

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 4

Friday, August 21, 2009

YEAR 20

## YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	I Company	115	93	104	+5
2	Hadidas	116	80	98	0
3	LEVEL THEM DOWN!	118	73	96	+2
4	CityU	112	63	88	+4
5	K Company	109	65	87	-3
6	Apache	104	58	81	+11
7	Glen Garry Thongs	107	52	80	-8
8	Endless Shoes Inc.	95	44	70	+11
9	Forget about it	76	47	62	0
10	Domination	58	35	47	-1
11	B (deleted)	0	0	0	0
11	J (deleted)	0	0	0	0

## GAME-TO-DATE SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	I Company	116	96	106	0
2	Hadidas	115	84	100	-1
3	LEVEL THEM DOWN!	114	77	96	+1
4	K Company	105	67	86	-2
5	CityU	103	64	84	+5
6	Glen Garry Thongs	104	60	82	-5
7	Apache	89	51	70	+8
8	Endless Shoes Inc.	79	43	61	+9
9	Forget about it	44	31	38	+7
10	Domination	28	19	24	-1
11	B (deleted)	0	0	0	0
11	J (deleted)	0	0	0	0

**Investor Expectation Score (I.E.)** — 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). Pages 2 and 3 of this report show the investor expectation targets (in parenthesis just under the column heads for each year). 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 Expectation Score ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

**Best-In-Industry Score (B-I-I)** — This scoring standard is based on how well each company performs relative to the best-performing company in the industry on EPS (20 points max), ROE (20 points max), Stock Price (20 points max), Credit Rating (20 points max), and Image Rating (20 points max). In order to get a score of 100, a company must be the best performing company in the industry on all 5 measures, achieve no lower than the investor expectation on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating.

**Overall Score** — This measure is used to determine each company's ranking in the Year 20 Scoreboard and Game-To-Date Scoreboard above. The overall score is determined by combining the Investor Expectation Score and the Best-In-Industry Score into a single score using the 50%-50% weighting that was specified by your instructor.

**EARNINGS PER SHARE (\$)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected EPS target shown below each yearly column head. Best-In-Industry performers earn the top score, and scores of other companies are a percentage of the industry-leading EPS performance. Game-To-Date scores are based on weighted average annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	I. E.	B-I-I	I. E.	B-I-I	
A	1.91	-2.71	-3.84	1.19	2.48	2.18	0.28	1.54	3.48	<b>4.59</b>	1.27	<b>20</b>	5	7	4	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	0	0	B
C	-0.81	1.80	1.20	2.41	3.45	<b>4.27</b>	1.65	3.90	<b>8.89</b>	<b>8.67</b>	3.40	<b>24</b>	10	19	10	C
D	1.80	-1.11	-1.67	0.76	-1.73	-1.94	-1.80	-0.08	1.74	1.58	-0.02	7	2	0	0	D
E	<b>2.74</b>	-0.05	0.27	<b>4.02</b>	2.74	2.55	-0.30	0.80	4.20	<b>5.11</b>	2.29	<b>22</b>	6	13	7	E
F	1.08	-2.10	-1.83	-1.97	-2.25	-3.68	1.26	1.49	2.82	1.95	-0.16	9	2	0	0	F
G	1.98	1.39	2.08	<b>3.49</b>	2.83	2.62	2.97	3.53	<b>7.29</b>	<b>5.86</b>	3.40	<b>23</b>	7	19	10	G
H	<b>3.82</b>	2.25	<b>3.61</b>	<b>4.21</b>	<b>4.15</b>	<b>5.43</b>	3.83	<b>6.27</b>	<b>12.62</b>	<b>13.70</b>	<b>5.84</b>	<b>24</b>	15	<b>24</b>	17	H
I	<b>3.60</b>	<b>3.43</b>	<b>3.78</b>	<b>4.74</b>	<b>6.01</b>	<b>6.53</b>	<b>5.68</b>	<b>7.88</b>	<b>11.19</b>	<b>17.82</b>	<b>7.03</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	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	0	0	J
K	2.05	1.41	2.61	2.62	2.95	2.17	2.19	<b>9.25</b>	<b>9.80</b>	<b>10.71</b>	<b>4.24</b>	<b>24</b>	12	<b>22</b>	12	K
L	1.60	1.21	2.17	<b>3.50</b>	<b>4.09</b>	<b>4.87</b>	<b>3.87</b>	<b>4.96</b>	<b>9.08</b>	<b>10.06</b>	<b>4.45</b>	<b>24</b>	11	<b>23</b>	13	L

**RETURN ON EQUITY (%)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected 15% ROE target. Best-In-Industry performers earn the top score, and other companies earn scores based on their ROE as a % of the industry-leading ROE performance. Game-To-Date scores are based on weighted average annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	I. E.	B-I-I	I. E.	B-I-I	
A	13.2	-34.1	-68.3	<b>26.5</b>	<b>35.0</b>	<b>25.1</b>	3.5	<b>17.2</b>	<b>29.8</b>	<b>36.6</b>	<b>15.8</b>	<b>24</b>	<b>20</b>	21	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	0	0	B
C	-5.5	11.1	8.7	<b>15.3</b>	<b>18.6</b>	<b>19.1</b>	6.5	13.9	<b>25.9</b>	<b>21.4</b>	<b>15.7</b>	<b>24</b>	12	20	13	C
D	12.3	-11.7	-20.5	10.5	-27.7	-38.6	-57.2	-3.9	<b>50.4</b>	<b>28.2</b>	-0.5	<b>24</b>	15	0	0	D
E	<b>17.5</b>	-0.4	2.6	<b>30.5</b>	<b>15.8</b>	11.4	-1.2	3.7	<b>17.7</b>	<b>21.1</b>	13.0	<b>24</b>	12	17	11	E
F	6.9	-14.5	-16.1	-22.2	-54.6	-325.8	0.0	<b>114.9</b>	<b>81.8</b>	<b>28.0</b>	-3.0	<b>24</b>	15	0	0	F
G	12.6	9.9	13.3	<b>18.9</b>	13.1	10.8	11.0	11.6	<b>20.4</b>	13.8	14.4	18	8	19	12	G
H	<b>23.6</b>	13.7	14.5	<b>17.2</b>	<b>15.4</b>	<b>17.2</b>	10.6	<b>15.8</b>	<b>27.0</b>	<b>25.1</b>	<b>19.4</b>	<b>24</b>	14	23	16	H
I	<b>22.4</b>	<b>23.7</b>	<b>22.1</b>	<b>23.2</b>	<b>23.4</b>	<b>20.6</b>	<b>15.6</b>	<b>19.4</b>	<b>23.9</b>	<b>32.4</b>	<b>24.0</b>	<b>24</b>	18	<b>24</b>	<b>20</b>	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	0	0	J
K	12.7	7.7	13.3	11.9	12.0	7.9	7.6	<b>25.5</b>	<b>22.7</b>	<b>21.2</b>	<b>15.8</b>	<b>24</b>	12	21	13	K
L	10.0	6.3	12.7	<b>17.7</b>	<b>17.4</b>	<b>17.6</b>	12.2	14.1	<b>22.3</b>	<b>21.2</b>	<b>16.8</b>	<b>24</b>	12	21	14	L

**STOCK PRICE (\$ per share)**

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected stock price shown below each yearly column head. Best-In-Industry performers earn the top score, and other companies earn scores based on their stock price as a % of the industry-leading stock price. Game-To-Date scores are based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y20 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	19.65	11.76	7.50	12.83	24.38	24.56	14.22	14.06	45.03	<b>67.55</b>	23	3	23	3	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	0	B
C	17.07	16.82	11.36	31.88	<b>42.66</b>	<b>52.04</b>	26.14	42.81	<b>138.34</b>	<b>169.48</b>	<b>24</b>	9	<b>24</b>	9	C
D	18.50	10.81	6.80	8.20	5.12	4.75	5.18	4.65	17.23	18.52	7	1	7	1	D
E	31.94	17.65	10.49	<b>52.68</b>	36.42	30.92	17.35	10.75	50.26	<b>77.19</b>	<b>24</b>	4	<b>24</b>	4	E
F	16.33	9.63	6.23	4.85	5.50	4.75	10.03	14.76	34.32	21.68	8	1	8	1	F
G	16.83	11.58	19.33	<b>43.64</b>	31.93	27.12	29.85	38.10	<b>110.00</b>	<b>75.00</b>	<b>24</b>	4	<b>24</b>	4	G
H	<b>58.28</b>	29.24	<b>41.71</b>	<b>50.79</b>	<b>51.70</b>	<b>74.43</b>	41.52	<b>106.67</b>	<b>213.38</b>	<b>301.45</b>	<b>24</b>	15	<b>24</b>	15	H
I	<b>55.83</b>	<b>42.51</b>	<b>46.57</b>	<b>65.19</b>	<b>94.00</b>	<b>108.26</b>	<b>88.97</b>	<b>142.74</b>	<b>229.71</b>	<b>392.39</b>	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	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	0	J
K	20.34	11.81	24.91	28.44	36.80	21.30	22.80	<b>103.44</b>	<b>181.43</b>	<b>209.58</b>	<b>24</b>	11	<b>24</b>	11	K
L	17.04	10.31	20.33	<b>47.11</b>	<b>55.16</b>	<b>69.02</b>	<b>46.50</b>	<b>63.34</b>	<b>163.47</b>	<b>206.77</b>	<b>24</b>	11	<b>24</b>	11	L

**CREDIT RATING**

Scores are based on a 20% or 20-point weighting. Bolded credit ratings indicate meeting or beating the B+ investor-expectation. For the Best-In-Industry scoring, companies with an A+ credit rating earn a score of 20 points and lesser credit ratings earn lower scores. Game-To-Date scores are based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Y20 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		I. E.	B-I-I	I. E.	B-I-I	
<b>A</b>	C	C-	C-	C-	C+	C	C-	C	<b>B+</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>A</b>
<b>B</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	0	0	<b>B</b>
<b>C</b>	C-	C-	C-	C-	C-	C-	C-	C	B	<b>A-</b>	Medium	<b>22</b>	18	<b>22</b>	18	<b>C</b>
<b>D</b>	C	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	1	0	1	<b>D</b>
<b>E</b>	B-	C-	C-	C-	C	C	C-	C-	C-	C	High	4	4	4	4	<b>E</b>
<b>F</b>	C	C-	C-	C-	C-	C-	C-	C-	C	B	Medium	16	14	16	14	<b>F</b>
<b>G</b>	C+	C	C	B-	C+	C+	B	B	<b>A</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>G</b>
<b>H</b>	<b>B+</b>	B	B	B	B-	<b>A-</b>	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>H</b>
<b>I</b>	<b>B+</b>	B-	B-	B	<b>B+</b>	<b>A</b>	<b>A-</b>	<b>A</b>	<b>A</b>	<b>A+</b>	Low	<b>24</b>	<b>20</b>	<b>24</b>	<b>20</b>	<b>I</b>
<b>J</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	0	0	<b>J</b>
<b>K</b>	B-	C	B-	B	B	C+	C+	<b>B+</b>	<b>A-</b>	<b>A-</b>	Medium	<b>22</b>	18	<b>22</b>	18	<b>K</b>
<b>L</b>	C	C-	C	B-	B-	B	B	B	<b>A-</b>	<b>A</b>	Low	<b>23</b>	19	<b>23</b>	19	<b>L</b>

**IMAGE RATING**

Scores are based on a 20% or 20-point weighting. Bolded image ratings indicate meeting or beating the yearly target of 70. Best-In-Industry performers earn the top score, and scores of other companies are based on their image rating as a % of the leading image rating. Game-To-Date scores are based on the average of image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18-Y20 Average	Y20 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
<b>A</b>	<b>71</b>	<b>91</b>	69	67	65	63	63	58	53	49	53	14	11	15	12	<b>A</b>
<b>B</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>B</b>
<b>C</b>	64	<b>71</b>	<b>70</b>	<b>75</b>	68	<b>72</b>	65	64	64	62	63	18	14	18	14	<b>C</b>
<b>D</b>	<b>94</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>96</b>	<b>92</b>	<b>80</b>	<b>79</b>	<b>77</b>	<b>72</b>	<b>76</b>	<b>20</b>	<b>16</b>	<b>21</b>	<b>17</b>	<b>D</b>
<b>E</b>	<b>70</b>	<b>74</b>	<b>80</b>	<b>73</b>	<b>70</b>	<b>80</b>	64	68	<b>81</b>	<b>79</b>	<b>76</b>	<b>21</b>	18	<b>21</b>	17	<b>E</b>
<b>F</b>	58	55	57	54	62	56	<b>76</b>	<b>77</b>	<b>74</b>	66	<b>72</b>	19	15	<b>20</b>	16	<b>F</b>
<b>G</b>	59	<b>76</b>	<b>81</b>	<b>78</b>	<b>76</b>	<b>85</b>	<b>75</b>	<b>72</b>	66	65	68	19	14	19	15	<b>G</b>
<b>H</b>	66	<b>70</b>	67	67	<b>80</b>	<b>74</b>	<b>70</b>	68	68	<b>71</b>	69	<b>20</b>	16	<b>20</b>	16	<b>H</b>
<b>I</b>	69	61	<b>72</b>	69	56	61	<b>72</b>	<b>75</b>	<b>77</b>	66	<b>73</b>	19	15	<b>20</b>	16	<b>I</b>
<b>J</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>J</b>
<b>K</b>	<b>72</b>	63	54	60	54	61	58	58	57	53	56	15	12	16	13	<b>K</b>
<b>L</b>	67	<b>76</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>89</b>	<b>82</b>	<b>90</b>	<b>88</b>	<b>90</b>	<b>89</b>	<b>23</b>	<b>20</b>	<b>23</b>	<b>20</b>	<b>L</b>

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 4 Expenditures for Corporate Social Responsibility and Citizenship**

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	10000	2963	0	1.69	0.54
Year 12	11691	3373	0	1.99	0.56	0.00
Year 13	9540	2298	0	1.79	0.41	0.00
Year 14	11340	2717	0	1.74	0.41	0.00
Year 15	13500	4417	0	1.71	0.57	0.00
Year 16	14300	2137	0	1.23	0.22	0.00
Year 17	15300	2668	0	1.30	0.27	0.00
Year 18	15200	3009	0	1.43	0.26	0.00
Year 19	15200	3988	0	1.12	0.32	0.00
Year 20	18250	3757	0	1.37	0.29	0.00

**Image Rating Points Generated from CSRC Expenditures**

	High	Avg.	Low
	Year 11	4	2
Year 12	8	3	0
Year 13	11	3	0
Year 14	12	4	0
Year 15	15	4	0
Year 16	14	3	0
Year 17	15	4	0
Year 18	12	4	0
Year 19	11	4	0
Year 20	9	4	0

**★ GOLD STAR AWARD ★**

**for Corporate Citizenship**

Beginning in Year 14, the World Council for Exemplary Corporate Citizenship presents a Gold Star Award to the company spending the highest % of its revenues for social responsibility and citizenship initiatives.

	Award Winner	2nd Place
<b>Y14</b>	<b>Domination</b>	K Company
<b>Y15</b>	<b>K Company</b>	Endless Shoes Inc.
<b>Y16</b>	<b>Endless Shoes Inc.</b>	Apache
<b>Y17</b>	<b>Endless Shoes Inc.</b>	Apache
<b>Y18</b>	<b>Endless Shoes Inc.</b>	I Company
<b>Y19</b>	<b>Domination</b>	Endless Shoes Inc.
<b>Y20</b>	<b>Hadidas</b>	K Company

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

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	30,240	0	75,000	13,920	119,160
- Pairs Rejected	1,317	0	4,515	736	6,568
Net Y20 Production (after rejects)	28,923	0	70,485	13,184	112,592
Superior Materials Usage	43.2%	0.0%	26.4%	74.1%	36.2%
Capacity Utilization (branded + P-L prod.)	120.0%	0.0%	120.0%	120.0%	120.0%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 1.93	+ 0.70	9.63
Superior Materials	16.00	- 1.10	+ 1.60	16.50

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	2,528	3,155	1,962	2,354	9,999
- Pairs Cleared (inventory clearance)	233	476	228	287	1,224
Beginning Y20 Inventories	2,295	2,679	1,734	2,067	8,775
+ New Production (shipped from plants)	24,564	25,560	24,826	24,773	99,723
Pairs Available for Sale in Y20	26,859	28,239	26,560	26,840	108,498

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Projected Y20 Demand (see Y19 FIR)	25,397	25,293	23,981	24,102	98,773
Actual Year 20 Demand	25,310	25,420	24,392	24,382	99,504
Branded Pairs Sold	24,619	25,354	24,153	24,313	98,439
Required Y20 Ending Inventories	2,240	2,278	2,087	2,016	8,621
Inventory Surplus (Shortfall)	-864	83	-328	82	-1,027

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.5%
- Available for shipment to warehouses
- % usage up by 2.1 points over Y19
- % utilization up by 0.5 points over Y19

Lower than normal (36.2% industrywide) superior materials usage led to superior materials prices that were 6.9% below the base and standard materials prices that were 27.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 10.0% from the base.

- Average inventory clearance of 12.2%
- 9.0% higher than Y20 demand
- Actual demand in Year 20 was 0.7% greater than expected.
- Needed to achieve delivery times
- { Low in N.A. Okay in E-A  
Low 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	26,322	27,375	28,470	29,609
(internet + wholesale) Europe-Africa	26,437	27,494	28,594	29,738
Asia-Pacific	25,855	27,406	29,050	30,793
Latin America	25,845	27,396	29,040	30,782
<b>Total</b>	104,459	109,671	115,154	120,922
<b>Private-Label</b> — North America	4,670	4,670	4,670	4,670
Europe-Africa	4,700	4,700	4,700	4,700
Asia-Pacific	4,750	4,750	4,750	4,750
Latin America	4,750	4,750	4,750	4,750
<b>Total</b>	18,870	18,870	18,870	18,870

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	10,059
Potential Production (at max OT)	119,160
<b>Potential Global Supply</b>	129,219
<b>Demand</b> — Branded Sales Forecast (000s)	104,459
Private-Label Sales Forecast	18,870
<b>Expected Global Demand</b>	123,329
<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	0	0	6,000	0	0	0	0	0	0	0	6,000	0	6,000	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	8,000	3,000	0	0	0	0	0	0	8,000	3,000	11,000	0	C
D	2,600	0	6,000	0	0	0	0	0	2,600	0	6,000	0	8,600	0	D
E	11,200	0	0	0	0	0	0	0	11,200	0	0	0	11,200	0	E
F	0	0	0	4,000	0	0	0	0	0	0	0	4,000	4,000	0	F
G	0	0	8,500	0	0	0	0	0	0	0	8,500	0	8,500	0	G
H	5,600	0	7,600	0	0	0	0	0	5,600	0	7,600	0	13,200	0	H
I	5,800	0	7,900	0	0	0	0	0	5,800	0	7,900	0	13,700	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	11,500	0	0	0	0	0	0	0	11,500	0	11,500	0	K
L	0	0	7,000	4,600	0	0	0	0	0	0	7,000	4,600	11,600	0	L
<b>Total</b>	25,200	0	62,500	11,600	0	0	0	0	25,200	0	62,500	11,600	99,300	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	340,484	191,304	24,259	33,474	8,420	83,027	9,768	21,978	51,281	0	11,168	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	598,348	310,282	49,601	102,976	14,470	121,019	28,146	27,862	65,011	37,500	7,500	C
D	482,441	329,553	23,857	42,852	11,018	75,161	36,305	7,317	31,539	0	19,925	D
E	706,778	416,754	36,567	132,778	13,619	107,060	38,457	20,581	48,022	56,400	9,400	E
F	289,118	185,005	25,051	11,102	6,419	61,541	14,910	13,989	32,642	0	16,771	F
G	503,473	312,299	28,914	74,712	10,920	76,628	6,340	21,086	49,202	0	8,400	G
H	648,021	399,894	37,288	38,805	16,669	155,365	8,587	44,033	102,745	60,000	7,500	H
I	761,130	371,225	50,041	120,009	16,120	203,735	12,815	57,276	133,644	67,500	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	642,080	302,088	44,939	149,098	13,918	132,037	17,263	34,432	80,342	31,500	7,500	K
L	659,693	378,357	35,022	108,624	14,269	123,421	15,612	32,343	75,466	30,000	7,500	L
	563,157	319,676	35,554	81,443	12,584	113,899	18,820	28,090	66,989	28,290	10,316	

**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	15,072	119,410	287,414	32,962	157,500	183,444	-137,775	51,283	96,952	0.00	2 / 2	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	8,714	190,615	552,418	49,082	185,400	290,424	0	27,512	317,936	5.00	8 / 1	C
D	5,855	138,541	400,545	241,738	3,500	68,690	55,080	31,537	155,307	0.00	1 / 1	D
E	0	216,459	537,125	188,076	88,000	193,238	76,190	-8,379	261,050	6.00	8 / 2	E
F	0	96,865	226,235	53,629	12,000	72,810	55,152	32,644	160,606	0.00	0 / 2	F
G	46,807	211,864	459,527	51,246	27,800	331,278	0	49,203	380,481	0.00	0 / 1	G
H	21,651	214,898	535,782	44,267	60,300	388,469	0	42,746	431,215	8.00	9 / 1	H
I	53,682	273,060	619,435	48,421	126,000	378,866	0	66,148	445,014	9.00	9 / 1	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	215,494	577,849	62,763	112,100	354,167	0	48,819	402,986	4.20	6 / 3	K
L	0	173,363	535,461	70,733	86,400	332,861	0	45,467	378,328	4.00	9 / 1	L
	15,178	185,057	473,179	84,292	85,900	259,425	4,865	38,698	302,987	3.62	5 / 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	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	56.2 %	7.1 %	9.8 %	2.5 %	24.4 %	15.1 %	3.62	37	8.50	0.61	3.96	Low	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	51.9	8.3	17.2	2.4	20.2	10.9	3.88	38	4.30	0.37	2.99	Medium	C
D	68.3	4.9	8.9	2.3	15.6	6.5	0.57	24	2.07	0.54	0.27	High	D
E	59.0	5.2	18.8	1.9	15.1	6.8	1.15	38	2.78	0.43	0.11	High	E
F	64.0	8.7	3.8	2.2	21.3	11.3	1.81	54	4.13	0.22	1.16	Medium	F
G	62.0	5.7	14.8	2.2	15.2	9.8	4.13	46	12.09	0.11	3.40	Low	G
H	61.7	5.8	6.0	2.6	24.0	15.9	4.85	45	18.09	0.13	10.96	Low	H
I	48.8	6.6	15.8	2.1	26.8	17.6	5.64	29	15.90	0.23	6.97	Low	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	47.0	7.0	23.2	2.2	20.6	12.5	3.43	66	7.65	0.25	2.45	Medium	K
L	57.4	5.3	16.5	2.2	18.7	11.4	2.45	9	7.91	0.21	3.19	Low	L
	56.8 %	6.3 %	14.5 %	2.2 %	20.2 %	11.9 %	2.20	39	8.34	0.31	3.55	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		9.02	<b>8.84</b>	11.45	<b>11.60</b>	14.18	<b>14.32</b>
	Private-Label Footwear		8.19	<b>7.99</b>	8.81	<b>8.57</b>	9.32	<b>9.26</b>
Labor — North America	Total Compensation (\$/year)		20,906	<b>22,531</b>	23,752	<b>24,570</b>	26,431	<b>26,726</b>
	Productivity (pairs/worker/year)		4,741	<b>4,817</b>	5,085	<b>5,211</b>	5,824	<b>5,939</b>
	Labor Cost (\$/pair produced)		4.52	<b>4.49</b>	4.96	<b>5.02</b>	5.53	<b>5.52</b>
Europe Africa	Total Compensation (\$/year)		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
	Productivity (pairs/worker/year)		0	<b>0</b>	0	<b>0</b>	0	<b>0</b>
	Labor Cost (\$/pair produced)		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
Asia Pacific	Total Compensation (\$/year)		6,434	<b>6,503</b>	7,948	<b>7,861</b>	8,785	<b>8,877</b>
	Productivity (pairs/worker/year)		2,664	<b>2,650</b>	3,034	<b>3,059</b>	3,682	<b>3,791</b>
	Labor Cost (\$/pair produced)		2.43	<b>2.40</b>	2.87	<b>2.85</b>	3.18	<b>3.23</b>
Latin America	Total Compensation (\$/year)		7,210	<b>7,276</b>	8,935	<b>9,295</b>	11,164	<b>12,001</b>
	Productivity (pairs/worker/year)		2,542	<b>2,555</b>	3,444	<b>3,547</b>	4,125	<b>4,336</b>
	Labor Cost (\$/pair produced)		2.43	<b>2.42</b>	2.89	<b>2.92</b>	3.32	<b>3.34</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	1.00	<b>1.00</b>	2.50	<b>2.50</b>
	Cumulative		0.24	<b>0.22</b>	1.15	<b>1.13</b>	2.42	<b>2.44</b>
Reject Rates	Branded Production		2.8%	<b>2.7%</b>	5.3%	<b>5.5%</b>	10.5%	<b>10.9%</b>
	Private-Label Production		1.5%	<b>1.5%</b>	2.3%	<b>2.2%</b>	4.1%	<b>3.9%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.27	<b>22.17</b>	27.81	<b>27.97</b>	37.37	<b>36.42</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		19.33	<b>19.70</b>	23.20	<b>23.40</b>	31.39	<b>31.48</b>
	L.A.		24.88	<b>24.87</b>	27.86	<b>28.00</b>	33.39	<b>33.88</b>
	Private-Label — N.A.		23.09	<b>23.41</b>	24.16	<b>23.71</b>	25.43	<b>24.25</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		18.85	<b>18.82</b>	22.19	<b>20.37</b>	28.24	<b>21.32</b>
L.A.		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>	

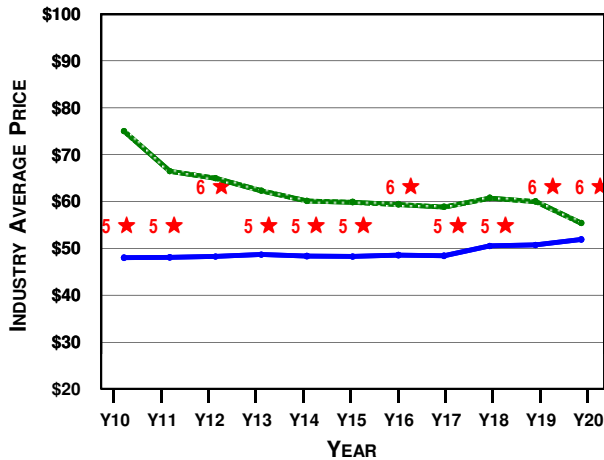
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.95	<b>24.09</b>	31.17	<b>30.91</b>	42.08	<b>41.66</b>
		E-A	26.45	<b>25.99</b>	31.94	<b>31.29</b>	41.49	<b>40.52</b>
		A-P	20.72	<b>20.96</b>	28.04	<b>28.30</b>	45.55	<b>45.85</b>
		L.A.	24.37	<b>24.64</b>	30.06	<b>30.36</b>	39.10	<b>39.34</b>
Warehouse Expenses - Internet (\$ per pair sold)	Internet		10.36	<b>10.30</b>	10.55	<b>10.56</b>	11.04	<b>11.13</b>
	Wholesale		2.03	<b>1.88</b>	2.31	<b>2.30</b>	3.01	<b>3.07</b>
Marketing Expenses — Internet (\$ per pair sold)	Internet		4.96	<b>6.08</b>	12.01	<b>11.66</b>	17.47	<b>17.39</b>
	Wholesale		0.97	<b>0.90</b>	7.13	<b>7.07</b>	10.28	<b>12.84</b>
Administrative Expenses (\$/pair sold)		1.12	<b>1.04</b>	1.38	<b>1.36</b>	2.18	<b>2.17</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	3.31	<b>2.56</b>	14.71	<b>10.61</b>	21.81	<b>19.56</b>
		E-A	4.54	<b>5.14</b>	14.78	<b>12.10</b>	22.60	<b>21.84</b>
		A-P	0.29	<b>-2.50</b>	19.14	<b>13.52</b>	28.13	<b>27.11</b>
		L.A.	10.84	<b>5.46</b>	19.67	<b>13.29</b>	29.51	<b>28.20</b>
Wholesale	N.A.	-0.17	<b>1.61</b>	8.06	<b>9.59</b>	13.90	<b>17.10</b>	
	E-A	4.09	<b>5.31</b>	9.47	<b>10.52</b>	22.27	<b>21.74</b>	
	A-P	0.30	<b>1.39</b>	11.92	<b>11.99</b>	22.12	<b>20.96</b>	
	L.A.	9.74	<b>8.49</b>	13.61	<b>12.41</b>	27.66	<b>24.64</b>	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.97	<b>24.66</b>	26.20	<b>25.86</b>	28.88	<b>28.19</b>
		E-A	25.83	<b>25.09</b>	27.16	<b>26.53</b>	28.51	<b>27.96</b>
		A-P	20.10	<b>20.07</b>	23.44	<b>21.62</b>	29.49	<b>22.56</b>
		L.A.	24.94	<b>25.87</b>	26.38	<b>26.80</b>	28.84	<b>28.59</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.	-6.71	<b>3.80</b>	0.17	<b>4.10</b>	4.03	<b>4.27</b>
		E-A	-2.93	<b>4.81</b>	3.26	<b>7.56</b>	9.13	<b>10.31</b>
		A-P	-2.33	<b>0.54</b>	3.38	<b>6.14</b>	12.79	<b>12.22</b>
		L.A.	-2.96	<b>3.72</b>	4.08	<b>5.58</b>	10.06	<b>9.27</b>

**CELEBRITY ENDORSEMENTS**

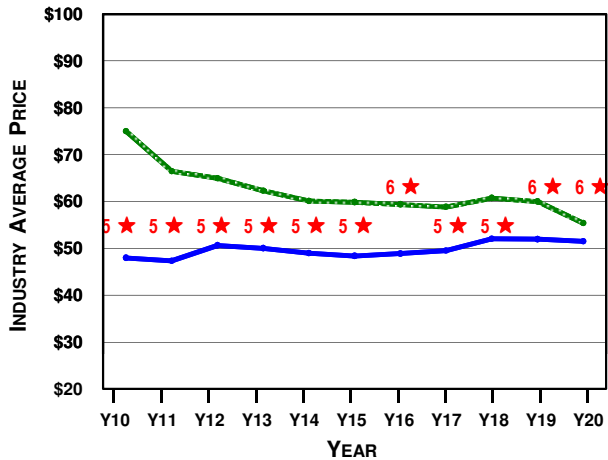
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	12,009	Y19	2 years	7	15,100	12,009	8,162	789
Oprah Letterman	100	70	65	75	Company H	2,301	Y20	3 years	2	2,301	599	1,450	599
Fifa Beckham	70	100	70	55	Company E	18,000	Y16	5 years	7	18,000	14,235	9,628	723
Tiger Green	95	80	85	75	Company H	1,201	Y20	2 years	2	1,201	599	900	599
José Montaña	60	50	60	95	Company I	10,432	Y18	3 years	6	15,002	10,432	8,284	699
Kobioshi Jones	55	60	95	90	Company H	2,031	Y20	4 years	2	2,031	599	1,315	599
Ace Federar	50	90	50	85	Company H	3,401	Y20	1 year	2	3,401	599	2,000	599
Danica Andretti	70	65	55	60	Company K	16,009	Y19	3 years	7	16,009	15,100	9,042	749
LaBron Game	75	80	95	50	Company C	10,414	Y17	4 years	4	10,414	9,652	7,119	608
Lorena Lopez	45	85	60	100	Company L	15,100	Y19	2 years	7	15,100	12,009	8,790	739
Lance deFrance	80	85	75	70	Company H	3,201	Y20	3 years	2	3,201	599	1,900	599
Yao KungPao	60	35	100	50	Company L	15,002	Y18	4 years	6	15,002	11,269	8,706	702

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

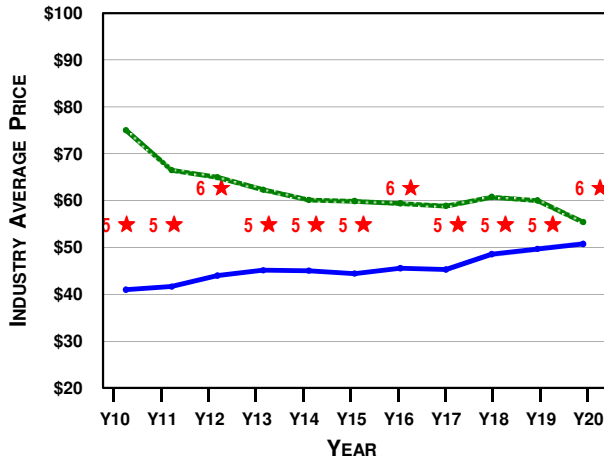
**NORTH AMERICA**



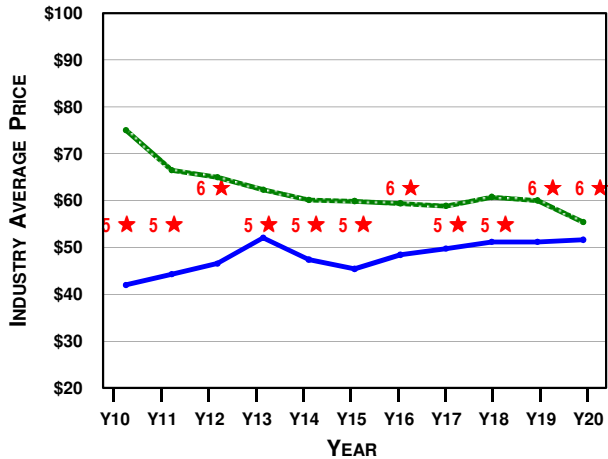
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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