0	0	0	0	12,000	4,800	16,800	0	L
<b>Total</b>	18,000	3,600	59,500	21,800	0	0	0	0	18,000	3,600	59,500	21,800	102,900	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	684,011	339,166	54,136	165,475	16,921	108,313	13,066	28,574	66,673	1,875	7,500	A
B	569,874	281,443	43,190	165,291	13,918	66,032	15,404	15,188	35,440	0	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	704,923	376,270	42,548	159,209	15,919	110,977	15,985	28,498	66,494	22,575	7,500	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	647,282	317,933	37,590	186,402	13,419	91,938	8,862	24,923	58,153	45,000	7,500	F
G	649,463	402,590	44,223	146,326	19,518	36,806	59,036	0	-22,230	0	8,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	364,917	194,150	21,351	95,648	8,419	45,349	11,208	10,242	23,899	48,000	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	651,461	296,771	48,898	151,776	14,918	139,098	14,943	37,247	86,908	40,500	7,500	K
L	827,209	418,810	43,721	194,504	19,218	150,956	8,550	42,722	99,684	8,286	23,675	L
	637,393	328,392	41,957	158,079	15,281	93,684	18,382	23,424	51,878	20,780	9,647	

**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	240,471	643,843	59,898	207,200	439,335	-127,391	64,801	376,745	0.25	8 / 1	A
B	0	192,834	450,170	57,285	103,500	253,946	0	35,440	289,385	0.00	1 / 2	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	1,877	243,702	621,120	57,243	161,000	358,959	0	43,918	402,877	3.01	10 / 0	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	227,737	529,385	64,729	76,500	375,003	0	13,153	388,156	6.00	9 / 1	F
G	0	243,672	674,890	221,300	320,000	155,820	0	-22,230	133,590	0.00	0 / 1	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	35,641	143,201	298,126	24,872	80,000	217,359	0	-24,105	193,254	6.40	2 / 2	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	206,641	583,456	53,875	119,400	377,078	-13,303	46,406	410,181	5.40	4 / 2	K
L	4,982	280,322	753,815	62,296	32,500	616,094	-48,474	91,398	659,019	0.35	6 / 2	L
	5,312	222,322	569,351	75,187	137,513	349,199	-23,646	31,098	356,651	2.68	5 / 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	49.6 %	<b>7.9 %</b>	24.2 %	2.5 %	15.8 %	9.7 %	4.01	<b>90</b>	8.29	0.36	3.69	Low	A
B	49.4	<b>7.6</b>	<b>29.0</b>	2.4	11.6	6.2	3.37	76	4.29	0.30	1.78	Medium	B
C	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	C
D	53.4	6.0	22.6	2.3	15.7	9.4	4.26	64	6.94	0.30	3.25	Low	D
E	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	E
F	49.1	5.8	<b>28.8</b>	2.1	14.2	9.0	3.52	86	10.37	0.20	1.28	Medium	F
G	<b>62.0</b>	6.8	<b>22.5</b>	3.0	5.7	<b>-3.4</b>	<b>1.10</b>	86	0.62	<b>0.74</b>	<b>0.07</b>	<b>High</b>	G
H	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	H
I	53.2	5.9	26.2	2.3	12.4	6.5	<b>5.76</b>	30	4.05	0.30	<b>0.00</b>	N/A	I
J	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	J
K	<b>45.6</b>	<b>7.5</b>	23.3	2.3	<b>21.4</b>	<b>13.3</b>	3.84	64	9.31	0.25	2.71	Medium	K
L	50.6	<b>5.3</b>	23.5	2.3	18.2	12.1	4.50	83	<b>17.66</b>	<b>0.08</b>	<b>5.25</b>	Low	L
	51.5 %	6.6 %	24.8 %	2.4 %	14.7 %	8.1 %	2.96	72	7.69	0.32	2.25	Medium	

**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		6.74	<b>7.58</b>	8.66	<b>8.80</b>	10.36	<b>10.44</b>
	Private-Label Footwear		6.37	<b>6.21</b>	8.40	<b>8.28</b>	12.06	<b>12.28</b>
Labor — North America	Total Compensation (\$/year)		15,766	<b>15,764</b>	16,175	<b>15,765</b>	16,584	<b>15,766</b>
	Productivity (pairs/worker/year)		3,626	<b>3,573</b>	3,767	<b>3,713</b>	3,907	<b>3,852</b>
	Labor Cost (\$/pair produced)		4.52	<b>4.69</b>	4.86	<b>4.74</b>	5.20	<b>4.79</b>
Europe Africa	Total Compensation (\$/year)		15,610	<b>15,610</b>	15,610	<b>15,610</b>	15,610	<b>15,610</b>
	Productivity (pairs/worker/year)		3,886	<b>3,831</b>	3,886	<b>3,831</b>	3,886	<b>3,831</b>
	Labor Cost (\$/pair produced)		3.78	<b>3.84</b>	3.78	<b>3.84</b>	3.78	<b>3.84</b>
Asia Pacific	Total Compensation (\$/year)		2,937	<b>2,937</b>	4,958	<b>5,012</b>	6,848	<b>6,956</b>
	Productivity (pairs/worker/year)		2,114	<b>2,026</b>	3,118	<b>3,170</b>	4,340	<b>4,455</b>
	Labor Cost (\$/pair produced)		1.32	<b>1.23</b>	1.67	<b>1.63</b>	2.24	<b>2.22</b>
Latin America	Total Compensation (\$/year)		2,800	<b>2,800</b>	4,401	<b>4,531</b>	5,751	<b>6,464</b>
	Productivity (pairs/worker/year)		2,073	<b>1,976</b>	2,981	<b>3,036</b>	3,491	<b>3,720</b>
	Labor Cost (\$/pair produced)		1.26	<b>1.47</b>	1.47	<b>1.56</b>	1.69	<b>1.69</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	1.20	<b>1.27</b>	2.50	<b>2.50</b>
	Cumulative		0.07	<b>0.06</b>	1.45	<b>1.42</b>	2.40	<b>2.42</b>
Reject Rates	Branded Production		3.7%	<b>3.7%</b>	6.0%	<b>6.1%</b>	10.7%	<b>11.0%</b>
	Private-Label Production		2.0%	<b>1.9%</b>	3.6%	<b>3.7%</b>	6.5%	<b>6.3%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.93	<b>22.33</b>	22.57	<b>22.80</b>	23.20	<b>23.26</b>
	E-A		23.49	<b>23.69</b>	23.49	<b>23.69</b>	23.49	<b>23.69</b>
	A-P		18.17	<b>16.56</b>	20.53	<b>20.50</b>	23.36	<b>23.63</b>
	L.A.		19.22	<b>18.60</b>	22.98	<b>22.74</b>	27.16	<b>28.97</b>
	Private-Label — N.A.		21.04	<b>22.15</b>	22.16	<b>23.34</b>	23.27	<b>24.52</b>
	E-A		18.19	<b>18.56</b>	18.19	<b>18.56</b>	18.19	<b>18.56</b>
	A-P		14.36	<b>14.39</b>	15.04	<b>15.53</b>	15.70	<b>17.97</b>
	L.A.		15.86	<b>14.76</b>	17.15	<b>14.99</b>	19.48	<b>15.21</b>

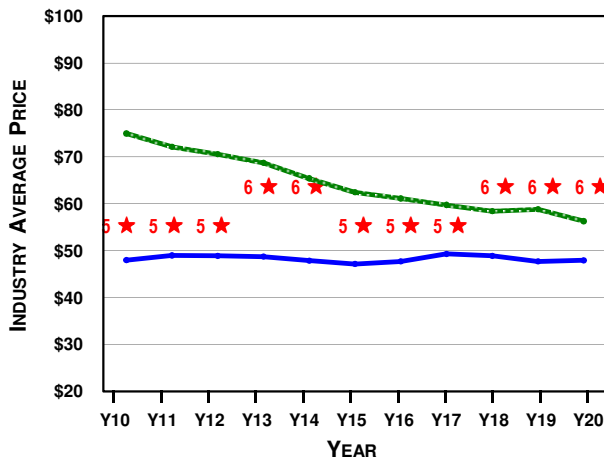
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.68	<b>19.97</b>	23.91	<b>24.02</b>	26.63	<b>27.17</b>
		E-A	25.19	<b>24.14</b>	26.87	<b>27.45</b>	30.05	<b>30.93</b>
		A-P	20.10	<b>18.50</b>	22.69	<b>22.97</b>	27.69	<b>28.30</b>
		L.A.	20.93	<b>20.55</b>	25.56	<b>25.10</b>	32.17	<b>31.96</b>
		Wholesale	10.39	<b>10.39</b>	10.46	<b>10.48</b>	10.65	<b>10.66</b>
Warehouse Expenses - Internet			2.03	<b>1.96</b>	2.18	<b>2.18</b>	2.48	<b>2.47</b>
	Wholesale							
Marketing Expenses — Internet			10.43	<b>10.90</b>	16.04	<b>15.37</b>	22.29	<b>21.11</b>
	Wholesale		7.89	<b>9.72</b>	13.04	<b>13.79</b>	17.94	<b>17.52</b>
Administrative Expenses	(\$/pair sold)		1.13	<b>1.00</b>	1.35	<b>1.33</b>	1.63	<b>1.56</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	6.07	<b>4.97</b>	15.73	<b>13.93</b>	22.06	<b>20.80</b>
		E-A	6.09	<b>2.09</b>	14.27	<b>9.69</b>	21.77	<b>18.00</b>
		A-P	1.90	<b>-0.33</b>	17.17	<b>14.78</b>	26.07	<b>23.67</b>
		L.A.	3.54	<b>2.88</b>	15.75	<b>15.07</b>	27.90	<b>27.17</b>
		Wholesale		1.01	<b>1.13</b>	6.39	<b>6.10</b>	11.52
E-A		7.54	<b>4.85</b>	9.85	<b>6.19</b>	14.04	<b>10.85</b>	
A-P		-0.17	<b>-1.19</b>	7.33	<b>6.54</b>	13.76	<b>12.30</b>	
L.A.		2.36	<b>2.70</b>	7.67	<b>7.89</b>	12.09	<b>12.19</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	17.62	<b>17.64</b>	20.54	<b>20.81</b>	25.02	<b>26.27</b>
		E-A	21.24	<b>21.78</b>	24.07	<b>24.71</b>	27.72	<b>29.65</b>
		A-P	16.11	<b>16.14</b>	20.66	<b>21.35</b>	32.27	<b>33.42</b>
		L.A.	17.61	<b>16.51</b>	20.59	<b>20.51</b>	24.70	<b>24.54</b>
		Wholesale		1.00	<b>1.00</b>	1.00	<b>1.00</b>	1.00
Margin Over Direct Costs (\$ per pair sold)		N.A.	-0.32	<b>0.71</b>	3.94	<b>2.96</b>	6.04	<b>4.31</b>
		E-A	0.52	<b>-2.01</b>	4.64	<b>2.09</b>	8.49	<b>5.44</b>
		A-P	-3.27	<b>-5.50</b>	3.06	<b>3.78</b>	7.85	<b>9.05</b>
		L.A.	0.19	<b>3.02</b>	8.99	<b>6.10</b>	15.10	<b>7.97</b>

**CELEBRITY ENDORSEMENTS**

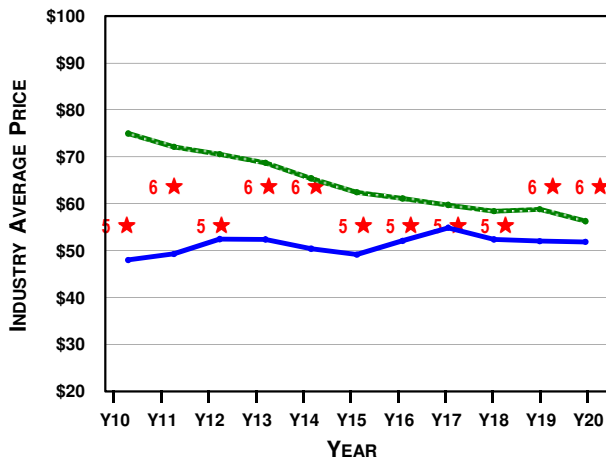
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company B	14,051	Y19	2 years	5	14,888	14,051	11,965	5,555
Oprah Letterman	100	70	65	75	Company F	15,111	Y20	3 years	3	15,111	12,000	9,721	2,051
Fifa Beckham	70	100	70	55	Company L	16,669	Y16	5 years	5	16,669	13,790	10,247	4,011
Tiger Green	95	80	85	75	Company F	15,111	Y20	2 years	3	15,111	12,000	9,721	2,051
José Montaña	60	50	60	95	Company B	12,151	Y18	3 years	5	13,333	12,151	9,904	1,909
Kobioshi Jones	55	60	95	90	Company B	2,051	Y20	4 years	3	15,111	12,000	9,721	2,051
Ace Federar	50	90	50	85	Company B	2,051	Y20	1 year	3	15,111	2,051	5,954	701
Danica Andretti	70	65	55	60	Company F	14,888	Y19	3 years	5	14,888	14,051	12,251	5,555
LaBron Game	75	80	95	50	Company F	14,333	Y17	4 years	7	14,333	14,211	12,434	10,006
Lorena Lopez	45	85	60	100	Company F	14,888	Y19	2 years	5	14,888	14,051	10,822	809
Lance deFrance	80	85	75	70	Company L	12,000	Y20	3 years	3	15,111	12,000	9,721	2,051
Yao KungPao	60	35	100	50	Company K	13,333	Y18	4 years	5	13,333	12,151	9,722	1,001

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

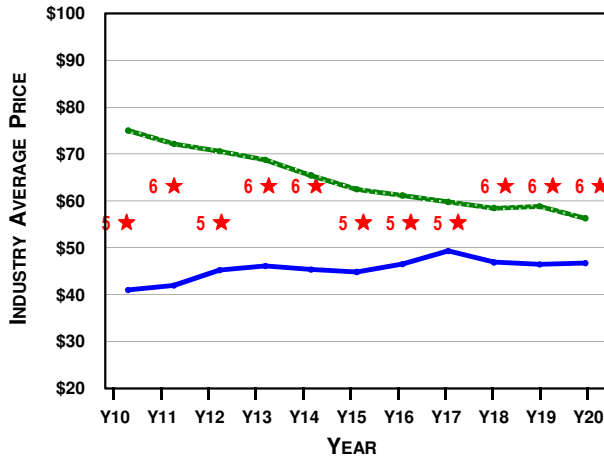
**NORTH AMERICA**



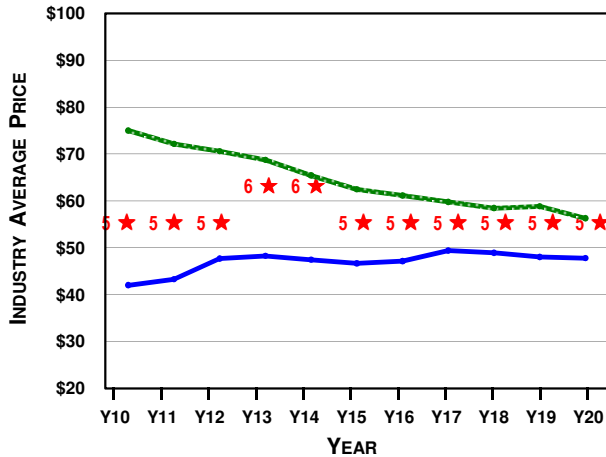
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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