

# THE FOOTWEAR INDUSTRY REPORT

The Business Strategy Game © 2006 GLO-BUS Software, Inc. All rights reserved.

INDUSTRY 1

Friday, December 15, 2006

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
Kowljijietz ELLC	120	0
Delta Footwear	119	+4
ALLEN	117	+3
Cores	108	+23
Lucky Charms!	105	-2
E-I-E-I-O	85	+11
Greatness Inc.	79	+3
Brainbox	79	-13
Insane Shoes Inc.	77	+34
FRANKS TRENDY KICKS	20	-2
H (deleted)	0	0
J (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Kowljijietz ELLC	114	+1
Lucky Charms!	97	+1
Delta Footwear	95	+3
Cores	90	+2
ALLEN	90	+3
Brainbox	70	+1
E-I-E-I-O	66	+2
Greatness Inc.	63	+2
Insane Shoes Inc.	57	+2
FRANKS TRENDY KICKS	33	-1
H (deleted)	0	0
J (deleted)	0	0

## COMPANY SCORES : BEST-IN-INDUSTRY PERFORMANCE STANDARD

This scoring standard is based on how well each company performs relative to the best-performing company on EPS, ROE, Stock Price, Credit Rating, and Image Rating. In order to get a score of 100, a company must be the industry leader on all 5 measures, achieve the investor expectations on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating. Scores of 70 and higher indicate strong overall performance; companies with low scores (<50) trail the industry leaders by a significant margin. Each company's annual and overall scores are shown on the next two pages.

### YEAR 20 PERFORMANCE RANKINGS

Company Name	Year 20 Score	Change from Y19
Kowljijietz ELLC	91	-6
Lucky Charms!	84	-1
Delta Footwear	83	+13
ALLEN	68	0
Cores	59	+4
E-I-E-I-O	49	0
Brainbox	48	-8
Greatness Inc.	42	-4
Insane Shoes Inc.	36	+8
FRANKS TRENDY KICKS	13	-3
H (deleted)	0	0
J (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Kowljijietz ELLC	100	0
Delta Footwear	82	+8
Lucky Charms!	76	+1
ALLEN	72	+3
Cores	62	+2
E-I-E-I-O	52	+2
Brainbox	51	-1
Greatness Inc.	45	+4
Insane Shoes Inc.	33	+1
FRANKS TRENDY KICKS	14	-1
H (deleted)	0	0
J (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 (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>5.21</b>	<b>4.56</b>	0.87	0.57	1.23	<b>4.12</b>	3.07	<b>5.49</b>	<b>5.66</b>	<b>7.06</b>	<b>3.76</b>	12	11	A
B	2.25	<b>3.38</b>	-0.10	0.16	0.53	1.34	0.84	1.67	2.67	2.25	1.47	4	4	B
C	<b>3.62</b>	<b>4.32</b>	1.45	0.18	0.96	2.62	2.35	3.28	2.68	4.14	2.37	7	7	C
D	<b>5.18</b>	0.09	0.70	1.33	2.51	<b>5.35</b>	<b>4.31</b>	<b>7.23</b>	<b>6.44</b>	<b>10.43</b>	<b>4.49</b>	18	13	D
E	<b>3.10</b>	<b>3.64</b>	-0.95	-0.78	0.84	0.97	0.52	1.87	1.58	2.26	1.34	4	4	E
F	1.88	2.57	-1.44	-1.19	-8.49	-3.05	-3.34	-3.84	-3.57	-2.74	-2.33	0	0	F
G	<b>3.97</b>	0.56	-3.35	0.02	1.61	1.58	1.28	2.29	2.50	2.51	1.50	4	4	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	H
I	1.90	1.75	0.37	-2.20	2.53	1.88	1.55	2.47	0.76	3.37	1.32	6	4	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	<b>5.19</b>	<b>6.56</b>	<b>3.94</b>	3.18	<b>5.13</b>	<b>8.14</b>	<b>5.36</b>	<b>9.81</b>	<b>10.62</b>	<b>11.50</b>	<b>6.92</b>	<b>20</b>	<b>20</b>	K
L	<b>3.01</b>	<b>6.63</b>	<b>3.34</b>	2.68	<b>5.39</b>	<b>3.91</b>	3.14	<b>6.83</b>	<b>10.58</b>	<b>11.25</b>	<b>5.42</b>	<b>20</b>	16	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 (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>30.2</b>	<b>21.4</b>	3.7	2.4	7.9	<b>24.0</b>	<b>15.6</b>	<b>24.0</b>	<b>20.7</b>	<b>21.7</b>	<b>16.6</b>	11	16	A
B	13.8	<b>17.6</b>	-0.5	0.8	2.5	6.1	3.6	7.3	11.1	9.6	6.9	5	7	B
C	<b>22.0</b>	<b>23.0</b>	7.1	1.0	4.3	10.8	8.6	11.8	9.4	14.8	10.2	8	10	C
D	<b>32.0</b>	0.8	5.7	7.4	12.9	<b>22.8</b>	14.4	<b>17.8</b>	14.0	<b>19.5</b>	14.8	10	14	D
E	<b>19.1</b>	<b>22.2</b>	-7.7	-6.4	7.5	9.6	4.6	14.9	11.5	14.7	10.2	7	10	E
F	12.0	<b>15.2</b>	-8.6	-7.9	-85.5	-73.2	-344.9	0.0	0.0	0.0	-49.6	0	0	F
G	<b>25.1</b>	4.7	-38.1	0.2	<b>18.8</b>	<b>15.2</b>	9.9	<b>21.7</b>	<b>20.4</b>	<b>20.3</b>	13.5	10	13	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	12.2	10.9	2.3	-15.8	<b>17.2</b>	11.1	8.2	11.2	5.6	<b>16.2</b>	8.1	8	8	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	<b>32.1</b>	<b>42.7</b>	<b>19.1</b>	13.1	<b>16.9</b>	<b>23.2</b>	13.5	<b>24.1</b>	<b>22.6</b>	<b>22.2</b>	<b>20.5</b>	11	<b>20</b>	K
L	<b>18.0</b>	<b>31.4</b>	14.3	10.3	<b>18.4</b>	11.4	8.1	13.9	<b>25.9</b>	<b>39.3</b>	<b>17.8</b>	<b>20</b>	17	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	<b>112.85</b>	<b>82.50</b>	36.34	20.03	12.01	<b>58.50</b>	41.03	<b>91.48</b>	<b>76.12</b>	<b>116.77</b>	+15 %	10	10	A
B	21.94	<b>44.37</b>	23.54	14.13	8.41	16.36	10.71	26.03	44.64	27.01	-1	2	2	B
C	<b>71.59</b>	<b>84.61</b>	<b>37.27</b>	19.93	12.04	35.04	35.54	<b>49.53</b>	29.35	<b>58.31</b>	+7	5	5	C
D	<b>88.16</b>	<b>38.65</b>	20.91	12.47	32.81	<b>96.34</b>	<b>71.82</b>	<b>131.05</b>	<b>85.88</b>	<b>177.73</b>	+20	15	15	D
E	<b>50.06</b>	<b>51.23</b>	25.75	14.77	9.27	10.95	6.92	28.70	19.93	29.66	-0	3	3	E
F	19.75	26.67	15.29	8.81	5.49	4.75	5.10	4.65	5.50	4.55	-17	0	0	F
G	<b>79.89</b>	<b>36.09</b>	20.02	11.75	15.84	19.84	15.76	28.10	29.91	31.50	+1	3	3	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	H
I	19.03	18.61	11.24	7.13	29.96	21.96	19.05	27.37	15.43	49.11	+5	4	4	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	<b>81.21</b>	<b>118.98</b>	<b>48.34</b>	34.38	<b>59.74</b>	<b>159.47</b>	<b>83.76</b>	<b>201.06</b>	<b>202.49</b>	<b>236.47</b>	+23	<b>20</b>	<b>20</b>	K
L	<b>33.58</b>	<b>106.15</b>	<b>42.61</b>	27.78	<b>55.88</b>	<b>45.95</b>	35.33	<b>91.31</b>	<b>180.70</b>	<b>214.08</b>	+22 %	18	18	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	A-	<b>B+</b>	C	C-	C-	B-	B-	A	A	<b>A+</b>	Low	20	20	A
B	<b>B+</b>	A	C	C+	B	A-	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	B
C	A-	A	<b>B+</b>	A-	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	C
D	<b>B+</b>	C-	C+	A	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	D
E	B	B-	C-	C-	C-	C	B-	A	A-	<b>A-</b>	Medium	18	18	E
F	B-	B-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	F
G	B-	C-	C-	C-	C-	B-	C	B-	C+	C-	High	11	11	G
H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	H
I	B-	C	C-	C-	C	B-	B-	B-	C	C-	High	0	0	I
J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	J
K	<b>B+</b>	<b>B+</b>	B	B	A-	A	A	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	K
L	B	B	C	C	<b>B+</b>	A	<b>A+</b>	<b>A+</b>	B	B-	N/A	11	11	L

**IMAGE RATING**

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	<b>78</b>	<b>73</b>	<b>72</b>	<b>81</b>	<b>76</b>	<b>74</b>	<b>74</b>	<b>74</b>	69	<b>75</b>	<b>73</b>	15	15	A
B	62	<b>73</b>	<b>78</b>	<b>87</b>	<b>94</b>	<b>91</b>	<b>89</b>	<b>88</b>	<b>89</b>	<b>86</b>	<b>88</b>	17	18	B
C	<b>73</b>	<b>75</b>	<b>76</b>	<b>76</b>	<b>91</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>98</b>	<b>96</b>	<b>98</b>	19	20	C
D	<b>86</b>	<b>73</b>	65	65	67	<b>78</b>	<b>100</b>	<b>100</b>	<b>95</b>	<b>100</b>	<b>98</b>	20	20	D
E	<b>84</b>	<b>84</b>	<b>91</b>	<b>93</b>	<b>84</b>	<b>84</b>	<b>78</b>	<b>83</b>	<b>84</b>	<b>83</b>	<b>83</b>	17	17	E
F	63	58	65	49	62	<b>70</b>	67	69	<b>73</b>	64	69	13	14	F
G	<b>82</b>	<b>93</b>	<b>77</b>	66	<b>73</b>	<b>73</b>	<b>71</b>	<b>71</b>	<b>70</b>	<b>70</b>	<b>70</b>	14	14	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	67	66	66	<b>75</b>	65	63	61	<b>83</b>	<b>84</b>	<b>91</b>	<b>86</b>	18	17	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	<b>84</b>	<b>97</b>	<b>97</b>	<b>100</b>	<b>100</b>	<b>98</b>	<b>98</b>	<b>99</b>	<b>100</b>	<b>100</b>	<b>100</b>	20	20	K
L	68	<b>79</b>	66	<b>74</b>	60	<b>73</b>	65	67	65	<b>76</b>	69	15	14	L

**INVESTOR CONFIDENCE INDEX**

The degree to which a company meets or beats the annual targets for each performance measure drives investor confidence in management's ability to deliver good results. An index score below 70 indicates subpar achievement of the annual performance targets. Index scores of 100 or more reflect consistently excellent or superior performance in meeting investor expectations.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Average Index	Overall Confidence	
	A	<b>115</b>	112	55	38	45	101	87	116	114			
B	87	110	38	39	49	67	61	76	92	79	70	Fair	B
C	114	<b>116</b>	80	55	65	92	86	100	85	108	90	Very Good	C
D	114	43	51	66	90	117	112	118	115	119	95	Very Good	D
E	107	105	37	31	41	49	45	86	74	85	66	Subpar	E
F	72	83	27	18	21	22	21	22	22	20	33	Subpar	F
G	106	54	32	25	60	70	51	79	76	79	63	Subpar	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	73	61	30	25	72	65	56	72	43	77	57	Subpar	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	114	<b>116</b>	<b>109</b>	<b>95</b>	<b>115</b>	<b>119</b>	<b>113</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>114</b>	Superior	K
L	98	109	85	69	106	99	85	110	107	105	97	Very Good	L

**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>28,475</b>	<b>12,530</b>	<b>61,524</b>	<b>11,711</b>	<b>114,240</b>
– Pairs Rejected	<b>1,132</b>	<b>488</b>	<b>2,979</b>	<b>605</b>	<b>5,204</b>
<b>Net Y20 Production (after rejects)</b>	<b>27,343</b>	<b>12,042</b>	<b>58,545</b>	<b>11,106</b>	<b>109,036</b>
<b>Superior Materials Usage</b>	<b>56.0%</b>	<b>62.1%</b>	<b>47.6%</b>	<b>42.4%</b>	<b>50.8%</b>
<b>Capacity Utilization (branded + P-L prod.)</b>	<b>116.2%</b>	<b>118.2%</b>	<b>113.9%</b>	<b>102.7%</b>	<b>113.7%</b>

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
<b>Standard Materials</b>	<b>7.00</b>	<b>- 0.03</b>	<b>+ 0.26</b>	<b>7.23</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>+ 0.22</b>	<b>+ 0.52</b>	<b>14.74</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>1,860</b>	<b>4,003</b>	<b>2,221</b>	<b>3,691</b>	<b>11,775</b>
– Pairs Cleared (inventory clearance)	<b>239</b>	<b>1,698</b>	<b>341</b>	<b>477</b>	<b>2,755</b>
<b>Beginning Y20 Inventories</b>	<b>1,621</b>	<b>2,305</b>	<b>1,880</b>	<b>3,214</b>	<b>9,020</b>
+ New Production (shipped from plants)	<b>24,978</b>	<b>22,458</b>	<b>23,092</b>	<b>21,754</b>	<b>92,282</b>
<b>Pairs Available for Sale in Y20</b>	<b>26,599</b>	<b>24,763</b>	<b>24,972</b>	<b>24,968</b>	<b>101,302</b>

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
<b>Projected Y20 Demand (see Y19 FIR)</b>	<b>23,826</b>	<b>23,733</b>	<b>22,073</b>	<b>21,900</b>	<b>91,532</b>
<b>Actual Year 20 Demand</b>	<b>24,040</b>	<b>23,727</b>	<b>22,255</b>	<b>22,491</b>	<b>92,513</b>
<b>Branded Pairs Sold</b>	<b>23,923</b>	<b>23,056</b>	<b>22,247</b>	<b>22,445</b>	<b>91,671</b>
<b>Required Y20 Ending Inventories</b>	<b>1,681</b>	<b>1,566</b>	<b>1,637</b>	<b>1,589</b>	<b>6,473</b>
<b>Inventory Surplus (Shortfall)</b>	<b>632</b>	<b>-796</b>	<b>981</b>	<b>472</b>	<b>1,289</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.6%
- Available for shipment to warehouses
- % usage up by 2.1 points over Y19
- % utilization down by 6.0 points from Y19

Higher than normal (50.8% industrywide) superior materials usage led to superior materials prices that were 1.6% above the base and standard materials prices that were 0.4% below the base. Industrywide capacity utilization above 110% resulted in materials price increases of 3.7% from the base.

- Average inventory clearance of 23.4%
- 9.5% higher than Y20 demand

Actual demand in Year 20 was 1.1% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times
- { Okay in N.A. Low 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 — North America</b>	<b>25,002</b>	<b>26,002</b>	<b>27,042</b>	<b>28,124</b>
(internet + wholesale) <b>Europe-Africa</b>	<b>24,676</b>	<b>25,663</b>	<b>26,690</b>	<b>27,758</b>
<b>Asia-Pacific</b>	<b>23,591</b>	<b>25,006</b>	<b>26,506</b>	<b>28,096</b>
<b>Latin America</b>	<b>23,841</b>	<b>25,271</b>	<b>26,787</b>	<b>28,394</b>
<b>Total</b>	<b>97,110</b>	<b>101,942</b>	<b>107,025</b>	<b>112,372</b>
<b>Private-Label — North America</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>
<b>Europe-Africa</b>	<b>4,720</b>	<b>4,720</b>	<b>4,720</b>	<b>4,720</b>
<b>Asia-Pacific</b>	<b>4,660</b>	<b>4,660</b>	<b>4,660</b>	<b>4,660</b>
<b>Latin America</b>	<b>4,710</b>	<b>4,710</b>	<b>4,710</b>	<b>4,710</b>
<b>Total</b>	<b>18,780</b>	<b>18,780</b>	<b>18,780</b>	<b>18,780</b>

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

<b>Supply — Beginning Year 21 Inventory</b>	<b>8,558</b>
(000s) <b>Potential Production (at max OT)</b>	<b>120,600</b>
<b>Potential Global Supply</b>	<b>129,158</b>
<b>Demand — Branded Sales Forecast</b>	<b>97,110</b>
(000s) <b>Private-Label Sales Forecast</b>	<b>18,780</b>
<b>Expected Global Demand</b>	<b>115,890</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>	4,000	0	5,000	0	0	0	0	0	4,000	0	5,000	0	9,000	0	<b>A</b>
<b>B</b>	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	<b>B</b>
<b>C</b>	2,500	2,000	4,000	0	0	0	0	0	2,500	2,000	4,000	0	8,500	0	<b>C</b>
<b>D</b>	5,200	0	12,200	0	0	0	0	0	5,200	0	12,200	0	17,400	0	<b>D</b>
<b>E</b>	2,200	1,800	3,700	0	0	0	0	0	2,200	1,800	3,700	0	7,700	0	<b>E</b>
<b>F</b>	1,800	1,700	2,700	0	0	0	0	0	1,800	1,700	2,700	0	6,200	0	<b>F</b>
<b>G</b>	3,600	1,400	4,800	1,200	0	0	0	0	3,600	1,400	4,800	1,200	11,000	0	<b>G</b>
<b>H</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>H</b>
<b>I</b>	0	0	6,000	4,500	0	0	0	0	0	0	6,000	4,500	10,500	0	<b>I</b>
<b>J</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>J</b>
<b>K</b>	3,200	3,700	4,100	1,500	0	0	0	0	3,200	3,700	4,100	1,500	12,500	0	<b>K</b>
<b>L</b>	0	0	7,500	4,200	0	0	0	0	0	0	7,500	4,200	11,700	0	<b>L</b>
<b>Total</b>	<b>24,500</b>	<b>10,600</b>	<b>54,000</b>	<b>11,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,500</b>	<b>10,600</b>	<b>54,000</b>	<b>11,400</b>	<b>100,500</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)	Income Taxes	Net Profit	Total Dividend Payment (\$000s)	Shares of Stock (000s of shares outstanding)	
A	479,530	244,160	35,849	105,951	11,419	82,151	6,467	22,705	52,979	8,625	7,500	A
B	338,269	245,856	23,206	35,734	8,420	25,053	-387	7,632	17,808	791	7,910	B
C	508,431	266,202	24,965	159,863	10,920	46,481	2,155	13,298	31,028	1,050	7,500	C
D	940,386	488,957	60,810	192,752	19,820	178,047	5,781	51,680	120,586	0	11,565	D
E	484,221	257,865	30,652	134,352	10,118	51,234	3,824	14,223	33,187	1,469	14,685	E
F	257,843	207,773	20,568	21,611	8,620	-729	33,958	0	-34,687	0	12,650	F
G	614,070	322,119	38,966	161,848	13,419	77,718	22,159	16,668	38,891	7,283	15,495	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	577,674	337,311	38,488	133,597	12,921	55,357	19,223	10,840	25,294	13,650	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	660,807	364,777	37,170	116,307	14,918	127,635	4,368	36,980	86,287	56,250	7,500	K
L	549,502	343,288	35,500	17,051	14,119	139,544	19,000	36,163	84,381	193,350	7,500	L
	541,073	307,831	34,617	107,907	12,469	78,249	11,655	21,019	45,575	28,247	9,981	

**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	10,810	143,033	334,603	26,105	42,300	221,842	0	44,356	266,198	1.15	5 / 1	A
B	8,519	111,328	192,778	19,587	0	198,199	-42,024	17,016	173,191	0.10	1 / 3	B
C	32,451	171,305	300,654	39,583	79,964	236,989	-85,860	29,978	181,107	0.14	6 / 2	C
D	4,005	292,410	732,880	49,637	64,000	618,655	-120,002	120,590	619,243	0.00	1 / 2	D
E	22,612	160,612	325,376	45,870	70,400	243,834	-66,444	31,717	209,106	0.10	5 / 3	E
F	0	111,202	213,259	300,223	14,500	-79,074	12,296	-34,686	-101,464	0.00	0 / 4	F
G	8,941	204,312	431,436	81,180	143,000	175,646	0	31,610	207,256	0.47	6 / 1	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	14,575	185,847	505,007	213,074	194,000	214,887	-128,600	11,647	97,933	1.82	4 / 2	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	25,926	204,410	470,634	39,996	27,000	373,601	0	30,038	403,638	7.50	5 / 1	K
L	11,277	184,284	562,078	69,788	332,000	269,258	0	-108,969	160,290	25.78	3 / 2	L
	13,912	176,874	406,871	88,504	96,716	247,384	-43,063	17,330	221,650	3.71	4 / 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	50.9 %	7.5 %	22.1 %	2.4 %	17.1 %	11.0 %	5.48	23	12.70	0.14	13.49	Low	A
B	72.7	6.9	10.6	2.5	7.4	5.3	5.68	29	100.00	0.00	10.00	Low	B
C	52.4	4.9	31.4	2.1	9.1	6.1	4.33	17	21.57	0.30	4.97	Low	C
D	52.0	6.5	20.5	2.1	18.9	12.8	5.89	44	30.80	0.10	19.36	Low	D
E	53.3	6.3	27.7	2.1	10.6	6.9	3.50	27	13.40	0.29	2.25	Medium	E
F	80.6	8.0	8.4	3.3	-0.3	-13.5	0.37	119	-0.02	1.39	0.00	N/A	F
G	52.5	6.3	26.4	2.2	12.7	6.3	2.52	48	3.51	0.47	0.99	High	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	H
I	58.4	6.7	23.1	2.2	9.6	4.4	0.87	30	2.88	0.73	0.22	High	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	55.2	5.6	17.6	2.3	19.3	13.1	5.11	19	29.22	0.06	18.78	Low	K
L	62.5	6.5	3.1	2.6	25.4	15.4	2.64	77	7.34	0.66	0.00	N/A	L
	56.9 %	6.4 %	19.9 %	2.3 %	14.5 %	8.4 %	2.00	43	22.14	0.41	7.01	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		8.20	<b>7.52</b>	11.37	<b>10.83</b>	15.12	<b>14.54</b>
	Private-Label Footwear		7.62	<b>7.10</b>	9.66	<b>9.82</b>	12.76	<b>14.05</b>
Labor — North America	Total Compensation (\$/year)		18,202	<b>17,558</b>	22,986	<b>22,776</b>	31,453	<b>31,795</b>
	Productivity (pairs/worker/year)		4,103	<b>4,083</b>	5,437	<b>5,475</b>	7,029	<b>7,144</b>
	Labor Cost (\$/pair produced)		2.98	<b>2.92</b>	4.43	<b>4.35</b>	5.03	<b>5.04</b>
Europe Africa	Total Compensation (\$/year)		18,501	<b>18,843</b>	21,260	<b>21,707</b>	26,705	<b>27,824</b>
	Productivity (pairs/worker/year)		3,947	<b>4,796</b>	5,135	<b>5,406</b>	6,871	<b>7,037</b>
	Labor Cost (\$/pair produced)		4.20	<b>4.25</b>	4.61	<b>4.44</b>	5.22	<b>4.84</b>
Asia Pacific	Total Compensation (\$/year)		3,793	<b>3,664</b>	5,241	<b>5,299</b>	9,127	<b>9,226</b>
	Productivity (pairs/worker/year)		2,218	<b>2,167</b>	3,030	<b>3,095</b>	4,189	<b>4,350</b>
	Labor Cost (\$/pair produced)		1.49	<b>1.42</b>	1.80	<b>1.73</b>	2.29	<b>2.16</b>
Latin America	Total Compensation (\$/year)		3,161	<b>2,914</b>	4,940	<b>4,665</b>	6,349	<b>5,648</b>
	Productivity (pairs/worker/year)		2,172	<b>2,124</b>	3,139	<b>3,216</b>	3,722	<b>3,860</b>
	Labor Cost (\$/pair produced)		1.28	<b>1.52</b>	1.58	<b>1.67</b>	1.82	<b>1.94</b>
TQM / 6Σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	1.09	<b>1.09</b>	2.20	<b>2.20</b>
	Cumulative		0.50	<b>0.45</b>	1.06	<b>1.06</b>	2.20	<b>2.20</b>
Reject Rates	Branded Production		1.6%	<b>1.5%</b>	4.6%	<b>4.6%</b>	8.4%	<b>8.6%</b>
	Private-Label Production		1.9%	<b>1.8%</b>	3.0%	<b>3.0%</b>	3.8%	<b>4.4%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.34	<b>20.91</b>	27.62	<b>28.02</b>	37.46	<b>39.88</b>
	E-A		23.81	<b>24.24</b>	27.56	<b>27.59</b>	36.18	<b>34.81</b>
	A-P		18.27	<b>18.51</b>	23.57	<b>24.01</b>	32.18	<b>37.77</b>
	L.A.		18.11	<b>24.69</b>	24.67	<b>25.09</b>	27.98	<b>25.49</b>
	Private-Label — N.A.		19.92	<b>21.39</b>	24.14	<b>41.50</b>	28.35	<b>72.40</b>
	E-A		31.01	<b>21.96</b>	31.01	<b>26.93</b>	31.01	<b>31.90</b>
	A-P		15.25	<b>15.87</b>	18.84	<b>27.33</b>	23.10	<b>46.30</b>
	L.A.		24.60	<b>17.40</b>	24.60	<b>19.69</b>	24.60	<b>21.97</b>

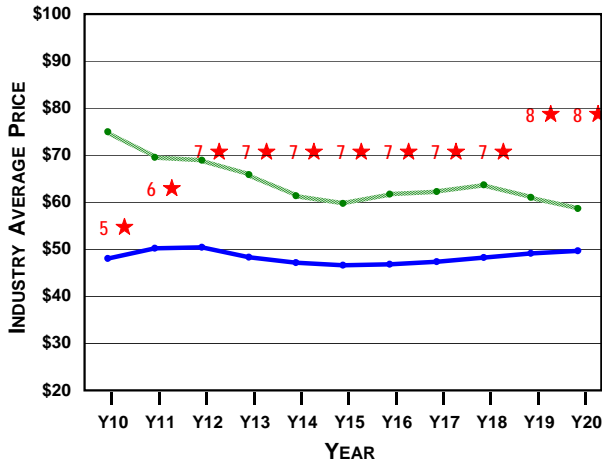
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.41	<b>22.72</b>	29.27	<b>29.06</b>	39.45	<b>41.67</b>
		E-A	27.05	<b>26.24</b>	32.00	<b>31.99</b>	38.73	<b>40.73</b>
		A-P	20.27	<b>20.51</b>	25.58	<b>25.92</b>	34.30	<b>38.81</b>
		L.A.	25.62	<b>24.87</b>	31.45	<b>31.45</b>	43.70	<b>44.52</b>
		Wholesale	10.29	<b>10.29</b>	10.65	<b>10.65</b>	11.72	<b>11.47</b>
	Warehouse Expenses - Internet (\$ per pair sold)	Wholesale	1.90	<b>1.84</b>	2.43	<b>2.42</b>	3.71	<b>3.47</b>
		Marketing Expenses — Internet (\$ per pair sold)	6.06	<b>6.85</b>	12.30	<b>11.56</b>	23.47	<b>14.81</b>
	Marketing Expenses — Wholesale (\$ per pair sold)	Wholesale	1.75	<b>1.70</b>	10.83	<b>10.78</b>	16.53	<b>17.68</b>
		Administrative Expenses (\$/pair sold)	1.12	<b>1.09</b>	1.41	<b>1.49</b>	2.63	<b>2.41</b>
Private-Label Market Segments	Operating Profit (\$ per pair sold)	Internet — N.A.	-0.28	<b>-0.16</b>	17.40	<b>16.06</b>	29.78	<b>31.39</b>
		E-A	0.68	<b>0.63</b>	15.59	<b>11.83</b>	31.28	<b>29.51</b>
		A-P	4.53	<b>-0.45</b>	21.41	<b>18.13</b>	33.14	<b>32.31</b>
		L.A.	-7.22	<b>-5.52</b>	13.72	<b>13.89</b>	25.60	<b>27.50</b>
		Wholesale — N.A.	-0.15	<b>-0.28</b>	4.66	<b>5.60</b>	17.78	<b>17.57</b>
	E-A	0.49	<b>0.45</b>	5.51	<b>4.47</b>	17.19	<b>14.34</b>	
	A-P	4.59	<b>1.09</b>	8.08	<b>7.12</b>	19.18	<b>17.56</b>	
	L.A.	-4.09	<b>-2.92</b>	3.68	<b>6.06</b>	15.94	<b>16.44</b>	
	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	Wholesale	21.92	<b>23.39</b>	24.88	<b>27.25</b>	30.35	<b>32.71</b>
		E-A	28.62	<b>23.96</b>	30.90	<b>38.20</b>	33.17	<b>56.79</b>
A-P		17.25	<b>17.87</b>	20.84	<b>20.85</b>	25.10	<b>22.45</b>	
L.A.		26.60	<b>19.40</b>	29.32	<b>21.69</b>	33.14	<b>23.97</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)	Wholesale — N.A.	-7.90	<b>0.74</b>	2.78	<b>4.78</b>	16.61	<b>9.37</b>	
	E-A	0.79	<b>-13.37</b>	8.36	<b>1.46</b>	15.93	<b>16.81</b>	
	A-P	-2.40	<b>3.35</b>	6.11	<b>5.89</b>	19.23	<b>8.37</b>	
	L.A.	-0.72	<b>3.99</b>	2.40	<b>5.80</b>	6.57	<b>7.61</b>	

**CELEBRITY ENDORSEMENTS**

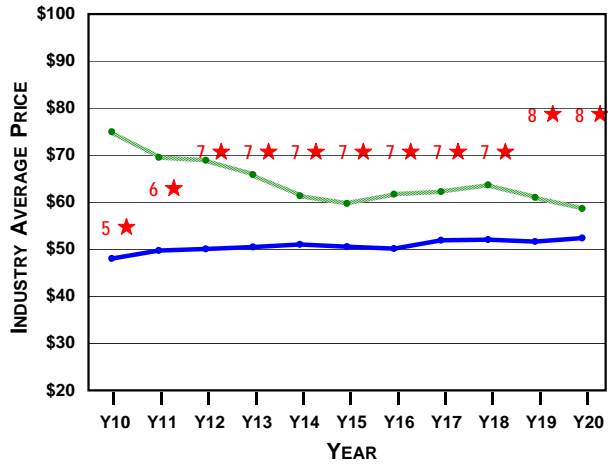
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# of BIDS	HIGH BID	2nd BID	AVG BID	Low Bid
Payton Manyon	85	45	35	40	Company E	12,102	Y19	2 years	6	16,988	12,102	10,744	7,001
Oprah Letterman	100	70	65	75	Company D	13,789	Y20	3 years	3	13,789	12,203	10,998	7,001
Annika Stockholm	70	100	70	55	Company G	23,431	Y16	5 years	6	23,431	11,097	11,039	5,000
Tiger Green	95	80	85	75	Company E	16,203	Y20	2 years	3	16,203	13,789	12,331	7,001
José Montaña	60	50	60	95	Company D	15,787	Y18	3 years	5	15,787	11,111	10,799	7,001
Karioki Footsu	55	60	95	90	Company D	13,789	Y20	4 years	3	13,789	12,203	10,998	7,001
Jaques LaFeet	50	90	50	85	Company D	13,789	Y20	1 year	3	13,789	12,203	10,998	7,001
Serenus Willson	70	65	55	60	Company G	17,688	Y19	3 years	6	17,688	12,102	11,361	7,001
Natalie Kwan	75	80	95	50	Company I	12,097	Y17	4 years	6	23,553	12,097	11,706	5,150
Sergio Milano	45	85	60	100	Company G	15,781	Y19	2 years	6	15,781	14,102	11,878	7,001
Lance deFrance	80	85	75	70	Company D	13,789	Y20	3 years	3	16,203	13,789	12,331	7,001
Yao KungPao	60	35	100	50	Company D	15,787	Y18	4 years	5	15,787	11,097	10,997	7,001

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

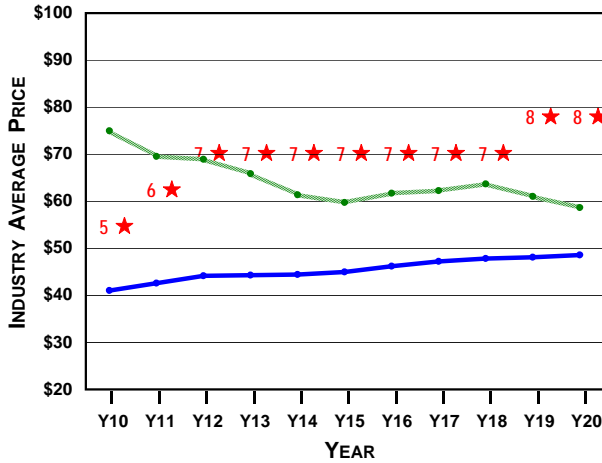
**NORTH AMERICA**



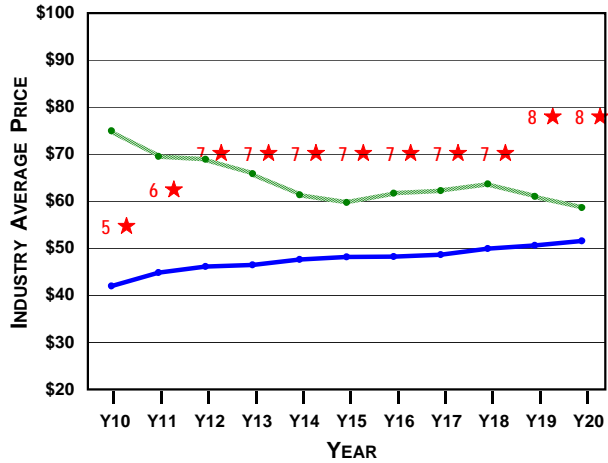
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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