

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

Friday, December 16, 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
Icehouse	109	+14
B est Shoe on Earth	107	-9
Kick IT	105	-11
Eager shooze	97	-9
Jogg	84	-17
Hades	76	-12
Leisure Fits	68	-28
Galaxy Shoes	30	-9
Achilles Shoe Hut	24	-2
D A Step Ahead	22	-4
C (deleted)	0	0
F (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Kick IT	108	0
Icehouse	107	+1
Eager shooze	107	-1
B est Shoe on Earth	98	+1
Leisure Fits	94	-3
Hades	91	-2
Jogg	76	+1
Galaxy Shoes	57	-3
Achilles Shoe Hut	50	-3
D A Step Ahead	38	-2
C (deleted)	0	0
F (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
Kick IT	91	-6
Icehouse	76	+23
B est Shoe on Earth	74	+5
Eager shooze	65	+5
Jogg	59	+4
Hades	48	+2
Leisure Fits	43	-12
Galaxy Shoes	19	-3
Achilles Shoe Hut	16	0
D A Step Ahead	16	-1
C (deleted)	0	0
F (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Kick IT	91	-5
B est Shoe on Earth	74	+1
Icehouse	74	+9
Eager shooze	72	+4
Leisure Fits	64	-3
Hades	55	+1
Jogg	52	+2
Galaxy Shoes	26	-2
Achilles Shoe Hut	22	-3
D A Step Ahead	16	-2
C (deleted)	0	0
F (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	1.34	2.64	1.20	-0.26	0.60	0.96	<b>4.80</b>	0.61	-1.03	-2.62	0.65	0	2	A
B	<b>3.31</b>	<b>3.17</b>	<b>3.25</b>	2.31	1.31	<b>5.68</b>	<b>6.76</b>	<b>8.75</b>	<b>6.68</b>	<b>5.60</b>	<b>4.63</b>	11	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	1.04	-0.66	1.24	-2.03	-1.34	1.20	1.20	1.43	0.17	-6.44	-0.14	0	0	D
E	<b>4.18</b>	<b>4.17</b>	<b>6.15</b>	<b>3.67</b>	<b>3.66</b>	<b>5.10</b>	<b>6.68</b>	<b>8.72</b>	<b>7.21</b>	<b>5.62</b>	<b>5.47</b>	11	13	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	F
G	<b>3.30</b>	0.64	2.60	0.40	-0.04	1.76	1.40	2.94	1.08	0.49	1.46	1	3	G
H	<b>3.83</b>	<b>4.40</b>	<b>3.90</b>	1.72	2.23	<b>4.98</b>	<b>5.49</b>	<b>6.36</b>	<b>4.71</b>	3.95	<b>4.10</b>	7	10	H
I	<b>4.45</b>	<b>3.23</b>	<b>5.08</b>	2.24	2.98	<b>4.46</b>	<b>5.67</b>	<b>8.58</b>	4.12	<b>6.19</b>	<b>4.62</b>	12	11	I
J	<b>4.42</b>	-0.07	2.22	0.49	0.19	1.59	2.24	3.48	4.19	3.32	2.04	6	5	J
K	<b>4.93</b>	<b>4.45</b>	<b>5.67</b>	2.44	<b>3.98</b>	<b>9.81</b>	<b>12.42</b>	<b>18.73</b>	<b>16.60</b>	<b>10.64</b>	<b>8.63</b>	<b>20</b>	<b>20</b>	K
L	1.65	<b>3.54</b>	<b>4.27</b>	<b>3.61</b>	<b>3.56</b>	<b>9.96</b>	<b>11.58</b>	<b>13.69</b>	<b>8.80</b>	3.59	<b>6.27</b>	7	15	L

**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	8.7	<b>16.1</b>	6.8	-1.4	4.4	6.2	<b>26.7</b>	3.0	-5.1	-17.4	3.7	0	4	A
B	<b>20.9</b>	<b>22.0</b>	<b>18.1</b>	11.2	5.7	<b>22.1</b>	<b>22.2</b>	<b>25.9</b>	<b>18.0</b>	14.4	<b>17.5</b>	17	17	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	7.5	-3.8	7.0	-11.8	-8.6	7.7	7.2	7.9	0.8	-102.7	-0.9	0	0	D
E	<b>24.6</b>	<b>23.0</b>	<b>28.1</b>	14.2	12.5	<b>16.7</b>	<b>18.3</b>	<b>19.9</b>	14.2	10.0	<b>16.0</b>	12	16	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	F
G	<b>20.2</b>	3.6	13.7	2.0	-0.2	8.4	6.2	12.1	4.2	1.9	6.7	2	7	G
H	<b>23.6</b>	<b>30.6</b>	<b>23.7</b>	8.8	9.7	<b>16.9</b>	<b>16.9</b>	<b>16.6</b>	11.0	7.2	13.6	9	13	H
I	<b>25.7</b>	14.6	<b>17.9</b>	7.2	9.9	13.5	<b>15.0</b>	<b>19.4</b>	9.1	11.5	13.3	14	13	I
J	<b>26.2</b>	-0.4	12.2	2.4	0.9	7.8	9.6	14.3	<b>18.2</b>	12.9	9.8	16	10	J
K	<b>28.2</b>	<b>20.7</b>	<b>21.7</b>	8.2	11.1	<b>25.1</b>	<b>25.0</b>	<b>29.3</b>	<b>24.0</b>	<b>16.6</b>	<b>20.4</b>	<b>20</b>	<b>20</b>	K
L	10.7	<b>19.5</b>	<b>26.7</b>	<b>19.3</b>	<b>16.0</b>	<b>35.5</b>	<b>31.7</b>	<b>29.5</b>	<b>16.1</b>	6.2	<b>19.1</b>	7	19	L

**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	16.86	32.22	17.74	10.77	6.98	8.89	<b>47.47</b>	25.11	13.92	8.93	-11 %	1	1	A
B	<b>44.46</b>	<b>38.99</b>	36.27	22.74	13.21	<b>66.47</b>	<b>118.98</b>	<b>175.82</b>	<b>107.82</b>	<b>66.46</b>	+8	10	10	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	16.22	9.85	10.35	6.34	4.80	12.16	13.07	15.41	9.66	5.85	-15	1	1	D
E	<b>71.43</b>	<b>59.20</b>	<b>101.79</b>	<b>41.57</b>	<b>43.48</b>	<b>52.36</b>	<b>83.60</b>	<b>116.26</b>	<b>96.47</b>	<b>65.38</b>	+8	10	10	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	F
G	<b>56.16</b>	27.53	26.01	15.20	9.19	16.68	14.98	39.07	20.87	12.28	-9	2	2	G
H	<b>59.80</b>	<b>64.47</b>	<b>45.37</b>	23.57	20.84	<b>56.30</b>	<b>67.84</b>	<b>77.06</b>	48.83	39.65	+3	6	6	H
I	<b>85.01</b>	<b>40.53</b>	<b>83.83</b>	37.10	37.48	<b>52.46</b>	<b>79.79</b>	<b>117.93</b>	48.03	<b>78.20</b>	+10	12	12	I
J	<b>88.83</b>	<b>38.47</b>	24.76	14.62	8.53	17.03	27.49	<b>49.07</b>	<b>55.12</b>	37.99	+2	6	6	J
K	<b>89.33</b>	<b>60.93</b>	<b>82.34</b>	36.98	<b>44.38</b>	<b>156.14</b>	<b>230.15</b>	<b>384.11</b>	<b>274.06</b>	<b>127.95</b>	+16	<b>20</b>	<b>20</b>	K
L	16.90	<b>58.92</b>	<b>79.64</b>	<b>44.84</b>	36.56	<b>137.24</b>	<b>225.97</b>	<b>273.81</b>	<b>110.01</b>	44.91	+4 %	7	7	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	C+	B	C	C-	C-	C	<b>B+</b>	C-	C-	C-	N/A	0	0	A
B	B-	B-	C	C	C	A-	<b>B+</b>	<b>B+</b>	A-	<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-	C-	B-	C	C	C-	C-	N/A	0	0	D
E	A-	B	<b>B+</b>	<b>B+</b>	B	<b>B+</b>	B	B	B	B	High	14	14	E
F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	F
G	<b>B+</b>	C	<b>B+</b>	C	C	B	C	C+	C-	C-	High	0	0	G
H	B	B-	C+	C+	B-	B-	B-	B-	B-	B-	High	11	11	H
I	<b>A</b>	<b>A-</b>	<b>A+</b>	<b>A</b>	<b>A+</b>	<b>B+</b>	<b>B+</b>	<b>B+</b>	<b>A</b>	<b>A</b>	Low	<b>19</b>	<b>19</b>	I
J	<b>B+</b>	C-	B	C	A-	<b>A</b>	<b>B+</b>	B	B	B	High	14	14	J
K	A-	<b>B+</b>	B	C+	B-	<b>B+</b>	<b>B+</b>	A-	<b>B+</b>	B-	High	11	11	K
L	B	B-	C-	C	C	<b>B+</b>	B	B	C	C	High	4	4	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	58	<b>78</b>	68	<b>78</b>	<b>93</b>	<b>87</b>	<b>84</b>	<b>71</b>	<b>76</b>	<b>74</b>	<b>74</b>	15	15	A
B	<b>80</b>	<b>95</b>	<b>87</b>	<b>90</b>	<b>95</b>	<b>90</b>	<b>90</b>	<b>93</b>	<b>98</b>	<b>94</b>	<b>95</b>	19	19	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	62	<b>71</b>	<b>89</b>	<b>79</b>	<b>71</b>	<b>73</b>	<b>74</b>	<b>74</b>	<b>73</b>	<b>73</b>	<b>73</b>	15	15	D
E	<b>76</b>	<b>83</b>	<b>85</b>	<b>89</b>	<b>90</b>	<b>84</b>	<b>89</b>	<b>94</b>	<b>92</b>	<b>92</b>	<b>93</b>	18	19	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	<b>80</b>	<b>73</b>	65	67	<b>78</b>	<b>75</b>	<b>74</b>	<b>74</b>	<b>73</b>	<b>70</b>	<b>72</b>	14	14	G
H	<b>75</b>	<b>78</b>	<b>70</b>	<b>79</b>	<b>84</b>	<b>76</b>	<b>77</b>	<b>76</b>	<b>79</b>	<b>76</b>	<b>77</b>	15	15	H
I	<b>100</b>	<b>97</b>	<b>100</b>	<b>81</b>	<b>91</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>87</b>	<b>94</b>	<b>94</b>	19	19	I
J	<b>81</b>	<b>82</b>	<b>79</b>	<b>85</b>	<b>85</b>	<b>85</b>	<b>89</b>	<b>88</b>	<b>87</b>	<b>83</b>	<b>86</b>	17	17	J
K	<b>84</b>	<b>85</b>	<b>89</b>	<b>92</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>20</b>	<b>20</b>	K
L	62	<b>71</b>	<b>79</b>	<b>81</b>	<b>78</b>	<b>89</b>	<b>87</b>	<b>100</b>	<b>94</b>	<b>90</b>	<b>95</b>	18	19	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	58	96	50	26	35	43	109	37	26			
B	103	102	89	68	50	<b>117</b>	115	115	<b>116</b>	107	98	Very Good	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	58	26	54	24	22	54	47	49	26	22	38	Subpar	D
E	115	110	114	<b>104</b>	<b>96</b>	109	109	110	106	97	107	Excellent	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	110	49	88	36	29	66	46	76	39	30	57	Subpar	G
H	109	105	97	64	70	101	102	102	88	76	91	Very Good	H
I	<b>119</b>	108	<b>118</b>	88	95	106	112	115	95	<b>109</b>	107	Excellent	I
J	114	43	81	39	50	72	80	95	101	84	76	Fair	J
K	116	<b>114</b>	111	76	93	116	<b>116</b>	<b>118</b>	<b>116</b>	105	<b>108</b>	Excellent	K
L	71	101	93	91	83	115	110	112	96	68	94	Very Good	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	23,632	4,000	77,055	15,943	120,630
– Pairs Rejected	767	121	4,124	1,011	6,023
Net Y20 Production (after rejects)	22,865	3,879	72,931	14,932	114,607
Superior Materials Usage	50.4%	62.3%	48.9%	25.3%	46.5%
Capacity Utilization (branded + P-L prod.)	105.0%	85.1%	116.2%	113.9%	112.2%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	9.00	+ 0.63	+ 0.20	9.83
Superior Materials	17.50	- 0.31	+ 0.39	17.58

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	12,531	11,274	11,017	12,563	47,385
– Pairs Cleared (inventory clearance)	1,519	2,120	1,684	1,027	6,350
Beginning Y20 Inventories	11,012	9,154	9,333	11,536	41,035
+ New Production (shipped from plants)	24,941	26,590	24,882	25,146	101,559
Pairs Available for Sale in Y20	35,953	35,744	34,215	36,682	142,594

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected 20 Demand (see Y19 FIR)	24,336	24,580	21,995	21,709	92,620
Actual Year 20 Demand	24,460	24,312	22,657	22,286	93,714
Branded Pairs Sold	24,461	24,314	22,656	22,285	93,716
Required Y20 Ending Inventories	1,637	1,696	1,623	1,549	6,505
Inventory Surplus (Shortfall)	9,855	9,734	9,928	12,848	42,365

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 5.0%
- Available for shipment to warehouses
- % usage down by 9.3 points from Y19
- % utilization up by 7.3 points over Y19

Lower than normal (46.5% industrywide) superior materials usage led to superior materials prices that were 1.8% below the base and standard materials prices that were 7.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 2.2% from the base.

- Average inventory clearance of 13.4%
- 52.2% higher than Y20 demand

Actual demand in Year 20 was 1.2% greater than expected due to decreases in industry average prices.

- 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)	25,438	26,456	27,514	28,615
Europe-Africa	25,284	26,295	27,347	28,441
Asia-Pacific	24,016	25,457	26,984	28,603
Latin America	23,623	25,040	26,542	28,135
<b>Total</b>	98,361	103,248	108,387	113,794
<b>Private-Label</b> — North America	4,700	4,700	4,700	4,700
Europe-Africa	4,700	4,700	4,700	4,700
Asia-Pacific	4,700	4,700	4,700	4,700
Latin America	4,700	4,700	4,700	4,700
<b>Total</b>	18,800	18,800	18,800	18,800

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	48,870
Potential Production (at max OT)	129,000
<b>Potential Global Supply</b>	177,870
<b>Demand</b> — Branded Sales Forecast (000s)	98,361
Private-Label Sales Forecast	18,800
<b>Expected Global Demand</b>	117,161
<b>Conclusion:</b>	Excess supply of 51.8% 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		
A	4,700	2,200	4,700	0	0	0	0	0	4,700	2,200	4,700	0	11,600	0	A
B	0	0	7,900	0	0	0	0	0	0	0	7,900	0	7,900	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	2,500	1,000	4,600	0	0	0	0	0	2,500	1,000	4,600	0	8,100	0	D
E	0	0	8,500	1,500	0	0	0	0	0	0	8,500	1,500	10,000	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	3,000	0	4,900	0	0	0	0	0	3,000	0	4,900	0	7,900	0	G
H	2,000	0	6,500	1,000	0	0	0	-1,000	2,000	0	6,500	0	8,500	0	H
I	3,500	1,500	3,500	1,500	0	0	0	0	3,500	1,500	3,500	1,500	10,000	0	I
J	1,500	0	4,200	0	0	0	0	0	1,500	0	4,200	0	5,700	0	J
K	0	0	12,000	6,500	0	0	0	0	0	0	12,000	6,500	18,500	0	K
L	4,800	0	9,000	4,500	500	0	500	0	5,300	0	9,500	4,500	19,300	0	L
<b>Total</b>	22,000	4,700	65,800	15,000	500	0	500	-1,000	22,500	4,700	66,300	14,000	107,500	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	327,403	234,961	27,838	72,151	14,020	-21,567	29,092	0	-50,659	0	19,299	A
B	521,097	302,697	36,976	101,459	10,319	69,646	7,616	18,609	43,421	54,250	7,750	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	485,946	343,588	43,803	90,772	10,520	-2,737	48,128	0	-50,865	0	7,900	D
E	606,798	376,680	45,980	97,690	12,419	74,029	13,831	18,059	42,139	7,500	7,500	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	466,180	284,594	47,661	96,728	10,320	26,877	19,919	2,087	4,871	0	10,000	G
H	445,651	253,016	38,141	88,823	10,919	54,752	12,468	12,685	29,599	2,250	7,500	H
I	566,013	324,179	41,637	119,540	12,419	68,238	1,880	19,907	46,451	7,500	7,500	I
J	332,595	175,155	27,749	81,269	8,118	40,304	4,684	10,686	24,934	7,875	7,500	J
K	950,997	527,961	61,327	186,594	20,920	154,195	36,387	35,342	82,466	15,500	7,750	K
L	943,346	629,965	89,998	125,823	21,719	75,841	37,343	11,549	26,949	15,000	7,500	L
	564,603	345,280	46,111	106,085	13,169	53,958	21,135	12,892	19,931	10,988	9,020	

**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	247,575	544,709	225,748	30,362	293,320	45,937	-50,658	288,599	0.00	1 / 3	A
B	0	174,315	382,417	35,039	45,000	302,563	10,643	-10,829	302,378	7.00	6 / 3	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	365,387	528,090	306,001	198,000	74,955	0	-50,865	24,089	0.00	0 / 2	D
E	0	274,339	564,435	102,360	22,700	404,735	0	34,640	439,375	1.00	3 / 2	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	0	357,936	501,635	230,796	8,000	257,965	0	4,874	262,839	0.00	4 / 3	G
H	0	318,804	523,090	131,274	0	426,055	-61,589	27,350	391,816	0.30	1 / 1	H
I	36,082	304,341	510,849	52,547	81,000	428,190	-89,838	38,950	377,302	1.00	3 / 3	I
J	0	192,077	274,333	73,109	0	184,167	0	17,057	201,224	1.05	1 / 1	J
K	0	371,344	955,614	175,696	271,800	483,056	-41,904	66,965	508,118	2.00	5 / 1	K
L	0	396,081	926,311	175,044	308,000	431,318	0	11,949	443,267	2.00	6 / 2	L
	3,608	300,220	571,148	150,761	96,486	328,632	-13,675	8,943	323,901	1.44	3 / 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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	71.8 %	8.5 %	22.0 %	4.3 %	-6.6 %	-15.5 %	1.10	314	-0.74	0.42	0.00	N/A	A
B	58.1	7.1	19.5	2.0	13.4	8.3	4.97	57	9.14	0.14	1.10	Medium	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	C
D	70.7	9.0	18.7	2.2	-0.6	-10.5	1.19	368	-0.06	0.89	0.00	N/A	D
E	62.1	7.6	16.1	2.0	12.2	6.9	2.68	137	5.35	0.16	0.92	High	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	F
G	61.0	10.2	20.7	2.2	5.8	1.0	1.55	308	1.35	0.41	0.11	High	G
H	56.8	8.6	19.9	2.5	12.3	6.6	2.43	298	4.39	0.20	0.48	High	H
I	57.3	7.4	21.1	2.2	12.1	8.2	5.79	222	36.30	0.20	3.21	Low	I
J	52.7	8.3	24.4	2.4	12.1	7.5	2.63	223	8.60	0.18	0.60	High	J
K	55.5	6.4	19.6	2.2	16.2	8.7	2.11	129	4.24	0.41	0.91	High	K
L	66.8	9.5	13.3	2.3	8.0	2.9	2.26	104	2.03	0.46	0.47	High	L
	61.2 %	8.2 %	18.8 %	2.3 %	9.6 %	1.9 %	1.99	216	7.06	0.35	0.78	High	

**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		9.12	<b>10.27</b>	12.17	<b>13.19</b>	14.05	<b>15.81</b>
	Private-Label Footwear		8.59	<b>9.50</b>	9.83	<b>11.54</b>	12.59	<b>14.22</b>
Labor — North America	Total Compensation (\$/year)		17,427	<b>17,099</b>	19,906	<b>19,957</b>	22,440	<b>22,948</b>
	Productivity (pairs/worker/year)		4,196	<b>4,226</b>	4,829	<b>5,045</b>	5,986	<b>5,961</b>
	Labor Cost (\$/pair produced)		3.31	<b>3.51</b>	4.34	<b>4.28</b>	5.20	<b>5.21</b>
Europe Africa	Total Compensation (\$/year)		18,360	<b>18,568</b>	20,586	<b>20,779</b>	22,880	<b>23,073</b>
	Productivity (pairs/worker/year)		4,212	<b>4,233</b>	4,716	<b>4,761</b>	5,444	<b>5,471</b>
	Labor Cost (\$/pair produced)		4.31	<b>4.33</b>	4.68	<b>4.68</b>	5.35	<b>5.37</b>
Asia Pacific	Total Compensation (\$/year)		4,380	<b>3,966</b>	5,544	<b>5,601</b>	6,777	<b>6,999</b>
	Productivity (pairs/worker/year)		2,587	<b>2,388</b>	3,041	<b>3,139</b>	4,277	<b>4,360</b>
	Labor Cost (\$/pair produced)		1.30	<b>1.37</b>	1.91	<b>1.86</b>	2.43	<b>2.44</b>
Latin America	Total Compensation (\$/year)		2,985	<b>2,985</b>	4,240	<b>4,106</b>	5,280	<b>5,032</b>
	Productivity (pairs/worker/year)		2,856	<b>2,766</b>	3,179	<b>3,129</b>	3,888	<b>4,021</b>
	Labor Cost (\$/pair produced)		1.22	<b>1.38</b>	1.60	<b>1.63</b>	1.89	<b>1.89</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.92	<b>0.70</b>	1.75	<b>1.68</b>	2.50	<b>2.50</b>
	Cumulative		0.78	<b>0.77</b>	1.60	<b>1.61</b>	2.38	<b>2.39</b>
Reject Rates	Branded Production		1.8%	<b>1.9%</b>	4.3%	<b>4.5%</b>	9.5%	<b>9.6%</b>
	Private-Label Production		2.4%	<b>2.4%</b>	3.8%	<b>3.9%</b>	5.5%	<b>5.6%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		24.73	<b>24.59</b>	28.97	<b>30.60</b>	33.56	<b>37.19</b>
	E-A		25.18	<b>26.51</b>	34.60	<b>36.39</b>	41.87	<b>43.80</b>
	A-P		20.77	<b>21.95</b>	26.31	<b>25.91</b>	33.25	<b>30.15</b>
	L.A.		22.27	<b>23.77</b>	23.51	<b>24.10</b>	26.26	<b>24.42</b>
	Private-Label — N.A.		29.07	<b>27.01</b>	30.55	<b>30.97</b>	32.03	<b>34.93</b>
	E-A		0.00	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>0.00</b>
	A-P		20.01	<b>21.19</b>	22.29	<b>26.48</b>	23.24	<b>32.67</b>
	L.A.		18.79	<b>19.15</b>	24.59	<b>24.76</b>	30.38	<b>30.37</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.	27.32	<b>27.15</b>	31.50	<b>32.36</b>	36.69	<b>37.48</b>
		E-A	27.60	<b>27.84</b>	32.46	<b>32.72</b>	39.93	<b>41.47</b>
		A-P	23.47	<b>24.06</b>	28.43	<b>28.42</b>	34.33	<b>33.14</b>
		L.A.	25.68	<b>26.34</b>	33.31	<b>34.50</b>	39.45	<b>40.86</b>
		Wholesale	2.04	<b>1.97</b>	2.77	<b>2.81</b>	3.35	<b>3.56</b>
Warehouse Expenses - Internet (\$ per pair sold)	Internet	15.44	<b>15.50</b>	15.98	<b>16.03</b>	16.38	<b>16.63</b>	
	Wholesale	2.04	<b>1.97</b>	2.77	<b>2.81</b>	3.35	<b>3.56</b>	
Marketing Expenses — Internet (\$ per pair sold)	Internet	9.82	<b>8.89</b>	14.00	<b>14.96</b>	25.10	<b>21.44</b>	
	Wholesale	5.52	<b>5.66</b>	10.76	<b>11.82</b>	15.42	<b>16.11</b>	
Administrative Expenses (\$/pair sold)		1.20	<b>1.07</b>	1.51	<b>1.51</b>	2.18	<b>2.74</b>	
Operating Profit (\$ per pair sold)	Internet	N.A.	3.75	<b>1.72</b>	15.53	<b>12.99</b>	23.72	<b>20.50</b>
		E-A	1.10	<b>-0.32</b>	13.91	<b>15.18</b>	22.85	<b>22.76</b>
		A-P	9.27	<b>3.79</b>	20.04	<b>16.72</b>	28.44	<b>24.25</b>
		L.A.	4.00	<b>-1.60</b>	14.98	<b>9.63</b>	26.68	<b>21.46</b>
		Wholesale	-1.74	<b>-6.37</b>	4.35	<b>1.09</b>	8.66	<b>5.85</b>
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	29.56	<b>23.08</b>	32.59	<b>30.01</b>	34.71	<b>37.43</b>
		E-A	29.92	<b>27.27</b>	30.08	<b>28.62</b>	30.24	<b>30.10</b>
		A-P	22.51	<b>23.69</b>	24.13	<b>29.58</b>	25.74	<b>35.17</b>
		L.A.	21.29	<b>21.65</b>	21.29	<b>27.26</b>	21.29	<b>32.87</b>
		Warehouse Expenses (\$ per pair sold)		1.00	<b>1.00</b>	1.00	<b>1.00</b>	1.00
Margin Over Direct Costs (\$ per pair sold)		N.A.	1.43	<b>-0.43</b>	4.99	<b>2.62</b>	11.89	<b>4.49</b>
		E-A	11.84	<b>1.08</b>	12.28	<b>7.72</b>	12.71	<b>11.71</b>
		A-P	2.31	<b>-5.22</b>	3.55	<b>0.95</b>	4.78	<b>5.24</b>
		L.A.	6.30	<b>3.05</b>	6.30	<b>3.46</b>	6.30	<b>3.86</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	16,789	Y19	2 years	5	16,789	16,541	13,266	10,000
Oprah Letterman	100	70	65	75	Company K	20,123	Y19	3 years	5	20,123	20,000	16,545	10,000
Annika Stockholm	70	100	70	55	Company B	18,521	Y18	5 years	5	18,521	18,000	14,064	8,000
Tiger Green	95	80	85	75	Company E	26,600	Y20	2 years	3	26,600	24,000	22,867	18,000
José Montaña	60	50	60	95	Company K	18,000	Y20	3 years	2	18,000	16,560	17,280	16,560
Karioki Footsu	55	60	95	90	Company K	18,000	Y20	4 years	2	18,000	15,670	16,835	15,670
Jaques LaFeet	50	90	50	85	Company K	18,000	Y20	1 year	1	18,000	0	18,000	18,000
Serenus Willson	70	65	55	60	[unsigned]	0	N/A	3 years	5	18,234	16,541	14,875	10,000
Natalie Kwan	75	80	95	50	Company K	16,789	Y17	4 years	5	16,789	15,689	12,817	4,000
Sergio Milano	45	85	60	100	Company B	19,253	Y19	2 years	4	20,123	19,253	17,094	10,000
Lance deFrance	80	85	75	70	Company I	30,000	Y19	3 years	5	30,000	26,010	20,763	10,000
Yao KungPao	60	35	100	50	Company D	17,000	Y18	4 years	7	17,000	14,789	11,772	6,500

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

