

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 5

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
DIESEL	117	0
ASOCA	116	+10
Babba Zabba	114	-2
Game over	114	-2
Hindsight Bias	112	-6
Knot Yours	106	-2
FORCE	97	+25
Extreme Footwear	91	+33
J Company	75	+14
Comfortzone Shoes	56	-2
I (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
DIESEL	101	+1
Hindsight Bias	97	+1
Game over	96	+2
Babba Zabba	91	+3
Knot Yours	84	+2
ASOCA	74	+5
FORCE	65	+3
Comfortzone Shoes	57	0
J Company	55	+3
Extreme Footwear	54	+4
I (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
Hindsight Bias	87	+3
DIESEL	78	-4
Game over	61	-5
Knot Yours	60	-4
ASOCA	54	+4
Babba Zabba	52	-9
FORCE	47	+3
Extreme Footwear	42	+7
J Company	41	+2
Comfortzone Shoes	35	-2
I (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
DIESEL	91	-3
Hindsight Bias	88	+5
Game over	73	-2
Knot Yours	62	-2
Babba Zabba	61	-6
ASOCA	58	+5
FORCE	55	+2
Extreme Footwear	45	+1
J Company	42	+3
Comfortzone Shoes	40	-3
I (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	<b>3.09</b>	0.08	0.72	-0.65	0.30	1.82	3.24	3.86	<b>4.26</b>	<b>6.81</b>	2.20	6	6	A
B	<b>2.89</b>	<b>3.02</b>	1.28	0.38	1.01	2.43	<b>4.03</b>	<b>5.45</b>	<b>6.62</b>	<b>6.57</b>	3.35	6	8	B
C	<b>3.84</b>	<b>2.96</b>	1.36	-0.03	-0.39	-0.46	0.86	0.94	0.91	0.92	0.97	1	2	C
D	<b>6.88</b>	<b>5.34</b>	<b>4.32</b>	1.35	2.10	<b>7.45</b>	<b>9.17</b>	<b>12.76</b>	<b>14.32</b>	<b>18.13</b>	<b>7.99</b>	17	<b>20</b>	D
E	2.09	-1.06	1.12	-0.47	0.17	1.00	1.70	2.24	1.08	2.88	1.22	3	3	E
F	1.75	1.54	-0.36	0.59	1.85	2.33	2.30	1.38	1.55	3.41	1.66	3	4	F
G	<b>3.11</b>	2.04	1.00	2.34	3.33	<b>3.66</b>	<b>6.44</b>	<b>7.51</b>	<b>8.57</b>	<b>10.19</b>	<b>4.67</b>	10	12	G
H	<b>3.14</b>	0.05	<b>4.31</b>	2.42	<b>4.02</b>	<b>4.75</b>	<b>6.02</b>	<b>7.01</b>	<b>16.29</b>	<b>21.16</b>	<b>6.53</b>	<b>20</b>	16	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	I
J	<b>3.28</b>	1.73	-0.24	-3.24	-1.94	0.13	1.65	1.37	0.92	1.77	0.45	2	1	J
K	<b>4.34</b>	2.20	1.06	-0.57	0.87	1.39	3.53	<b>4.19</b>	<b>4.85</b>	<b>6.16</b>	2.51	6	6	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	<b>18.5</b>	0.4	4.4	-3.8	1.7	9.9	14.7	<b>16.6</b>	<b>16.2</b>	<b>24.0</b>	10.6	7	10	A
B	<b>17.4</b>	<b>16.3</b>	5.4	1.7	4.2	9.5	14.1	<b>16.5</b>	<b>18.4</b>	<b>17.0</b>	11.8	5	11	B
C	<b>22.4</b>	<b>15.3</b>	7.1	-0.2	-2.4	-3.0	5.9	6.4	6.0	5.8	5.8	2	5	C
D	<b>42.3</b>	<b>28.2</b>	14.2	3.7	5.6	<b>17.1</b>	<b>18.4</b>	<b>20.6</b>	<b>20.0</b>	<b>24.3</b>	<b>17.4</b>	7	16	D
E	13.3	-7.5	7.4	-3.0	1.1	6.2	12.7	<b>15.5</b>	6.2	<b>16.9</b>	7.7	5	7	E
F	11.9	14.0	-3.3	5.2	14.9	<b>15.7</b>	14.2	8.2	9.0	14.8	10.6	4	10	F
G	<b>19.4</b>	13.8	7.1	14.9	<b>17.9</b>	<b>17.4</b>	<b>26.3</b>	<b>24.4</b>	<b>25.6</b>	<b>31.5</b>	<b>21.0</b>	9	19	G
H	<b>19.3</b>	0.3	<b>17.4</b>	10.3	13.9	14.5	<b>15.2</b>	<b>15.3</b>	<b>28.7</b>	<b>48.5</b>	<b>19.7</b>	13	18	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	I
J	<b>20.1</b>	9.7	-1.6	-21.1	-19.0	1.3	14.8	10.9	6.7	11.7	3.3	3	3	J
K	<b>26.3</b>	<b>15.7</b>	9.1	-5.7	8.3	10.9	<b>23.8</b>	<b>47.5</b>	<b>54.9</b>	<b>72.6</b>	<b>22.3</b>	<b>20</b>	<b>20</b>	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	<b>39.56</b>	21.86	12.47	7.26	5.08	22.13	40.99	<b>51.56</b>	<b>57.21</b>	<b>140.14</b>	+17 %	6	6	A
B	<b>36.93</b>	<b>37.81</b>	20.94	12.05	10.05	33.68	<b>61.36</b>	<b>98.73</b>	<b>116.57</b>	<b>87.80</b>	+11	4	4	B
C	<b>64.05</b>	<b>39.31</b>	21.27	12.84	7.85	5.63	8.85	11.50	11.77	9.78	-11	0	0	C
D	<b>120.15</b>	<b>104.60</b>	<b>50.85</b>	26.37	19.10	<b>91.15</b>	<b>169.78</b>	<b>261.77</b>	<b>308.77</b>	<b>381.51</b>	+29	18	18	D
E	22.29	12.49	9.53	5.92	4.80	8.25	19.32	29.96	16.64	41.77	+3	2	2	E
F	19.28	16.75	9.67	5.83	18.55	26.72	27.93	16.34	16.86	42.77	+4	2	2	F
G	<b>54.71</b>	28.30	15.85	21.28	38.95	<b>53.21</b>	<b>113.52</b>	<b>139.53</b>	<b>175.92</b>	<b>188.80</b>	+20	9	9	G
H	<b>44.59</b>	23.99	<b>58.04</b>	28.98	<b>51.39</b>	<b>55.04</b>	<b>102.96</b>	<b>116.34</b>	<b>233.10</b>	<b>433.81</b>	+31	<b>20</b>	<b>20</b>	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	I
J	<b>57.61</b>	28.23	16.49	9.73	6.27	4.75	15.11	15.17	11.03	19.49	-4	1	1	J
K	<b>93.98</b>	<b>40.03</b>	21.23	12.11	8.44	17.29	<b>55.47</b>	<b>69.51</b>	<b>76.16</b>	<b>102.38</b>	+13 %	5	5	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>B+</b>	C-	C	C-	C	A-	A-	A-	<b>A+</b>	<b>A+</b>	Low	20	20	A
B	<b>B+</b>	A-	C+	B-	A-	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	B
C	<b>A</b>	A-	C+	C-	C-	C-	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	C
D	<b>B+</b>	B-	B-	C	B	<b>A+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A</b>	Low	19	19	D
E	B-	C-	C-	C-	C-	C	B-	<b>A</b>	A-	<b>A</b>	Low	19	19	E
F	C	C-	C-	C-	C+	B	C+	B-	<b>A</b>	<b>A+</b>	Low	20	20	F
G	<b>B+</b>	C	C-	B-	<b>B+</b>	A-	<b>A+</b>	<b>A+</b>	<b>A</b>	A-	Medium	18	18	G
H	B-	C-	B-	C+	<b>B+</b>	A-	<b>A</b>	<b>A</b>	<b>A</b>	B	Medium	14	14	H
I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	I
J	<b>B+</b>	B-	C-	C-	C-	C-	C+	B-	<b>A</b>	<b>A+</b>	Low	20	20	J
K	A-	C	C-	C-	B	A-	<b>B+</b>	B	B	B-	High	11	11	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>71</b>	64	<b>77</b>	<b>81</b>	<b>77</b>	<b>71</b>	<b>70</b>	<b>72</b>	69	<b>73</b>	<b>71</b>	15	16	A
B	<b>71</b>	<b>83</b>	<b>89</b>	<b>74</b>	<b>72</b>	<b>76</b>	<b>79</b>	<b>88</b>	<b>82</b>	<b>80</b>	<b>83</b>	17	18	B
C	<b>71</b>	61	64	60	61	61	59	59	60	56	58	12	13	C
D	<b>76</b>	<b>74</b>	<b>76</b>	<b>73</b>	<b>77</b>	<b>75</b>	<b>75</b>	<b>81</b>	<b>81</b>	<b>83</b>	<b>82</b>	17	18	D
E	<b>76</b>	<b>82</b>	<b>77</b>	62	69	66	<b>72</b>	68	59	64	64	13	14	E
F	<b>89</b>	<b>100</b>	<b>100</b>	<b>80</b>	<b>85</b>	<b>86</b>	<b>88</b>	<b>81</b>	<b>89</b>	<b>85</b>	<b>85</b>	18	19	F
G	<b>92</b>	<b>88</b>	<b>94</b>	58	56	54	52	55	<b>75</b>	<b>73</b>	68	15	15	G
H	60	<b>78</b>	<b>75</b>	69	<b>73</b>	<b>80</b>	<b>75</b>	<b>79</b>	<b>93</b>	<b>96</b>	<b>89</b>	<b>20</b>	<b>20</b>	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	68	<b>75</b>	<b>78</b>	<b>89</b>	<b>85</b>	64	62	<b>77</b>	<b>74</b>	<b>73</b>	<b>75</b>	15	17	J
K	<b>98</b>	<b>88</b>	<b>92</b>	<b>74</b>	<b>70</b>	<b>72</b>	<b>89</b>	<b>94</b>	<b>89</b>	<b>87</b>	<b>90</b>	18	20	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	106	33	43	26	31	75	97	103	106			
B	105	<b>107</b>	57	43	59	86	107	116	116	114	91	Very Good	B
C	115	100	56	24	21	20	56	60	58	56	57	Subpar	C
D	113	105	100	50	65	<b>114</b>	<b>114</b>	<b>118</b>	117	<b>117</b>	<b>101</b>	Excellent	D
E	81	29	43	21	24	40	66	85	58	91	54	Subpar	E
F	68	64	29	35	70	83	74	59	72	97	65	Subpar	F
G	112	76	48	<b>74</b>	96	101	111	112	116	114	96	Very Good	G
H	98	35	<b>103</b>	72	<b>103</b>	107	112	112	<b>118</b>	112	97	Very Good	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	108	74	30	28	25	23	62	61	61	75	55	Subpar	J
K	<b>118</b>	84	54	27	56	73	107	107	108	106	84	Good	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>26,445</b>	<b>3,720</b>	<b>67,560</b>	<b>26,160</b>	<b>123,885</b>
– Pairs Rejected	<b>1,134</b>	<b>173</b>	<b>2,671</b>	<b>1,424</b>	<b>5,402</b>
<b>Net Y20 Production</b> (after rejects)	<b>25,311</b>	<b>3,547</b>	<b>64,889</b>	<b>24,736</b>	<b>118,483</b>
<b>Superior Materials Usage</b>	<b>42.6%</b>	<b>28.1%</b>	<b>34.6%</b>	<b>27.0%</b>	<b>34.5%</b>
<b>Capacity Utilization</b> (branded + P-L prod.)	<b>115.5%</b>	<b>120.0%</b>	<b>118.9%</b>	<b>120.0%</b>	<b>118.4%</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>+ 1.86</b>	<b>+ 0.50</b>	<b>8.36</b>
<b>Superior Materials</b>	<b>15.00</b>	<b>- 1.16</b>	<b>+ 1.26</b>	<b>15.10</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>1,689</b>	<b>1,752</b>	<b>1,768</b>	<b>1,548</b>	<b>6,757</b>
– Pairs Cleared (inventory clearance)	<b>503</b>	<b>518</b>	<b>590</b>	<b>558</b>	<b>2,169</b>
<b>Beginning Y20 Inventories</b>	<b>1,186</b>	<b>1,234</b>	<b>1,178</b>	<b>990</b>	<b>4,588</b>
+ New Production (shipped from plants)	<b>27,156</b>	<b>27,323</b>	<b>25,982</b>	<b>25,364</b>	<b>105,825</b>
<b>Pairs Available for Sale in Y20</b>	<b>28,342</b>	<b>28,557</b>	<b>27,160</b>	<b>26,354</b>	<b>110,413</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>24,024</b>	<b>24,378</b>	<b>23,076</b>	<b>22,673</b>	<b>94,151</b>
<b>Actual Year 20 Demand</b>	<b>24,060</b>	<b>24,160</b>	<b>23,440</b>	<b>23,040</b>	<b>94,700</b>
<b>Branded Pairs Sold</b>	<b>23,954</b>	<b>24,116</b>	<b>23,402</b>	<b>22,946</b>	<b>94,418</b>
<b>Required Y20 Ending Inventories</b>	<b>1,759</b>	<b>1,697</b>	<b>1,733</b>	<b>1,521</b>	<b>6,710</b>
<b>Inventory Surplus (Shortfall)</b>	<b>1,716</b>	<b>1,928</b>	<b>1,333</b>	<b>975</b>	<b>5,952</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.4%
- Available for shipment to warehouses
- % usage down by 1.4 points from Y19
- % utilization up by 11.9 points over Y19

Lower than normal (34.5% industrywide) superior materials usage led to superior materials prices that were 7.8% below the base and standard materials prices that were 31.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 8.4% from the base.

- Average inventory clearance of 32.1%
- 16.6% higher than Y20 demand
- Overall Y20 demand was 0.6% greater than expected.
- Needed to achieve delivery times
  - Okay 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)	<b>25,022</b>	<b>26,023</b>	<b>27,064</b>	<b>28,147</b>
Europe-Africa	<b>25,126</b>	<b>26,131</b>	<b>27,176</b>	<b>28,263</b>
Asia-Pacific	<b>24,846</b>	<b>26,337</b>	<b>27,917</b>	<b>29,592</b>
Latin America	<b>24,422</b>	<b>25,887</b>	<b>27,440</b>	<b>29,086</b>
<b>Total</b>	<b>99,416</b>	<b>104,378</b>	<b>109,597</b>	<b>115,088</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>12,662</b>
<b>Potential Production</b> (at max OT)	<b>125,520</b>
<b>Potential Global Supply</b>	<b>138,182</b>
<b>Demand</b> — Branded Sales Forecast (000s)	<b>99,416</b>
<b>Private-Label Sales Forecast</b>	<b>18,800</b>
<b>Expected Global Demand</b>	<b>118,216</b>
<b>Conclusion:</b>	Currently, there is a good balance between supply and demand, given available capacity w/OT. However, growth-minded companies should consider construction of new capacity now to meet future demand.

**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	8,000	0	0	0	0	0	0	0	8,000	0	8,000	0	<b>A</b>
<b>B</b>	5,600	0	7,200	0	0	0	0	0	5,600	0	7,200	0	12,800	0	<b>B</b>
<b>C</b>	2,000	0	4,500	0	0	0	0	0	2,000	0	4,500	0	6,500	0	<b>C</b>
<b>D</b>	4,000	0	6,500	5,500	0	0	0	0	4,000	0	6,500	5,500	16,000	0	<b>D</b>
<b>E</b>	4,100	1,000	4,000	1,000	0	0	0	0	4,100	1,000	4,000	1,000	10,100	0	<b>E</b>
<b>F</b>	3,900	0	1,000	1,100	0	0	0	0	3,900	0	1,000	1,100	6,000	0	<b>F</b>
<b>G</b>	0	0	7,200	0	0	0	0	0	0	0	7,200	0	7,200	0	<b>G</b>
<b>H</b>	0	0	10,400	11,200	0	0	0	0	0	0	10,400	11,200	21,600	0	<b>H</b>
<b>I</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>I</b>
<b>J</b>	2,100	1,100	4,000	1,000	0	0	0	0	2,100	1,100	4,000	1,000	8,200	0	<b>J</b>
<b>K</b>	1,200	1,000	4,000	2,000	0	0	0	0	1,200	1,000	4,000	2,000	8,200	0	<b>K</b>
<b>Total</b>	<b>22,900</b>	<b>3,100</b>	<b>56,800</b>	<b>21,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,900</b>	<b>3,100</b>	<b>56,800</b>	<b>21,800</b>	<b>104,600</b>	<b>0</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	474,382	246,106	28,641	86,019	10,419	103,197	1,079	102,118	30,635	71,483	50,400	A
B	634,169	371,015	51,843	61,350	15,219	134,742	11	134,731	40,419	94,312	0	B
C	281,577	195,276	22,471	33,225	8,919	21,686	-4,110	25,796	7,739	18,057	0	C
D	729,523	402,385	44,962	61,704	18,419	202,053	7,823	194,230	58,269	135,961	75,000	D
E	436,144	266,311	35,987	48,607	12,518	72,721	4,925	67,796	20,339	47,457	9,075	E
F	369,972	217,847	27,362	64,816	8,419	51,528	654	50,874	15,262	35,612	0	F
G	423,750	223,380	42,469	36,589	9,619	111,693	2,504	109,189	32,757	76,432	84,750	G
H	847,374	412,028	63,417	59,278	24,018	288,633	30,198	258,435	77,531	180,904	29,925	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	392,014	253,141	33,420	43,092	10,618	51,743	955	50,788	15,236	35,552	0	J
K	429,217	248,127	26,977	36,608	10,619	106,886	16,655	90,231	27,069	63,162	66,690	K
	501,812	283,562	37,755	53,129	12,879	114,488	6,069	108,419	32,526	75,893	31,584	

**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	8,652	144,094	316,697	18,540	0	297,767	-20,692	21,082	298,157	4.80	2 / 2	A
B	130,751	336,200	645,506	43,287	0	507,929	0	94,290	602,219	0.00	1 / 2	B
C	187,541	264,011	353,113	21,688	4,000	293,063	16,305	18,057	327,425	0.00	2 / 2	C
D	2,953	219,362	722,753	69,108	128,800	593,979	-130,096	60,962	524,845	10.00	8 / 2	D
E	20,673	148,948	386,710	40,206	70,000	286,022	-47,900	38,382	276,504	0.55	2 / 2	E
F	0	102,642	265,012	26,415	0	243,952	-40,965	35,610	238,597	0.00	1 / 1	F
G	0	133,311	303,390	28,980	36,000	246,730	0	-8,320	238,410	11.30	9 / 1	G
H	0	366,818	1,041,383	233,512	573,000	510,699	-426,808	150,980	234,871	3.50	5 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	18,743	171,883	348,291	27,315	0	285,422	0	35,554	320,976	0.00	2 / 1	J
K	1,208	139,928	313,437	50,545	179,190	90,291	-3,058	-3,532	83,702	6.50	7 / 1	K
	37,052	202,720	469,629	55,959	99,099	335,585	-65,321	44,307	314,571	3.67	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	51.9 %	<b>6.0 %</b>	<b>18.1 %</b>	<b>2.2 %</b>	21.8 %	15.1 %	7.77	10,500	<b>95.64</b>	0.00	10.00	Low	A
B	58.5	8.2	9.7	2.4	21.2	14.9	7.77	14,350	12249.27	<b>0.01</b>	<b>24.85</b>	Low	B
C	<b>69.4</b>	8.0	11.8	<b>3.2</b>	<b>7.7</b>	6.4	<b>12.17</b>	19,700	<b>100.00</b>	0.02	10.81	Low	C
D	55.2	6.2	8.5	2.5	27.7	18.6	3.17	7,500	<b>25.83</b>	0.22	3.12	Low	D
E	61.1	8.3	11.1	2.9	16.7	10.9	3.70	16,500	<b>14.77</b>	0.22	4.27	Low	E
F	58.9	7.4	<b>17.5</b>	2.3	13.9	9.6	3.89	10,433	<b>78.79</b>	0.03	6.96	Low	F
G	52.7	<b>10.0</b>	8.6	2.3	26.4	18.0	4.60	7,500	<b>44.61</b>	0.14	1.22	Medium	G
H	<b>48.6</b>	7.5	<b>7.0</b>	2.8	<b>34.1</b>	<b>21.3</b>	<b>1.57</b>	8,550	<b>9.56</b>	<b>0.73</b>	1.09	Medium	H
I	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	<b>0.00</b>	0.00	<b>0.00</b>	N/A	I
J	<b>64.6</b>	8.5	11.0	2.7	13.2	9.1	6.29	20,050	<b>54.18</b>	0.00	10.00	Low	J
K	57.8	6.3	8.5	2.5	24.9	14.7	<b>2.77</b>	10,260	<b>6.42</b>	<b>0.65</b>	<b>0.60</b>	<b>High</b>	K
	56.5 %	7.5 %	10.6 %	2.6 %	22.8 %	15.1 %	3.62	12,534	1267.91	0.20	7.29	Low	

**Bold** = best in industry

**Yellow** = needs management attention

PLANT AND PRODUCTION BENCHMARKS				Industry Low		Industry Average		Industry High	
				Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		7.51	<b>8.02</b>	9.27	<b>9.99</b>	11.37	<b>12.28</b>	
	Private-Label Footwear		6.63	<b>7.19</b>	7.61	<b>8.09</b>	8.26	<b>8.75</b>	
Labor — North America	Total Compensation (\$/year)		15,302	<b>15,302</b>	18,372	<b>18,683</b>	22,595	<b>23,299</b>	
	Productivity (pairs/worker/year)		3,075	<b>3,280</b>	4,429	<b>4,914</b>	6,021	<b>6,359</b>	
	Labor Cost (\$/pair produced)		0.00	<b>3.33</b>	4.27	<b>4.49</b>	7.52	<b>7.25</b>	
Europe Africa	Total Compensation (\$/year)		15,610	<b>15,610</b>	16,780	<b>16,733</b>	18,967	<b>18,825</b>	
	Productivity (pairs/worker/year)		4,255	<b>4,334</b>	4,847	<b>4,907</b>	5,243	<b>5,320</b>	
	Labor Cost (\$/pair produced)		3.35	<b>3.29</b>	3.90	<b>3.96</b>	4.22	<b>4.47</b>	
Asia Pacific	Total Compensation (\$/year)		3,055	<b>3,055</b>	5,129	<b>5,452</b>	8,653	<b>10,502</b>	
	Productivity (pairs/worker/year)		2,347	<b>2,300</b>	3,026	<b>3,092</b>	3,656	<b>3,739</b>	
	Labor Cost (\$/pair produced)		1.26	<b>1.26</b>	1.74	<b>1.75</b>	2.65	<b>2.74</b>	
Latin America	Total Compensation (\$/year)		2,909	<b>2,909</b>	4,194	<b>4,321</b>	5,177	<b>5,543</b>	
	Productivity (pairs/worker/year)		2,454	<b>2,489</b>	2,856	<b>2,921</b>	3,195	<b>3,353</b>	
	Labor Cost (\$/pair produced)		1.34	<b>1.26</b>	1.57	<b>1.53</b>	1.72	<b>1.74</b>	
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	<b>0.10</b>	1.04	<b>0.99</b>	2.50	<b>2.50</b>	
	Cumulative		0.54	<b>0.47</b>	1.15	<b>1.13</b>	2.01	<b>1.96</b>	
Reject Rates	Branded Production		1.7%	<b>1.7%</b>	4.3%	<b>4.2%</b>	7.1%	<b>7.2%</b>	
	Private-Label Production		1.7%	<b>1.5%</b>	3.4%	<b>3.2%</b>	5.4%	<b>4.9%</b>	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	25.37	<b>21.63</b>	27.73	<b>25.88</b>	32.17	<b>28.39</b>	
		E-A	22.36	<b>25.69</b>	26.97	<b>28.60</b>	31.57	<b>31.50</b>	
		A-P	17.64	<b>17.91</b>	22.05	<b>21.71</b>	26.56	<b>26.76</b>	
		L.A.	17.94	<b>17.00</b>	22.52	<b>23.03</b>	31.27	<b>29.99</b>	
	Private-Label	N.A.	19.95	<b>18.51</b>	20.74	<b>29.34</b>	21.53	<b>40.17</b>	
		E-A	24.05	<b>21.48</b>	24.05	<b>21.48</b>	24.05	<b>21.48</b>	
		A-P	16.40	<b>16.04</b>	19.13	<b>16.97</b>	23.48	<b>17.79</b>	
		L.A.	16.30	<b>15.51</b>	19.59	<b>15.51</b>	22.88	<b>15.51</b>	

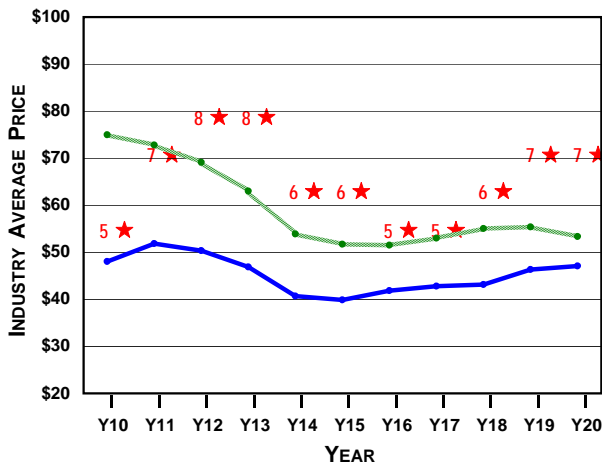
OPERATING BENCHMARKS				Industry Low		Industry Average		Industry High	
				Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.32	<b>21.37</b>	26.75	<b>26.29</b>	30.95	<b>31.33</b>	
		E-A	26.24	<b>26.99</b>	30.60	<b>31.19</b>	34.76	<b>36.06</b>	
		A-P	19.43	<b>19.64</b>	24.56	<b>24.39</b>	32.54	<b>33.44</b>	
		L.A.	19.70	<b>18.81</b>	27.81	<b>27.19</b>	33.19	<b>31.75</b>	
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	12.83	<b>12.81</b>	13.11	<b>13.01</b>	13.33	<b>13.23</b>	
			1.97	<b>1.94</b>	2.39	<b>2.27</b>	2.64	<b>2.60</b>	
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	3.62	<b>6.07</b>	11.91	<b>10.15</b>	37.82	<b>18.03</b>	
			2.68	<b>3.18</b>	5.43	<b>5.37</b>	12.24	<b>11.59</b>	
Administrative Expenses	(\$/pair sold)		1.13	<b>1.10</b>	1.49	<b>1.38</b>	2.19	<b>1.79</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	4.39	<b>7.07</b>	13.04	<b>13.58</b>	19.16	<b>19.22</b>	
		E-A	-0.31	<b>0.40</b>	9.29	<b>8.07</b>	14.83	<b>12.83</b>	
		A-P	0.64	<b>3.71</b>	15.37	<b>15.76</b>	21.35	<b>21.49</b>	
		L.A.	3.59	<b>7.50</b>	10.92	<b>14.92</b>	20.21	<b>22.71</b>	
Wholesale	N.A.	-0.97	<b>2.94</b>	9.45	<b>11.25</b>	17.89	<b>21.45</b>		
	E-A	0.69	<b>-1.02</b>	8.08	<b>8.06</b>	14.33	<b>16.59</b>		
	A-P	1.77	<b>2.33</b>	9.45	<b>11.48</b>	17.06	<b>21.09</b>		
	L.A.	0.09	<b>3.00</b>	7.58	<b>13.15</b>	14.52	<b>20.89</b>		
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.38	<b>19.83</b>	21.38	<b>25.89</b>	21.38	<b>41.92</b>	
		E-A	25.22	<b>23.23</b>	28.03	<b>25.71</b>	30.44	<b>27.60</b>	
		A-P	18.15	<b>17.79</b>	20.44	<b>18.73</b>	25.23	<b>19.55</b>	
		L.A.	18.05	<b>17.26</b>	22.84	<b>22.12</b>	25.84	<b>27.51</b>	
Warehouse Expenses	(\$ per pair sold)		0.09	<b>0.74</b>	1.16	<b>0.97</b>	2.00	<b>1.08</b>	
Margin Over Direct Costs (\$ per pair sold)	N.A.	2.59	<b>-17.98</b>	2.59	<b>-1.96</b>	2.59	<b>6.42</b>		
	E-A	1.24	<b>2.71</b>	5.65	<b>5.51</b>	9.89	<b>10.09</b>		
	A-P	3.07	<b>6.07</b>	6.96	<b>6.90</b>	9.71	<b>8.18</b>		
	L.A.	5.52	<b>4.14</b>	8.90	<b>7.76</b>	14.97	<b>12.79</b>		

**CELEBRITY ENDORSEMENTS**

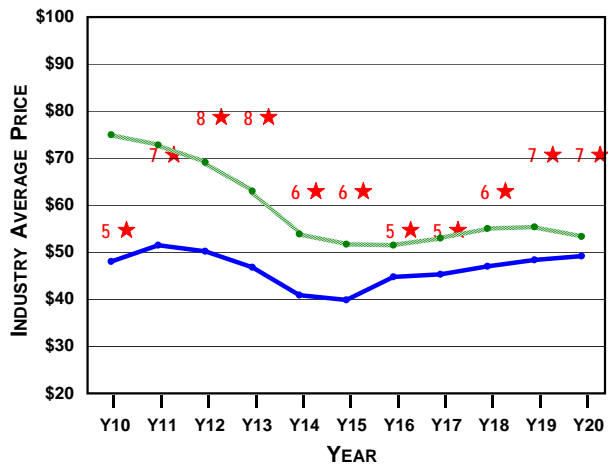
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	7,140	Y19	2 years	5	7,542	7,140	6,762	5,009
Oprah Letterman	100	70	65	75	Company G	7,542	Y19	3 years	5	7,542	7,140	6,762	5,009
Annika Stockholm	70	100	70	55	Company D	12,750	Y16	5 years	7	12,750	10,897	7,669	1,010
Tiger Green	95	80	85	75	Company H	7,111	Y20	2 years	1	7,111	0	7,111	7,111
José Montaña	60	50	60	95	Company A	8,005	Y18	3 years	7	10,009	8,005	6,861	1,025
Karioki Footsu	55	60	95	90	Company E	12,999	Y20	4 years	2	12,999	7,111	10,055	7,111
Jaques LaFeet	50	90	50	85	Company H	7,111	Y20	1 year	1	7,111	0	7,111	7,111
Serenus Willson	70	65	55	60	Company H	7,111	Y19	3 years	6	7,542	7,111	6,387	5,004
Natalie Kwan	75	80	95	50	Company G	15,000	Y17	4 years	4	15,000	11,792	10,326	5,509
Sergio Milano	45	85	60	100	Company E	9,999	Y19	2 years	6	9,999	7,542	7,153	5,009
Lance deFrance	80	85	75	70	Company H	7,111	Y20	3 years	1	7,111	0	7,111	7,111
Yao KungPao	60	35	100	50	Company K	8,432	Y18	4 years	7	10,009	8,432	6,841	1,025

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

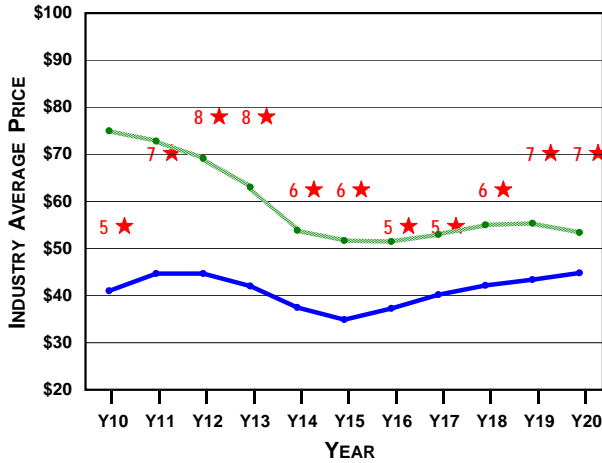
**NORTH AMERICA**



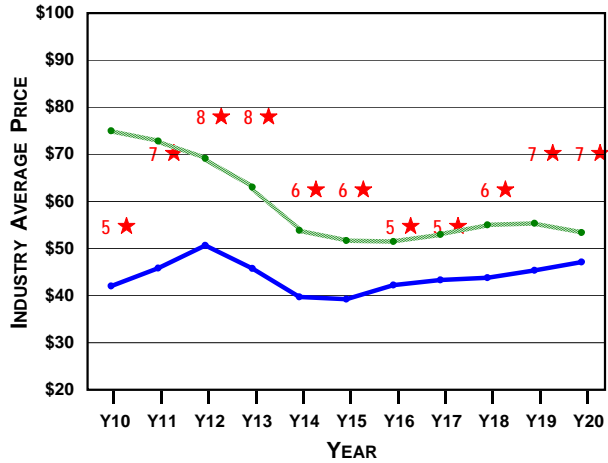
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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