

Industry Champion

2014

The Business Strategy Game

The co-creators of The Business Strategy Game, a competition-based global strategy simulation, hereby certify that

Jonathan Horsman

was a senior executive at the best-performing company in an industry setting where teams of students ran companies and crafted strategies aimed at achieving superior financial performance and market leadership; the exercise was conducted in a course at

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THE FOOTWEAR INDUSTRY REPORT

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Industry 63

Friday, February 28, 2014

Year 18

Year 18 Scoreboard

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y17
1	G Force Footwear	118	100	109	+3
2	Happy Feet Shoes	118	81	100	0
3	Jonesing fo Jet Life	118	75	97	-2
4	Lightfoot	117	69	93	-2
5	F C Speedware!	115	68	92	-6
6	Energetic Footware	115	63	89	-3
7	Daring Shoes	108	55	82	+1
8	Braxton Shoes	98	49	74	-10
9	K Kik-N-It	97	49	73	+3
10	A Proper Fit	92	49	71	-15
11	Ionic Footwear	92	45	69	-7
12	C 988 Shoes	86	47	67	-2

Game-To-Date Scoreboard

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Bonus Points	Overall G-T-D Score
1	G Force Footwear	117	97	107	8	115
2	Jonesing fo Jet Life	117	77	97	5	102
2	F C Speedware!	116	74	95	7	102
4	Happy Feet Shoes	116	78	97	2	99
4	Energetic Footware	116	69	93	6	99
4	Lightfoot	115	69	92	7	99
7	Daring Shoes	108	60	84	8	92
8	Braxton Shoes	103	58	81	7	88
9	Ionic Footwear	96	51	74	3	77
10	A Proper Fit	91	54	73	2	75
10	K Kik-N-It	93	51	72	3	75
12	C 988 Shoes	88	51	70	1	71

Investor Expectation Score (I.E.) — 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). Pages 2 and 3 of this report show the investor expectation targets (in parenthesis just under the column heads for each year). The investor expectation 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 expectation score ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

Best-In-Industry Score (B-I-I) — This scoring standard is based on how well each company performs relative to the best-performing company in the industry on EPS (20 points max), ROE (20 points max), Stock Price (20 points max), Credit Rating (20 points max), and Image Rating (20 points max). In order to get a score of 100, a company must be the best performing company in the industry on all 5 measures, achieve no lower than the investor expectation on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating.

Overall Score — This measure is used to determine each company's ranking in the Year 18 Scoreboard and Game-To-Date Scoreboard above. The overall score is calculated by combining the Investor Expectation Score and the Best-In-Industry Score into a single score using the 50%-50% weighting that was specified by your instructor.

Earnings Per Share (\$)

EPS scores are based on a 20% or 20 point weighting. Bold numbers indicate achievement of the investor expected EPS shown below each yearly column head. Best-In-Industry performers earn a top score, and scores of other companies are a percentage of the industry-leading EPS performance. Game-To-Date scores are based on a weighted average of the annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt Avg.	Y18 Score		G-T-D Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.36)	I. E.	B-I-I	I. E.	B-I-I	
A	1.74	1.47	2.04	1.94	2.26	2.79	3.68	2.99			2.43	15	3	14	5	A
B	1.91	1.64	3.07	5.04	5.25	5.60	5.91	4.84			4.16	22	5	22	9	B
C	1.93	1.89	2.36	2.69	3.64	3.58	3.29	3.48			2.86	17	4	17	6	C
D	2.13	2.45	4.68	4.71	4.29	5.28	5.44	5.38			4.31	23	6	23	10	D
E	2.34	3.99	4.95	5.92	5.32	5.90	6.87	7.87			5.37	24	8	24	12	E
F	3.29	3.39	4.60	5.41	5.96	7.94	8.27	8.34			5.82	24	9	24	13	F
G	2.62	2.78	5.75	8.08	9.96	11.75	14.01	18.56			9.07	24	20	24	20	G
H	2.19	2.93	3.14	3.67	5.32	5.19	8.58	11.25			5.31	24	12	24	12	H
I	2.75	2.82	3.12	3.23	3.83	3.96	4.48	4.40			3.57	21	5	21	8	I
J	2.51	3.28	3.41	5.01	6.25	7.89	8.33	9.80			5.82	24	11	24	13	J
K	1.99	1.99	2.40	2.21	2.83	3.05	3.27	4.07			2.72	20	4	16	6	K
L	2.52	3.68	3.85	3.39	4.08	5.29	7.13	8.14			4.71	24	9	24	10	L

Return on Equity (%)

ROE scores are based on a 20% or 20 point weighting. Bold numbers indicate achievement of the investor-expected ROE shown below each yearly column head. Best-In-Industry performers earn a top score, and scores of other companies are a percentage of the industry-leading ROE performance. Game-To-Date scores are based on a weighted average of the annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt Avg.	Y18 Score		G-T-D Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	I. E.	B-I-I	I. E.	B-I-I	
A	11.2	10.9	12.3	10.4	11.7	12.2	16.0	11.7			12.3	16	8	16	10	A
B	11.9	9.2	15.1	20.7	17.8	16.0	14.5	10.5			14.5	14	7	19	12	B
C	12.0	10.5	11.7	11.9	14.1	12.2	10.0	9.6			11.3	13	7	15	9	C
D	13.1	13.4	21.0	17.5	13.7	14.6	14.9	15.6			15.4	20	11	20	12	D
E	14.8	22.2	23.3	23.2	17.9	17.4	18.0	18.5			19.2	22	13	23	15	E
F	20.3	18.7	22.4	22.8	21.7	25.6	25.2	25.0			23.1	24	17	24	19	F
G	15.9	14.6	24.8	27.0	26.2	25.0	24.3	28.7			24.8	24	20	24	20	G
H	14.0	16.9	16.2	16.8	21.1	17.4	23.0	26.3			20.2	24	18	23	16	H
I	16.6	14.6	14.0	12.7	13.2	12.0	12.1	10.6			12.7	14	7	17	10	I
J	17.7	16.9	15.4	16.9	18.5	21.3	21.0	23.6			19.5	24	16	23	16	J
K	12.4	11.3	12.4	10.4	11.9	11.4	11.0	12.2			11.6	16	9	15	9	K
L	15.8	20.4	18.7	15.0	16.7	19.2	21.9	21.2			19.0	24	15	23	15	L

Stock Price (\$ per share)

Stock Price scores are based on a 20% or 20 point weighting. Bold numbers indicate achievement of the investor-expected stock price shown below each yearly column head. Best-In-Industry performers earn a top score, and scores of other companies are a percentage of the industry-leading performance. Game-To-Date scores are based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	18.11	15.03	20.64	20.94	26.97	42.64	68.26	41.34			17	2	17	2	A
B	17.89	15.18	36.13	85.72	87.13	76.96	71.07	53.32			21	3	21	3	B
C	17.96	17.32	22.68	30.90	49.19	43.28	38.48	37.48			15	2	15	2	C
D	22.03	25.46	74.90	73.61	56.01	63.84	70.00	86.82			24	4	24	4	D
E	28.15	76.67	99.94	119.31	80.59	83.44	94.76	114.47			24	5	24	5	E
F	56.31	51.26	85.15	100.42	104.89	143.82	141.23	129.86			24	6	24	6	F
G	29.59	31.31	103.69	157.97	194.30	211.74	245.60	417.69			24	20	24	20	G
H	25.75	38.12	41.02	53.51	90.77	83.21	176.36	242.14			24	12	24	12	H
I	32.31	31.76	34.76	37.79	46.78	45.78	53.95	50.13			20	2	20	2	I
J	35.73	56.15	55.24	95.62	113.02	154.32	137.72	167.11			24	8	24	8	J
K	20.11	19.30	22.95	20.72	29.70	33.77	37.67	48.90			20	2	20	2	K
L	30.91	63.27	58.36	43.42	52.48	76.98	121.40	143.21			24	7	24	7	L

Credit Rating

Credit rating scores are based on a 20% or 20-point weighting. 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 points, and lesser credit ratings earn lower scores. Game-To-Date scores are based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	I. E.	B-I-I	I. E.	B-I-I	
A	B	B+	A	A+	A+	A+	A+	A+			24	20	24	20	A
B	B+	B+	A	A+	A+	A+	A+	A+			24	20	24	20	B
C	B+	B+	A-	A	A+	A+	A+	A+			24	20	24	20	C
D	B+	B+	A	A+	A+	A+	B+	A+			24	20	24	20	D
E	B+	A	A+	A+	A+	A+	A+	A+			24	20	24	20	E
F	A-	A-	A	A+	A+	A+	A+	A+			24	20	24	20	F
G	A-	A	A+	A+	A+	A+	A+	A+			24	20	24	20	G
H	B	B+	A-	A+	A+	A	A+	A+			24	20	24	20	H
I	A-	A	A	A+	A+	A+	A+	A+			24	20	24	20	I
J	A-	A	A+	A+	A+	A+	A+	A+			24	20	24	20	J
K	B+	B+	B	B-	B+	A+	A+	A+			24	20	24	20	K
L	B+	A	A	A	A+	A+	A+	A+			24	20	24	20	L

Image Rating

Image rating scores are based on a 20% or 20-point weighting. Bolded image ratings indicate meeting or beating the yearly target shown below each column head. Best-In-Industry performers earn a top score; scores of other companies are a percentage of the industry-leading image rating. Game-To-Date scores are based on the average image ratings over the last three scheduled years.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y16 -Y18 Average	Y18 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
A	63	65	67	67	70	74	77	69			73	20	16	20	17	A
B	65	66	64	65	64	62	59	59			60	17	14	17	14	B
C	58	57	58	57	60	58	60	61			60	17	14	17	14	C
D	70	63	66	63	62	62	61	60			61	17	14	17	14	D
E	74	78	78	73	80	76	72	75			74	21	17	21	17	E
F	65	63	65	68	68	68	70	68			69	19	16	20	16	F
G	72	74	72	70	70	71	72	86			76	22	20	21	17	G
H	76	77	76	71	67	75	78	82			78	22	19	21	18	H
I	63	61	62	58	55	48	52	47			49	13	11	14	11	I
J	69	76	75	88	88	89	87	84			87	22	20	22	20	J
K	70	69	71	70	69	64	61	60			62	17	14	18	14	K
L	65	78	69	68	67	69	70	79			73	21	18	20	17	L

Corporate Social Responsibility and Citizenship

	Industry 63 Expenditures for Corporate Social Responsibility and Citizenship						Image Rating Points Generated from CSRC Expenditures		
	Total (\$000s)			Per Pair Sold (\$/unit)			High	Avg.	Low
	High	Avg.	Low	High	Avg.	Low			
Year 11	9,485	3,744	0	1.85	0.70	0.00	4	2	0
Year 12	9,647	4,698	0	1.87	0.83	0.00	8	4	0
Year 13	20,040	7,521	1,393	4.70	1.33	0.20	11	6	1
Year 14	20,281	8,759	2,130	4.53	1.40	0.28	14	8	3
Year 15	23,466	8,580	2,210	4.33	1.33	0.26	17	10	3
Year 16	15,403	8,750	2,300	2.06	1.22	0.24	18	11	4
Year 17	18,466	9,741	2,500	2.23	1.28	0.22	18	12	5
Year 18	20,151	10,097	2,760	2.26	1.27	0.18	19	13	4

★ Gold Star Award ★

for Corporate Citizenship
Beginning in Year 14, the World Council for Exemplary Corporate Citizenship presents a Gold Star Award to the company spending the biggest % of its revenues for social responsibility and citizenship initiatives.

	Award Winner	2nd Place
Y14	A Proper Fit	K Kik-N-It
Y15	A Proper Fit	Energetic Footwear
Y16	Happy Feet Shoes	Energetic Footwear
Y17	Lightfoot	Happy Feet Shoes
Y18	Lightfoot	Energetic Footwear

BULL'S EYE AWARD

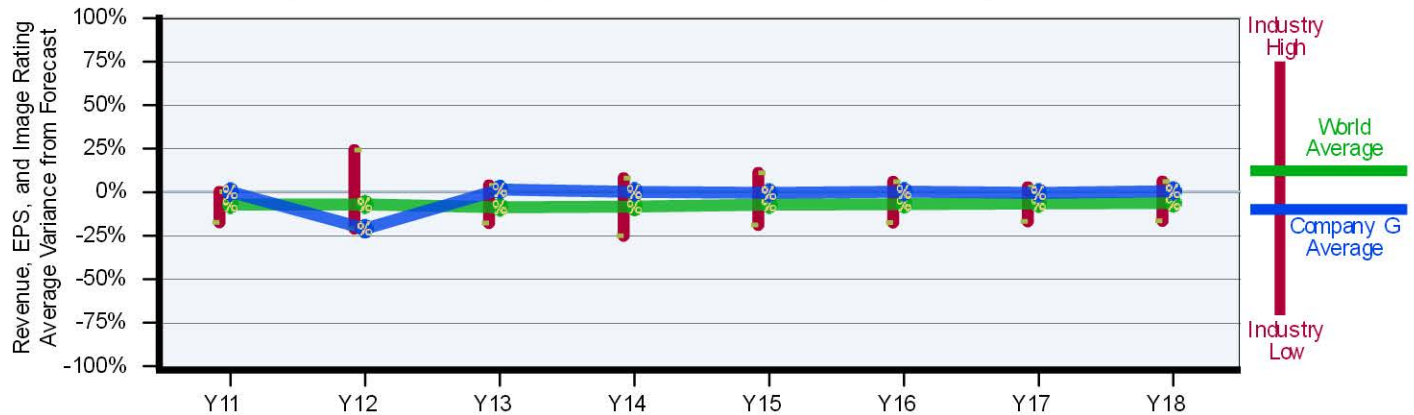
for Accurately Forecasting Total Revenues, Earnings Per Share, and Image Rating

One bonus point added to any company's game-to-date score when actual performance on Total Revenues and Earnings Per Share vary by no more than 5% from projected performance, and if actual Image Rating varies by no more than 4 points from the projected image rating.

	Revenues (within ±5%)			EPS (within ±5% or ±10¢)			Image Rating (within ±4 points)				Year 18 Bull's Eye Awards	Cumulative Awards	
	Year 18 Forecast	Year 18 Actual	Percent Variance	Year 18 Forecast	Year 18 Actual	Percent Variance	Year 18 Forecast	Year 18 Actual	—Variance— Pts.	—Variance— Percent			
A	371,953	310,653	-16.5%	4.10	2.99	-27.1%	73	69	-4	-5.5%		0	A
B	356,641	356,310	-0.1	5.00	4.84	-3.2	58	59	+1	+1.7	Yes	6	B
C	309,083	290,605	-6.0	4.02	3.48	-13.4	60	61	+1	+1.7	Ineligible	1	C
D	388,301	385,299	-0.8	5.56	5.38	-3.2	59	60	+1	+1.7	Yes	7	D
E	429,467	414,540	-3.5	8.60	7.87	-8.5	75	75	0	0.0		5	E
F	317,856	286,433	-9.9	10.08	8.34	-17.3	68	68	0	0.0		7	F
G	737,221	736,513	-0.1	18.60	18.56	-0.2	84	86	+2	+2.4	Yes	7	G
H	539,682	572,348	+6.1	10.36	11.25	+8.6	79	82	+3	+3.8		2	H
I	266,258	269,022	+1.0	4.65	4.40	-5.4	45	47	+2	+4.4		3	I
J	746,754	758,476	+1.6	9.62	9.80	+1.9	80	84	+4	+5.0	Yes	5	J
K	294,191	279,536	-5.0	4.21	4.07	-3.3	70	60	-10	-14.3	Ineligible	1	K
L	478,260	478,579	+0.1%	7.91	8.14	+2.9%	77	79	+2	+2.6%	Yes	6	L

Comparisons and Trends in Projected Versus Actual Variances

Range of Average Percent Variances (for Revenues, EPS, and Image Rating) for all Industry 63 Companies, World-Wide Average Percent Variance, and Company G Average Percent Variance



LEAP FROG AWARD

for Most Improved Overall Score (current year to current year)

Beginning in Year 12, one bonus point is added to the game-to-date overall score for the company whose current-year overall score is most improved over prior year. If all companies fail to improve their scores from one year to the next, no Leap Frog bonus is awarded.

Current-Year Scores

Δ = net change in score between years Highlighted figure = Leap Frog Award winner

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Cumulative Awards						
	Score	Δ	Score	Δ	Score	Δ	Score	Δ	Score	Δ			Score				
A	66	-2	64	+6	70	-4	66	+4	70	+6	76	+10	86	-15	71	2	A
B	72	-9	63	+20	83	+11	94	-3	91	-3	88	-4	84	-10	74	1	B
C	70	-6	64	+4	68	+2	70	+10	80	-5	75	-6	69	-2	67	0	C
D	78	-2	76	+23	99	-9	90	-8	82	+3	85	-4	81	+1	82	1	D
E	86	+22	108	-2	106	-6	100	-7	93	-1	92	0	92	-3	89	1	E
F	103	-8	95	+5	100	-3	97	-2	95	+4	99	-1	98	-6	92	0	F
G	91	-4	87	+20	107	-1	106	0	106	0	106	0	106	+3	109	1	G
H	79	+11	90	-3	87	0	87	+6	93	-2	91	+9	100	0	100	0	H
I	90	-6	84	-2	82	-6	76	+2	78	-5	73	+3	76	-7	69	0	I
J	93	+5	98	-6	92	+5	97	+1	98	+4	102	-3	99	-2	97	0	J
K	76	-6	70	-2	68	-11	57	+12	69	+1	70	0	70	+3	73	2	K
L	87	+17	104	-10	94	-13	81	+4	85	+6	91	+4	95	-2	93	1	L

Materials Prices (\$ / pair)	Base Price	Y18 Price Adjustments for		Y18 Price	Notes
		Mat. Usage	Cap. Utilization		
Standard Materials	6.00	+0.66	+0.16	6.82	Lower than normal (44.5%) superior materials usage lead to superior materials prices that were 2.8% below the base and standard materials prices that were 11.0% above the base. Capacity utilization above 110% resulted in materials price increases of 2.7%.
Superior Materials	12.00	-0.33	+0.32	11.99	

Footwear Production (industry totals)	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants	Notes
Total Year 18 Production (000s of pairs)	37,797	2,400	65,698	2,400	108,295	⇒ Total pairs produced before rejects
Pairs Rejected	1,670	79	3,310	125	5,184	⇒ Overall average reject rate = 4.8%
Net Year 18 Production (000s of pairs)	36,127	2,321	62,388	2,275	103,111	⇒ Total pairs available after rejects
Superior Materials Usage	42.3%	46.6%	45.7%	45.1%	44.5%	⇒ % usage down by 1 points from Y17
Capacity Utilization (branded + private-label)	115.2%	68.6%	113.7%	120.0%	112.7%	⇒ % utilization unchanged from Y17

Branded Warehouses (industry totals)	N.A. Region	E-A Region	A-P Region	L.A. Region	All Regions	Notes
Ending Y17 Inventories (000s of pairs)	3,129	2,255	1,325	893	7,602	⇒ Unsold pairs from Year 17
- Pairs Cleared (inventory clearance)	826	372	197	135	1,530	⇒ Average inventory clearance of 20.1%
Beginning Y18 Inventories	2,303	1,883	1,128	758	6,072	⇒ Incurred a 1-star S/Q rating penalty
+ New Pairs Produced in Y18	22,749	22,807	20,816	22,239	88,611	⇒ New Y18 production shipped from plants
Pairs Available for Sale in Year 18	25,052	24,690	21,944	22,997	94,683	⇒ 2.0% higher than Y18 demand

Branded Demand & Sales (industry tot.)	N.A. Market	E-A Market	A-P Market	L.A. Market	All Markets	Notes
Projected Y18 Demand (000s of pairs)	24,448	24,673	21,522	21,649	92,292	⇒ From page 4 of FIR for Year 17
Actual Year 18 Demand	24,708	24,408	21,876	21,852	92,844	⇒ Actual demand was 0.6% greater than projected demand for Y18 due to increased competitive intensity.
Branded Pairs Sold (internet + wholesale)	23,368	22,856	20,693	20,431	87,348	
Required Y18 Ending Inventory	1,253	1,194	1,131	1,059	4,637	⇒ Inventory levels companies had to maintain in order to achieve delivery times quicker than 4 weeks.
Inventory Surplus (Shortfall)	-1,776	-2,005	-1,921	-772	-6,474	

Demand Forecast (industry totals)	N.A. Market	E-A Market	A-P Market	L.A. Market	All Markets	Notes	
Branded Demand (wholesale + internet)	Year 19	25,696	25,384	23,189	23,163	97,432	Global demand for Y11-Y15 is expected to grow at a rate of 7-9% annually, slowing to about 5-7% annual growth during Y16-Y20. The projected growth rates are not the same for all four regions, as indicated in the table on page 4 of the Player's Guide. Actual demand growth may vary from the forecast due to increases/decreases in competitive intensity industry-wide.
	Year 20	26,724	26,399	24,580	24,553	102,256	
	Year 21	27,793	27,455	26,055	26,026	107,329	
Private-Label Demand	Year 19	5,172	5,088	5,088	5,088	20,436	
	Year 20	5,472	5,388	5,388	5,388	21,636	
	Year 21	5,712	5,628	5,628	5,628	22,596	

Potential Y19 Footwear Supply	Expected Y19 Footwear Demand	Supply / Demand Analysis
Beginning Y19 Inventory	7,335	Even at full overtime production, capacity is shy of what is needed to meet future demand. Opportunistic companies should strongly consider purchasing used capacity (if available) or constructing new capacity.
Potential Production (with OT)	116,280	
Potential Global Supply	123,615	
	Branded Demand Forecast	97,432
	Private-Label Forecast	20,436
	Expected Global Demand	117,868

Plant Capacity (000s of pairs of production capacity not including overtime)														New Construction Initiated in Y18
Capacity Beginning Year 18				Capacity Purchased (Sold)				Capacity Available for Y18 Production						
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	2,500	0	3,700	0	0	0	0	2,500	0	3,700	0	6,200	0	A
B	2,000	0	4,000	0	0	0	0	2,000	0	4,000	0	6,000	0	B
C	2,000	0	4,000	0	0	0	0	2,000	0	4,000	0	6,000	0	C
D	2,800	0	4,000	0	0	0	0	2,800	0	4,000	0	6,800	0	D
E	2,600	0	4,700	0	0	0	0	2,600	0	4,700	0	7,300	800	E
F	2,000	0	4,500	0	0	0	0	2,000	0	4,500	0	6,500	0	F
G	4,700	0	8,400	0	0	0	0	4,700	0	8,400	0	13,100	0	G
H	2,000	2,000	4,000	2,000	0	0	0	2,000	2,000	4,000	2,000	10,000	0	H
I	1,900	0	3,900	0	0	0	0	1,900	0	3,900	0	5,800	0	I
J	5,400	0	7,600	0	0	0	0	5,400	0	7,600	0	13,000	0	J
K	2,000	1,500	4,000	0	0	0	0	2,000	1,500	4,000	0	7,500	0	K
L	2,900	0	5,000	0	0	0	0	2,900	0	5,000	0	7,900	0	L
	32,800	3,500	57,800	2,000	0	0	0	32,800	3,500	57,800	2,000	96,100	800	

Income Statement Data (\$000s)

	Net Sales Revenues	Cost of Pairs Sold	Warehouse 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	310,653	160,428	21,989	36,899	9,530	81,807	-2,731	23,861	55,677	37,190	18,595	A
B	356,310	196,208	29,465	53,499	8,281	68,857	-3,770	20,755	48,429	0	10,000	B
C	290,605	167,387	22,405	42,311	9,330	49,172	-1,529	14,915	34,803	0	10,000	C
D	385,299	212,424	28,515	51,784	9,082	83,494	-1,372	24,207	56,484	52,500	10,500	D
E	414,540	225,230	28,213	45,357	10,631	105,109	-1,516	31,388	73,237	13,020	9,300	E
F	286,433	161,463	13,979	543	9,828	100,620	-1,888	30,752	71,756	17,200	8,600	F
G	736,513	358,523	41,324	75,497	16,428	244,741	-125	73,460	171,406	138,525	9,235	G
H	572,348	305,927	32,591	48,681	13,628	171,521	841	49,660	115,874	25,750	10,300	H
I	269,022	154,367	18,508	28,062	8,078	60,007	-3,393	18,840	43,960	0	10,000	I
J	758,476	378,270	47,850	95,130	16,330	220,896	-276	65,689	153,274	17,197	15,634	J
K	279,536	155,001	20,652	30,906	15,260	57,717	-395	17,087	39,871	0	9,799	K
L	478,579	278,198	33,951	46,437	10,730	109,263	-278	31,362	73,179	8,995	8,995	L
	428,193	229,452	28,287	46,259	11,428	112,767	-1,369	33,498	78,163	25,865	10,913	

Selected Balance Sheet Data (\$000s)

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	L-T Debt	Shareholder Equity				Year 18 Dividend (\$/share)	No. of Changes (+/-)	
						Beginning Equity	Stock Sales (purchases)	Earnings Retained	Ending Equity			
A	217,551	347,969	517,284	15,306	550	449,731	33,210	18,487	501,428	2.00	2/2	A
B	290,536	391,485	502,735	18,279	0	436,025	0	48,431	484,456	0.00	0/1	B
C	196,541	275,930	401,830	16,394	5,000	345,656	0	34,780	380,436	0.00	0/1	C
D	108,891	214,182	385,219	20,985	0	360,271	0	3,963	364,234	5.00	1/2	D
E	99,204	209,317	433,585	22,095	0	380,616	-29,346	60,220	411,490	1.40	5/0	E
F	113,168	185,596	292,788	15,410	0	297,544	-74,720	54,554	277,378	2.00	4/0	F
G	15,146	227,102	630,754	27,288	0	589,157	-18,569	32,878	603,466	15.00	1/1	G
H	49,004	198,162	468,027	28,562	0	441,802	-92,460	90,123	439,465	2.50	5/0	H
I	244,285	317,570	451,457	13,817	0	393,681	0	43,959	437,640	0.00	0/1	I
J	19,650	239,301	675,362	32,072	0	654,361	-147,146	136,075	643,290	1.10	5/2	J
K	76,432	176,846	360,345	15,257	0	307,860	-1,893	39,121	345,088	0.00	1/2	K
L	40,227	172,016	384,354	26,598	0	331,207	-37,635	64,184	357,756	1.00	0/0	L
	122,553	246,290	458,645	21,005	463	415,659	-30,713	52,231	437,177	2.50	2.0/1.0	

Dividend Data

Selected Financial and Operating Statistics

	Costs and Profits as a Percent of Net Revenues						Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Pairs Sold	Whse. Expenses	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	51.6%	7.1%	11.9%	3.1%	26.3%	17.9%	22.73	125	100.00	0.00	206.68	Low	A
B	55.1	8.3	15.0	2.3	19.3	13.6	21.42	22	100.00	0.00	10.00	Low	B
C	57.6	7.7	14.6	3.2	16.9	12.0	16.83	16	100.00	0.02	24.70	Low	C
D	55.1	7.4	13.4	2.4	21.7	14.7	10.21	16	100.00	0.00	10.00	Low	D
E	54.3	6.8	10.9	2.6	25.4	17.7	9.47	11	100.00	0.00	10.00	Low	E
F	56.4	4.9	0.2	3.4	35.1	25.1	12.04	6	100.00	0.00	10.00	Low	F
G	48.7	5.6	10.3	2.2	33.2	23.3	8.32	34	100.00	0.00	10.00	Low	G
H	53.5	5.7	8.5	2.4	30.0	20.2	6.94	12	203.95	0.00	10.00	Low	H
I	57.4	6.9	10.4	3.0	22.3	16.3	22.98	15	100.00	0.00	10.00	Low	I
J	49.9	6.3	12.5	2.2	29.1	20.2	7.46	30	100.00	0.00	10.00	Low	J
K	55.4	7.4	11.1	5.5	20.6	14.3	11.59	88	100.00	0.00	10.00	Low	K
L	58.1	7.1	9.7	2.2	22.8	15.3	6.47	16	100.00	0.00	10.00	Low	L
	53.6%	6.6%	10.8%	2.7%	26.3%	18.3%	11.73	33	108.66	0.00	27.62	Low	

Credit Rating Data

Bold = best in industry

Plant and Production Benchmarks		Year 17				Year 18				
		Low	Average	High	Co. G	Low	Average	High	Co. G	
Materials Costs (\$ per pair produced)	Branded Footwear	7.28	10.01	11.56	7.28	7.35	10.07	11.71	7.35	
	Private-Label Footwear	6.32	9.11	10.99	6.32	6.14	9.09	11.00	6.14	
Labor	North America	Total Compensation (\$/year)	19,804	23,995	27,961	24,079	19,853	24,495	27,939	24,416
		Productivity (pairs/worker/year)	3,738	4,889	5,615	5,479	3,719	4,924	5,607	5,587
		Labor Cost (\$ per pair produced)	4.29	5.23	6.49	4.52	4.32	5.31	6.81	4.48
	Europe Africa	Total Compensation	22,864	22,864	22,864	0	23,944	23,944	23,944	0
		Productivity (pairs/worker/year)	3,993	3,993	3,993	0	4,031	4,031	4,031	0
		Labor Cost (\$ per pair produced)	5.97	5.97	5.97	0.00	6.17	6.17	6.17	0.00
	Asia Pacific	Total Compensation	4,204	5,061	6,651	4,438	4,225	5,161	6,780	4,591
		Productivity (pairs/worker/year)	2,390	2,723	3,411	3,353	2,368	2,722	3,384	3,366
		Labor Cost (\$ per pair produced)	1.37	1.96	2.51	1.37	1.41	2.00	2.61	1.41
	Latin America	Total Compensation	4,337	4,337	4,337	0	4,238	4,238	4,238	0
		Productivity (pairs/worker/year)	2,598	2,598	2,598	0	2,590	2,590	2,590	0
		Labor Cost (\$ per pair produced)	1.75	1.75	1.75	0.00	1.74	1.74	1.74	0.00
TQM / 6-Sigma Expenditures (\$ per pair of capacity)	Current Year	0.50	1.13	2.50	2.50	0.30	1.20	2.50	2.50	
	Cumulative	0.50	1.00	2.29	2.29	0.48	1.02	2.33	2.33	
Reject Rates	Branded Production	2.2	4.6	7.0	3.3	2.2	4.8	8.5	3.2	
	Private-Label Production	1.0	3.4	5.0	1.0	1.0	3.2	4.9	1.0	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	23.24	26.74	29.70	24.96	23.46	27.56	30.69	23.82
		E-A	26.92	26.92	26.92	0.00	26.38	26.38	26.38	0.00
		A-P	19.55	21.79	23.37	19.63	18.97	22.34	24.86	18.97
		L.A.	22.34	22.34	22.34	0.00	21.80	21.80	21.80	0.00
	Private-Label	N.A.	21.60	28.66	42.57	26.98	21.47	27.76	36.46	21.47
		E-A	27.43	27.43	27.43	0.00	25.28	25.28	25.28	0.00
		A-P	17.45	23.63	34.82	0.00	16.66	24.22	41.36	16.66
		L.A.	19.50	19.50	19.50	0.00	18.29	18.29	18.29	0.00

Operating Benchmarks		Year 17				Year 18					
		Low	Average	High	Co. G	Low	Average	High	Co. G		
Branded Market Segments	Cost of Pairs Sold (\$ per pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.18	27.33	29.48	25.94	24.38	28.06	31.54	24.92	
		E-A	25.21	27.74	31.22	25.30	25.26	28.76	33.44	25.26	
		A-P	20.55	23.31	26.13	20.62	20.02	23.70	27.65	20.02	
		L.A.	23.46	27.77	29.93	26.49	22.83	28.72	32.38	26.02	
	Warehouse Expenses (\$ per pair sold)	Internet	10.39	10.79	11.21	10.39	10.36	10.86	11.91	10.36	
		Wholesale	2.09	2.73	4.20	2.09	2.04	2.69	4.20	2.04	
	Marketing Expenses (\$ per pair sold)	Internet	6.74	8.46	11.73	9.18	6.41	8.85	15.97	7.98	
		Wholesale	0.27	5.70	7.40	4.54	0.27	5.66	7.70	5.72	
	Administrative Expenses (\$/pair sold)		1.13	1.86	4.86	1.21	1.20	1.87	4.88	1.31	
	Operating Profit (\$/pair sold)	Internet	N.A.	17.84	23.69	26.30	25.88	20.95	24.85	34.05	28.13
			E-A	16.90	23.94	27.80	27.14	-2.33	21.76	28.31	28.31
			A-P	20.80	27.80	31.16	30.96	26.67	31.57	39.57	35.02
L.A.			19.97	27.06	32.68	28.96	21.01	27.59	34.99	30.15	
Wholesale		N.A.	5.38	10.94	14.83	14.83	6.10	10.34	14.99	14.99	
		E-A	8.01	11.31	15.74	15.74	6.88	10.33	14.22	14.22	
		A-P	5.17	10.62	17.55	15.12	5.11	11.80	18.66	15.76	
		L.A.	5.63	9.95	15.16	13.07	3.08	8.58	15.17	11.97	
Private Label Market Segments	Cost of Pairs Sold (\$ per pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.60	28.65	39.60	27.98	22.47	28.78	38.20	22.47	
		E-A	23.15	27.87	32.61	0.00	24.60	30.35	39.76	0.00	
		A-P	18.45	22.40	26.65	0.00	17.66	20.80	26.86	17.66	
		L.A.	20.50	25.16	28.79	0.00	19.29	27.26	37.09	24.45	
	Warehouse Expenses (\$ per pair sold)		1.00	1.09	1.20	1.00	1.00	1.09	1.20	1.00	
	Margin Over Direct Costs (\$ per pair sold)	N.A.	-0.60	7.69	16.15	10.97	-0.61	8.89	18.59	16.46	
		E-A	-3.44	7.35	15.82	0.00	-7.65	6.30	17.13	0.00	
		A-P	6.71	10.54	15.85	0.00	7.78	14.63	17.95	16.98	
L.A.		-2.47	8.25	15.67	0.00	-5.11	8.54	16.61	12.62		

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	C 988 Shoes	3,100	Y17	2 years	7	3,100	2,863	1,724	500
Oprah Letterman	100	70	65	75	Braxton Shoes	4,500	Y17	3 years	5	4,500	4,000	2,919	750
Cristiano Romano	70	100	70	55	G Force Footwear	3,589	Y16	5 years	5	3,589	3,211	2,420	500
Tiger Green	95	80	85	75	Happy Feet Shoes	3,411	Y18	2 years	5	4,521	3,411	2,547	500
José Montaña	60	50	60	95	Jonesing fo Jet Life	2,600	Y18	3 years	2	2,600	1,003	1,802	1,003
Michelle Wi	55	60	95	90	Energetic Footware	2,999	Y16	4 years	4	2,999	1,692	1,873	1,200
Ace Federar	50	90	50	85	Energetic Footware	4,521	Y18	1 year	6	4,521	2,900	1,696	500
Danica Andretti	70	65	55	60	Lightfoot	2,501	Y16	3 years	3	2,501	1,600	1,784	1,251
LaBron Game	75	80	95	50	Lightfoot	3,702	Y17	4 years	4	3,800	3,702	3,441	2,602
Lorena Lopez	45	85	60	100	Jonesing fo Jet Life	3,236	Y17	2 years	4	3,236	1,857	2,149	1,700
Nick Shavan	80	85	75	70	Daring Shoes	4,000	Y17	3 years	6	4,000	3,800	3,277	2,900
Yao KungPao	60	35	100	50	Jonesing fo Jet Life	2,000	Y18	4 years	3	2,000	1,802	1,602	1,003

Branded Price and S/Q Rating Trends

