

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 9

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
CA Slug	116	+1
Ideal Shoes	112	-4
Kancamagus Shoes	111	+3
Global dominance Inc	110	+3
Extreme	74	-31
Hall of Fame Shoes	48	-11
Dynamic	26	-4
Jezabels	23	-22
A (deleted)	0	0
B (deleted)	0	0
F (deleted)	0	0
L (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
CA Slug	112	0
Ideal Shoes	104	+1
Global dominance Inc	103	+1
Kancamagus Shoes	90	+3
Extreme	88	-1
Jezabels	76	-6
Dynamic	60	-4
Hall of Fame Shoes	55	-1
A (deleted)	0	0
B (deleted)	0	0
F (deleted)	0	0
L (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
CA Slug	93	+8
Global dominance Inc	83	+4
Ideal Shoes	83	-11
Kancamagus Shoes	76	+3
Extreme	50	-18
Hall of Fame Shoes	36	-5
Dynamic	21	-3
Jezabels	16	-16
A (deleted)	0	0
B (deleted)	0	0
F (deleted)	0	0
L (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
CA Slug	93	+7
Global dominance Inc	87	+5
Ideal Shoes	82	-5
Kancamagus Shoes	73	+4
Extreme	59	-6
Hall of Fame Shoes	42	-2
Jezabels	33	-17
Dynamic	28	-1
A (deleted)	0	0
B (deleted)	0	0
F (deleted)	0	0
L (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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	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	<b>4.51</b>	<b>5.58</b>	<b>4.40</b>	<b>4.55</b>	<b>5.76</b>	<b>8.86</b>	<b>5.99</b>	<b>6.15</b>	<b>7.93</b>	<b>9.61</b>	<b>6.31</b>	18	18	C
D	<b>3.56</b>	<b>2.93</b>	0.61	0.29	1.70	2.39	1.71	-0.54	0.28	-1.16	1.10	0	3	D
E	<b>3.71</b>	<b>3.07</b>	1.22	-0.31	2.44	<b>4.24</b>	1.88	<b>4.66</b>	4.14	2.27	2.75	4	8	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>3.86</b>	<b>5.92</b>	1.61	2.36	<b>8.00</b>	<b>12.99</b>	<b>10.94</b>	<b>10.54</b>	<b>8.29</b>	<b>10.94</b>	<b>7.08</b>	<b>20</b>	<b>20</b>	G
H	1.79	1.48	0.53	0.38	0.73	1.08	0.67	0.02	0.98	0.24	0.79	0	2	H
I	<b>4.38</b>	<b>3.63</b>	2.38	<b>3.29</b>	2.75	<b>4.06</b>	<b>4.61</b>	<b>9.05</b>	<b>8.44</b>	<b>8.51</b>	<b>5.07</b>	16	14	I
J	<b>4.15</b>	<b>3.94</b>	2.61	2.08	<b>4.31</b>	<b>4.94</b>	<b>3.93</b>	-0.26	0.52	-0.56	2.68	0	8	J
K	<b>5.47</b>	<b>3.19</b>	-1.12	2.36	1.40	3.48	<b>4.44</b>	<b>6.52</b>	<b>5.68</b>	<b>6.90</b>	<b>3.77</b>	13	11	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	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	<b>26.7</b>	<b>35.1</b>	<b>27.1</b>	<b>22.5</b>	<b>23.4</b>	<b>29.0</b>	<b>16.8</b>	<b>16.0</b>	<b>18.8</b>	<b>21.2</b>	<b>21.3</b>	<b>20</b>	<b>20</b>	C
D	<b>21.7</b>	<b>15.7</b>	3.2	1.5	8.1	9.7	6.7	-2.3	1.8	-7.0	5.4	0	5	D
E	<b>22.0</b>	<b>16.3</b>	5.8	-1.7	12.1	<b>18.1</b>	7.0	14.9	12.4	6.5	10.9	6	10	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>22.6</b>	<b>28.5</b>	6.0	6.2	<b>17.1</b>	<b>25.3</b>	<b>16.6</b>	12.4	9.3	10.9	12.9	10	12	G
H	12.7	7.8	2.7	1.9	3.6	5.1	3.0	0.1	4.3	1.0	3.8	1	4	H
I	<b>27.5</b>	<b>28.4</b>	<b>15.9</b>	<b>15.8</b>	12.5	<b>16.2</b>	<b>16.3</b>	<b>26.6</b>	<b>20.3</b>	<b>19.1</b>	<b>18.8</b>	18	18	I
J	<b>24.1</b>	<b>18.8</b>	11.0	8.8	<b>16.1</b>	<b>15.7</b>	11.0	-0.7	1.3	-1.5	9.1	0	9	J
K	<b>34.0</b>	<b>25.5</b>	-9.1	<b>16.4</b>	8.9	<b>19.3</b>	<b>20.3</b>	<b>24.3</b>	<b>18.5</b>	<b>19.1</b>	<b>17.8</b>	18	17	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	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	<b>72.53</b>	<b>84.16</b>	<b>55.11</b>	<b>52.53</b>	<b>78.74</b>	<b>186.07</b>	<b>84.84</b>	<b>77.09</b>	<b>99.40</b>	<b>177.93</b>	+20	<b>20</b>	<b>20</b>	C
D	<b>68.35</b>	<b>34.88</b>	19.17	11.80	17.67	34.39	19.38	12.00	7.70	4.75	-17	1	1	D
E	<b>63.46</b>	<b>35.87</b>	19.13	11.74	24.37	<b>62.44</b>	30.25	<b>66.10</b>	51.09	26.46	-1	3	3	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>58.35</b>	<b>104.20</b>	<b>42.56</b>	23.12	<b>104.40</b>	<b>209.09</b>	<b>191.62</b>	<b>137.79</b>	<b>89.15</b>	<b>132.28</b>	+16	15	15	G
H	18.60	14.10	8.76	6.03	7.46	12.30	8.06	5.07	11.13	6.92	-14	1	1	H
I	<b>79.78</b>	<b>46.04</b>	24.25	33.25	27.67	<b>61.37</b>	<b>60.59</b>	<b>170.40</b>	<b>161.06</b>	<b>154.11</b>	+18	17	17	I
J	<b>64.81</b>	<b>50.12</b>	26.45	19.40	<b>49.59</b>	<b>66.44</b>	43.26	23.22	13.52	7.99	-12	1	1	J
K	<b>104.63</b>	<b>42.03</b>	21.90	21.89	12.99	<b>49.33</b>	<b>57.16</b>	<b>105.13</b>	<b>73.91</b>	<b>95.00</b>	+12	11	11	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	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	<b>A-</b>	<b>B+</b>	<b>B+</b>	<b>A-</b>	<b>A</b>	<b>A</b>	B-	C	<b>A</b>	<b>A</b>	Low	19	19	C
D	<b>A-</b>	B	C+	B-	<b>A-</b>	<b>A-</b>	C+	C-	C-	C-	High	0	0	D
E	<b>A-</b>	<b>B+</b>	C+	C-	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A-</b>	Medium	18	18	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-	B-	<b>B+</b>	B	B	<b>A-</b>	<b>A</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	G
H	<b>A-</b>	B	B-	B	<b>A</b>	<b>A-</b>	C+	<b>B+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	H
I	<b>B+</b>	C	<b>B+</b>	<b>A</b>	<b>A-</b>	<b>A</b>	B-	<b>A</b>	<b>A</b>	<b>A-</b>	Medium	18	18	I
J	<b>B+</b>	B	B-	C+	<b>B+</b>	<b>B+</b>	B-	C-	B	C-	High	0	0	J
K	B	C	C-	C+	C+	B	B-	B	B	B	Medium	14	14	K
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	<b>78</b>	<b>77</b>	<b>74</b>	<b>78</b>	<b>98</b>	<b>100</b>	<b>100</b>	<b>81</b>	<b>78</b>	<b>78</b>	<b>79</b>	16	16	C
D	<b>79</b>	<b>74</b>	<b>78</b>	<b>87</b>	<b>100</b>	<b>100</b>	<b>94</b>	<b>76</b>	<b>100</b>	<b>97</b>	<b>91</b>	<b>20</b>	19	D
E	<b>90</b>	<b>88</b>	<b>73</b>	<b>83</b>	<b>94</b>	<b>97</b>	<b>100</b>	<b>98</b>	<b>100</b>	<b>93</b>	<b>97</b>	19	<b>20</b>	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	<b>83</b>	<b>84</b>	<b>87</b>	<b>89</b>	<b>100</b>	<b>100</b>	<b>96</b>	<b>100</b>	<b>100</b>	<b>89</b>	<b>96</b>	18	<b>20</b>	G
H	<b>73</b>	<b>85</b>	<b>80</b>	<b>78</b>	<b>91</b>	<b>81</b>	<b>89</b>	<b>78</b>	<b>70</b>	67	<b>72</b>	14	15	H
I	<b>96</b>	<b>98</b>	58	60	60	<b>75</b>	<b>80</b>	<b>81</b>	<b>76</b>	67	<b>75</b>	14	15	I
J	67	69	<b>70</b>	<b>70</b>	<b>75</b>	<b>87</b>	<b>75</b>	<b>77</b>	<b>72</b>	<b>72</b>	<b>74</b>	15	15	J
K	<b>80</b>	<b>70</b>	<b>76</b>	69	<b>72</b>	<b>96</b>	<b>100</b>	<b>92</b>	<b>94</b>	<b>98</b>	<b>95</b>	<b>20</b>	<b>20</b>	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	115	<b>113</b>	<b>113</b>	<b>114</b>	<b>119</b>	<b>119</b>	105	95	115	<b>116</b>	<b>112</b>	Superior	C
D	114	97	47	44	75	88	57	26	30	26	60	Subpar	D
E	<b>117</b>	105	54	28	85	115	79	113	105	74	88	Good	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	110	110	75	69	113	112	<b>109</b>	111	107	110	103	Excellent	G
H	84	66	45	45	59	63	41	43	59	48	55	Subpar	H
I	116	98	87	98	85	110	99	<b>117</b>	<b>116</b>	112	104	Excellent	I
J	111	107	78	63	106	109	87	31	45	23	76	Fair	J
K	109	91	33	74	54	103	104	111	108	111	90	Very Good	K
L	0	0	0	0	0	0	0	0	0	0	0	N/A	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>17,039</b>	<b>4,680</b>	<b>63,971</b>	<b>17,640</b>	<b>103,330</b>
– Pairs Rejected	789	173	2,812	802	4,576
<b>Net Y20 Production (after rejects)</b>	<b>16,250</b>	<b>4,507</b>	<b>61,159</b>	<b>16,838</b>	<b>98,754</b>
<b>Superior Materials Usage</b>	<b>50.2%</b>	<b>24.6%</b>	<b>42.1%</b>	<b>14.4%</b>	<b>37.9%</b>
<b>Capacity Utilization (branded + P-L prod.)</b>	<b>120.0%</b>	<b>120.0%</b>	<b>115.1%</b>	<b>120.0%</b>	<b>116.9%</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>+ 1.69</b>	<b>+ 0.48</b>	<b>9.17</b>
<b>Superior Materials</b>	<b>14.00</b>	<b>- 0.85</b>	<b>+ 0.97</b>	<b>14.12</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>4,147</b>	<b>3,506</b>	<b>5,047</b>	<b>2,982</b>	<b>15,682</b>
– Pairs Cleared (inventory clearance)	1,216	933	1,974	723	4,846
<b>Beginning Y20 Inventories</b>	<b>2,931</b>	<b>2,573</b>	<b>3,073</b>	<b>2,259</b>	<b>10,836</b>
+ New Production (shipped from plants)	23,518	21,214	22,557	22,456	89,745
<b>Pairs Available for Sale in Y20</b>	<b>26,449</b>	<b>23,787</b>	<b>25,630</b>	<b>24,715</b>	<b>100,581</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>21,852</b>	<b>21,374</b>	<b>20,810</b>	<b>20,513</b>	<b>84,549</b>
<b>Actual Year 20 Demand</b>	<b>21,606</b>	<b>21,176</b>	<b>20,976</b>	<b>20,726</b>	<b>84,484</b>
<b>Branded Pairs Sold</b>	<b>21,605</b>	<b>21,178</b>	<b>20,976</b>	<b>20,712</b>	<b>84,471</b>
<b>Required Y20 Ending Inventories</b>	<b>1,664</b>	<b>1,393</b>	<b>1,563</b>	<b>1,569</b>	<b>6,189</b>
<b>Inventory Surplus (Shortfall)</b>	<b>3,180</b>	<b>1,216</b>	<b>3,091</b>	<b>2,199</b>	<b>9,686</b>

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.4%
- Available for shipment to warehouses
- % usage down by 5.4 points from Y19
- % utilization up by 4.9 points over Y19

Lower than normal (37.9% industrywide) superior materials usage led to superior materials prices that were 6.1% below the base and standard materials prices that were 24.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.9% from the base.

- Average inventory clearance of 30.9%
- 19.1% higher than Y20 demand
- Actual demand in Year 20 was 0.1% less than expected.
- Needed to achieve delivery times
- { High in N.A. Okay in E-A  
High in A-P High in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded (internet + wholesale)</b>				
– North America	22,470	23,369	24,304	25,276
– Europe-Africa	22,023	22,904	23,820	24,773
– Asia-Pacific	22,235	23,569	24,983	26,482
– Latin America	21,970	23,288	24,685	26,166
<b>Total</b>	<b>88,698</b>	<b>93,130</b>	<b>97,792</b>	<b>102,697</b>
<b>Private-Label</b>				
– North America	3,728	3,728	3,728	3,728
– Europe-Africa	3,728	3,728	3,728	3,728
– Asia-Pacific	3,736	3,736	3,736	3,736
– Latin America	3,752	3,752	3,752	3,752
<b>Total</b>	<b>14,944</b>	<b>14,944</b>	<b>14,944</b>	<b>14,944</b>

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

<b>Supply</b>	<b>Beginning Year 21 Inventory (000s)</b>	<b>15,875</b>
	<b>Potential Production (at max OT)</b>	<b>106,320</b>
	<b>Potential Global Supply</b>	<b>122,195</b>
<b>Demand</b>	<b>Branded Sales Forecast (000s)</b>	<b>88,698</b>
	<b>Private-Label Sales Forecast</b>	<b>14,944</b>
	<b>Expected Global Demand</b>	<b>103,642</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		
A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	4,500	6,000	0	0	900	-1,000	0	0	5,400	5,000	10,400	0	C
D	4,800	2,000	5,500	0	0	0	0	0	4,800	2,000	5,500	0	12,300	0	D
E	3,400	0	4,700	0	0	0	0	0	3,400	0	4,700	0	8,100	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	12,200	8,700	0	0	0	0	0	0	12,200	8,700	20,900	0	G
H	4,000	0	4,000	0	0	0	0	0	4,000	0	4,000	0	8,000	0	H
I	0	0	8,900	0	0	0	0	0	0	0	8,900	0	8,900	0	I
J	2,000	1,900	4,000	1,000	0	0	0	0	2,000	1,900	4,000	1,000	8,900	0	J
K	0	0	10,300	0	0	0	600	0	0	0	10,900	0	10,900	200	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
	<b>14,200</b>	<b>3,900</b>	<b>54,100</b>	<b>15,700</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>-1,000</b>	<b>14,200</b>	<b>3,900</b>	<b>55,600</b>	<b>14,700</b>	<b>88,400</b>	<b>200</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	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	522,272	266,272	38,614	93,705	12,819	110,862	7,882	30,894	72,086	71,250	7,500	C
D	548,218	389,805	42,967	98,328	14,718	2,400	18,483	0	-16,083	1,390	13,900	D
E	494,993	314,259	36,703	105,822	10,518	27,691	693	8,099	18,899	6,668	8,335	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	824,982	493,766	53,454	125,513	23,319	128,930	11,685	35,174	82,071	6,000	7,500	G
H	356,010	261,327	26,804	54,353	10,417	3,109	-1,807	1,475	3,441	7,250	14,500	H
I	529,924	266,614	35,759	116,871	11,319	99,361	8,168	27,358	63,835	67,500	7,500	I
J	372,663	269,461	28,607	65,370	11,319	-2,094	2,143	0	-4,237	15,000	7,500	J
K	629,370	358,097	47,922	119,034	13,320	90,997	17,088	22,173	51,736	9,375	7,500	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	534,804	327,450	38,854	97,375	13,469	57,657	8,042	15,647	33,969	23,054	9,279	

**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	0	0	0	0	0	0	0	0	0.00	0 / 0	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	169,886	436,478	35,436	60,750	339,456	0	836	340,292	9.50	4 / 4	C
D	0	195,423	455,864	77,382	156,000	239,955	0	-17,473	222,482	0.10	4 / 3	D
E	0	192,473	327,070	56,088	0	313,442	-54,691	12,231	270,982	0.80	2 / 3	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	0	255,060	859,600	53,341	36,000	734,222	-40,035	76,072	770,259	0.80	4 / 3	G
H	63,874	231,202	359,552	28,316	0	335,047	0	-3,811	331,236	0.50	4 / 5	H
I	3,247	183,452	438,877	33,363	73,400	335,778	0	-3,664	332,114	9.00	7 / 3	I
J	16,304	134,802	327,363	36,611	18,000	291,991	0	-19,239	272,752	2.00	1 / 1	J
K	0	230,462	520,984	101,415	127,200	250,029	0	42,340	292,369	1.25	7 / 2	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	10,428	199,095	465,723	52,744	58,919	354,990	-11,841	10,911	354,061	2.99	4 / 3	

**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	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	51.0	7.4	17.9	2.5	21.2	13.8	4.79	60	14.07	0.16	3.10	Low	C
D	71.1	7.8	17.9	2.7	0.4	-2.9	2.53	77	0.13	0.42	0.25	High	D
E	63.5	7.4	21.4	2.1	5.6	3.8	3.43	94	39.96	0.09	1.02	Medium	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	59.9	6.5	15.2	2.8	15.6	9.9	4.78	41	11.03	0.05	12.24	Low	G
H	73.4	7.5	15.3	2.9	0.9	1.0	8.17	136	100.00	0.00	10.00	Low	H
I	50.3	6.7	22.1	2.1	18.8	12.0	5.50	72	12.16	0.19	1.93	Medium	I
J	72.3	7.7	17.5	3.0	-0.6	-1.1	3.68	52	-0.98	0.08	0.04	High	J
K	56.9	7.6	18.9	2.1	14.5	8.2	2.27	77	5.33	0.36	1.01	Medium	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	61.2 %	7.3 %	18.2 %	2.5 %	10.8 %	6.4 %	3.77	76	22.71	0.17	3.70	Low	

**Bold** = best in industry       = needs management attention

<b>PLANT AND PRODUCTION BENCHMARKS</b>		<b>Industry Low</b>		<b>Industry Average</b>		<b>Industry High</b>	
		Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
<b>Materials Costs</b> (\$ per pair produced)	<b>Branded Footwear</b>	7.65	<b>8.12</b>	10.29	<b>10.75</b>	12.27	<b>12.51</b>
	<b>Private-Label Footwear</b>	7.03	<b>8.27</b>	9.14	<b>10.09</b>	10.75	<b>11.65</b>
<b>Labor — North America</b>	<b>Total Compensation</b> (\$/year)	16,406	<b>17,169</b>	19,479	<b>20,961</b>	25,996	<b>26,345</b>
	<b>Productivity</b> (pairs/worker/year)	3,847	<b>3,836</b>	4,311	<b>4,342</b>	4,807	<b>4,907</b>
	<b>Labor Cost</b> (\$/pair produced)	3.22	<b>3.35</b>	4.94	<b>5.08</b>	5.64	<b>6.04</b>
<b>Europe</b>	<b>Total Compensation</b> (\$/year)	16,525	<b>16,690</b>	17,829	<b>17,999</b>	19,133	<b>19,307</b>
	<b>Productivity</b> (pairs/worker/year)	4,809	<b>4,860</b>	4,929	<b>4,970</b>	5,049	<b>5,079</b>
	<b>Labor Cost</b> (\$/pair produced)	3.82	<b>3.82</b>	3.99	<b>3.88</b>	4.16	<b>3.93</b>
<b>Asia Pacific</b>	<b>Total Compensation</b> (\$/year)	3,228	<b>3,259</b>	4,665	<b>4,674</b>	8,501	<b>8,623</b>
	<b>Productivity</b> (pairs/worker/year)	2,477	<b>2,442</b>	2,998	<b>3,003</b>	3,592	<b>3,696</b>
	<b>Labor Cost</b> (\$/pair produced)	1.21	<b>1.21</b>	1.60	<b>1.61</b>	2.68	<b>2.67</b>
<b>Latin America</b>	<b>Total Compensation</b> (\$/year)	3,940	<b>3,629</b>	4,150	<b>4,148</b>	4,269	<b>4,546</b>
	<b>Productivity</b> (pairs/worker/year)	2,590	<b>2,581</b>	3,061	<b>3,064</b>	3,561	<b>3,449</b>
	<b>Labor Cost</b> (\$/pair produced)	1.17	<b>1.17</b>	1.37	<b>1.49</b>	1.70	<b>1.72</b>
<b>TQM / 6Σ Quality Expenditures</b> (\$ per pair of capacity)	<b>Year 20</b>	0.14	<b>0.00</b>	1.46	<b>1.07</b>	2.50	<b>2.50</b>
	<b>Cumulative</b>	0.81	<b>0.72</b>	1.50	<b>1.43</b>	2.33	<b>2.35</b>
<b>Reject Rates</b>	<b>Branded Production</b>	3.1%	<b>3.0%</b>	4.4%	<b>4.5%</b>	5.3%	<b>5.4%</b>
	<b>Private-Label Production</b>	1.8%	<b>2.3%</b>	2.9%	<b>3.2%</b>	3.9%	<b>4.2%</b>
<b>Total Manufacturing Costs</b> (\$/pair produced)	<b>Branded — N.A.</b>	24.43	<b>25.23</b>	28.22	<b>30.34</b>	32.50	<b>34.33</b>
	<b>E-A</b>	21.06	<b>22.13</b>	23.20	<b>23.37</b>	25.33	<b>24.61</b>
	<b>A-P</b>	17.74	<b>17.63</b>	22.02	<b>21.96</b>	28.44	<b>28.78</b>
	<b>L.A.</b>	15.78	<b>15.93</b>	18.24	<b>18.58</b>	19.92	<b>20.12</b>
	<b>Private-Label — N.A.</b>	22.37	<b>24.37</b>	34.04	<b>25.13</b>	45.70	<b>25.89</b>
	<b>E-A</b>	0.00	<b>57.15</b>	0.00	<b>57.15</b>	0.00	<b>57.15</b>
	<b>A-P</b>	18.32	<b>17.95</b>	19.87	<b>18.57</b>	23.41	<b>19.47</b>
	<b>L.A.</b>	15.82	<b>0.00</b>	16.25	<b>0.00</b>	16.68	<b>0.00</b>

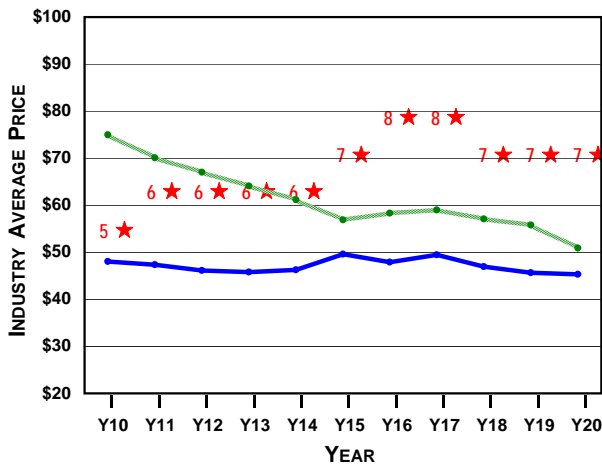
<b>OPERATING BENCHMARKS</b>		<b>Industry Low</b>		<b>Industry Average</b>		<b>Industry High</b>	
		Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
<b>Branded Market Segments</b>	<b>Costs of Pairs Sold</b> — N.A.	21.98	<b>20.70</b>	26.67	<b>26.57</b>	34.23	<b>35.20</b>
	( \$/pair sold. Includes manufac- E-A	23.37	<b>24.00</b>	30.96	<b>31.40</b>	38.42	<b>39.70</b>
	turing, shipping, import tariffs, A-P	19.72	<b>20.16</b>	24.11	<b>24.07</b>	30.27	<b>30.75</b>
	and exchange rate adjustments.) L.A.	18.11	<b>18.52</b>	28.99	<b>28.34</b>	37.22	<b>37.35</b>
<b>Warehouse Expenses - Internet</b> (\$ per pair sold)	<b>Wholesale</b>	10.51	<b>10.33</b>	10.66	<b>10.59</b>	10.94	<b>10.81</b>
		2.12	<b>1.76</b>	2.37	<b>2.30</b>	2.71	<b>2.64</b>
<b>Marketing Expenses — Internet</b> (\$ per pair sold)	<b>Wholesale</b>	7.47	<b>8.31</b>	10.82	<b>11.15</b>	17.05	<b>14.93</b>
		4.94	<b>5.92</b>	9.03	<b>9.41</b>	12.35	<b>13.48</b>
<b>Administrative Expenses</b> (\$/pair sold)		1.17	<b>1.13</b>	1.32	<b>1.31</b>	1.65	<b>1.55</b>
<b>Operating Profit</b> (\$ per pair sold)	<b>Internet — N.A.</b>	8.19	<b>4.42</b>	16.26	<b>10.57</b>	25.90	<b>20.81</b>
	<b>E-A</b>	3.63	<b>-1.73</b>	12.56	<b>6.16</b>	22.27	<b>12.08</b>
	<b>A-P</b>	13.83	<b>9.05</b>	19.57	<b>13.29</b>	27.81	<b>20.87</b>
	<b>L.A.</b>	2.73	<b>1.20</b>	12.61	<b>9.82</b>	32.09	<b>23.46</b>
<b>Wholesale</b>	<b>N.A.</b>	1.40	<b>-0.33</b>	5.69	<b>4.59</b>	9.79	<b>10.18</b>
	<b>E-A</b>	0.87	<b>-3.07</b>	4.96	<b>3.62</b>	9.42	<b>12.81</b>
	<b>A-P</b>	2.84	<b>0.27</b>	6.63	<b>5.20</b>	11.61	<b>11.23</b>
	<b>L.A.</b>	0.16	<b>1.01</b>	3.92	<b>5.59</b>	8.18	<b>14.54</b>
<b>Private-Label Market Segments</b>	<b>Production Costs</b> — N.A.	19.34	<b>21.83</b>	30.47	<b>25.36</b>	47.70	<b>27.89</b>
	( \$/pair sold. Includes manufac- E-A	28.77	<b>29.08</b>	29.14	<b>32.40</b>	29.83	<b>37.82</b>
	turing, shipping, import tariffs, A-P	20.32	<b>19.95</b>	21.87	<b>20.57</b>	25.41	<b>21.47</b>
	and exchange rate adjustments.) L.A.	17.82	<b>0.00</b>	21.98	<b>#####</b>	29.43	<b>0.00</b>
<b>Warehouse Expenses</b> (\$ per pair sold)		1.00	<b>1.00</b>	1.00	<b>1.00</b>	1.00	<b>1.00</b>
<b>Margin Over Direct Costs</b> (\$ per pair sold)	<b>N.A.</b>	-25.70	<b>-8.42</b>	-10.14	<b>-6.26</b>	0.66	<b>0.00</b>
	<b>E-A</b>	-4.45	<b>-12.46</b>	-2.20	<b>-7.05</b>	0.00	<b>0.00</b>
	<b>A-P</b>	-5.69	<b>-4.61</b>	-2.05	<b>-3.41</b>	0.00	<b>0.00</b>
	<b>L.A.</b>	-10.06	<b>0.00</b>	-2.45	<b>#####</b>	2.53	<b>0.00</b>

**CELEBRITY ENDORSEMENTS**

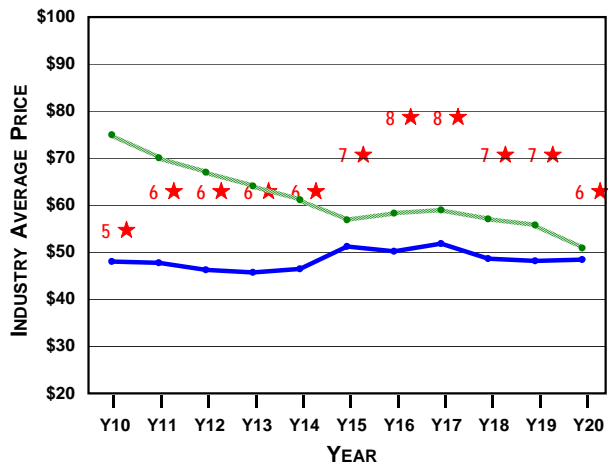
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# of BIDS	HIGH BID	2nd BID	AVG BID	Low Bid
Payton Manyon	85	45	35	40	Company G	5,000	Y19	2 years	5	5,600	5,000	4,732	3,718
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	1	5,400	0	5,400	5,400
Annika Stockholm	70	100	70	55	Company I	5,656	Y16	5 years	7	5,656	5,000	2,812	510
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	1	4,582	0	4,582	4,582
José Montaña	60	50	60	95	Company E	6,300	Y18	3 years	6	6,300	6,000	5,070	3,646
Karioki Footsu	55	60	95	90	Company K	5,412	Y20	4 years	1	5,412	0	5,412	5,412
Jaques LaFeet	50	90	50	85	[unsigned]	0	N/A	1 year	1	5,468	0	5,468	5,468
Serenus Willson	70	65	55	60	Company G	5,000	Y19	3 years	6	5,000	4,562	4,221	3,500
Natalie Kwan	75	80	95	50	Company E	5,000	Y17	4 years	7	5,678	5,000	3,789	2,000
Sergio Milano	45	85	60	100	Company J	6,501	Y19	2 years	7	6,501	5,000	4,173	1,500
Lance deFrance	80	85	75	70	Company K	5,487	Y20	3 years	1	5,487	0	5,487	5,487
Yao KungPao	60	35	100	50	Company K	5,689	Y18	4 years	7	5,689	5,402	4,635	3,646

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

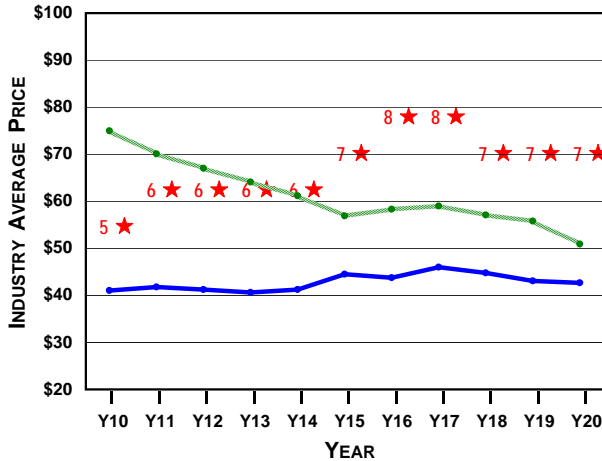
**NORTH AMERICA**



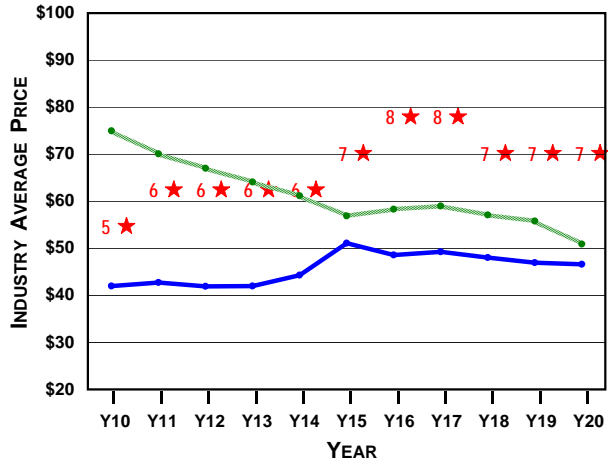
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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