



**FACULTY OF MANAGEMENT
DEPARTMENT OF BUSINESS MANAGEMENT
FINAL SUMMATIVE ASSESSMENT**

MODULE: STRATEGIC BUSINESS SIMULATION
CODE: STM8X11/STB03X7
DATE: 16 November 2015
TIME ALLOWED: 180 Minutes
TOTAL MARKS: 100

EXAMINER(S): Mrs S Hughes
MODERATOR: Mrs F Scholtz
NUMBER OF PAGES: 25

INSTRUCTIONS:

- No question papers, or materials provided during the course of the exam may be removed from the exam venue, they must be handed in.
 - Read the questions carefully and answer only what is asked.
 - Number your answers clearly.
 - Start each answer on a new page.
 - Systematic exposition of your answer is a prerequisite.
 - Structure your answers by using appropriate headings and subheadings.
 - You may use any written or typed notes as well as the players guide issued by BSG to registered students of this course.
 - Answer all the questions.
 - **Answer the questions based on the industry (one or two) that your company has been active in over the course of the semester.**
 - **Clearly identify the industry that you were in and that you are basing your answers on**
 - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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SCENARIO

You have been appointed as a management consultant to Happy Feet (if you are in industry 1) **OR** A Alcorys Foot Gear (if you are in industry 2) by the company's Board of directors. Your mandate is to evaluate the company's performance based on the attached documents;

- Appendix A: Footwear Industry report (8 pages)
- Appendix B: Competitive Intelligence report (4 pages)
- Appendix C: Plant Operations report (5 pages)
- Appendix D: Administrators report (5 pages)

All of the reports are for year 14 and your analysis and deductions should be based on the attached documents for the period under review.

The Board of directors of Happy Feet **OR** A Alcorys Foot Gear require you to advise them on what actions to take to improve the current performance of their business and support the sustainability of their business operations in future. The directors are specifically concerned about meeting industry performance standards and improving their;

- Earnings per share
- Return on Equity
- Stock price
- Credit rating, and
- Image rating

In light of the requirements outlined above you need to **prepare a report** with the following sub-sections;

SECTION 1

[25 MARKS]

The Board of directors need a clear overview of what is happening in the industry in light of the appendices provided. This overview has two criteria;

- 1.1) Discuss the current status quo in the industry. (15 marks)
- 1.2) Analyse where the industry is heading. (10 marks)

SECTION 2

[25 MARKS]

A thorough analysis of the company is necessary for the year under review. Consider the following in your review;

- 2.1) Identify decisions that the company has made as well as their consequences. (10 marks)
- 2.2) Provide an interpretation of the company's strengths and weaknesses by referring to information in the appendices (15 marks)

SECTION 3

[25 MARKS]

An examination of the company's competitors needs to be conducted.

- 3.1) This overview should examine and focus on the relative strengths and weaknesses of ALL competitors. (15 marks)
- 3.2) An identification of the company's closest competitors is also necessary (remember to justify your identification of the closest competitors). (10 marks)

SECTION 4

[25 MARKS]

Formulate a strategy for the company and make recommendations to the company's Board of directors.

- 4.1) Formulate a strategy that will enable the company to meet the required targets and exceed investor expectations. (10 marks)
- 4.2) Make recommendation that explain the **key considerations** of the proposed strategy and link the **actions that you are recommending** to their **anticipated effect**. (15 marks)

END OF ASSESSMENT



FOOTWEAR INDUSTRY REPORT

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Industry 2

Monday, August 24th, 2015

Year 14

Year 14 Scoreboard

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y13
1	Falcon Footwear	106	85	96	+74
2	Elegant Footwear	108	81	95	-6
3	G-Shox	99	63	81	-4
4	Dynamic Footwear	88	56	72	+1
5	Continuum Footwear	76	51	64	+19
6	Highlanders	20	18	19	-3
7	A Alcorys Foot Gear	16	14	15	-8
7	Boss Footwear	16	14	15	-6
9	I (deleted)	0	0	0	0

Game-To-Date Scoreboard

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Bonus Points	Overall G-T-D Score
1	Elegant Footwear	108	93	101	1	102
2	G-Shox	100	73	87	0	87
3	Dynamic Footwear	86	62	74	1	75
4	Continuum Footwear	79	59	69	1	70
5	Falcon Footwear	60	46	53	1	54
6	Highlanders	31	26	29	0	29
7	Boss Footwear	23	20	22	0	22
8	A Alcorys Foot Gear	17	15	16	1	17
9	I (deleted)	0	0	0	0	0

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 additional 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 five 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 14 Scoreboard and the 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 as specified by the course instructor.

INDUSTRY 2

COMPANY PERFORMANCE OVERVIEW

YEAR 14

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.	Y14 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)	(2.96)	I.E.	B-I-I	I.E.	B-I-I	
A	-0.70	1.95	0.22	-1.20							-0.12	0	0	0	0	A
B	2.25	0.47	-0.34	-0.62							0.36	0	0	2	1	B
C	3.16	2.32	1.05	2.22							2.20	14	7	15	9	C
D	2.33	1.06	2.19	2.60							2.04	16	9	14	8	D
E	3.78	4.57	5.82	5.84							4.97	24	19	24	20	E
F	1.16	-1.20	-5.12	6.05							0.22	24	20	1	1	F
G	1.74	2.85	2.97	3.10							2.64	19	10	18	11	G
H	1.73	1.33	0.13	-0.26							0.68	0	0	5	3	H
I	0.00	0.00	0.00	0.00							0.00	0	0	0	0	I

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.	Y14 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	-4.7	12.6	1.5	-10.2							-0.8	0	0	0	0	A
B	13.8	2.9	-1.9	-3.6							2.1	0	0	3	2	B
C	18.9	11.9	4.9	9.8							11.0	13	4	15	10	C
D	14.3	6.1	12.0	12.3							11.2	16	5	15	10	D
E	22.2	22.0	23.5	20.8							22.1	24	9	24	20	E
F	7.4	-7.6	-40.7	46.4							1.6	24	20	2	1	F
G	11.3	13.9	13.3	13.7							13.1	18	6	17	12	G
H	10.9	7.8	0.7	-1.7							4.2	0	0	6	4	H
I	0.0	0.0	0.0	0.0							0.0	0	0	0	0	I

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	Y14 Score		G-T-D Score		
	(32.00)	(34.25)	(38.75)	(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	16.68	16.43	9.56	5.80							3	1	3	1	A
B	22.06	13.16	7.83	5.37							3	1	3	1	B
C	44.97	23.80	14.11	22.62							12	6	12	6	C
D	25.04	13.93	22.31	28.85							15	7	15	7	D
E	58.82	71.40	93.88	81.77							24	20	24	20	E
F	16.38	10.17	6.45	33.93							17	8	17	8	F
G	16.25	34.54	45.23	43.52							21	11	21	11	G
H	17.31	11.61	7.18	4.89							2	1	2	1	H
I	0.00	0.00	0.00	0.00							0	0	0	0	I

INDUSTRY 2

COMPANY PERFORMANCE OVERVIEW

YEAR 14

(concluded)

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 (B+)	Y12 (B+)	Y13 (B+)	Y14 (B+)	Y15 (B+)	Y16 (B+)	Y17 (B+)	Y18 (B+)	Y19 (B+)	Y20 (B+)	Y14 Score		G-T-D Score		
											I.E.	B-I-I	I.E.	B-I-I	
A	C-	B-	C	C-							0	1	0	1	A
B	B-	C-	C-	C-							0	1	0	1	B
C	A-	B	C+	B							16	14	16	14	C
D	B+	C+	A-	A							23	19	23	19	D
E	B+	B	B	B							16	14	16	14	E
F	B	C-	C-	B+							20	17	20	17	F
G	B	A	A	A+							24	20	24	20	G
H	B-	C+	C-	C-							0	1	0	1	H
I	n.a.	n.a.	n.a.	n.a.							0	0	0	0	I

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 top scores; scores of other companies are a percentage of the industry-leading image rating. Game-To-Date scores are based on company's average image rating over the last three years.

	Y11 (70)	Y12 (70)	Y13 (70)	Y14 (70)	Y15 (70)	Y16 (70)	Y17 (70)	Y18 (70)	Y19 (70)	Y20 (70)	Y12-Y14 Average	Y14 Score		G-T-D Score		
												I.E.	B-I-I	I.E.	B-I-I	
A	32	56	45	47							49	13	12	14	13	A
B	60	55	60	46							54	13	12	15	15	B
C	78	73	72	76							74	21	20	21	20	C
D	79	67	66	62							65	18	16	19	18	D
E	72	74	71	71							72	20	19	20	19	E
F	66	69	67	75							70	21	20	20	19	F
G	70	82	66	61							70	17	16	20	19	G
H	75	66	60	62							63	18	16	18	17	H
I	0	0	0	0							0	0	0	0	0	I

Corporate Social Responsibility and Citizenship

	Industry 2 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	8,036	2,315	0	1.30	0.43	0.00	3	2	0
Year 12	3,073	1,030	0	0.60	0.18	0.00	5	3	0
Year 13	2,420	737	0	0.29	0.12	0.00	6	3	0
Year 14	2,420	756	0	0.36	0.11	0.00	8	4	0

Corporate Responsibility Award

for Exemplary Corporate Citizenship

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

Award Winner	2nd Place
Y14 Continuum Footwear	G-Shox

INDUSTRY2

BONUS POINT AWARDS

YEAR14



BULL'S EYE AWARD

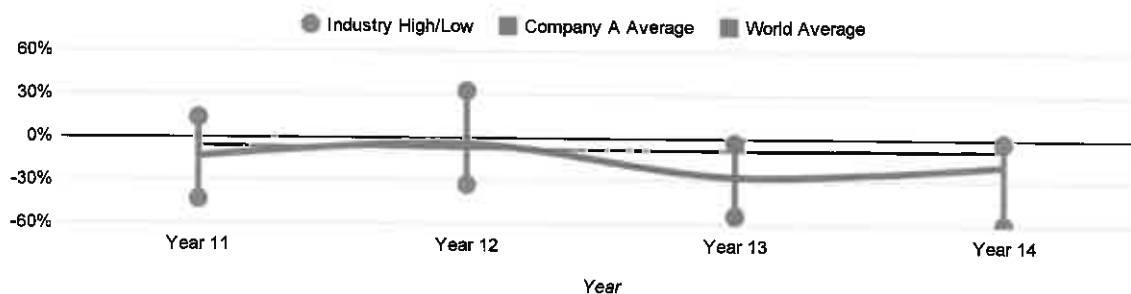
for Accurately Forecasting Total Revenues,
Earnings Per Share, and Image Rating

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 when 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 14 Bull's Eye Award	Cumulative Awards	
	Year 14 Forecast	Year 14 Actual	Percent Variance	Year 14 Forecast	Year 14 Actual	Percent Variance	Year 14 Forecast	Year 14 Actual	Variance Pts.	Percent			
A	203,147	209,097	+2.9 %	-1.04	-1.20	-15.4 %	46	47	+1	+2.2 %	No	0	A
B	351,094	140,785	-59.9 %	6.64	-0.62	-99.9 %	56	46	-10	-17.9 %	No	0	B
C	419,216	396,873	-5.3 %	3.68	2.22	-39.7 %	76	76	0	0.0 %	No	1	C
D	305,326	283,195	-7.2 %	3.81	2.60	-31.8 %	63	62	-1	-1.6 %	No	0	D
E	493,791	489,915	-0.8 %	7.15	5.84	-18.3 %	71	71	0	0.0 %	No	1	E
F	337,284	331,601	-1.7 %	6.41	6.05	-5.6 %	75	75	0	0.0 %	No	0	F
G	279,517	276,758	-1.0 %	4.27	3.10	-27.4 %	60	61	+1	+1.7 %	No	0	G
H	408,923	349,478	-14.5 %	1.63	-0.26	-99.9 %	68	62	-6	-8.8 %	No	0	H
I	0	0	0.0 %	0.00	0.00	0.0 %	0	0	0	0.0 %	No	0	I

Comparisons and Trends in Projected Versus Actual Variances

Range of Average Percent Variances (for Revenues, EPS, and Image Rating) for all Industry 12 Companies, World-Wide Average Percent Variance, and Company A 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 of the company whose current-year overall score is most improved over the prior year. If all companies fail to improve their scores from one year to the next, then no Leap Frog bonus is awarded.

Current-Year Scores

Δ = net change in score between years

Highlighted figure = Leap Frog Award winner

	Y11 Score	Δ	Y12 Score	Δ	Y13 Score	Δ	Y14 Score	Δ	Y15 Score	Δ	Y16 Score	Δ	Y17 Score	Δ	Y18 Score	Δ	Y19 Score	Δ	Y20 Score	Cumulative Awards	
A	26	+34	60	-37	23	-8	15													1	A
B	38	-41	27	-6	21	-6	15													0	B
C	100	-29	71	-26	45	+19	64													0	C
D	82	-37	45	+26	71	+1	72													1	D
E	104	-3	101	0	101	-6	95													0	E
F	57	-33	24	-2	22	+74	96													1	F
G	66	+23	89	-4	85	-4	81													0	G
H	64	-17	47	-25	22	-3	19													0	H
I	0		0																	0	I

INDUSTRY 2

FOOTWEAR INDUSTRY OVERVIEW

YEAR 14

Materials Prices (\$/pair)	Base Price	Y14 Price Adj. for Mat. Usage	Y14 Price Adj. for Cap. Utilization	Year 14 Price	Notes
Standard Materials	6.00	+2.86	+0.39	9.25	Lower than normal (26.2%) superior materials usage lead to superior materials prices that were 11.9% below the base and standard materials prices that were 47.6% above the base. Capacity utilization above 110% resulted in materials price increases of 6.5%.
Superior Materials	12.00	-1.43	+0.78	11.35	

Footwear Production (industry totals)	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants	Notes
Total Year 14 Production (000s of pairs)	19,738	4,559	39,603	5,880	69,780	► Total pairs produced before rejects
Pairs Rejected	1,305	304	3,109	534	5,252	► Overall average reject rate = 7.5%
Net Year 14 Production (000s of pairs)	18,433	4,255	36,494	5,346	64,528	► Total pairs available after rejects
Superior Materials Usage	30.8%	7.8%	29.7%	1.4%	26.2%	► % usage down 9.4 points from Y13
Capacity Utilization (branded + private-label)	116.8%	108.5%	116.8%	120.0%	116.5%	► % utilization up 10.3 points from Y13

Branded Warehouses (industry totals)	N.A. Region	E-A Region	A-P Region	L.A. Region	All Regions	Notes
Ending Y13 Inventories (000s of pairs)	4,094	2,399	3,120	1,985	11,598	► Unsold pairs from Y13
Less Pairs Cleared (inventory clearance)	719	569	492	521	2,301	► Average inventory clearance of 19.8%
Beginning Y14 Inventories	3,375	1,830	2,628	1,464	9,297	► Incurred a 1-star S/Q rating penalty
Plus New Pairs Produced in Y14	13,143	17,778	14,299	11,841	57,061	► New Y14 production shipped from plants
Pairs Available for Sale in Year 14	16,518	19,608	16,927	13,305	66,358	► 36.7% higher than Y14 demand

Branded Demand & Sales (industry tot.)	N.A. Market	E-A Market	A-P Market	L.A. Market	All Market	Notes
Projected Y14 Demand (000s of pairs)	13,864	13,770	10,359	10,403	48,396	► From page 4 of FIR for Year 13
Actual Year 14 Demand	13,840	13,584	10,656	10,479	48,559	► Actual demand was 0.3% higher than projected demand due to increased competitive intensity.
Branded Pairs Sold (internet + wholesale)	13,644	13,578	10,650	10,465	48,337	Shows extent to which orders for branded pairs went unfilled due to inventory shortages at one or more companies.
No. of Companies Unable to Fill All Orders	2	1	2	3	not meaningful	
Unfilled Orders (000s of pairs ordered but not shipped)	195	6	6	14	221	

Demand Forecast (industry totals)	N.A. Market	E-A Market	A-P Market	L.A. Market	All Market	Notes
Branded Demand — Year 15 (internet + wholesale)	14,670	14,399	11,508	11,318	51,895	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 16	15,550	15,263	12,429	12,223	55,465	
Year 17	16,483	16,179	13,423	13,201	59,286	
Private-Label Demand — Year 15	2,424	2,392	2,424	2,392	9,632	
Year 16	2,664	2,632	2,664	2,632	10,592	
Year 17	2,912	2,912	2,944	2,912	11,712	

Potential Y15 Footwear Supply	Expected Y15 Footwear Demand	Supply / Demand Analysis
Beginning Y15 Inventory	18,021	Excess supply of 52.9% is likely to produce FERCE competition and hurt industry profitability in Year 15 and beyond. Construction of new capacity will not be needed for several years, and it may be wise for some companies to sell-off unneeded production capacity.
Potential Production (with OT)	76,080	
Potential Global Supply	94,101	
Branded Demand Forecast	51,895	
Private-Label Forecast	9,632	
Potential Global Demand	61,527	

Plant Capacity (000s of pairs of production capacity not including overtime)

	Capacity Beginning Year 14				Capacity Purchased (Sold)				Capacity Available for Y14 Production					New Construction Initiated in Y14	
	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	2,700	0	4,500	0	0	0	0	0	2,700	0	4,500	0	7,200	0	A
B	1,000	0	4,200	0	0	0	0	0	1,000	0	4,200	0	5,200	1,000	B
C	2,200	1,800	4,200	0	0	0	0	0	2,200	1,800	4,200	0	8,200	0	C
D	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	D
E	3,000	0	5,000	3,500	0	0	0	0	3,000	0	5,000	3,500	11,500	2,500	E
F	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	F
G	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	G
H	2,000	1,500	4,000	1,400	0	+900	0	0	2,000	2,400	4,000	1,400	9,800	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
	16,900	3,300	33,900	4,900	0	900	0	0	16,900	4,200	33,900	4,900	59,900	3,500	

INDUSTRY 2

FINANCIAL PERFORMANCE SUMMARY

YEAR 14

Income Statement Data (\$000s)										Total Dividend Payment (\$000s)	Shares of Stock (000s of shares outstanding)	
Net Sales Revenues	Cost of Pairs Sold	Warehouse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Income Taxes	Net Profit				
A	209,097	154,389	22,777	31,291	9,476	-8,836	12,196	0	-21,032	0	17,500	A
B	140,785	58,074	17,675	50,726	7,226	7,084	14,514	0	-7,430	0	12,000	B
C	396,873	252,645	24,157	67,416	11,427	41,228	10,744	9,145	21,339	0	9,625	C
D	283,195	180,166	19,722	36,077	9,076	38,154	4,100	10,216	23,838	0	9,160	D
E	489,915	276,447	31,346	66,644	13,527	101,951	27,641	22,293	52,017	713	8,911	E
F	331,601	193,914	22,740	34,663	8,026	72,258	11,805	0	60,453	0	10,000	F
G	276,758	155,704	19,340	43,767	9,078	48,869	2,247	13,987	32,635	6,310	10,517	G
H	349,478	232,947	22,372	59,476	11,826	22,857	25,988	0	-3,131	0	11,920	H
I	0	0	0	0	0	0	0	0	0	0	0	I
	309,713	188,036	22,516	48,758	9,958	40,446	13,654	6,955	19,836	878	11,204	

Selected Balance Sheet Data (\$000s)										Dividend Data		
	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity				Year 14 Dividend (\$/share)	No. of Changes (+/-)	
						Beginning Equity	Stock Sales (purchases)	Earnings Retained	Ending Equity			
A	4,131	187,806	387,756	88,264	87,000	199,377	34,150	-21,035	212,492	0.00	0 / 2	A
B	0	209,712	460,337	105,214	150,000	212,554	0	-7,431	205,123	0.00	0 / 1	B
C	0	130,473	376,399	47,591	100,000	207,469	0	21,339	228,808	0.00	0 / 1	C
D	15,013	106,228	252,028	29,435	23,000	188,115	-12,361	23,839	199,593	0.00	1 / 2	D
E	0	142,182	724,159	79,299	391,500	245,919	-43,864	51,304	253,359	0.08	3 / 1	E
F	0	103,527	251,077	67,434	23,000	100,192	0	60,451	160,643	0.00	0 / 1	F
G	38,225	130,716	282,366	28,393	23,000	246,201	-41,557	26,329	230,973	0.60	1 / 2	G
H	0	118,561	460,934	68,665	208,000	175,439	11,960	-3,130	184,269	0.00	1 / 3	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
	7,171	141,151	399,382	64,287	125,688	196,908	-6,459	18,958	209,408	0.09	0.8 / 1.6	

Selected Financial and Operating Statistics									Credit Rating Data				
Costs and Profit as a Percent of Net Revenues									Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
Cost of Pairs Sold	Whse. Expenses	Mktg. Expenses	Admin Expenses	Operating Profit	Net Profit	Current Ratio	Days of Inventory						
A	73.8%	10.9%	15.0%	4.5%	-4.2%	-10.1%	2.13	449	-0.72	0.40	0.00	N/A	A
B	41.3%	12.6%	36.0%	5.1%	5.0%	-5.3%	1.99	1,175	0.49	0.52	0.08	High	B
C	93.7%	6.1%	17.0%	2.9%	10.4%	5.4%	2.74	50	3.84	0.33	1.55	Medium	C
D	63.6%	7.0%	12.7%	3.2%	13.5%	8.4%	3.61	43	9.31	0.14	3.19	Low	D
E	56.4%	6.4%	13.6%	2.8%	20.8%	10.6%	1.79	36	3.69	0.61	1.60	Medium	E
F	58.5%	6.9%	10.5%	2.4%	21.8%	18.2%	1.54	40	6.12	0.28	1.52	Medium	F
G	56.3%	7.0%	15.8%	3.3%	17.7%	11.8%	4.60	79	21.75	0.12	3.41	Low	G
H	66.7%	6.4%	17.0%	3.4%	6.5%	-0.9%	1.73	58	0.88	0.55	0.44	High	H
I	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00	0	0.00	0.00	0.00	N/A	I
	60.7%	7.3%	15.7%	3.2%	13.1%	6.4%	2.20	241	5.67	0.37	1.47	Medium	

INDUSTRY 2

INDUSTRY PERFORMANCE BENCHMARKS

YEAR 14

Plant and Production Benchmarks			Year 13			Year 14			
			Low	Average	High	Low	Average	High	
Materials Costs (\$ per pair produced)	Branded Footwear		7.48	9.33	11.99	8.68	10.16	11.81	
	Private-Label Footwear		7.42	8.32	9.91	8.59	9.09	9.98	
Labor	North America	Total Compensation (\$/year)	15,455	18,780	23,923	15,610	18,512	22,100	
		Productivity (pairs/worker/year)	3,715	4,049	4,338	3,545	3,961	4,465	
		Labor Cost (\$ per pair produced)	4.56	5.09	6.08	4.47	5.33	6.07	
	Europe Africa	Total Compensation (\$/year)	20,898	20,898	20,898	16,218	19,106	21,993	
		Productivity (pairs/worker/year)	4,122	4,122	4,122	3,888	4,071	4,253	
		Labor Cost (\$ per pair produced)	5.31	5.31	5.31	4.55	5.03	5.50	
	Asia Pacific	Total Compensation (\$/year)	3,866	5,154	7,837	3,326	4,508	6,967	
		Productivity (pairs/worker/year)	2,316	2,553	2,881	2,205	2,405	2,970	
		Labor Cost (\$ per pair produced)	1.81	2.13	3.18	1.76	2.03	2.63	
	Latin America	Total Compensation (\$/year)	3,968	6,420	8,871	3,876	3,925	3,973	
		Productivity (pairs/worker/year)	2,548	2,583	2,617	2,092	2,184	2,275	
		Labor Cost (\$ per pair produced)	1.73	2.48	3.22	1.91	2.01	2.11	
TQM / 6-Sigma Expenditures (\$ per pair of capacity)									
			Current Year	0.00	1.27	2.50	0.00	0.80	2.00
			Cumulative	0.96	1.17	1.48	0.84	1.09	1.60
Reject Rates (%)	Branded Production		3.4%	6.0%	8.8%	5.4%	8.0%	10.4%	
	Private-Label Production		3.2%	4.0%	4.8%	2.5%	3.8%	5.2%	
Total Manufacturing Cost (\$ per pair produced)	Branded	N.A.	24.67	27.96	31.44	24.27	29.99	36.53	
		E-A	25.68	25.68	25.68	28.25	29.23	30.21	
		A-P	17.71	21.47	24.85	18.56	22.30	26.00	
		L.A.	17.83	19.73	21.62	20.23	21.98	23.72	
	Private-Label	N.A.	17.71	23.99	28.83	18.89	26.00	35.45	
		E-A	0.00	0.00	0.00	28.26	28.26	28.26	
		A-P	17.93	20.22	23.20	16.63	19.62	21.78	
		L.A.	0.00	0.00	0.00	0.00	0.00	0.00	

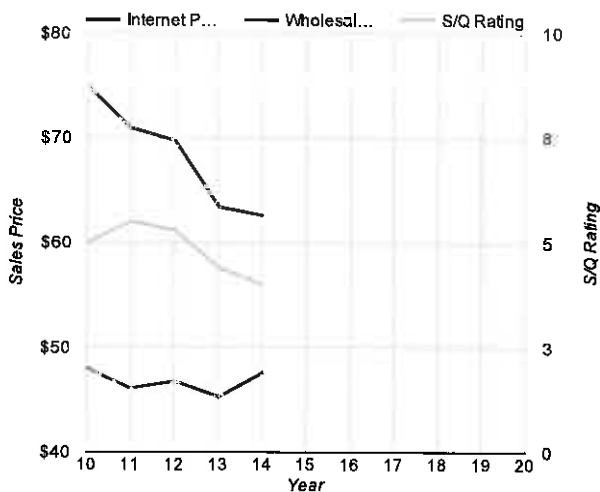
Operating Benchmarks		Year 13			Year 14				
		Low	Average	High	Low	Average	High		
Branded Market Segments	Cost of Pairs Sold	N.A.	18.27	25.59	31.12	21.59	27.99	32.41	
	(\$ per pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	E-A	23.09	26.92	29.35	23.12	26.27	29.58	
		A-P	18.72	23.74	28.33	19.80	23.55	27.68	
		L.A.	18.97	30.62	35.13	21.09	29.06	37.16	
	Warehouse Expenses	Internet	10.51	11.14	12.70	10.49	11.21	13.45	
	(\$ per pair sold)	Wholesale	2.27	2.96	4.39	2.23	3.05	5.42	
	Marketing Expenses	Internet	9.30	19.13	43.15	11.99	19.07	25.84	
	(\$ per pair sold)	Wholesale	4.43	7.23	10.50	4.65	8.50	22.10	
	Administrative Expenses	(\$/pair sold)	1.32	1.74	2.55	1.31	1.84	3.33	
	Operating Profit	Internet	N.A.	1.34	15.41	24.51	-3.66	11.12	21.18
	(\$/pair sold)	E-A	1.63	14.64	25.25	3.67	17.37	23.89	
		A-P	0.79	14.39	24.11	-8.73	10.39	19.57	
	L.A.	-12.37	3.17	16.49	-7.81	12.72	24.26		
	Wholesale	N.A.	-3.59	6.88	14.64	-1.31	5.85	11.93	
	E-A	-10.46	5.49	10.49	3.58	9.68	15.27		
	A-P	-9.71	5.28	12.78	1.41	4.86	11.24		
	L.A.	-18.39	-3.44	9.03	2.86	7.63	14.35		
Private Label Market Segments	Cost of Pairs Sold	N.A.	18.71	18.71	18.71	18.65	27.55	36.45	
	(\$ per pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	E-A	23.85	27.47	31.36	23.66	26.46	29.26	
		A-P	18.93	18.93	18.93	21.46	22.12	22.78	
		L.A.	22.01	27.71	31.15	20.23	20.23	20.23	
	Warehouse Expenses	(\$ per pair sold)	1.00	1.04	1.20	1.00	1.05	1.20	
	Margin Over Direct Cost	N.A.	-0.26	-0.26	0.00	-5.45	-4.65	0.00	
	(\$ per pair sold)	E-A	-10.98	-4.29	1.23	-0.99	-0.82	0.00	
		A-P	-2.76	-2.76	0.00	-5.42	-4.29	0.00	
		L.A.	-14.68	-5.25	2.14	1.83	1.83	1.83	

Celebrity Endorsements

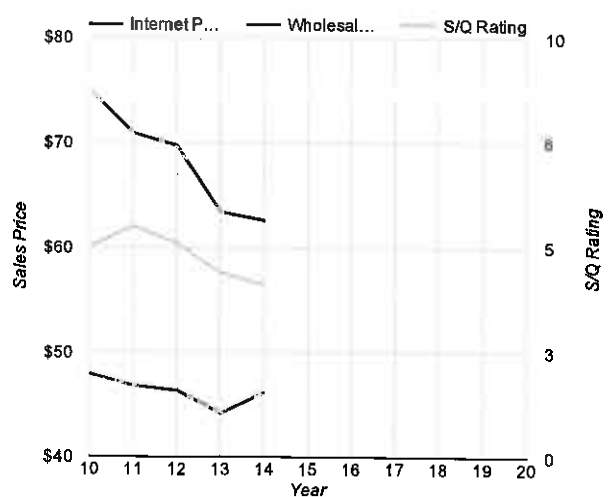
Celebrity	Consumer Appeal				Currently Signed By	Contract (\$000s/year)	Year Signed	Contract Length	Most Recent Round of Bidding				
	NA	EA	AP	LA					Bidders	High Bid	2nd Bid	Avg Bid	Low Bid
Payton Manyon	85	45	35	40	G-Shox	2,704	Y13	2 years	3	4,000	2,704	3,068	2,501
Oprah Beyoncé	100	70	65	75	Dynamic Footwear	8,500	Y14	3 years	5	8,500	7,801	5,660	1,500
Cristiano Romano	70	100	70	55	Falcon Footwear	8,500	Y11	5 years	5	8,500	5,501	3,900	500
Tiger Green	95	80	85	75	Falcon Footwear	6,500	Y14	2 years	4	6,500	4,000	3,877	2,500
José Montaña	60	50	60	95	Elegant Footwear	7,506	Y12	3 years	3	7,506	1,502	3,336	1,001
Mishell Wli	55	60	95	90	Continuum Footwear	3,010	Y12	4 years	3	7,506	3,010	4,173	2,002
Ace Federar	50	90	50	85	Highlanders	4,000	Y14	1 years	4	6,500	4,000	3,126	500
Danica Sebastian	70	65	55	60	Continuum Footwear	5,501	Y13	3 years	4	7,000	5,501	5,378	3,510
Yi Lin	75	80	95	50	Highlanders	8,000	Y13	4 years	5	8,000	7,001	5,762	2,305
Shakira Iglesias	45	85	60	100	Continuum Footwear	3,501	Y13	2 years	2	3,501	2,501	3,001	2,501
Nick Shavan	80	85	75	70	Falcon Footwear	6,500	Y14	3 years	5	8,300	7,801	5,420	1,001
Bronko Mars	60	35	100	50	Elegant Footwear	8,801	Y14	4 years	6	8,801	8,500	5,134	1,001

Branded Price and S/Q Rating Trends

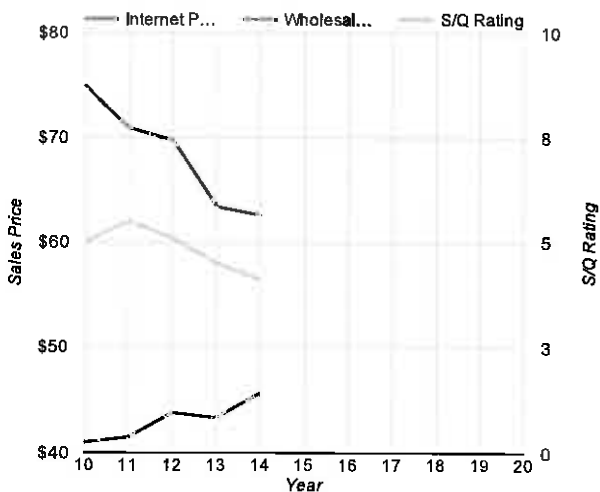
NORTH AMERICA



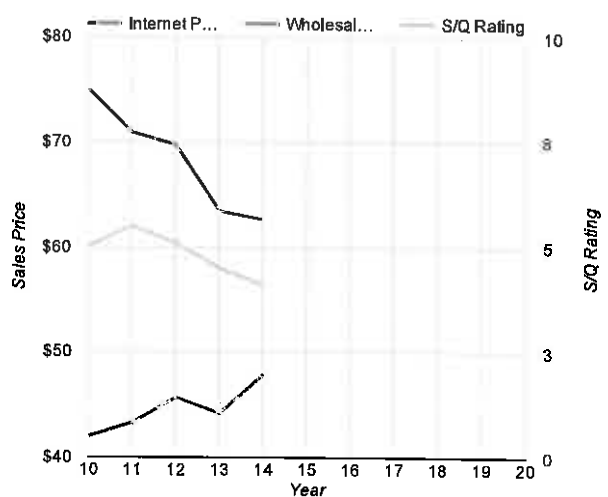
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA

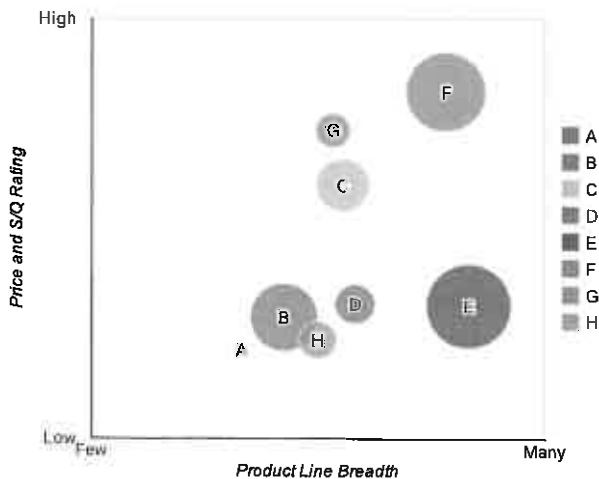


INDUSTRY 2

MARKET SNAPSHOT — NORTH AMERICA

YEAR 14

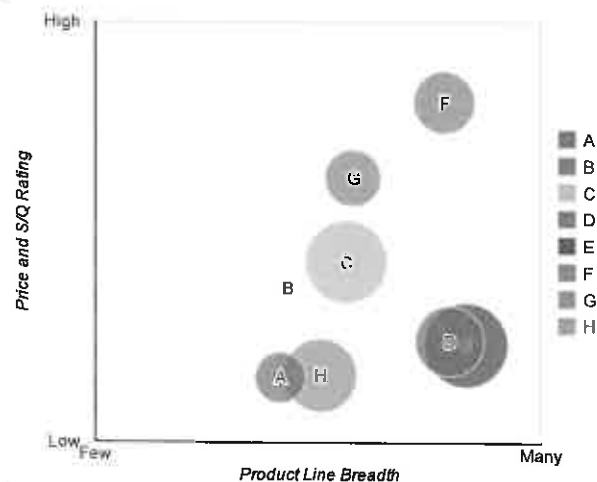
North America Year 14	Competitive Efforts by Company												Ind. Avg.	Co. A vs Ind. Avg.
	A	B	C	D	E	F	G	H	I	J	K	L		
INTERNET SEGMENT														
Price (\$ per pair at retail)	60.00	55.00	69.00	60.95	59.99	59.10	70.00	67.00	0.00				62.63	-4.2%
S/Q Rating (1 to 10 stars)	2★	3★	5★	3★	3★	8★	6★	2★	0★				4.0★	-2.0★
Models Offered	200	256	334	350	499	469	321	301	0				341	-41.3%
Free Shipping	Yes	No	No	No	No	No	No	No	No				Some	Above
Advertising (\$000s)	5,000	9,000	10,500	7,500	11,167	500	8,500	8,500	0				7,583	-34.1%
Celebrity Appeal	0	95	170	0	110	70	85	175	0				88	-100.0%
Online Orders (000s)	89	192	145	118	247	229	112	116	0				156	-42.9%
Pairs Sold (000s)	89	192	145	118	247	229	112	116	0				156	-42.9%
Market Share	7.1%	15.4%	11.6%	9.5%	19.8%	18.4%	9.0%	9.3%	0.0%				12.5%	-5.4pts.
WHOLESALE SEGMENT														
Price (\$ per pair at wholesale)	40.00	63.99	44.99	41.95	40.49	53.10	55.00	41.50	0.00				47.63	-16.0%
S/Q Rating (1 to 10 stars)	2★	3★	5★	3★	3★	8★	6★	2★	0★				4.0★	-2.0★
Models Availability	247	256	336	477	499	469	345	301	0				366	-32.5%
Advertising (\$000s)	5,000	9,000	10,500	7,500	11,167	500	8,500	8,500	0				7,583	-34.1%
Rebate Offer (\$ per pair)	2	2	3	0	0	3	2	0	0				1.50	+33.3%
Retail Outlets Utilized	1,905	1,779	3,190	2,000	3,099	3,335	3,193	2,973	0				2,684	-29.0%
Retailer Support (\$ per outlet)	300	500	800	510	500	400	520	1,000	0				566	-47.0%
Delivery Time (weeks)	2	3	3	4	3	2	3	4	0				3.0	-33.3%
Celebrity Appeal	0	95	170	0	110	70	85	175	0				88	-100.0%
Retailer Demand (000s)	990	345	2,100	1,677	2,974	1,506	1,152	1,847	0				1,574	-37.1%
Gained/Lost (due to stockouts)	+75	+16	+159	+50	-574	-42	+69	+52	0				-24	
Pairs Sold (000s)	1,065	361	2,259	1,727	2,400	1,464	1,221	1,899	0				1,550	-31.3%
Market Share	8.6%	2.9%	18.2%	13.9%	19.4%	11.9%	9.9%	15.3%	0.0%				12.5%	-3.9pts.
PRIVATE-LABEL SEGMENT														
Bid Price (max = \$42.63)	0.00	0.00	0.00	0.00	0.00	0.00	16.00	32.00	0.00				Total Private-Label Pairs (000s)	
S/Q Rating (min = 3★)	0★	0★	0★	0★	0★	0★	3★	3★	0★				Demand = 2,224	
Pairs Offered (000s)	0	0	0	0	0	0	2,123	189	0				Offered = 2,312	
Pairs Sold (000s)	0	0	0	0	0	0	2,123	101	0				Sold = 2,224	
Market Share	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	95.5%	4.5%	0.0%					

INTERNET SEGMENT
Strategic Group MapCompany A's
Competitive Strengths

- Free Shipping

Company A's
Competitive Weaknesses

- S/Q Rating
- Models Offered
- Advertising
- Celebrity Appeal

WHOLESALE SEGMENT
Strategic Group MapCompany A's
Competitive Strengths

- Wholesale Price
- Rebate Offer
- Delivery Time

Company A's
Competitive Weaknesses

- S/Q Rating
- Model Availability
- Advertising
- Retail Outlets
- Retailer Support
- Celebrity Appeal

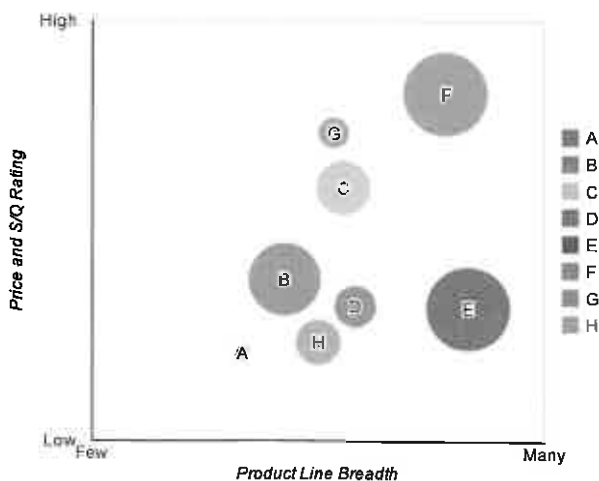
INDUSTRY 2

MARKET SNAPSHOT — EUROPE-AFRICA

YEAR 14

Europe-Africa Year 14	Competitive Efforts by Company												Ind. Avg.	Co. A vs Ind. Avg.
	A	B	C	D	E	F	G	H	I	J	K	L		
INTERNET SEGMENT														
Price (\$ per pair at retail)	60.00	55.00	69.00	60.95	59.99	59.10	70.00	67.00	0.00				62.63	-4.2%
S/Q Rating (1 to 10 stars)	2★	4★	5★	3★	3★	8★	6★	2★	0★				4.1★	-2.1★
Models Offered	200	256	334	350	499	469	321	301	0				341	-41.3%
Free Shipping	Yes	No	No	No	No	No	No	No	No				Some	Above
Advertising (\$000s)	4,000	9,000	10,000	7,500	10,333	1,000	8,000	9,500	0				7,417	-46.1%
Celebrity Appeal	0	80	210	0	140	100	45	150	0				91	-100.0%
Online Orders (000s)	81	195	143	116	237	232	98	123	0				153	-47.1%
Pairs Sold (000s)	81	195	143	116	237	232	98	123	0				153	-47.1%
Market Share	6.6%	15.9%	11.7%	9.5%	19.4%	18.9%	8.0%	10.0%	0.0%				12.5%	-5.9pts.
WHOLESALE SEGMENT														
Price (\$ per pair at wholesale)	38.00	63.99	44.99	41.95	40.99	48.10	50.00	41.99	0.00				46.25	-17.8%
S/Q Rating (1 to 10 stars)	2★	4★	5★	3★	3★	8★	6★	2★	0★				4.1★	-2.1★
Models Availability	248	323	334	485	499	493	349	339	0				384	-35.4%
Advertising (\$000s)	4,000	9,000	10,000	7,500	10,333	1,000	8,000	9,500	0				7,417	-46.1%
Rebate Offer (\$ per pair)	2	2	3	0	0	3	1	0	0				1.38	+44.9%
Retail Outlets Utilized	1,719	2,108	2,691	2,000	3,009	2,303	3,090	3,401	0				2,540	-32.3%
Retailer Support (\$ per outlet)	300	500	800	510	400	400	500	1,200	0				576	-47.9%
Delivery Time (weeks)	2	3	3	4	3	2	3	4	0				3.0	-33.3%
Celebrity Appeal	0	80	210	0	140	100	45	150	0				91	-100.0%
Retailer Demand (000s)	979	383	1,875	1,583	2,672	1,639	1,295	1,933	0				1,545	-36.6%
Gained/Lost (due to stockouts)	+29	+7	+56	+47	-287	+49	+36	+57	0				-1	
Pairs Sold (000s)	1,008	390	1,931	1,630	2,385	1,688	1,331	1,990	0				1,544	-34.7%
Market Share	8.2%	3.2%	15.6%	13.2%	19.3%	13.7%	10.8%	16.1%	0.0%				12.5%	-4.3pts.
PRIVATE-LABEL SEGMENT														
Bid Price (max = \$41.25)	0.00	0.00	0.00	0.00	22.54	0.00	0.00	27.46	0.00				Total Private-Label Pairs (000s)	
S/Q Rating (min = 3★)	0★	0★	0★	0★	3★	0★	0★	3★	0★				Demand = 2,192	
Pairs Offered (000s)	0	0	0	0	1,263	0	0	188	0				Offered = 1,451	
Pairs Sold (000s)	0	0	0	0	1,263	0	0	188	0				Sold = 1,451	
Market Share	0.0%	0.0%	0.0%	0.0%	87.0%	0.0%	0.0%	13.0%	0.0%					

INTERNET SEGMENT
Strategic Group Map



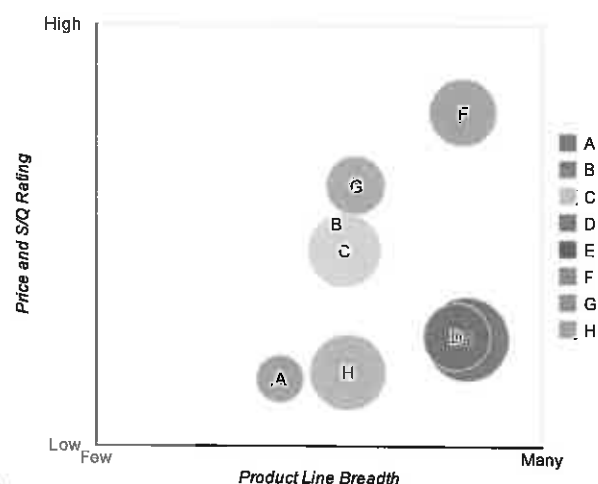
**Company A's
Competitive Strengths**

- Free Shipping

**Company A's
Competitive Weaknesses**

- S/Q Rating
- Models Offered
- Advertising
- Celebrity Appeal

WHOLESALE SEGMENT
Strategic Group Map



**Company A's
Competitive Strengths**

- Wholesale Price
- Rebate Offer
- Delivery Time

**Company A's
Competitive Weaknesses**

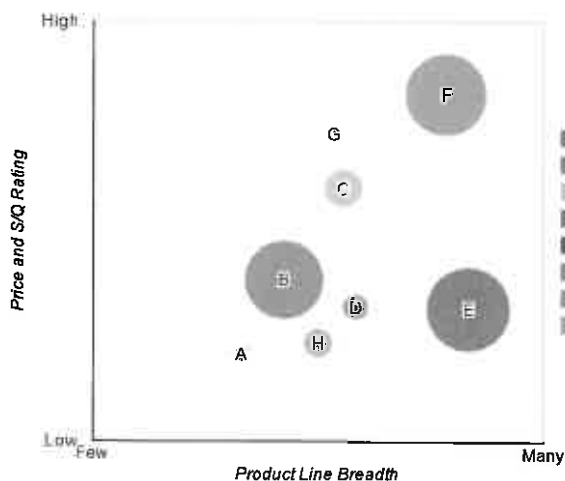
- S/Q Rating
- Model Availability
- Advertising
- Retail Outlets
- Retailer Support
- Celebrity Appeal

INDUSTRY 2

MARKET SNAPSHOT — ASIA-PACIFIC

YEAR 14

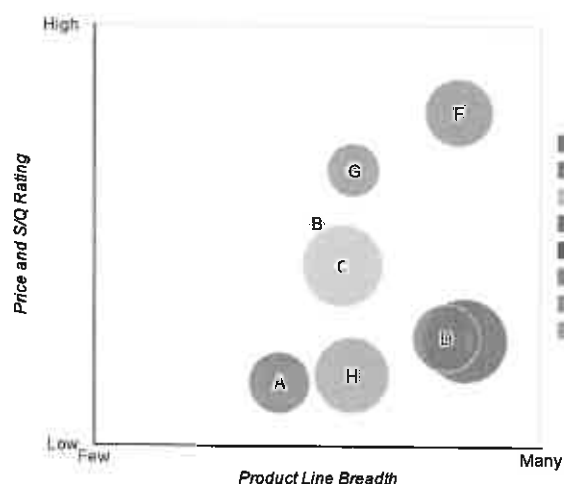
Asia-Pacific Year 14	Competitive Efforts by Company												Ind. Avg.	Co. A vs Ind. Avg.
	A	B	C	D	E	F	G	H	I	J	K	L		
INTERNET SEGMENT														
Price (\$ per pair at retail)	60.00	55.00	69.00	60.95	59.99	59.10	70.00	67.00	0.00				62.63	-4.2%
S/Q Rating (1 to 10 stars)	2★	4★	5★	3★	3★	8★	6★	2★	0★				4.1★	-2.1★
Models Offered	200	256	334	350	499	469	321	301	0				341	-41.3%
Free Shipping	Yes	No	No	No	No	No	No	No	No				Some	Above
Advertising (\$000s)	4,500	9,000	5,350	5,000	9,167	1,000	6,000	6,000	0				5,752	-21.8%
Celebrity Appeal	0	85	210	0	110	70	35	160	0				84	-100.0%
Online Orders (000s)	76	172	95	83	189	183	76	86	0				120	-36.7%
Pairs Sold (000s)	76	172	95	83	189	183	76	86	0				120	-36.7%
Market Share	7.9%	17.9%	9.9%	8.6%	19.7%	19.1%	7.9%	9.0%	0.0%				12.5%	-4.6pts.
WHOLESALE SEGMENT														
Price (\$ per pair at wholesale)	36.00	63.99	41.50	41.49	40.49	48.10	53.00	40.49	0.00				45.63	-21.1%
S/Q Rating (1 to 10 stars)	2★	4★	5★	3★	3★	8★	6★	2★	0★				4.1★	-2.1★
Models Availability	248	299	334	475	500	492	349	347	0				381	-34.9%
Advertising (\$000s)	4,500	9,000	5,350	5,000	9,167	1,000	6,000	6,000	0				5,752	-21.8%
Rebate Offer (\$ per pair)	2	2	2	0	0	3	2	0	0				1.38	+44.9%
Retail Outlets Utilized	1,005	967	1,602	1,000	1,498	1,302	1,603	1,893	0				1,359	-26.0%
Retailer Support (\$ per outlet)	300	500	800	510	400	400	500	1,000	0				551	-45.6%
Delivery Time (weeks)	2	3	3	4	3	2	3	4	0				3.0	-33.3%
Celebrity Appeal	0	85	210	0	110	70	35	160	0				84	-100.0%
Retailer Demand (000s)	1,020	314	1,574	1,163	2,026	1,304	829	1,466	0				1,212	-15.8%
Gained/Lost (due to stockouts)	+45	+9	+69	+51	-251	-27	+34	+04	0				-1	
Pairs Sold (000s)	1,065	323	1,643	1,214	1,775	1,277	863	1,530	0				1,211	-12.1%
Market Share	11.0%	3.3%	17.0%	12.5%	18.3%	13.2%	8.9%	15.8%	0.0%				12.5%	-1.5pts.
PRIVATE-LABEL SEGMENT														
Bid Price (max = \$40.63)	0.00	0.00	18.50	0.00	0.00	0.00	0.00	22.40	0.00				Total Private-Label Pairs (000s) Demand = 2,224 Offered = 1,600 Sold = 1,600	
S/Q Rating (min = 3★)	0★	0★	3★	0★	0★	0★	0★	3★	0★					
Pairs Offered (000s)	0	0	819	0	0	0	0	781	0					
Pairs Sold (000s)	0	0	819	0	0	0	0	781	0					
Market Share	0.0%	0.0%	51.2%	0.0%	0.0%	0.0%	0.0%	48.8%	0.0%					

INTERNET SEGMENT
Strategic Group MapCompany A's
Competitive Strengths

- Free Shipping

Company A's
Competitive Weaknesses

- S/Q Rating
- Models Offered
- Advertising
- Celebrity Appeal

WHOLESALE SEGMENT
Strategic Group MapCompany A's
Competitive Strengths

- Wholesale Price
- Rebate Offer
- Delivery Time

Company A's
Competitive Weaknesses

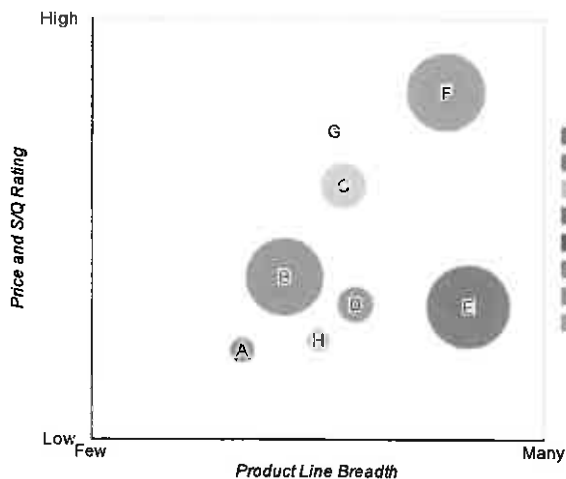
- S/Q Rating
- Model Availability
- Advertising
- Retail Outlets
- Retailer Support
- Celebrity Appeal

INDUSTRY 2

MARKET SNAPSHOT — LATIN AMERICA

YEAR 14

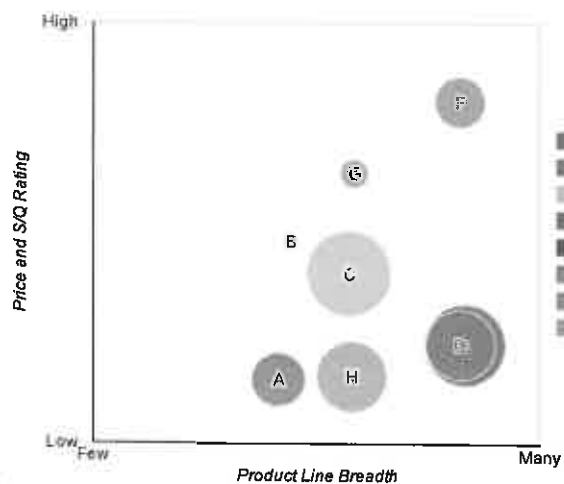
Latin America Year 14	Competitive Efforts by Company										Ind. Avg.	Co. A vs Ind. Avg.	
	A	B	C	D	E	F	G	H	I	J			K
INTERNET SEGMENT													
Price (\$ per pair at retail)	60.00	55.00	69.00	60.95	59.99	59.10	70.00	67.00	0.00			62.63	-4.2%
S/Q Rating (1 to 10 stars)	2★	4★	5★	3★	3★	8★	6★	2★	0★			4.1★	-2.1★
Models Offered	200	256	334	350	499	469	321	301	0			341	-41.3%
Free Shipping	Yes	No	No	No	No	No	No	No	No			Some	Above
Advertising (\$000s)	4,000	9,000	5,350	5,000	7,667	250	4,000	4,500	0			4,971	-19.5%
Celebrity Appeal	0	75	250	0	180	55	40	125	0			91	-100.0%
Online Orders (000s)	77	176	101	91	192	172	69	74	0			119	-35.3%
Pairs Sold (000s)	77	176	101	91	192	172	69	74	0			119	-35.3%
Market Share	8.1%	18.5%	10.6%	9.6%	20.2%	18.1%	7.2%	7.8%	0.0%			12.5%	-4.4pts.
WHOLESALE SEGMENT													
Price (\$ per pair at wholesale)	40.00	63.99	43.00	41.49	41.49	54.10	57.00	41.99	0.00			47.88	-16.5%
S/Q Rating (1 to 10 stars)	2★	4★	5★	3★	3★	8★	6★	2★	0★			4.1★	-2.1★
Models Availability	248	264	343	494	500	493	350	347	0			380	-34.7%
Advertising (\$000s)	4,000	9,000	5,350	5,000	7,667	250	4,000	4,500	0			4,971	-19.5%
Rebate Offer (\$ per pair)	2	2	2	0	0	3	0	0	0			1.13	+77.0%
Retail Outlets Utilized	925	1,091	1,898	1,000	1,755	974	1,064	1,909	0			1,327	-30.3%
Retailer Support (\$ per outlet)	300	500	800	510	500	400	480	800	0			536	-44.0%
Delivery Time (weeks)	2	3	3	4	3	2	3	4	0			3.0	-33.3%
Celebrity Appeal	0	75	250	0	180	55	40	125	0			91	-100.0%
Retailer Demand (000s)	901	338	1,766	1,450	2,253	957	525	1,337	0			1,191	-24.3%
Gained/Lost (due to stockouts)	+99	+24	+195	0	-379	-75	-25	+147	0			-2	
Pairs Sold (000s)	1,000	362	1,961	1,450	1,874	882	500	1,484	0			1,189	-15.9%
Market Share	10.5%	3.8%	20.6%	15.2%	19.7%	9.3%	5.3%	15.6%	0.0%			12.5%	-2.0pts.
PRIVATE-LABEL SEGMENT													
Bid Price (max = \$42.88)	0.00	0.00	0.00	0.00	22.28	0.00	0.00	24.64	0.00			Total Private-Label Pairs (000s) Demand = 2,192 Offered = 3,220 Sold = 2,192	
S/Q Rating (min = 3★)	0★	0★	0★	0★	3★	0★	0★	3★	0★				
Pairs Offered (000s)	0	0	0	0	2,200	0	0	1,020	0				
Pairs Sold (000s)	0	0	0	0	2,192	0	0	0	0				
Market Share	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%				

INTERNET SEGMENT
Strategic Group MapCompany A's
Competitive Strengths

- Free Shipping

Company A's
Competitive Weaknesses

- S/Q Rating
- Models Offered
- Advertising
- Celebrity Appeal

WHOLESALE SEGMENT
Strategic Group MapCompany A's
Competitive Strengths

- Wholesale Price
- Rebate Offer
- Delivery Time

Company A's
Competitive Weaknesses

- S/Q Rating
- Model Availability
- Advertising
- Retail Outlets
- Retailer Support
- Celebrity Appeal

PLANT OPERATIONS REPORT

Year 14
Company A

PLANT CAPACITY (000s of pairs w/o OT)		North America Plant	Europe-Africa Plant	Asia-Pacific Plant	Latin America Plant	All Plants Combined
Plant Capacity at the End of Year 13		2,000 pairs	0 pairs	4,000 pairs	0 pairs	6,000 pairs
+ New Construction (initiated in Year 13)		700	0	500	0	1,200
+ Capacity Purchased (at beginning of Y14)		0	0	0	0	0
- Capacity Sold-Off (at beginning of Y14)		0	0	0	0	0
Capacity Available for Year 14 Production		2,700	0	4,500	0	7,200
New Construction Initiated in Year 14		0	0	0	0	0
Total Capacity Available for Year 15		2,700 pairs	0 pairs	4,500 pairs	0 pairs	7,200 pairs
Plant Upgrade — Online (initiated prior to Y14)		none	none	none	none	
Options Pending (initiated in Y14)		none	none	none	none	
PLANT INVESTMENT (\$000s)		North America Plant	Europe-Africa Plant	Asia-Pacific Plant	Latin America Plant	All Plants Combined
Gross Investment at the End of Year 13		75,333	0	180,667	0	256,000
+ Upgrade Options (initiated in Year 13)		0	0	0	0	0
+ New Construction (initiated in Year 13)		33,250	0	23,750	0	57,000
+ Capacity Purchased (at beginning of Y14)		0	0	0	0	0
- Capacity Sold-Off (at beginning of Y14)		0	0	0	0	0
+ Energy Efficiency Initiatives (in Y14)		0	0	0	0	0
Gross Investment in Year 14 Capacity		108,583	0	204,417	0	313,000
- Accumulated Depreciation (through Y13)		38,801	0	58,599	0	97,400
- Current Depreciation (incurred in Y14)		5,429	0	10,221	0	15,650
Net Investment in Year 14 Capacity		64,353	0	135,597	0	199,950
Upgrade and Construction Work in Progress		0	0	0	0	0
LABOR STATISTICS		North America Year 13 Year 14	Europe-Africa Year 13 Year 14	Asia-Pacific Year 13 Year 14	Latin America Year 13 Year 14	
Worker Productivity (pairs per worker per year)		4,000 3,872	0 0	2,540 2,342	0 0	
Number of Workers Employed		496 698	0 0	1,457 1,922	0 0	
Compensation — Annual Base Wage (\$000s per worker)		15.6 15.8	0.0 0.0	2.9 2.9	0.0 0.0	
Incentive Pay		3.1 1.7	0.0 0.0	1.4 1.1	0.0 0.0	
Total Compensation		18.7 17.5	0.0 0.0	4.4 4.0	0.0 0.0	
Incentive Pay Per Pair (\$ per non-rejected pair)		0.80 0.40	0.00 0.00	0.60 0.40	0.00 0.00	
Cumulative Best — \$ Per Worker Practices		1,952 0.46	0 0.00	1,977 0.76	0 0.00	
PRODUCTION STATISTICS		North America Branded P-Label	Europe-Africa Branded P-Label	Asia-Pacific Branded P-Label	Latin America Branded P-Label	Overall Branded P-Label
Footwear — Regular Pairs Produced		2,700 0	0 0	4,500 0	0 0	7,200 0
Overtime Pairs Produced		500 0	0 0	900 0	0 0	1,400 0
Rejected Pairs		180 0	0 0	314 0	0 0	494 0
Net Footwear Production		3,020 0	0 0	5,086 0	0 0	8,106 0
Reject Rate (% of regular + OT production)		5.6% 0.0%	0.0% 0.0%	5.8% 0.0%	0.0% 0.0%	5.7% 0.0%
Number of Models Produced		250 0	0 0	250 0	0 0	
S/Q Rating of Pairs Produced		2★ 0★	0★ 0★	2★ 0★	0★ 0★	
Capacity Utilization (max utilization at full OT = 120%)		118.5%	0.0%	120.0%	0.0%	119.4%
BRANDED PRODUCTION COSTS		North America \$000s \$/pair	Europe-Africa \$000s \$/pair	Asia-Pacific \$000s \$/pair	Latin America \$000s \$/pair	Overall \$000s \$/pair
Materials Costs — Standard		25,517 8.45	0 0.00	40,532 7.97	0 0.00	66,049 8.15
Superior		3,478 1.15	0 0.00	5,530 1.09	0 0.00	9,008 1.11
Labor Costs — Regular Pay		12,211 4.04	0 0.00	7,677 1.51	0 0.00	19,888 2.45
Overtime Pay		3,056 1.01	0 0.00	1,693 0.33	0 0.00	4,749 0.59
Best Practices Training		70 0.02	0 0.00	192 0.04	0 0.00	262 0.03
Plant Supervision		4,188 1.39	0 0.00	3,844 0.76	0 0.00	8,032 0.99
Enhanced Styling/Features		500 0.17	0 0.00	500 0.10	0 0.00	1,000 0.12
TQM/6-Sigma Quality Program		2,970 0.98	0 0.00	4,950 0.97	0 0.00	7,920 0.98
Production Run Set-Up		8,000 2.65	0 0.00	8,000 1.57	0 0.00	16,000 1.97
Plant Maintenance		7,872 2.61	0 0.00	11,243 2.21	0 0.00	19,115 2.36
Depreciation		5,429 1.80	0 0.00	10,221 2.01	0 0.00	15,650 1.93
Total Production Costs		73,291 24.27	0 0.00	94,382 18.56	0 0.00	167,673 20.69
Cost of Rejected Pairs		4,122 1.37	0 0.00	5,488 1.08	0 0.00	9,610 1.19

DISTRIBUTION & WAREHOUSE REPORT

WAREHOUSE OPERATIONS (thousands of branded pairs)		North America Warehouse	Europe-Africa Warehouse	Asia-Pacific Warehouse	Latin America Warehouse	Company Total
Ending Inventory from Year 13		971 pairs	889 pairs	830 pairs	1,005 pairs	3,695 pairs
Inventory Clearance (at the beginning of Y14)		486	445	415	503	1,849
Beginning Inventory (carried over from Y14)		485	444	415	502	1,846
Incoming Shipments from	North America Plant	1,184	1,036	0	800	3,020
	Europe-Africa Plant	0	0	0	0	0
	Asia-Pacific Plant	0	1,591	2,056	1,439	5,086
	Latin America Plant	0	0	0	0	0
Pairs Available for Sale (inventory + shipments)		1,669	3,071	2,471	2,741	9,952
Pairs Sold	Internet Segment	89	81	76	77	323
	Wholesale Segment	1,065	1,008	1,065	1,000	4,138
	Total Branded Sales	1,154	1,089	1,141	1,077	4,461
Required Inventory (needed to achieve delivery time)		50	49	51	45	195
Inventory Surplus (Shortfall)		465	1,933	1,279	1,619	5,296
Ending Inventory (pairs left over at the end of Y14)		515 pairs	1,982 pairs	1,330 pairs	1,664 pairs	5,491 pairs
Model Availability (weighted average)		247	248	248	248	Weighted average of beginning inventory + new incoming pairs shipped from plants.
S/Q Rating (weighted average)		2★	2★	2★	2★	
COST OF BRANDED PAIRS SOLD		North America \$000s \$/pair	Europe-Africa \$000s \$/pair	Asia-Pacific \$000s \$/pair	Latin America \$000s \$/pair	Overall \$000s \$/pair
Cost of Beginning Year 14 Inventory		12,301 25.36	11,288 25.42	8,705 20.98	15,449 30.77	47,743 25.86
+ Production Cost of Incoming Pairs		28,734 24.27	54,667 20.81	38,154 18.56	46,119 20.60	167,674 20.69
+ Exchange Rate Cost Adjustments		0 0.00	-5,840 -2.22	0 0.00	-3,723 -1.66	-9,563 -1.18
+ Freight on Incoming Pairs		1,184 1.00	5,254 2.00	2,056 1.00	4,478 2.00	12,972 1.60
+ Import Tariffs on Incoming Pairs		0 0.00	10,508 4.00	0 0.00	8,634 3.86	19,142 2.36
- Cost of Ending Year 14 Inventory		13,027 25.30	48,970 24.71	26,328 19.80	43,076 25.89	131,401 23.93
Cost of Branded Pairs Sold in Year 14		29,192 25.30	26,907 24.71	22,587 19.80	27,881 25.89	106,567 23.89
WAREHOUSE OPERATING EXPENSES		North America \$000s \$/pair	Europe-Africa \$000s \$/pair	Asia-Pacific \$000s \$/pair	Latin America \$000s \$/pair	Overall \$000s \$/pair
Inventory Storage Costs		954 0.83	876 0.80	818 0.72	993 0.92	3,641 0.82
Packaging / Shipping	Internet	890 0.77	810 0.74	760 0.67	770 0.71	3,230 0.72
	Wholesale	2,098 1.82	2,012 1.85	2,098 1.84	2,000 1.86	8,208 1.84
Warehouse Lease and Maintenance		1,000 0.87	1,000 0.92	1,000 0.88	1,000 0.93	4,000 0.90
Total Warehouse Operating Expenses		4,942 4.28	4,698 4.31	4,676 4.10	4,763 4.42	19,079 4.28
INVENTORY CLEARANCE		North America \$000s \$/pair	Europe-Africa \$000s \$/pair	Asia-Pacific \$000s \$/pair	Latin America \$000s \$/pair	Overall \$000s \$/pair
Net Revenues from Pairs Cleared		5,667 11.66	7,479 16.81	3,414 8.23	12,896 25.64	29,456 15.93
Direct Costs	Production/Freight/Tariffs of Pairs	12,327 25.36	11,314 25.42	8,706 20.98	15,479 30.77	47,826 25.87
	Inventory Storage	476 0.98	441 0.99	411 0.99	498 0.99	1,826 0.99
	Cleared Packaging/Shipping	972 2.00	890 2.00	830 2.00	1,006 2.00	3,698 2.00
Margin Over Direct Costs		-8,108 -16.68	-5,166 -11.61	-6,533 -15.74	-4,087 -8.13	-23,894 -12.92

Industry 2

MARKETING & ADMINISTRATIVE REPORT

Year 14

Company A

MARKETING EXPENSES		North America		Europe-Africa		Asia-Pacific		Latin America		Overall	
		\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
Internet Segments	Advertising ¹	386	4.34	298	3.68	300	3.95	286	3.71	1,270	3.93
	Web Site Maintenance	1,174	13.19	1,068	13.19	1,002	13.18	1,016	13.19	4,260	13.19
	Celebrity Endorsements ²	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Total Internet Marketing	1,560	17.53	1,366	16.86	1,302	17.13	1,302	16.91	5,530	17.12
Wholesale Segments	Advertising ¹	4,614	4.33	3,702	3.67	4,200	3.94	3,714	3.71	16,230	3.92
	Rebate Redemption	426	0.40	403	0.40	426	0.40	400	0.40	1,655	0.40
	Retailer Support	572	0.54	516	0.51	302	0.28	278	0.28	1,668	0.40
	On-Time Delivery	1,598	1.50	1,512	1.50	1,598	1.50	1,500	1.50	6,208	1.50
	Celebrity Endorsements ²	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Total Wholesale Marketing	7,210	6.77	6,133	6.08	6,526	6.13	5,892	5.89	25,761	6.23

1. Total regional advertising expenditures are allocated to internet and wholesale segments based on each segment's percentage of total branded pairs sold in the region.

2. Total expenditures for celebrity endorsements are allocated to internet and wholesale segments based on each segment's percentage of total branded pairs sold.

ADMINISTRATIVE EXPENSES		North America		Europe-Africa		Asia-Pacific		Latin America		Overall	
		\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
General Administration		524	0.45	495	0.45	518	0.45	489	0.45	2,026	0.45
Other Corporate Overhead		1,927	1.67	1,819	1.67	1,906	1.67	1,798	1.67	7,450	1.67
Total Administrative Expenses		2,451	2.12	2,314	2.12	2,424	2.12	2,287	2.12	9,476	2.12

Total company administrative expenses are allocated to each region based on the region's percentage of total branded pairs sold.

Industry 2

PRIVATE-LABEL REPORT

Year 14

OFFERS SUBMITTED		North America Market		Europe-Africa Market		Asia-Pacific Market		Latin America Market		Company Total	
Offers to Private Label Buyers	Pairs Offered (000s)	0 pairs		0 pairs		0 pairs		0 pairs		0 pairs	
	S/Q Rating	0★		0★		0★		0★		0★	
	Bid Price (\$ per pair)	38.00		50.00		50.00		50.00		50.00	
Pairs Offered (000s)		0 pairs		0 pairs		0 pairs		0 pairs		0 pairs	
PRODUCTION SHIPPING		North America		Europe-Africa		Asia-Pacific		Latin America		Overall	
		\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
Production Costs	Materials — Standard	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Superior	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Labor — Regular	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Overtime	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Styling / Features	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Production Run Set-Up	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Other Allocated Costs ¹	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Total Production Costs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Pairs Produced (000s of pairs after rejects) ²		0 pairs		0 pairs		0 pairs		0 pairs		0 pairs	
Shipments To (000s of pairs)	N.A. Warehouse	0 pairs		0 pairs		0 pairs		0 pairs		0 pairs	
	E-A Warehouse	0		0		0		0		0	
	A-P Warehouse	0		0		0		0		0	
	L.A. Warehouse	0 pairs		0 pairs		0 pairs		0 pairs		0 pairs	

1. Best practices, plant supervision, TQM/6-Sigma, plant maintenance, and depreciation cost allocations based on percentage of total pairs produced before rejects.

2. For more private-label production info (rejected pairs, reject rate, number of models, and S/Q rating) see the Production Statistics section of the Plant Operations Report.

REVENUES / COSTS / MARGINS		North America		Europe-Africa		Asia-Pacific		Latin America		Overall	
		\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
Gross Private-Label Revenues		0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
± Exchange Rate Adjustments		0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Net Private-Label Revenues		0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Direct Costs	Production Costs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	± Exchange Rate Adjustments	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Freight	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Import Tariffs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Packaging / Shipping	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Margin Over Direct Costs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

Industry 2

INCOME STATEMENT

Year 14

Company A

CONSOLIDATED INCOME STATEMENT		North America		Europe-Africa		Asia-Pacific		Latin America		Overall	
		\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
Segment Revenues — Internet		5,340	60.00	4,860	60.00	4,560	60.00	4,620	60.00	19,380	60.00
Wholesale ¹		48,267	40.00	45,322	38.00	42,046	36.00	52,459	40.00	188,094	38.48
Private-Label		0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Gross Revenues from Footwear Sales		53,607	46.45	50,182	46.08	46,606	40.85	57,079	53.00	207,474	46.51
± Exchange Rate Adjustments		0	0.00	3,297	3.03	-3,677	-3.22	2,003	1.86	1,623	0.36
Net Revenues from Footwear Sales		53,607	46.45	53,479	49.11	42,929	37.62	59,082	54.86	209,097	46.87
Operating — Cost of Pairs Sold ¹		41,518	35.98	38,220	35.10	31,292	27.43	43,359	40.26	154,389	34.61
Costs		5,914	5.12	5,588	5.13	5,506	4.83	5,769	5.36	22,777	5.11
Warehouse Expenses		8,770	7.60	7,499	6.89	7,828	6.86	7,194	6.68	31,291	7.01
Marketing Expenses		2,451	2.12	2,314	2.12	2,424	2.12	2,287	2.12	9,476	2.12
Administrative Expenses		-5,046	-4.37	-142	-0.13	-4,121	-3.61	473	0.44	-8,836	-1.98
Operating Profit (Loss)											
PROFITABILITY & PAYOUT		Year 13	Year 14			Interest Income (Expenses)				-12,196	-2.73
Earnings Per Share		\$0.22	\$-1.20			Other Income (Expenses) ²				0	0.00
Dividend Per Share		\$0.00	\$0.00			Pre-Tax Profit (Loss)				-21,032	-4.71
						Income Taxes ³				0	0.00
						Net Profit (Loss)				-21,032	-4.71

1. These items include revenues collected from and costs associated with inventory liquidated at the beginning of Y14. See the last section of the Distribution & Warehouse Report.

2. This item includes any charitable contributions and/or instructor-imposed fines (appearing as negative) and/or instructor-awarded refunds (appearing as positive).

3. The income tax rate is 30%. If a net loss was recorded in Y13, the loss is carried forward and may offset some or all taxable Y14 profit and reduce Y14 income taxes.

Industry 2

REVENUE-COST-PROFIT PERFORMANCE
IN THE BRANDED SEGMENTS

Year 14

INTERNET MARKET PERFORMANCE		North America		Europe-Africa		Asia-Pacific		Latin America		Overall	
		\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
Revenues from Internet Sales		5,340	60.00	4,860	60.00	4,560	60.00	4,620	60.00	19,380	60.00
Customer-Paid Shipping Fees		0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Gross Internet Revenues		5,340	60.00	4,860	60.00	4,560	60.00	4,620	60.00	19,380	60.00
± Exchange Rate Adjustments		0	0.00	319	3.94	-360	-4.74	162	2.10	121	0.37
Net Internet Revenues		5,340	60.00	5,179	63.94	4,200	55.26	4,782	62.10	19,501	60.37
Operating — Cost of Pairs Sold		2,251	25.29	2,001	24.70	1,504	19.79	1,993	25.88	7,749	23.99
Costs		1,041	11.70	950	11.73	881	11.59	912	11.84	3,784	11.72
Warehouse Expenses		1,560	17.53	1,366	16.86	1,302	17.13	1,302	16.91	5,530	17.12
Marketing Expenses		189	2.12	172	2.12	161	2.12	164	2.13	686	2.12
Administrative Expenses											
Operating Profit (Loss)		299	3.36	690	8.52	352	4.63	411	5.34	1,752	5.42
MARKET STATISTICS		Year 13	Year 14	Year 13	Year 14	Year 13	Year 14	Year 13	Year 14	Year 13	Year 14
Pairs Sold (000s)		29	89	32	81	24	76	30	77	115	323
Market Share		2.8%	7.1%	3.1%	6.6%	3.1%	7.9%	3.9%	8.1%	3.2%	7.4%
Operating Profit Margin		1.6%	5.6%	1.9%	13.3%	4.8%	8.4%	-16.4%	8.6%	-2.3%	9.0%
WHOLESALE MARKET PERFORMANCE		North America		Europe-Africa		Asia-Pacific		Latin America		Overall	
		\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
Gross Wholesale Revenues		42,600	40.00	38,304	38.00	38,340	36.00	40,000	40.00	159,244	38.48
± Exchange Rate Adjustments		0	0.00	2,517	2.50	-3,025	-2.84	1,404	1.40	896	0.22
Net Wholesale Revenues		42,600	40.00	40,821	40.50	35,315	33.16	41,404	41.40	160,140	38.70
Operating — Cost of Pairs Sold		26,940	25.30	24,905	24.71	21,082	19.80	25,887	25.89	98,814	23.88
Costs		3,901	3.66	3,748	3.72	3,795	3.56	3,851	3.85	15,295	3.70
Warehouse Expenses		7,210	6.77	6,133	6.08	6,526	6.13	5,892	5.89	25,761	6.23
Marketing Expenses		2,262	2.12	2,142	2.13	2,263	2.12	2,123	2.12	8,790	2.12
Administrative Expenses											
Operating Profit (Loss)		2,287	2.15	3,893	3.86	1,649	1.55	3,651	3.65	11,480	2.77
MARKET STATISTICS		Year 13	Year 14	Year 13	Year 14	Year 13	Year 14	Year 13	Year 14	Year 13	Year 14
Pairs Sold (000s)		701	1,065	855	1,008	720	1,065	829	1,000	3,105	4,138
Market Share		5.8%	8.6%	7.3%	8.2%	8.2%	11.0%	9.8%	10.5%	7.8%	9.6%
Operating Profit Margin		16.2%	5.4%	14.7%	9.5%	16.9%	4.7%	-13.1%	8.8%	8.1%	7.2%

BALANCE SHEET & CASH FLOW REPORT

Year 14
Company A

BALANCE SHEET							
ASSETS		\$000s					
Cash On Hand		4,131					
Accounts Receivable (see Note 1)		52,274					
Footwear Inventories		131,401					
Total Current Assets		187,806					
Net Plant Investment (see Note 2)		199,950					
Construction Work in Progress		0					
Total Fixed Assets		199,950					
Total Assets		387,756					
LIABILITIES		\$000s					
Accounts Payable (see Note 3)		18,764					
Overdraft Loan Payable (see Note 4)		0					
1-Year Bank Loan Payable (see Note 5)		50,000					
Current Portion of Long-Term Loans (see Note 6)		19,500					
Total Current Liabilities		88,264					
Long-Term Bank Loans Outstanding (see Note 7)		87,000					
Total Liabilities		175,264					
SHAREHOLDER EQUITY		Beginning Balance	Change in Y14	\$000s			
Common Stock (see Note 8)		12,500	+5,000	17,500			
Additional Capital (see Note 9)		130,350	+29,150	159,500			
Retained Earnings (see Note 10)		56,527	-21,035	35,492			
Total Shareholder Equity		199,377	+13,115	212,492			
Return on Average Equity for Year 14 (see Note 11)			-10.2%				
Balance Sheet Notes (all dollar and share figures in thousands)							
Note 1: Of the \$209,097 net revenues reported in the Y14 income statement, 25% have not been collected from customers (and will be collected in Y15).							
Note 2: For more details on net plant investment, see the Plant Investment section of the Plant Operations Report.							
Note 3: Of the \$75,056 in materials used for footwear production in Y14, 25% have not been paid for (and will be paid for in Y15).							
Note 4: Loans for overdrafts are incurred automatically to prevent a negative year-end cash balance and carry an interest rate 2% above the rate for 1-year loans.							
Note 5: The company's interest rate for a 1-year loan in Y14 was 10.6%.							
Note 6: This item represents the principal portion of all outstanding 5-year and 10-year bank loans due to be repaid in Year 15.							
Note 7: Long-term bank loans outstanding:							
Loan Number	Initial Year	Original Principal	Interest Rate	Term	Out-standing Principal	Annual Principal Payment	Year 15 Interest Payable
1	Y7	115,000	8.5%	10-Yr	34,500	11,500	2,933
2	Y9	24,000	7.5%	5-Yr	0	0	0
3	Y13	80,000	9.0%	10-Yr	72,000	8,000	6,480
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
12	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-
Note 8: There are 17,500 shares issued and outstanding at a par value of \$1.00 per share. The authorized maximum number of shares outstanding is 40,000.							
Note 9: Additional Capital represents the amount over and above par value that shareholders have paid to purchase new shares of stock.							
Note 10: Retained Earnings is a summation of all after-tax profits the company has earned that have not been distributed to shareholders in the form of dividends.							
Note 11: The formula for Return on Average Equity is:							
After-Tax profit (Beginning Equity + Ending Equity) ÷ 2							

CASH FLOW STATEMENT		\$000s	
CASH AVAILABLE IN YEAR 14		\$000s	
Beginning Cash Balance		0	
Cash Inflows			
Receipts from Sales (see Note 1)		193,524	
Bank Loans		50,000	
1-Year		0	
5-Year		0	
10-Year		0	
Stock Issues (5000 shares @ \$6.83/share)		34,150	
Sale of Existing Plant Capacity		0	
Loan to Cover Overdrafts		0	
Interest on Y13 Cash Balance		0	
Total Cash Available from All Sources		277,674	
CASH OUTLAYS IN YEAR 14		\$000s	
Payments to Materials Suppliers (see Note 2)		67,133	
Production Expenses (see Note 3)		67,403	
Distribution and Warehouse Expenses		54,891	
Marketing and Administrative Expenses		40,767	
Capital Outlays		0	
Plant Upgrade Options Initiated		0	
Purchase of Used Plant Capacity		0	
Construction of New Capacity		0	
Energy Efficiency Initiatives		0	
Repayment of Principal on Bank Loans (see Note 4)		6,853	
Overdraft Loan		0	
1-Year Loan		0	
5-Year Loans		4,800	
10-Year Loans		19,500	
Interest Payments on Overdraft Loan		726	
Bank Loans		11,470	
Stock Repurchases (0 shares repurchased)		0	
Income Tax Payments		0	
Dividend Payments to Shareholders		0	
Charitable Contributions		0	
Total Cash Outlays		273,543	
Net Cash Balance (at the end of Year 14)		4,131	
Cash Flow Notes			
Note 1: Receipts from Sales represents 75% of Year 14 revenues and 25% of Year 13 revenues due to a 3-month lag in receivables collections.			
Note 2: Payments to Materials Suppliers represents 75% of the cost of materials used for Y14 production and 25% of the cost of materials used for Y13 production due to a 3-month lag in payments made to materials suppliers.			
Note 3: Production Expenses include all Y14 production-related expenses (adjusted for the exchange rate effects of shipping to regional warehouses) except for depreciation (which is a non-cash accounting charge).			
Note 4: Overdraft and 1-year loans received in Year 13 were repaid in full in Year 14. Interest on an overdraft loan received in Y13 would also be repaid in Y14.			

SELECTED FINANCIAL STATISTICS			
Credit Rating	Interest Coverage Ratio (oper. profit + interest exp.)	-0.72	
Debt-To-Assets Ratio (total debt + total assets)	0.40		
Default Risk Ratio (free cash flow + principal payment)	0.00		
Default Risk Rating (see Note 1)	N/A		
Credit Rating (at the end of Year 14)	C-		
Current Ratio (current assets + current liabilities)	2.13		
Operating Profit Margin (operating profit + net sales revenues)	-4.2%		
Net Profit Margin (after-tax profit + net sales revenues)	-10.1%		
Dividend Payout (dividend per share + earnings per share)	0.0%		
Free Cash Flow (after-tax profit + [depreciation - dividends])	-5,382		
Total Principal Payments (\$000s to be paid in Year 15)	69,500		
Note 1: A default risk ratio of 3.00 or higher results in a Low default risk rating, 1.00 to 3.00 results in a Medium rating, and below 1.00 results in a High rating.			

Industry 2

BRANDED PRODUCTION REPORT

Year 14

North America Plant																	
Plant Capacity (w/o OT)	Upgrade Options (online)	Total Comp (\$/year)	Incent Pay (\$/pair)	Productivity (pairs/wkr)	Branded Production				Branded Production Costs (\$ per pair produced)								
					Pairs (000s)	# of Models	Reject Rate	S/Q Rating	Materials	Labor	Best Pract	Plant Super	Styling Feat	TQM 6-Sig	All Fixed	Total	
2,700	none	17,495	0.40	3,872	3,200	250	5.6%	2★	9.60	5.06	0.02	1.39	0.17	0.98	7.05	24.27	
1,000	B,C	18,289	0.40	3,933	1,200	350	8.0%	4★	10.37	5.37	0.46	1.39	0.63	0.91	10.58	29.71	
2,200	none	22,100	1.35	4,143	2,640	350	5.4%	5★	9.71	5.72	0.67	1.28	2.24	1.76	8.44	29.82	
2,000	none	19,038	0.50	3,689	2,400	500	9.9%	3★	11.06	6.07	0.05	1.51	0.93	0.37	10.74	30.73	
3,000	none	15,610	0.40	4,318	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,000	none	17,234	0.40	3,725	2,400	500	9.1%	8★	11.94	5.40	1.07	1.48	5.04	0.92	10.69	36.54	
2,000	none	21,719	0.50	4,465	2,000	350	6.5%	6★	10.95	5.10	0.74	1.20	0.00	0.00	9.74	27.73	
2,000	none	16,607	0.40	3,545	1,800	350	8.0%	2★	10.10	5.09	0.00	1.84	0.85	1.71	11.58	31.17	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,113		18,512	0.54	3,961	2,234	379	8.0%	4★	10.53	5.40	0.43	1.44	1.41	0.95	9.83	30.00	

Europe-Africa Plant																	
Plant Capacity (w/o OT)	Upgrade Options (online)	Total Comp (\$/year)	Incent Pay (\$/pair)	Productivity (pairs/wkr)	Branded Production				Branded Production Costs (\$ per pair produced)								
					Pairs (000s)	# of Models	Reject Rate	S/Q Rating	Materials	Labor	Best Pract	Plant Super	Styling Feat	TQM 6-Sig	All Fixed	Total	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,800	none	21,993	1.35	4,253	2,160	350	4.9%	5★	9.56	5.50	0.65	1.24	2.39	1.75	9.13	30.22	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,400	none	16,218	0.30	3,888	2,200	350	8.5%	2★	10.11	4.57	0.00	1.69	0.70	1.64	9.56	28.27	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,100		19,106	0.83	4,071	2,180	350	7.0%	4★	9.84	5.04	0.33	1.47	1.55	1.70	9.35	29.25	

Asia-Pacific Plant																	
Plant Capacity (w/o OT)	Upgrade Options (online)	Total Comp (\$/year)	Incent Pay (\$/pair)	Productivity (pairs/wkr)	Branded Production				Branded Production Costs (\$ per pair produced)								
					Pairs (000s)	# of Models	Reject Rate	S/Q Rating	Materials	Labor	Best Pract	Plant Super	Styling Feat	TQM 6-Sig	All Fixed	Total	
4,500	none	3,994	0.40	2,342	5,400	250	5.8%	2★	9.06	1.84	0.04	0.76	0.10	0.97	5.79	18.56	
4,200	B,C	3,326	0.10	2,231	5,040	350	9.5%	4★	10.25	1.76	0.83	0.83	0.31	0.28	6.89	21.15	
4,200	none	6,967	1.35	2,624	4,200	350	5.7%	5★	9.29	2.54	1.06	0.67	1.41	1.77	6.90	23.64	
4,000	none	4,349	0.50	2,248	4,800	500	10.7%	3★	11.16	2.20	0.08	0.83	0.47	0.37	7.69	22.80	
5,000	B,C	3,944	0.40	2,367	6,000	500	8.8%	3★	8.68	1.86	1.67	0.77	0.00	0.00	6.98	19.96	
4,000	none	3,887	0.40	2,254	4,800	500	9.5%	8★	11.75	1.94	1.77	0.82	1.84	0.92	7.62	26.66	
4,000	none	5,672	0.50	2,970	3,000	350	6.8%	6★	10.32	1.94	0.90	0.60	0.00	0.00	8.01	21.77	
4,000	B	3,924	0.50	2,205	2,900	350	8.5%	2★	10.11	1.94	0.00	0.99	0.53	1.76	8.51	23.84	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4,238		4,508	0.52	2,405	4,518	394	8.0%	4★	10.08	2.00	0.79	0.78	0.58	0.76	7.30	22.30	

Latin America Plant																	
Plant Capacity (w/o OT)	Upgrade Options (online)	Total Comp (\$/year)	Incent Pay (\$/pair)	Productivity (pairs/wkr)	Branded Production				Branded Production Costs (\$ per pair produced)								
					Pairs (000s)	# of Models	Reject Rate	S/Q Rating	Materials	Labor	Best Pract	Plant Super	Styling Feat	TQM 6-Sig	All Fixed	Total	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3,500	B,C	3,876	0.40	2,275	4,200	500	9.2%	3★	8.67	1.91	1.75	0.81	0.00	0.00	7.08	20.22	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1,400	B	3,973	0.50	2,092	1,680	350	8.7%	2★	10.14	2.11	0.00	0.87	0.91	1.37	8.32	23.72	
0	none	0	0.00	0	0	0	0.0%	0★	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2,450		3,925	0.45	2,184	2,940	425	9.0%	3★	9.41	2.01	2.01	0.84	0.46	0.69	7.70	21.97	

Industry 2

BRANDED MARKET PERFORMANCE

Year 14

North America Branded																	
Internet Segment (\$ per pair sold)							Internet Sales		Wholesale Segment (\$ per pair sold)							Wholesale Sales	
Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share	Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share
60.00	25.29	11.70	17.53	2.12	3.36		89	7.1%	40.00	25.30	3.66	6.77	2.12	2.15		1,065	8.6%
55.00	25.91	3.91	25.52	3.33	-3.67		192	15.4%	63.99	25.91	5.90	22.19	3.33	6.66		361	2.9%
69.00	27.15	0.52	18.77	1.38	21.18		145	11.6%	44.99	27.15	2.24	8.45	1.38	5.77		2,259	18.2%
60.95	31.64	0.87	20.03	1.42	7.19		118	9.5%	41.95	31.64	2.46	4.91	1.41	1.53		1,727	13.9%
59.99	21.59	0.48	15.30	1.45	21.17		247	19.8%	40.49	21.59	2.19	6.58	1.46	8.67		2,400	19.4%
59.10	32.41	0.76	11.85	1.31	12.77		229	18.4%	53.10	32.41	2.60	4.84	1.31	11.94		1,464	11.8%
70.00	28.97	1.13	24.13	2.13	13.64		112	9.0%	55.00	28.97	3.03	9.52	2.13	11.35		1,221	9.9%
67.00	30.91	0.70	20.47	1.62	13.30		116	9.3%	41.50	30.91	2.46	7.81	1.62	-1.30		1,899	15.3%
0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%	0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%
62.63	27.98	2.48	19.20	1.85	11.12		156	12.5%	47.63	27.99	3.07	8.88	1.85	5.85		1,550	12.5%

Europe-Africa Branded																	
Internet Segment (\$ per pair sold)							Internet Sales		Wholesale Segment (\$ per pair sold)							Wholesale Sales	
Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share	Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share
63.94	24.70	11.73	16.86	2.12	8.53		81	6.6%	40.50	24.71	3.72	6.08	2.13	3.86		1,008	8.2%
58.61	24.57	2.42	24.63	3.33	3.66		195	15.9%	68.19	24.57	4.42	21.54	3.33	14.33		390	3.2%
73.53	29.58	0.60	19.23	1.38	22.74		143	11.7%	47.95	29.58	2.36	8.89	1.38	5.74		1,931	15.6%
64.95	25.88	0.66	20.25	1.41	16.75		116	9.5%	44.71	25.88	2.46	5.17	1.41	9.79		1,630	13.2%
63.93	23.12	0.45	15.02	1.46	23.88		237	19.4%	43.68	23.12	2.16	6.16	1.45	10.79		2,385	19.3%
62.09	28.87	0.53	12.07	1.31	20.20		232	18.0%	51.26	28.87	2.33	4.70	1.31	14.05		1,689	13.7%
74.60	24.80	0.93	23.35	2.12	23.40		98	8.0%	53.28	24.79	2.81	8.29	2.13	15.26		1,331	10.8%
71.40	28.63	0.59	20.75	1.62	19.81		123	10.0%	44.75	28.64	2.33	8.58	1.62	3.58		1,990	16.1%
0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%	0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%
66.74	26.27	2.24	19.02	1.84	17.37		153	12.5%	49.29	26.27	2.82	8.68	1.85	9.68		1,544	12.5%

Asia-Pacific Branded																	
Internet Segment (\$ per pair sold)							Internet Sales		Wholesale Segment (\$ per pair sold)							Wholesale Sales	
Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share	Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share
55.27	19.79	11.59	17.13	2.12	4.64		76	7.9%	33.16	19.80	3.56	6.13	2.12	1.55		1,065	11.0%
50.66	23.92	4.72	27.42	3.33	-8.73		172	17.9%	58.94	23.92	6.72	23.13	3.33	1.84		323	3.3%
63.56	24.42	0.69	17.49	1.38	19.58		95	9.9%	38.23	24.42	2.50	6.46	1.38	3.47		1,643	17.0%
56.14	24.06	0.93	19.81	1.41	9.93		83	8.7%	38.22	24.06	2.84	4.53	1.41	5.38		1,214	12.5%
55.26	20.83	0.54	15.75	1.46	16.68		189	19.7%	37.30	20.83	2.33	6.72	1.45	5.97		1,775	18.3%
54.44	27.68	0.70	12.24	1.31	12.51		183	19.1%	44.31	27.68	2.59	4.73	1.31	8.00		1,277	13.2%
64.48	22.83	1.51	24.13	2.12	13.89		76	7.9%	48.82	22.83	3.52	9.10	2.13	11.24		863	8.9%
61.71	24.83	0.63	19.97	1.62	14.66		86	9.0%	37.30	24.83	2.46	6.98	1.62	1.41		1,530	15.8%
0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%	0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%
57.69	23.55	2.66	19.24	1.84	10.40		120	12.5%	42.04	23.55	3.32	8.47	1.84	4.86		1,211	12.5%

Latin America Branded																	
Internet Segment (\$ per pair sold)							Internet Sales		Wholesale Segment (\$ per pair sold)							Wholesale Sales	
Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share	Net Price	Cost of Pairs Sold	Whse Expense	Mktg Expense	Admin Expense	Oper Profit		Pairs Sold	Market Share
62.11	25.88	11.84	16.91	2.13	5.35		77	8.1%	41.40	25.89	3.85	5.89	2.12	3.65		1,000	10.5%
56.93	32.59	2.86	25.97	3.33	-7.82		176	18.5%	66.23	32.58	4.86	21.69	3.33	3.77		362	3.8%
71.42	32.01	0.53	17.01	1.39	20.48		101	10.6%	44.51	32.01	2.29	5.97	1.38	2.86		1,961	20.6%
63.08	29.46	0.67	19.21	1.42	12.32		91	9.6%	42.95	29.46	2.51	3.85	1.41	5.72		1,450	15.2%
62.10	21.08	0.52	14.79	1.45	24.26		192	20.2%	42.95	21.08	2.29	5.90	1.45	12.23		1,874	19.7%
61.17	37.16	0.96	11.80	1.31	9.94		172	18.1%	56.00	37.16	2.96	4.32	1.31	10.25		882	9.3%
72.46	29.10	2.00	24.78	2.13	14.45		69	7.3%	59.00	29.09	4.00	9.44	2.13	14.34		500	5.3%
69.35	25.20	0.65	19.15	1.62	22.73		74	7.8%	43.46	25.21	2.49	5.95	1.62	8.19		1,484	15.6%
0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%	0.00	0.00	0.00	0.00	0.00	0.00		0	0.0%
64.83	29.06	2.50	18.70	1.85	12.71		119	12.5%	49.56	29.06	3.16	7.88	1.84	7.63		1,189	12.5%

PRIVATE-LABEL MARKET PERFORMANCE

North America Region						
Private-Label Segment (\$ per pair sold)					P-Label Sales	
Net Price	Cost of Prs Sold	Whse Expense	Mktg Expense	Oper Profit	Pairs Sold	Market Share
A	0.00	0.00	0.00	0.00	0	0.0%
B	0.00	0.00	0.00	0.00	0	0.0%
C	0.00	0.00	0.00	0.00	0	0.0%
D	0.00	0.00	0.00	0.00	0	0.0%
E	0.00	0.00	0.00	0.00	0	0.0%
F	0.00	0.00	0.00	0.00	0	0.0%
G	16.00	18.65	1.20	-3.85	2,123	95.5%
H	32.00	36.45	1.00	-5.45	101	4.5%
I	0.00	0.00	0.00	0.00	0	0.0%
	24.00	27.55	1.10	-4.65	1,112	50.0%

Europe-Africa Region						
Private-Label Segment (\$ per pair sold)					P-Label Sales	
Net Price	Cost of Prs Sold	Whse Expense	Mktg Expense	Oper Profit	Pairs Sold	Market Share
A	0.00	0.00	0.00	0.00	0	0.0%
B	0.00	0.00	0.00	0.00	0	0.0%
C	0.00	0.00	0.00	0.00	0	0.0%
D	0.00	0.00	0.00	0.00	0	0.0%
E	24.02	23.66	1.00	-0.64	1,263	87.0%
F	0.00	0.00	0.00	0.00	0	0.0%
G	0.00	0.00	0.00	0.00	0	0.0%
H	29.26	29.26	1.00	-1.00	188	13.0%
I	0.00	0.00	0.00	0.00	0	0.0%
	26.64	26.46	1.00	-0.82	726	50.0%

Asia-Pacific Region						
Private-Label Segment (\$ per pair sold)					P-Label Sales	
Net Price	Cost of Prs Sold	Whse Expense	Mktg Expense	Oper Profit	Pairs Sold	Market Share
A	0.00	0.00	0.00	0.00	0	0.0%
B	0.00	0.00	0.00	0.00	0	0.0%
C	17.04	21.46	1.00	-5.42	819	51.2%
D	0.00	0.00	0.00	0.00	0	0.0%
E	0.00	0.00	0.00	0.00	0	0.0%
F	0.00	0.00	0.00	0.00	0	0.0%
G	0.00	0.00	0.00	0.00	0	0.0%
H	20.63	22.78	1.00	-3.15	781	48.8%
I	0.00	0.00	0.00	0.00	0	0.0%
	18.84	22.12	1.00	-4.29	800	50.0%

Latin America Region						
Private-Label Segment (\$ per pair sold)					P-Label Sales	
Net Price	Cost of Prs Sold	Whse Expense	Mktg Expense	Oper Profit	Pairs Sold	Market Share
A	0.00	0.00	0.00	0.00	0	0.0%
B	0.00	0.00	0.00	0.00	0	0.0%
C	0.00	0.00	0.00	0.00	0	0.0%
D	0.00	0.00	0.00	0.00	0	0.0%
E	23.06	20.23	1.00	1.83	2,192	100.0%
F	0.00	0.00	0.00	0.00	0	0.0%
G	0.00	0.00	0.00	0.00	0	0.0%
H	0.00	0.00	0.00	0.00	0	0.0%
I	0.00	0.00	0.00	0.00	0	0.0%
	23.06	20.23	1.00	1.83	2,192	100.0%

BIDS FOR CELEBRITY ENDORSEMENTS

Contract Offers Made in Year 14 (\$000s)													Spending Cap for Year 14 (\$000s)
Payton Manyon	Oprah Beyoncé	Cristiano Romano	Tiger Green	José Montaña	Mishell Wili	Ace Federar	Danica Sebastian	Yi Lin	Shakira Iglesias	Nick Shavan	Bronko Mars		
A	0	0	0	0	0	0	0	0	0	0	0	0	0
B	0	0	0	0	0	0	0	0	0	0	0	0	0
C	0	1,500	0	0	0	0	0	0	0	1,001	1,001	0	0
D	0	8,500	0	2,500	0	1,502	0	0	0	8,300	8,500	8,500	0
E	0	7,801	0	2,508	0	500	0	0	0	7,801	8,801	11,309	0
F	0	6,500	0	6,500	0	6,500	0	0	0	6,500	6,500	13,000	0
G	0	0	0	0	0	0	0	0	0	0	0	0	0
H	0	4,000	0	4,000	0	4,000	0	0	0	3,500	4,000	4,000	0
I	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	5660	0	3877	0	3126	0	0	0	5420	5134	9,202	

= offer accepted

Industry 2

Year 14

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

CSRC Efforts in Year 14							CSRC Efforts Over Last 5 Years						CSRC Impact on Y14 Image Rating (points)
Green Materials (Yes / No)	Recycled Boxing (Yes / No)	Energy Efficiency (\$ / facility)	Charitable Cont. (\$000s)	Ethics Training (degree)	Workforce Diversity (Yes / No)	Total Expend. (\$000s)	Green Materials (0-5 years)	Recycled Boxing (0-5 years)	Energy Efficiency (\$ / year)	Charitable Cont. (\$000s)	Ethics Training (effort level from 0 to 10)	Workforce Diversity (0-5 years)	
No	No	0	0	Mgt	No	250	0	0	20	0	4	2	+3
No	No	0	0	None	No	0	0	1	0	0	0	0	+1
No	No	100	0	All	Yes	2,420	0	0	80	0	8	4	+7
No	No	0	0	All	Yes	1,050	1	0	20	0	8	4	+8
No	No	0	0	None	No	0	0	0	0	0	0	0	0
No	No	0	0	None	No	0	0	2	60	0	5	2	+5
No	Yes	0	0	All	Yes	2,329	0	2	40	396	6	2	+6
No	No	0	0	None	No	0	0	0	0	0	0	0	0
No	No	0	0	None	No	0	0	0	0	0	0	0	0
		13	0			756	0.1	0.6	28	50.0	3.9	1.8	+3

ENDING FOOTWEAR INVENTORIES

(000s of pairs)

North America			Europe-Africa			Asia-Pacific			Latin America		
Required Inventory (to achieve delivery time)	Inventory Surplus (Shortfall)	Total Branded Inventory	Required Inventory (to achieve delivery time)	Inventory Surplus (Shortfall)	Total Branded Inventory	Required Inventory (to achieve delivery time)	Inventory Surplus (Shortfall)	Total Branded Inventory	Required Inventory (to achieve delivery time)	Inventory Surplus (Shortfall)	Total Branded Inventory
50	465	515	49	1,933	1,982	51	1,279	1,330	45	1,619	1,664
20	1,295	1,315	27	1,782	1,809	20	3,429	3,449	19	395	414
113	146	259	101	336	437	84	254	338	94	1	95
115	0	115	109	223	332	80	139	219	99	0	99
243	-574	243	241	-287	241	207	-251	207	217	-379	217
184	-42	184	199	3	202	158	-27	158	120	-75	120
64	108	172	70	430	500	46	170	216	34	-25	34
71	0	71	83	444	527	63	297	360	57	140	197
0	0	0	0	0	0	0	0	0	0	0	0
96	155	319	98	540	670	79	588	697	76	186	316

EXCHANGE RATE IMPACTS

(\$000s)

Revenue Impacts on Revenues Generated in			Cost Impacts on Pairs Shipped to Overseas Warehouses											
EA Markets	AP Markets	LA Markets	to N.A. Warehouse from			to E-A Warehouse from			to A-P Warehouse from			to LA Warehouse from		
			EA Plant	AP Plant	LA Plant	EA Plant	AP Plant	LA Plant	EA Plant	AP Plant	LA Plant	EA Plant	AP Plant	LA Plant
3,297	-3,677	2,003	0	0	0	-1,627	-4,213	0	0	0	0	-676	0	-3,047
2,345	-2,377	1,153	0	0	0	0	-5,917	0	0	0	0	-419	0	0
6,356	-7,092	3,205	151	-2,277	0	0	-1,987	0	0	0	0	-1,462	278	-809
4,957	-4,373	2,307	0	0	0	0	-6,179	0	0	0	0	-504	0	-2,875
9,227	-6,566	4,847	0	-1,328	1,186	0	-7,397	0	0	0	0	0	0	0
6,235	-5,699	2,032	0	-1,437	0	0	-7,922	0	0	0	0	-1,463	0	0
4,323	-4,174	1,185	0	0	0	0	-5,738	0	0	0	0	-550	0	0
6,808	-6,739	2,367	0	0	0	0	-1,712	0	0	0	0	0	0	-544
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,372	-4,522	2,122	17	-560	132	-181	-4,563	0	0	0	0	-564	31	-808

COMPANY ANALYSIS OF NEW CAPACITY CONSTRUCTION PROJECTS

North America							
New Plant Capacity Constructed (000s of pairs)	S/Q Rating	Expected-Case Assumptions				Expected ROE of Capacity Constructed	System Recommendation (based on optimistic / pessimistic / expected-case assumptions and demand-supply conditions in Y14)
		Pricing (\$ per pair)		Marketing Costs (\$ per pair)			
		Internet	Wholesale	Internet	Wholesale		
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
Europe-Africa							
New Plant Capacity Constructed (000s of pairs)	S/Q Rating	Expected-Case Assumptions				Expected ROE of Capacity Constructed	System Recommendation (based on optimistic / pessimistic / expected-case assumptions and demand-supply conditions in Y14)
		Pricing (\$ per pair)		Marketing Costs (\$ per pair)			
		Internet	Wholesale	Internet	Wholesale		
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
Asia-Pacific							
New Plant Capacity Constructed (000s of pairs)	S/Q Rating	Expected-Case Assumptions				Expected ROE of Capacity Constructed	System Recommendation (based on optimistic / pessimistic / expected-case assumptions and demand-supply conditions in Y14)
		Pricing (\$ per pair)		Marketing Costs (\$ per pair)			
		Internet	Wholesale	Internet	Wholesale		
0	0★	0.00	0.00	0.00	0.00	0.0%	Exercise caution. Project is risky at best.
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
1,000	10★	75.00	48.00	6.00	6.00	0.2%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
Latin America							
New Plant Capacity Constructed (000s of pairs)	S/Q Rating	Expected-Case Assumptions				Expected ROE of Capacity Constructed	System Recommendation (based on optimistic / pessimistic / expected-case assumptions and demand-supply conditions in Y14)
		Pricing (\$ per pair)		Marketing Costs (\$ per pair)			
		Internet	Wholesale	Internet	Wholesale		
0	0★	0.00	0.00	0.00	0.00	0.0%	Not recommended. VERY HIGH RISK.
1,000	10★	150.00	99.99	150.00	99.99	-0.8%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	Exercise caution. Project is risky at best.
1,500	10★	75.00	48.00	6.00	6.00	0.4%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	
0	0★	0.00	0.00	0.00	0.00	0.0%	