

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 1

Friday, April 29, 2005

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
I Bad Company	116	-1
Excited Andler Shoes	113	+2
GET FRESH FOOTWEAR	105	+7
FreakyFunky Footwear	103	-1
Kickers	102	+45
H Company	85	-11
AIM Athletics	85	-4
Dont Tread On Us	76	-20
CLARA J. SHOES	39	0
Just for Fun	20	0
B (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
I Bad Company	108	+1
FreakyFunky Footwear	106	0
Excited Andler Shoes	98	+2
H Company	78	+1
Dont Tread On Us	76	+1
AIM Athletics	66	+2
Kickers	64	+4
GET FRESH FOOTWEAR	60	+5
CLARA J. SHOES	37	0
Just for Fun	27	0
B (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
I Bad Company	89	-6
Excited Andler Shoes	62	+2
GET FRESH FOOTWEAR	54	+1
FreakyFunky Footwear	51	-1
Kickers	50	+15
AIM Athletics	47	+1
H Company	46	-5
Dont Tread On Us	39	-6
CLARA J. SHOES	25	-1
Just for Fun	12	-1
B (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
I Bad Company	94	-1
Excited Andler Shoes	67	0
FreakyFunky Footwear	63	-8
GET FRESH FOOTWEAR	51	+5
H Company	51	-4
Kickers	50	+9
Dont Tread On Us	38	-3
AIM Athletics	38	-8
CLARA J. SHOES	21	-1
Just for Fun	13	0
B (deleted)	0	0

**EARNINGS PER SHARE (\$)**

Bold numbers indicate achievement of the investor expectation for EPS 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 EPS performance. The overall best-in-industry score is based on a weighted average of the annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	Year 20	Overall	
A	2.14	0.87	1.33	1.16	0.66	0.86	2.00	1.87	3.03	3.66	1.66	4	4	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	B
C	1.14	-1.28	-0.78	-1.01	-0.82	0.58	0.54	0.98	0.66	0.73	0.18	1	0	C
D	1.60	2.53	2.23	1.60	-5.21	1.58	<b>5.19</b>	<b>4.23</b>	<b>5.31</b>	3.24	2.03	4	5	D
E	<b>3.62</b>	<b>4.13</b>	<b>3.72</b>	2.32	1.88	<b>5.12</b>	<b>6.76</b>	<b>7.76</b>	<b>6.99</b>	<b>8.68</b>	<b>4.91</b>	11	13	E
F	<b>4.16</b>	2.04	<b>3.27</b>	<b>4.88</b>	<b>4.20</b>	3.50	<b>7.35</b>	<b>7.52</b>	<b>4.46</b>	<b>5.82</b>	<b>4.71</b>	7	12	F
G	1.71	0.38	-2.04	-3.54	-2.98	1.13	<b>4.84</b>	<b>4.75</b>	<b>4.98</b>	<b>6.20</b>	1.97	8	5	G
H	<b>4.01</b>	1.87	1.95	1.48	0.31	1.06	3.00	3.31	3.45	3.18	2.38	4	6	H
I	<b>3.19</b>	2.27	<b>4.38</b>	<b>4.55</b>	<b>5.69</b>	<b>6.89</b>	<b>10.34</b>	<b>13.02</b>	<b>15.04</b>	<b>16.28</b>	<b>7.60</b>	<b>20</b>	<b>20</b>	I
J	<b>2.69</b>	-7.41	#####	#####	#####	-6.27	-9.83	-8.90	#####	-9.73	-9.12	0	0	J
K	<b>3.95</b>	<b>3.12</b>	2.23	0.84	-0.07	2.12	1.72	0.46	1.75	4.29	2.07	5	5	K

**RETURN ON EQUITY (%)**

Bold numbers indicate achievement of the investor expectation for ROE 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 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	13.6	5.4	8.8	9.4	4.9	6.7	14.5	11.9	<b>17.5</b>	<b>38.7</b>	12.1	<b>20</b>	10	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	7.4	-9.4	-6.6	-10.1	-9.9	7.6	6.2	10.5	6.5	7.0	1.7	4	1	C
D	10.4	<b>15.0</b>	11.6	7.6	-26.9	9.0	<b>22.6</b>	<b>17.8</b>	<b>18.6</b>	11.1	9.0	6	7	D
E	<b>21.3</b>	<b>20.1</b>	<b>15.8</b>	9.5	6.0	<b>17.5</b>	<b>19.9</b>	<b>19.9</b>	<b>16.2</b>	<b>19.1</b>	<b>15.9</b>	10	13	E
F	<b>26.6</b>	<b>17.7</b>	<b>28.7</b>	<b>35.1</b>	<b>23.5</b>	<b>17.1</b>	<b>30.9</b>	<b>27.6</b>	<b>15.3</b>	<b>24.4</b>	<b>24.4</b>	13	<b>20</b>	F
G	11.9	4.3	-25.7	-75.9	-185.8	<b>96.0</b>	<b>108.2</b>	<b>46.8</b>	<b>30.9</b>	<b>28.6</b>	<b>19.7</b>	15	16	G
H	<b>23.3</b>	9.3	8.4	5.2	1.2	4.1	10.8	11.0	10.6	9.2	8.9	5	7	H
I	<b>19.6</b>	12.3	<b>20.5</b>	<b>17.7</b>	<b>20.1</b>	<b>21.2</b>	<b>28.5</b>	<b>32.5</b>	<b>33.7</b>	<b>29.8</b>	<b>23.6</b>	15	19	I
J	<b>17.3</b>	-88.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	<b>23.2</b>	<b>16.2</b>	10.5	4.1	-0.3	9.7	7.2	1.8	6.7	14.7	9.0	8	7	K

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

Bold numbers indicate achievement of the investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (which equals a 20% weighting in 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	25.04	13.81	12.74	10.46	6.79	8.08	23.21	22.14	38.74	53.37	+6 %	3	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	B
C	16.35	9.83	6.62	4.85	5.36	5.94	6.61	11.41	7.26	7.72	-13	0	0	C
D	17.52	27.09	20.86	14.59	9.35	18.00	<b>62.29</b>	<b>49.84</b>	<b>65.69</b>	36.99	+2	2	2	D
E	<b>48.91</b>	<b>58.13</b>	<b>43.92</b>	23.46	16.04	<b>67.48</b>	<b>128.77</b>	<b>160.02</b>	<b>115.62</b>	<b>147.78</b>	+17	9	9	E
F	<b>83.66</b>	<b>37.23</b>	<b>43.62</b>	<b>57.05</b>	<b>57.58</b>	40.38	<b>141.49</b>	<b>142.88</b>	<b>61.93</b>	<b>69.04</b>	+9	4	4	F
G	16.72	9.93	5.87	4.85	5.37	11.16	<b>56.54</b>	<b>63.48</b>	<b>75.41</b>	<b>83.01</b>	+11	5	5	G
H	<b>72.47</b>	<b>34.28</b>	19.02	12.06	7.56	10.03	44.06	<b>51.60</b>	<b>55.72</b>	37.66	+2	2	2	H
I	<b>52.70</b>	26.39	<b>57.43</b>	<b>53.14</b>	<b>85.47</b>	<b>96.95</b>	<b>176.51</b>	<b>222.30</b>	<b>270.86</b>	<b>334.25</b>	+27	<b>20</b>	<b>20</b>	I
J	27.88	15.51	9.32	6.26	4.80	5.44	4.70	4.89	5.83	4.55	-17	0	0	J
K	<b>57.74</b>	<b>35.99</b>	21.36	12.91	7.76	20.52	18.92	11.13	16.54	53.14	+6 %	3	3	K

**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	B-	B-	C+	B	<b>B+</b>	A-	<b>B+</b>	C+	High	8	8	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	C	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	C
D	C+	B	B-	C+	C-	A-	B	B-	C+	C+	High	8	8	D
E	<b>B+</b>	B-	C	C-	C+	A	<b>A+</b>	<b>A+</b>	<b>A</b>	<b>A</b>	Medium	19	19	E
F	<b>B+</b>	C	C+	<b>B+</b>	<b>B+</b>	A	<b>A+</b>	A-	<b>B+</b>	B-	N/A	11	11	F
G	C	C-	C-	C-	C-	C-	C-	C	C+	B-	High	11	11	G
H	<b>A</b>	B	B-	C	C+	A-	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	H
I	<b>B+</b>	C+	B	B-	B	<b>B+</b>	A-	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	I
J	C	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	J
K	<b>B+</b>	B	C+	C-	C-	C-	C-	C	B-	A-	Medium	18	18	K

**IMAGE RATING**

Bolded image ratings indicate meeting or beating the 70 target image rating shown below each column head. Best-in-industry performers earn a score of 20 (equal to a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading image rating. Overall best-in-industry scores are based on the average of the image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	<b>78</b>	<b>80</b>	62	61	63	63	65	67	62	61	63	12	13	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	<b>98</b>	<b>100</b>	<b>100</b>	<b>100</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>	C
D	<b>86</b>	<b>71</b>	<b>74</b>	64	<b>96</b>	58	<b>74</b>	<b>77</b>	<b>72</b>	<b>97</b>	<b>82</b>	19	16	D
E	62	<b>73</b>	<b>73</b>	<b>88</b>	61	62	62	68	67	66	67	13	13	E
F	<b>86</b>	<b>84</b>	<b>83</b>	<b>82</b>	<b>80</b>	<b>74</b>	<b>79</b>	<b>80</b>	<b>76</b>	<b>80</b>	<b>79</b>	16	16	F
G	<b>76</b>	<b>85</b>	<b>89</b>	67	59	58	61	66	<b>71</b>	<b>74</b>	<b>70</b>	15	14	G
H	<b>79</b>	<b>74</b>	<b>82</b>	<b>86</b>	<b>76</b>	<b>73</b>	<b>75</b>	<b>80</b>	<b>80</b>	<b>77</b>	<b>79</b>	15	16	H
I	<b>77</b>	<b>71</b>	65	68	<b>72</b>	<b>75</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>71</b>	<b>73</b>	14	15	I
J	60	59	46	59	63	<b>74</b>	63	63	63	62	63	12	13	J
K	<b>87</b>	<b>73</b>	62	69	<b>75</b>	<b>90</b>	<b>85</b>	<b>86</b>	<b>86</b>	<b>78</b>	<b>83</b>	16	17	K

**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	83	46	58	54	40	52	78	75	89			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	57	30	28	26	27	40	38	48	39	39	37	Subpar	C
D	67	90	74	53	28	68	108	95	96	76	76	Fair	D
E	110	<b>103</b>	89	62	52	111	113	114	111	113	98	Very Good	E
F	114	83	97	<b>114</b>	<b>111</b>	102	<b>117</b>	115	104	103	106	Excellent	F
G	64	37	26	21	20	52	86	92	98	105	60	Subpar	G
H	<b>116</b>	82	68	48	37	58	94	97	96	85	78	Fair	H
I	110	75	<b>107</b>	101	107	<b>113</b>	115	<b>116</b>	<b>117</b>	<b>116</b>	<b>108</b>	Excellent	I
J	80	26	18	20	20	23	20	20	20	20	27	Subpar	J
K	114	99	67	37	25	57	49	35	57	102	64	Subpar	K

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
<b>Total Year 20 Production</b>	<b>8,043</b>	<b>10,393</b>	<b>73,405</b>	<b>28,743</b>	<b>120,584</b>
– Pairs Rejected	<b>375</b>	<b>310</b>	<b>3,778</b>	<b>1,294</b>	<b>5,757</b>
<b>Net Y20 Production</b> (after rejects)	<b>7,668</b>	<b>10,083</b>	<b>69,627</b>	<b>27,449</b>	<b>114,827</b>
<b>Superior Materials Usage</b>	<b>55.5%</b>	<b>33.7%</b>	<b>51.2%</b>	<b>26.1%</b>	<b>44.0%</b>
<b>Capacity Utilization</b> (branded + P-L prod.)	<b>105.8%</b>	<b>108.3%</b>	<b>114.9%</b>	<b>113.2%</b>	<b>113.2%</b>

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	<b>6.00</b>	<b>+ 0.72</b>	<b>+ 0.19</b>	<b>6.91</b>
<b>Superior Materials</b>	<b>15.00</b>	<b>- 0.45</b>	<b>+ 0.48</b>	<b>15.03</b>

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
<b>Ending Y19 Inventories</b>	<b>6,510</b>	<b>6,358</b>	<b>6,678</b>	<b>4,522</b>	<b>24,068</b>
– Pairs Cleared (inventory clearance)	<b>308</b>	<b>498</b>	<b>255</b>	<b>56</b>	<b>1,117</b>
<b>Beginning Y20 Inventories</b>	<b>6,202</b>	<b>5,860</b>	<b>6,423</b>	<b>4,466</b>	<b>22,951</b>
+ New Production (shipped from plants)	<b>24,442</b>	<b>25,098</b>	<b>23,034</b>	<b>24,274</b>	<b>96,848</b>
<b>Pairs Available for Sale in Y20</b>	<b>30,644</b>	<b>30,958</b>	<b>29,457</b>	<b>28,740</b>	<b>119,799</b>

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
<b>Projected 20 Demand</b> (see Y19 FIR)	<b>23,317</b>	<b>23,306</b>	<b>22,260</b>	<b>21,931</b>	<b>90,814</b>
<b>Actual Year 20 Demand</b>	<b>23,440</b>	<b>23,480</b>	<b>22,440</b>	<b>22,180</b>	<b>91,540</b>
<b>Branded Pairs Sold</b>	<b>23,439</b>	<b>23,480</b>	<b>22,443</b>	<b>22,179</b>	<b>91,541</b>
<b>Required Y20 Ending Inventories</b>	<b>1,521</b>	<b>1,500</b>	<b>1,574</b>	<b>1,358</b>	<b>5,953</b>
<b>Inventory Surplus (Shortfall)</b>	<b>5,684</b>	<b>5,978</b>	<b>5,426</b>	<b>5,047</b>	<b>22,135</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage up by 9.0 points over Y19
- % utilization up by 1.1 points over Y19

Lower than normal (44.0% industrywide) superior materials usage led to superior materials prices that were 3.0% below the base and standard materials prices that were 12.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 3.2% from the base.

- Average inventory clearance of 4.6%
- 30.9% higher than Y20 demand
- Overall Y20 demand was 0.8% greater than expected.
- Needed to achieve delivery times
- { Very high in N.A. Very high in E-A  
Very high in A-P Very high in L.A.

**DEMAND FORECAST** (000s of pair)

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America (internet + wholesale)	<b>24,378</b>	<b>25,353</b>	<b>26,367</b>	<b>27,422</b>
Europe-Africa	<b>24,419</b>	<b>25,396</b>	<b>26,412</b>	<b>27,468</b>
Asia-Pacific	<b>23,786</b>	<b>25,213</b>	<b>26,726</b>	<b>28,330</b>
Latin America	<b>23,511</b>	<b>24,922</b>	<b>26,417</b>	<b>28,002</b>
<b>Total</b>	<b>96,094</b>	<b>100,884</b>	<b>105,922</b>	<b>111,222</b>
<b>Private-Label</b> — North America	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
Europe-Africa	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
Asia-Pacific	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
Latin America	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
<b>Total</b>	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	<b>28,088</b>
<b>Potential Production</b> (at max OT)	<b>128,400</b>
<b>Potential Global Supply</b>	<b>156,488</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>96,094</b>
<b>Private-Label Sales Forecast</b>	<b>18,800</b>
<b>Expected Global Demand</b>	<b>114,894</b>
<b>Conclusion:</b>	Excess supply of 36.2% is likely to produce fierce competition and hurt industry profitability for the next several years. It may be wise for some companies to sell unneeded 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		
<b>A</b>	0	0	5,000	3,200	0	0	0	0	0	0	5,000	3,200	8,200	0	<b>A</b>
<b>B</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>B</b>
<b>C</b>	0	9,600	10,000	3,700	0	0	0	0	0	9,600	10,000	3,700	23,300	0	<b>C</b>
<b>D</b>	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	<b>D</b>
<b>E</b>	3,000	0	1,800	5,000	0	0	0	0	3,000	0	1,800	5,000	9,800	0	<b>E</b>
<b>F</b>	2,000	0	5,500	1,000	-2,000	0	0	0	0	0	5,500	1,000	6,500	0	<b>F</b>
<b>G</b>	0	0	5,000	4,300	1,500	0	0	0	1,500	0	5,000	4,300	10,800	0	<b>G</b>
<b>H</b>	1,100	0	4,000	0	0	0	0	0	1,100	0	4,000	0	5,100	500	<b>H</b>
<b>I</b>	0	0	8,600	3,200	0	0	0	0	0	0	8,600	3,200	11,800	0	<b>I</b>
<b>J</b>	0	0	8,000	3,000	0	0	0	0	0	0	8,000	3,000	11,000	0	<b>J</b>
<b>K</b>	2,000	0	4,000	2,000	0	0	0	0	2,000	0	4,000	2,000	8,000	0	<b>K</b>
	<b>8,100</b>	<b>9,600</b>	<b>63,900</b>	<b>25,400</b>	<b>-500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,600</b>	<b>9,600</b>	<b>63,900</b>	<b>25,400</b>	<b>106,500</b>	<b>500</b>	

**INCOME STATEMENT DATA (\$000s)**

	Net Sales Revenues	Cost of Pairs Sold	Warehse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Pre-Tax Profit	Income Taxes	Net Profit	Dividends Paid	
A	385,080	198,562	30,515	79,422	10,619	65,962	10,859	55,103	16,531	38,572	36,925	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	969,186	620,417	61,302	153,117	25,718	108,632	67,187	41,445	12,434	29,011	0	C
D	620,298	392,211	39,276	102,274	14,418	72,119	20,204	51,915	15,575	36,340	11,200	D
E	451,891	227,476	38,923	76,997	12,217	96,278	3,324	92,954	27,886	65,068	56,250	E
F	327,185	186,352	28,145	30,668	12,005	70,015	7,705	62,310	18,693	43,617	135,000	F
G	573,821	290,659	38,335	110,263	13,220	121,344	19,540	101,804	30,541	71,263	1,150	G
H	294,775	156,510	26,485	70,439	7,519	33,822	-302	34,124	10,237	23,887	5,925	H
I	582,519	278,346	50,873	56,455	14,218	182,627	8,174	174,453	52,336	122,117	49,500	I
J	421,384	274,854	36,499	65,802	13,420	30,809	201,028	-170,219	0	-170,219	0	J
K	395,605	219,122	35,697	71,463	10,421	58,902	6,812	52,090	15,627	36,463	0	K
	502,174	284,451	38,605	81,690	13,378	84,051	34,453	49,598	19,986	29,612	29,595	

**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	139,588	317,355	120,660	113,000	115,391	-33,344	1,647	83,695	3.50	6 / 2	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	352,882	1,044,982	607,876	0	386,720	21,376	29,010	437,106	0.00	0 / 1	C
D	0	213,129	590,209	168,604	0	233,677	162,763	25,164	421,605	1.00	3 / 2	D
E	0	145,479	413,840	31,240	37,500	336,284	0	8,816	345,100	7.50	7 / 2	E
F	0	130,163	286,772	68,770	85,600	224,684	0	-92,282	132,402	18.00	8 / 2	F
G	11,405	190,767	506,970	223,177	0	213,680	0	70,113	283,793	0.10	1 / 1	G
H	41,280	139,848	284,329	14,344	0	252,024	0	17,961	269,985	0.79	3 / 2	H
I	0	207,344	522,600	35,869	40,500	373,614	0	72,617	446,231	6.60	9 / 1	I
J	0	441,044	719,022	1,893,707	0	-1,004,465	0	-170,219	-1,174,685	0.00	0 / 2	J
K	41,853	181,910	345,635	45,149	35,000	229,020	0	36,466	265,486	0.00	3 / 2	K
	9,454	214,215	503,171	320,940	31,160	136,063	15,080	-71	151,072	3.75	4 / 2	

**SELECTED FINANCIAL AND OPERATING STATISTICS**

**CREDIT RATING DATA**

	Costs and Profits as a % of Net Revenues						Current Ratio	Shares of Stock (000s)	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	51.6 %	7.9 %	<b>20.6 %</b>	2.8 %	17.1 %	10.0 %	<b>1.16</b>	10,550	<b>6.07</b>	0.67	<b>0.19</b>	High	A
B	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.00</b>	0	<b>0.00</b>	0.00	<b>0.00</b>	N/A	B
C	<b>64.0</b>	<b>6.3</b>	15.8	2.7	11.2	3.0	<b>0.58</b>	40,000	<b>1.62</b>	0.53	<b>0.15</b>	High	C
D	<b>63.2</b>	<b>6.3</b>	16.5	<b>2.3</b>	11.6	5.9	<b>1.26</b>	11,200	<b>3.57</b>	0.20	<b>0.40</b>	High	D
E	50.3	<b>8.6</b>	17.0	2.7	21.3	14.4	<b>4.66</b>	7,500	<b>28.96</b>	0.12	<b>2.44</b>	Medium	E
F	57.0	<b>8.6</b>	<b>9.4</b>	<b>3.7</b>	21.4	13.3	<b>1.89</b>	7,500	<b>9.09</b>	0.47	<b>0.00</b>	N/A	F
G	50.7	6.7	19.2	<b>2.3</b>	21.1	12.4	<b>0.85</b>	11,500	<b>6.21</b>	0.39	<b>0.47</b>	High	G
H	53.1	<b>9.0</b>	<b>23.9</b>	2.6	11.5	8.1	<b>9.75</b>	7,500	<b>100.00</b>	0.00	<b>10.00</b>	Low	H
I	<b>47.8</b>	<b>8.7</b>	9.7	2.4	<b>31.4</b>	<b>21.0</b>	5.78	7,500	<b>22.34</b>	<b>0.10</b>	7.56	Low	I
J	<b>65.2</b>	<b>8.7</b>	15.6	3.2	<b>7.3</b>	<b>-40.4</b>	<b>0.23</b>	17,500	<b>0.15</b>	<b>2.59</b>	<b>0.00</b>	N/A	J
K	55.4	<b>9.0</b>	18.1	2.6	14.9	9.2	4.03	8,500	<b>8.65</b>	0.18	2.24	Medium	K
	56.6 %	7.7 %	16.3 %	2.7 %	16.7 %	5.9 %	0.67	12,925	18.67	0.53	2.35	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		7.37	<b>6.64</b>	9.60	<b>9.95</b>	12.48	<b>15.52</b>
	Private-Label Footwear		6.66	<b>5.83</b>	8.20	<b>8.29</b>	11.12	<b>11.28</b>
Labor — North America	Total Compensation (\$/year)		15,288	<b>15,359</b>	17,763	<b>17,887</b>	20,510	<b>21,488</b>
	Productivity (pairs/worker/year)		1,216	<b>1,898</b>	2,119	<b>2,835</b>	4,068	<b>4,845</b>
	Labor Cost (\$/pair produced)		4.33	<b>3.81</b>	10.17	<b>7.35</b>	16.50	<b>9.26</b>
Europe Africa	Total Compensation (\$/year)		20,386	<b>21,465</b>	20,386	<b>21,465</b>	20,386	<b>21,465</b>
	Productivity (pairs/worker/year)		3,957	<b>4,819</b>	3,957	<b>4,819</b>	3,957	<b>4,819</b>
	Labor Cost (\$/pair produced)		5.38	<b>4.64</b>	5.38	<b>4.64</b>	5.38	<b>4.64</b>
Asia Pacific	Total Compensation (\$/year)		4,250	<b>3,976</b>	5,323	<b>5,442</b>	7,984	<b>8,139</b>
	Productivity (pairs/worker/year)		2,627	<b>2,591</b>	3,298	<b>3,350</b>	3,883	<b>3,851</b>
	Labor Cost (\$/pair produced)		1.21	<b>1.23</b>	1.65	<b>1.66</b>	2.50	<b>2.58</b>
Latin America	Total Compensation (\$/year)		2,972	<b>3,002</b>	4,665	<b>4,635</b>	6,534	<b>6,374</b>
	Productivity (pairs/worker/year)		2,089	<b>2,099</b>	2,886	<b>2,949</b>	3,521	<b>3,676</b>
	Labor Cost (\$/pair produced)		1.22	<b>0.00</b>	1.72	<b>1.52</b>	2.13	<b>2.07</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.30	<b>0.30</b>	1.48	<b>1.30</b>	2.50	<b>2.48</b>
	Cumulative		0.28	<b>0.29</b>	1.23	<b>1.24</b>	2.43	<b>2.44</b>
Reject Rates	Branded Production		3.7%	<b>3.6%</b>	5.4%	<b>5.2%</b>	8.9%	<b>8.8%</b>
	Private-Label Production		1.5%	<b>1.5%</b>	3.3%	<b>3.6%</b>	6.6%	<b>5.7%</b>
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	29.31	<b>27.55</b>	38.26	<b>30.74</b>	43.92	<b>36.42</b>
		E-A	26.96	<b>25.74</b>	26.96	<b>25.74</b>	26.96	<b>25.74</b>
		A-P	17.40	<b>16.75</b>	22.34	<b>21.87</b>	30.31	<b>27.44</b>
		L.A.	16.66	<b>16.17</b>	20.74	<b>19.51</b>	25.83	<b>26.49</b>
	Private-Label	N.A.	20.05	<b>19.19</b>	27.55	<b>25.63</b>	37.53	<b>29.36</b>
		E-A	21.29	<b>19.39</b>	21.29	<b>19.39</b>	21.29	<b>19.39</b>
		A-P	17.57	<b>16.23</b>	19.65	<b>19.34</b>	25.28	<b>24.00</b>
		L.A.	17.66	<b>16.14</b>	18.91	<b>18.20</b>	19.88	<b>19.75</b>

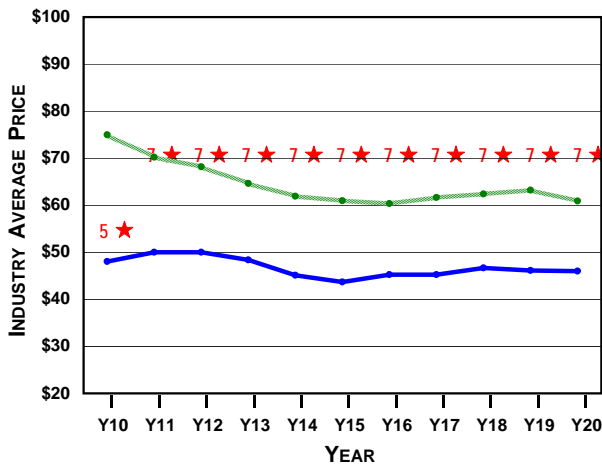
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.08	<b>20.62</b>	27.91	<b>26.49</b>	43.44	<b>30.04</b>
		E-A	25.56	<b>25.90</b>	30.97	<b>30.28</b>	44.87	<b>35.03</b>
		A-P	19.10	<b>18.59</b>	23.77	<b>23.37</b>	31.66	<b>27.44</b>
		L.A.	18.41	<b>17.92</b>	26.61	<b>26.95</b>	41.64	<b>39.21</b>
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		12.76	<b>12.81</b>	13.36	<b>13.41</b>	15.32	<b>15.81</b>
			1.71	<b>1.75</b>	2.64	<b>2.69</b>	4.62	<b>5.28</b>
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		7.70	<b>7.58</b>	16.99	<b>13.22</b>	34.21	<b>23.37</b>
			3.42	<b>3.53</b>	9.22	<b>9.24</b>	14.97	<b>14.53</b>
Administrative Expenses (\$/pair sold)		1.08	<b>1.09</b>	1.55	<b>1.65</b>	2.59	<b>3.08</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	5.92	<b>6.42</b>	15.82	<b>18.23</b>	26.16	<b>25.16</b>
		E-A	0.10	<b>1.32</b>	12.55	<b>13.58</b>	22.58	<b>21.72</b>
		A-P	11.76	<b>8.79</b>	18.99	<b>21.23</b>	28.59	<b>26.77</b>
		L.A.	-1.50	<b>2.87</b>	17.85	<b>21.50</b>	28.02	<b>28.84</b>
Wholesale		N.A.	-3.38	<b>-4.33</b>	4.28	<b>5.40</b>	12.15	<b>14.44</b>
		E-A	-5.19	<b>-3.11</b>	4.45	<b>4.68</b>	12.31	<b>9.94</b>
		A-P	-2.53	<b>-2.76</b>	4.88	<b>5.49</b>	11.40	<b>13.38</b>
		L.A.	-5.61	<b>-4.38</b>	5.59	<b>8.48</b>	13.56	<b>19.03</b>
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.95	<b>20.95</b>	25.76	<b>26.12</b>	39.28	<b>30.08</b>
		E-A	23.04	<b>21.14</b>	25.31	<b>26.49</b>	26.50	<b>33.24</b>
		A-P	19.32	<b>17.98</b>	21.22	<b>21.09</b>	27.03	<b>25.75</b>
		L.A.	19.42	<b>17.89</b>	20.66	<b>19.95</b>	21.63	<b>21.50</b>
Warehouse Expenses (\$ per pair sold)		0.86	<b>0.56</b>	1.11	<b>1.31</b>	1.62	<b>2.00</b>	
Margin Over Direct Costs (\$ per pair sold)		N.A.	-6.81	<b>1.03</b>	7.22	<b>2.32</b>	16.30	<b>3.58</b>
		E-A	-1.16	<b>-1.18</b>	7.41	<b>6.60</b>	16.12	<b>17.62</b>
		A-P	0.42	<b>1.02</b>	9.65	<b>8.31</b>	13.31	<b>12.89</b>
		L.A.	-0.82	<b>1.05</b>	3.61	<b>4.80</b>	8.77	<b>7.54</b>

**CELEBRITY ENDORSEMENTS**

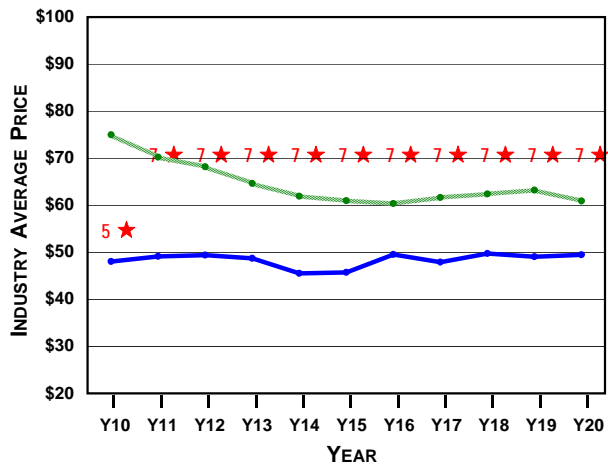
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company G	15,126	Y19	2 years	4	15,126	15,026	13,788	10,001
Oprah Letterman	100	70	65	75	Company G	15,426	Y20	3 years	4	15,426	15,026	15,116	15,000
Annika Stockholm	70	100	70	55	Company J	27,035	Y16	5 years	8	27,035	16,011	10,746	1,000
Tiger Green	95	80	85	75	Company H	16,011	Y20	2 years	3	16,011	15,426	15,479	15,000
José Montaña	60	50	60	95	Company D	15,000	Y18	3 years	4	16,598	15,000	11,526	500
Karioki Footsu	55	60	95	90	Company C	16,000	Y19	4 years	3	16,000	15,126	13,709	10,001
Jaques LaFeet	50	90	50	85	Company G	15,426	Y20	1 year	4	15,426	15,026	13,866	10,011
Serenus Willson	70	65	55	60	Company G	15,126	Y19	3 years	3	15,126	15,000	13,376	10,001
Natalie Kwan	75	80	95	50	Company H	17,011	Y17	4 years	5	17,011	16,500	14,849	11,007
Sergio Milano	45	85	60	100	Company C	16,009	Y19	2 years	4	16,009	15,126	14,041	10,001
Lance deFrance	80	85	75	70	Company H	16,011	Y20	3 years	4	16,011	15,426	15,366	15,000
Yao KungPao	60	35	100	50	Company J	19,241	Y18	4 years	5	19,241	16,598	13,069	500

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

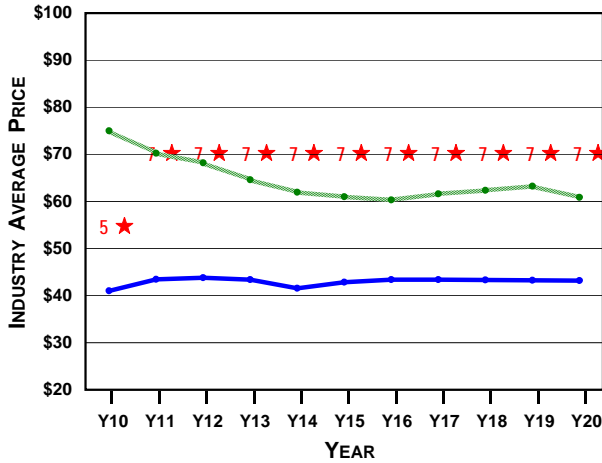
**NORTH AMERICA**



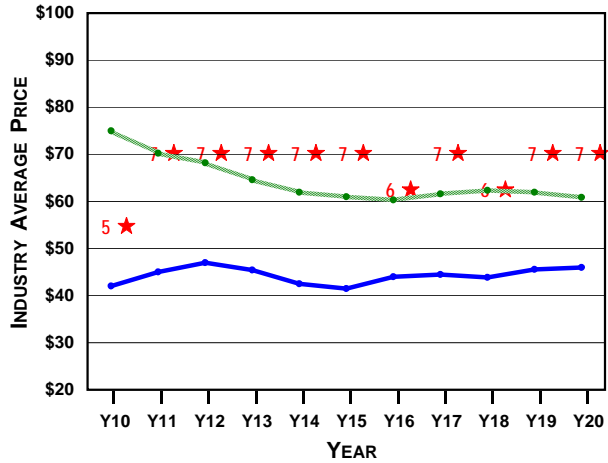
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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