

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

Friday, December 14, 2007

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
Best Company	119	0
Great NW Footwear	118	+2
KBarefeet	118	+5
First Place	118	+6
E Company	117	+21
Ace Footwear	117	+30
Jazz Fest Footwear	110	+16
Higher Heights Shoes	86	-1
I Company	82	+33
LEnron	68	+14
C (deleted)	0	0
D (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Best Company	100	+2
Great NW Footwear	96	+3
KBarefeet	94	+3
First Place	93	+2
Jazz Fest Footwear	92	+2
Ace Footwear	91	+3
E Company	86	+3
Higher Heights Shoes	59	+3
LEnron	52	+1
I Company	43	+5
C (deleted)	0	0
D (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
Great NW Footwear	92	+5
KBarefeet	88	+14
Best Company	84	-15
First Place	74	+3
E Company	73	+15
Ace Footwear	67	+13
Jazz Fest Footwear	58	+1
Higher Heights Shoes	51	-7
I Company	46	+11
LEnron	41	+2
C (deleted)	0	0
D (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Great NW Footwear	97	+6
Best Company	91	-6
KBarefeet	82	+3
First Place	81	0
E Company	72	+7
Jazz Fest Footwear	69	+1
Ace Footwear	69	+5
Higher Heights Shoes	51	-2
I Company	42	+6
LEnron	42	-2
C (deleted)	0	0
D (deleted)	0	0

**EARNINGS PER SHARE (\$)**

Bold numbers indicate achievement of investor expectation for EPS shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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>3.99</b>	<b>4.25</b>	1.80	-1.50	1.88	3.53	3.19	<b>4.11</b>	3.23	<b>6.51</b>	2.96	10	11	A
B	<b>4.11</b>	<b>3.19</b>	1.44	2.30	2.31	<b>4.93</b>	<b>6.99</b>	<b>6.61</b>	<b>8.97</b>	<b>10.39</b>	<b>4.85</b>	16	18	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	D
E	<b>3.42</b>	1.53	1.30	0.99	1.39	<b>3.93</b>	<b>3.99</b>	<b>5.02</b>	4.07	<b>9.32</b>	3.34	14	12	E
F	<b>4.14</b>	<b>3.21</b>	1.31	2.17	1.98	<b>3.70</b>	<b>4.46</b>	<b>4.52</b>	<b>5.08</b>	<b>7.87</b>	<b>3.84</b>	12	14	F
G	<b>4.83</b>	<b>3.05</b>	1.20	-0.32	2.93	<b>6.32</b>	<b>6.26</b>	<b>8.85</b>	<b>8.41</b>	<b>13.33</b>	<b>5.35</b>	<b>20</b>	<b>20</b>	G
H	<b>2.81</b>	1.36	-0.56	-0.73	-0.03	-0.54	2.54	1.58	2.50	2.61	1.13	4	4	H
I	1.19	1.41	0.63	0.58	0.73	-0.02	-1.89	1.76	0.85	2.49	0.77	4	3	I
J	<b>5.02</b>	2.56	1.86	2.54	1.76	<b>4.16</b>	3.46	3.81	3.52	<b>5.28</b>	3.37	8	13	J
K	<b>4.54</b>	1.88	1.23	1.63	2.07	2.56	<b>4.57</b>	<b>4.82</b>	<b>5.58</b>	<b>10.50</b>	<b>3.78</b>	16	14	K
L	1.54	1.70	0.40	0.37	-0.41	0.90	1.23	0.72	0.71	1.56	0.88	2	3	L

**RETURN ON EQUITY (%)**

Bold numbers indicate achievement of investor expectation for ROE shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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>23.7</b>	<b>20.0</b>	8.4	-6.7	8.0	13.8	11.1	13.7	10.4	<b>19.0</b>	11.6	12	13	A
B	<b>23.9</b>	<b>15.6</b>	6.6	9.6	9.1	<b>16.8</b>	<b>20.7</b>	<b>19.9</b>	<b>23.1</b>	<b>23.4</b>	<b>16.7</b>	14	19	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	D
E	<b>20.3</b>	8.0	6.5	4.7	6.1	<b>15.4</b>	13.5	<b>15.0</b>	11.1	<b>20.6</b>	12.1	13	14	E
F	<b>25.8</b>	<b>23.7</b>	8.8	13.0	10.6	<b>17.2</b>	<b>17.4</b>	<b>15.0</b>	<b>15.3</b>	<b>22.6</b>	<b>16.5</b>	14	19	F
G	<b>28.0</b>	<b>16.6</b>	6.0	-1.6	14.2	<b>24.8</b>	<b>20.5</b>	<b>23.3</b>	<b>18.1</b>	<b>24.2</b>	<b>17.5</b>	15	<b>20</b>	G
H	<b>19.1</b>	7.0	-3.0	-3.9	-0.1	-3.0	13.6	7.7	11.1	11.0	5.7	7	7	H
I	7.6	9.4	3.9	3.5	4.2	-0.1	-11.3	10.5	4.8	12.7	4.5	8	5	I
J	<b>29.9</b>	14.2	8.0	9.2	6.7	14.4	10.9	11.5	10.4	<b>15.3</b>	12.0	9	14	J
K	<b>26.0</b>	9.3	5.8	7.3	8.6	10.0	<b>15.4</b>	14.2	<b>16.1</b>	<b>32.4</b>	14.4	<b>20</b>	16	K
L	9.6	9.7	2.1	2.0	-2.3	5.0	6.4	4.3	3.8	7.9	4.7	5	5	L

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

Bold numbers indicate achievement of investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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>78.02</b>	<b>62.25</b>	30.44	16.84	18.19	<b>45.28</b>	<b>50.19</b>	<b>57.92</b>	37.12	<b>127.01</b>	+16 %	9	9	A
B	<b>64.37</b>	<b>37.24</b>	20.49	21.74	21.59	<b>65.85</b>	<b>125.94</b>	<b>122.46</b>	<b>174.93</b>	<b>198.36</b>	+21	15	15	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	D
E	<b>49.83</b>	26.24	15.01	9.25	13.38	<b>52.45</b>	<b>53.37</b>	<b>73.18</b>	46.06	<b>149.47</b>	+17	11	11	E
F	<b>54.37</b>	<b>34.53</b>	18.89	20.13	18.31	<b>46.43</b>	<b>59.90</b>	<b>66.21</b>	<b>84.59</b>	<b>154.37</b>	+18	11	11	F
G	<b>87.45</b>	<b>38.29</b>	20.88	12.66	32.47	<b>116.96</b>	<b>113.23</b>	<b>163.77</b>	<b>134.68</b>	<b>269.82</b>	+25	<b>20</b>	<b>20</b>	G
H	<b>40.85</b>	21.58	12.20	7.66	5.19	4.75	29.14	21.27	32.81	32.48	+1	2	2	H
I	16.28	11.85	7.13	5.60	5.70	4.75	4.86	16.08	10.01	32.30	+1	2	2	I
J	<b>86.22</b>	<b>37.45</b>	20.27	27.35	18.96	<b>53.08</b>	45.97	<b>63.38</b>	46.42	<b>89.98</b>	+12	7	7	J
K	<b>84.34</b>	<b>37.17</b>	19.89	14.82	21.90	32.02	<b>66.35</b>	<b>77.53</b>	<b>101.39</b>	<b>203.01</b>	+21	15	15	K
L	17.19	14.58	8.76	5.35	4.80	11.00	15.03	9.53	7.51	17.79	-5 %	1	1	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	<b>A+</b>	<b>B+</b>	B-	C-	B	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A+</b>	Low	20	20	A
B	<b>B+</b>	B	C	B	B	<b>B+</b>	<b>A-</b>	<b>A-</b>	<b>A</b>	<b>A</b>	Low	19	19	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	D
E	<b>B+</b>	C	C	C+	B-	<b>A-</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A+</b>	Low	20	20	E
F	B	C	C-	C	C+	<b>B+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	F
G	<b>A-</b>	B	C	C	<b>B+</b>	<b>A</b>	<b>A-</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	20	20	G
H	B	C	C-	C-	C-	C-	B-	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	20	20	H
I	C	C-	C-	C-	C	C-	C-	B-	B	<b>A</b>	Low	19	19	I
J	<b>A-</b>	B-	B	B	B-	<b>A-</b>	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	J
K	<b>A</b>	B-	C	B-	<b>B+</b>	<b>A-</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	20	20	K
L	B	B-	C	C	C-	<b>B+</b>	<b>A</b>	<b>A</b>	<b>A+</b>	<b>A+</b>	Low	20	20	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>83</b>	<b>84</b>	<b>75</b>	<b>83</b>	<b>80</b>	<b>79</b>	<b>83</b>	<b>86</b>	<b>76</b>	<b>81</b>	<b>81</b>	16	16	A
B	<b>82</b>	<b>84</b>	<b>76</b>	<b>84</b>	<b>88</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	20	20	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	69	<b>87</b>	<b>80</b>	<b>82</b>	<b>74</b>	<b>78</b>	<b>76</b>	<b>75</b>	<b>75</b>	<b>76</b>	<b>75</b>	15	15	E
F	67	<b>78</b>	<b>80</b>	<b>85</b>	<b>80</b>	<b>84</b>	<b>87</b>	<b>84</b>	<b>85</b>	<b>84</b>	<b>84</b>	17	17	F
G	<b>77</b>	62	65	62	63	66	<b>75</b>	<b>85</b>	<b>88</b>	<b>87</b>	<b>87</b>	17	17	G
H	<b>77</b>	<b>87</b>	<b>82</b>	<b>80</b>	<b>86</b>	<b>96</b>	<b>100</b>	<b>91</b>	<b>90</b>	<b>91</b>	<b>91</b>	18	18	H
I	50	64	68	57	59	<b>83</b>	<b>71</b>	66	68	66	67	13	13	I
J	<b>76</b>	58	69	<b>70</b>	<b>74</b>	<b>79</b>	<b>73</b>	<b>76</b>	<b>74</b>	<b>71</b>	<b>74</b>	14	15	J
K	<b>88</b>	<b>88</b>	<b>93</b>	<b>97</b>	<b>87</b>	<b>100</b>	<b>100</b>	<b>93</b>	<b>79</b>	<b>86</b>	<b>86</b>	17	17	K
L	67	62	69	68	<b>72</b>	<b>74</b>	<b>76</b>	65	67	67	66	13	13	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>118</b>	<b>113</b>	<b>73</b>	31	68	101	98	105	87			
B	114	100	54	76	74	112	<b>118</b>	<b>117</b>	<b>119</b>	<b>119</b>	<b>100</b>	Excellent	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	111	63	51	47	55	106	104	110	96	117	86	Good	E
F	107	90	52	66	63	103	112	111	112	118	93	Very Good	F
G	115	97	50	28	<b>89</b>	<b>114</b>	116	116	116	118	96	Very Good	G
H	104	58	29	25	24	26	80	73	87	86	59	Subpar	H
I	47	48	32	28	34	24	22	61	49	82	43	Subpar	I
J	115	87	70	<b>78</b>	61	105	95	102	94	110	92	Very Good	J
K	<b>118</b>	81	54	64	75	87	114	112	113	118	94	Very Good	K
L	71	64	35	31	22	58	65	56	54	68	52	Subpar	L

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

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	27,521	17,800	55,729	10,560	111,610
– Pairs Rejected	1,229	787	2,495	563	5,074
Net Y20 Production (after rejects)	26,292	17,013	53,234	9,997	106,536
Superior Materials Usage	45.8%	54.7%	35.9%	45.4%	42.2%
Capacity Utilization (branded + P-L prod.)	119.1%	118.7%	114.7%	120.0%	116.9%

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

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 0.94	+ 0.41	7.35
Superior Materials	12.00	- 0.47	+ 0.83	12.36

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,087	1,318	2,043	829	5,277
– Pairs Cleared (inventory clearance)	44	175	344	15	578
Beginning Y20 Inventories	1,043	1,143	1,699	814	4,699
+ New Production (shipped from plants)	23,825	23,129	22,268	22,983	92,205
Pairs Available for Sale in Y20	24,868	24,272	23,967	23,797	96,904

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

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected Y20 Demand (see Y19 FIR)	23,525	22,599	22,196	22,260	90,580
Actual Year 20 Demand	23,260	22,600	22,380	22,730	90,970
Branded Pairs Sold	23,174	22,599	22,371	22,686	90,830
Required Y20 Ending Inventories	1,090	913	1,083	895	3,981
Inventory Surplus (Shortfall)	125	651	366	-33	1,109

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.5%
- Available for shipment to warehouses
- % usage up by 4.8 points over Y19
- % utilization up by 2.3 points over Y19

Lower than normal (42.2% industrywide) superior materials usage led to superior materials prices that were 3.9% below the base and standard materials prices that were 15.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.9% from the base.

- Average inventory clearance of 11.0%
- 6.5% higher than Y20 demand
- Actual demand in Year 20 was 0.4% greater than expected.
- Needed to achieve delivery times
  - Okay in N.A. Okay in E-A
  - Okay in A-P Low in L.A.

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

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America (internet + wholesale)	24,190	25,158	26,164	27,211
Europe-Africa	23,504	24,444	25,422	26,439
Asia-Pacific	23,723	25,146	26,655	28,254
Latin America	24,094	25,540	27,072	28,696
<b>Total</b>	95,511	100,288	105,313	110,600
<b>Private-Label</b> — North America	4,660	4,660	4,660	4,660
Europe-Africa	4,700	4,700	4,700	4,700
Asia-Pacific	4,660	4,660	4,660	4,660
Latin America	4,740	4,740	4,740	4,740
<b>Total</b>	18,760	18,760	18,760	18,760

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

<b>Supply</b> — Beginning Year 21 Inventory (000s)	6,074
Potential Production (at max OT)	114,960
<b>Potential Global Supply</b>	121,034
<b>Demand</b> — Branded Sales Forecast (000s)	95,511
Private-Label Sales Forecast	18,760
<b>Expected Global Demand</b>	114,271
<b>Conclusion:</b>	Even at full overtime production, capacity is shy of what's needed to meet future demand. Opportunistic companies should consider building new capacity or purchasing used 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	2,000	1,000	5,300	0	0	0	0	0	2,000	1,000	5,300	0	8,300	0	A
B	3,500	3,000	8,000	0	0	0	0	0	3,500	3,000	8,000	0	14,500	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	4,000	2,000	3,600	1,300	0	0	0	0	4,000	2,000	3,600	1,300	10,900	0	E
F	0	1,500	4,000	2,000	0	0	0	0	0	1,500	4,000	2,000	7,500	0	F
G	3,700	0	10,500	0	0	0	0	0	3,700	0	10,500	0	14,200	300	G
H	2,000	2,000	2,200	2,000	0	0	0	0	2,000	2,000	2,200	2,000	8,200	0	H
I	0	1,000	4,000	1,000	0	0	0	0	0	1,000	4,000	1,000	6,000	0	I
J	2,500	1,900	3,300	1,500	0	0	0	0	2,500	1,900	3,300	1,500	9,200	0	J
K	2,900	1,600	4,600	0	0	0	0	0	2,900	1,600	4,600	0	9,100	0	K
L	2,500	1,000	3,100	1,000	0	0	0	0	2,500	1,000	3,100	1,000	7,600	0	L
<b>Total</b>	23,100	15,000	48,600	8,800	0	0	0	0	23,100	15,000	48,600	8,800	95,500	300	

**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	493,902	273,012	31,042	103,201	10,718	75,929	2,711	21,965	51,253	31,500	7,875	A
B	635,034	372,831	37,399	84,845	16,920	123,039	11,720	33,396	77,923	45,000	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	596,652	330,082	38,831	102,376	13,321	112,042	5,039	32,101	74,902	0	8,035	E
F	372,516	202,362	25,564	49,244	9,920	85,426	1,158	25,280	58,988	52,500	7,500	F
G	783,093	417,278	49,781	142,413	16,619	157,002	14,230	42,832	99,940	30,975	7,500	G
H	485,767	285,688	36,212	98,900	10,617	54,350	593	16,127	37,630	54,150	14,440	H
I	292,516	175,085	23,466	46,682	8,417	38,866	6,873	9,598	22,395	0	9,000	I
J	393,829	231,525	29,466	57,537	11,619	63,682	646	18,911	44,125	39,663	8,350	J
K	553,984	304,830	34,123	88,511	11,517	115,003	2,498	33,752	78,753	43,125	7,500	K
L	343,506	219,251	23,720	60,439	10,018	30,078	1,137	8,682	20,259	0	13,000	L
	495,080	281,194	32,960	83,415	11,969	85,542	4,661	24,264	56,617	29,691	9,070	

**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	4,832	145,034	321,625	31,894	20,500	271,318	-21,841	19,754	269,231	4.00	5 / 3	A
B	20,466	184,152	493,753	48,250	96,000	316,579	0	32,925	349,503	6.00	5 / 2	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	17,616	194,517	465,770	52,626	76,900	390,417	-129,074	74,900	336,244	0.00	0 / 2	E
F	24,308	122,521	300,002	19,026	16,800	257,687	0	6,489	264,176	7.00	3 / 1	F
G	5,297	238,589	591,276	43,393	100,855	378,066	0	68,962	447,028	4.13	9 / 1	G
H	8,427	139,854	349,580	30,082	0	362,270	-26,250	-16,521	319,498	3.75	3 / 6	H
I	38,026	118,507	273,975	22,021	64,000	165,560	0	22,393	187,954	0.00	0 / 1	I
J	3,033	104,363	307,508	28,509	0	299,135	-24,600	4,464	278,999	4.75	6 / 2	J
K	3,009	158,380	341,547	41,160	96,000	281,107	-112,347	35,627	204,387	5.75	3 / 1	K
L	24,260	147,483	309,393	27,207	16,000	245,927	0	20,258	266,186	0.00	2 / 3	L
	14,927	155,340	375,443	34,417	48,706	296,807	-31,411	26,925	292,321	3.54	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	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	55.3 %	6.3 %	<b>20.9 %</b>	2.2 %	15.4 %	10.4 %	4.55	25	28.01	0.10	3.38	Low	A
B	58.7	<b>5.9</b>	13.4	2.7	19.4	12.3	3.82	7	10.50	0.22	4.40	Low	B
C	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	C
D	0.0	0.0	0.0	0.0	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	0	0.00	0.00	<b>0.00</b>	N/A	D
E	55.3	6.5	17.2	2.2	18.8	12.6	3.70	34	22.23	0.22	3.76	Low	E
F	54.3	6.9	<b>13.2</b>	2.7	<b>22.9</b>	<b>15.8</b>	<b>6.44</b>	12	73.77	0.06	<b>11.85</b>	Low	F
G	<b>53.3</b>	6.4	18.2	2.1	20.0	12.8	5.50	34	11.03	0.19	7.01	Low	G
H	58.8	<b>7.5</b>	<b>20.4</b>	2.2	11.2	7.7	4.65	13	91.65	0.00	10.00	Low	H
I	59.9	<b>8.0</b>	16.0	2.9	13.3	7.7	5.38	17	5.65	<b>0.26</b>	4.82	Low	I
J	58.8	<b>7.5</b>	14.6	3.0	16.2	11.2	3.66	7	<b>98.58</b>	<b>0.02</b>	4.06	Low	J
K	55.0	6.2	16.0	2.1	20.8	14.2	3.85	23	46.04	<b>0.32</b>	4.05	Low	K
L	<b>63.8</b>	6.9	17.6	2.9	8.8	5.9	5.42	<b>71</b>	26.45	0.06	10.69	Low	L
	56.8 %	6.7 %	16.8 %	2.4 %	17.3 %	11.4 %	4.51	24	41.39	0.15	6.40	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		7.52	<b>7.22</b>	9.20	<b>9.36</b>	12.20	<b>12.77</b>
	Private-Label Footwear		7.19	<b>6.98</b>	8.88	<b>8.95</b>	11.00	<b>11.39</b>
Labor — North America	Total Compensation (\$/year)		17,912	<b>17,624</b>	21,755	<b>22,010</b>	25,766	<b>26,425</b>
	Productivity (pairs/worker/year)		4,227	<b>4,269</b>	4,872	<b>4,918</b>	5,549	<b>5,623</b>
	Labor Cost (\$/pair produced)		3.84	<b>3.97</b>	4.77	<b>4.68</b>	6.29	<b>5.84</b>
Europe Africa	Total Compensation (\$/year)		18,813	<b>18,813</b>	22,588	<b>22,143</b>	27,088	<b>25,463</b>
	Productivity (pairs/worker/year)		4,359	<b>4,077</b>	5,102	<b>4,969</b>	5,963	<b>5,766</b>
	Labor Cost (\$/pair produced)		3.54	<b>3.90</b>	4.72	<b>4.85</b>	5.33	<b>5.44</b>
Asia Pacific	Total Compensation (\$/year)		4,400	<b>4,444</b>	5,673	<b>5,714</b>	6,890	<b>7,254</b>
	Productivity (pairs/worker/year)		2,451	<b>2,322</b>	2,830	<b>2,805</b>	3,196	<b>3,216</b>
	Labor Cost (\$/pair produced)		1.89	<b>1.73</b>	2.08	<b>2.08</b>	2.63	<b>2.74</b>
Latin America	Total Compensation (\$/year)		4,400	<b>4,444</b>	5,952	<b>6,048</b>	7,530	<b>7,530</b>
	Productivity (pairs/worker/year)		2,567	<b>2,371</b>	2,755	<b>2,688</b>	3,306	<b>3,415</b>
	Labor Cost (\$/pair produced)		1.54	<b>1.57</b>	2.18	<b>2.39</b>	2.83	<b>2.95</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	<b>0.00</b>	1.13	<b>1.06</b>	2.33	<b>2.23</b>
	Cumulative		0.13	<b>0.12</b>	1.12	<b>1.11</b>	2.32	<b>2.30</b>
Reject Rates	Branded Production		2.5%	<b>2.5%</b>	4.8%	<b>4.7%</b>	7.0%	<b>6.9%</b>
	Private-Label Production		2.5%	<b>2.5%</b>	3.7%	<b>3.9%</b>	5.8%	<b>5.9%</b>
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	21.56	<b>21.50</b>	25.47	<b>25.70</b>	28.16	<b>30.49</b>
		E-A	19.60	<b>19.13</b>	23.36	<b>24.61</b>	28.69	<b>33.99</b>
		A-P	18.47	<b>18.74</b>	22.16	<b>21.82</b>	26.26	<b>24.27</b>
		L.A.	18.76	<b>18.82</b>	23.82	<b>23.15</b>	28.89	<b>26.88</b>
		Private-Label						
	Private-Label	N.A.	21.77	<b>22.59</b>	24.00	<b>23.22</b>	25.85	<b>23.98</b>
		E-A	22.43	<b>22.14</b>	66.88	<b>79.72</b>	111.33	<b>301.50</b>
		A-P	16.76	<b>17.10</b>	20.91	<b>20.43</b>	24.15	<b>23.70</b>
		L.A.	17.53	<b>17.24</b>	20.75	<b>20.54</b>	22.70	<b>23.84</b>

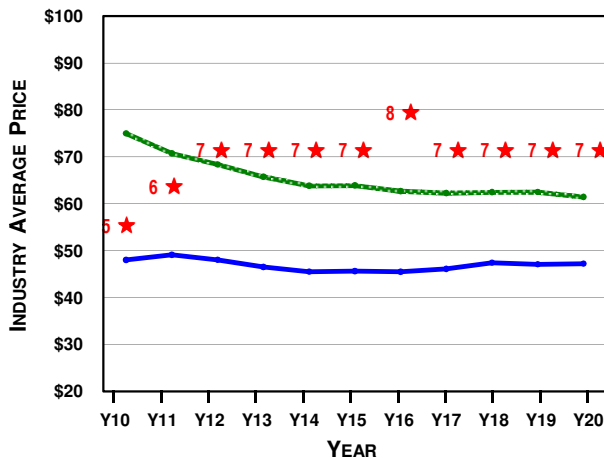
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.55	<b>23.50</b>	28.15	<b>28.29</b>	30.91	<b>32.41</b>
		E-A	21.62	<b>21.13</b>	27.10	<b>27.41</b>	31.43	<b>34.90</b>
		A-P	20.48	<b>20.76</b>	24.06	<b>23.88</b>	27.89	<b>26.27</b>
		L.A.	20.74	<b>20.82</b>	29.29	<b>28.34</b>	34.88	<b>33.12</b>
		Wholesale						
Warehouse Expenses - Internet	(\$ per pair sold)		10.35	<b>10.30</b>	10.58	<b>10.53</b>	10.79	<b>10.75</b>
		Wholesale			1.97	<b>1.88</b>	2.34	<b>2.27</b>
Marketing Expenses - Internet	(\$ per pair sold)		6.06	<b>6.03</b>	10.24	<b>9.67</b>	16.48	<b>14.70</b>
		Wholesale			6.76	<b>7.52</b>	9.43	<b>9.04</b>
Administrative Expenses	(\$/pair sold)		1.12	<b>1.05</b>	1.42	<b>1.36</b>	1.77	<b>1.68</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	9.99	<b>9.23</b>	18.69	<b>18.02</b>	26.29	<b>26.25</b>
		E-A	11.47	<b>12.13</b>	17.44	<b>18.66</b>	25.89	<b>28.80</b>
		A-P	11.64	<b>9.98</b>	20.68	<b>21.28</b>	27.19	<b>28.48</b>
		L.A.	8.55	<b>14.69</b>	14.79	<b>21.25</b>	20.33	<b>26.58</b>
		Wholesale						
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.03	<b>24.59</b>	27.26	<b>26.86</b>	31.25	<b>30.63</b>
		E-A	24.43	<b>24.35</b>	29.83	<b>28.93</b>	33.43	<b>33.69</b>
		A-P	18.76	<b>19.35</b>	21.44	<b>21.12</b>	23.74	<b>23.23</b>
		L.A.	19.53	<b>19.24</b>	26.35	<b>26.42</b>	30.78	<b>30.06</b>
		Wholesale						
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)		N.A.	2.75	<b>3.37</b>	5.42	<b>7.90</b>	8.56	<b>14.93</b>
		E-A	-0.83	<b>1.66</b>	1.90	<b>4.75</b>	4.33	<b>8.82</b>
		A-P	-0.07	<b>0.11</b>	2.29	<b>1.56</b>	5.31	<b>4.01</b>
		L.A.	3.68	<b>5.36</b>	7.11	<b>10.51</b>	14.75	<b>19.06</b>

**CELEBRITY ENDORSEMENTS**

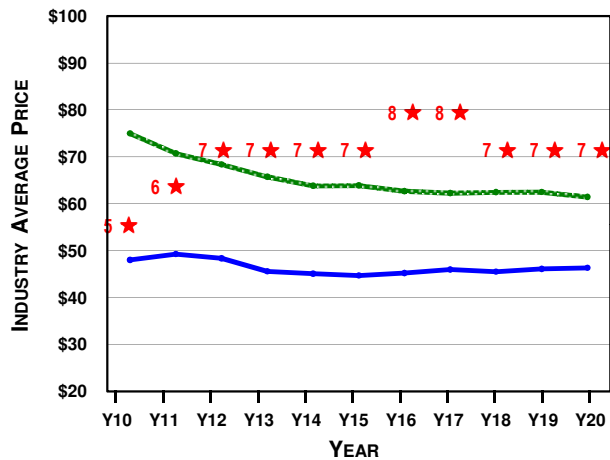
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	14,102	Y19	2 years	7	14,102	13,017	9,946	1,000
Oprah Letterman	100	70	65	75	Company G	19,890	Y20	3 years	4	19,890	10,501	8,223	500
Annika Stockholm	70	100	70	55	Company H	17,098	Y16	5 years	8	17,098	16,893	11,254	3,057
Tiger Green	95	80	85	75	Company G	19,890	Y20	2 years	4	19,890	10,501	8,223	500
José Montaña	60	50	60	95	Company A	15,329	Y18	3 years	6	15,329	15,200	12,059	7,203
Karioki Footsu	55	60	95	90	Company J	10,501	Y20	4 years	4	17,098	10,501	8,275	500
Jaques LaFeet	50	90	50	85	Company E	1,000	Y20	1 year	4	19,903	10,501	7,976	500
Serenus Willson	70	65	55	60	Company J	14,102	Y19	3 years	7	17,053	14,102	10,289	1,000
Natalie Kwan	75	80	95	50	Company L	14,570	Y17	4 years	10	18,099	14,570	8,772	500
Sergio Milano	45	85	60	100	Company G	19,903	Y19	2 years	7	19,903	14,102	10,876	1,000
Lance deFrance	80	85	75	70	Company J	10,501	Y20	3 years	4	18,099	10,501	8,525	500
Yao KungPao	60	35	100	50	Company A	15,989	Y18	4 years	6	15,989	15,066	11,813	7,017

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

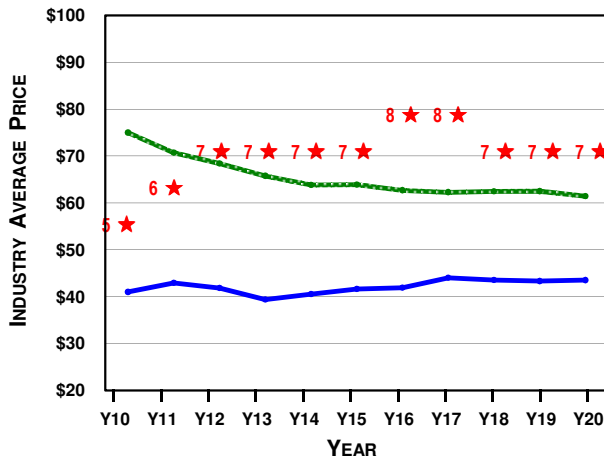
**NORTH AMERICA**



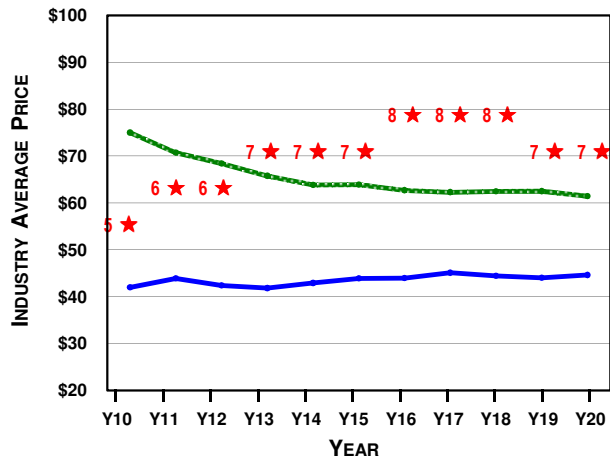
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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