F Company

(Industry 15)

BALANCE SHEET & CASH FLOW STATEMENT

BALANCE SHEET

ASSETS			$000s
Cash On Hand			81,788
Accounts Receivable (see Note 1)			78,114
Footwear Inventories			14,914
Total Current Assets			174,816
Net Investment in Facilities and Equipment			209,570
Construction Work In Progress (for new space)			0
Production Improvement Options On Order			0
Total Fixed Assets (see Note 2)			209,570
Total Assets			384,386
LIABILITIES			$000s
Accounts Payable (see Note 3)			17,744
1-Year Bank Loan Payable (see Note 4)			0
Current Portion of Long-Term Bank Loans (see Note 5)			15,900
Overdraft Loan Payable (see Note 6)			0
Total Current Liabilities			33,644
Long Term Bank Loans Outstanding (see Note 7)			65,400
Total Liabilities			99,044
SHAREHOLDER EQUITY	Beginning Balance	Change in Y12	$000s
Common Stock (see Note 8)	20,000	0	20,000
Additional Capital (see Note 9)	110,000	0	110,000
Retained Earnings (see Note 10)	115,156	40,186	155,342
Total Shareholder Equity	245,156	40,186	285,342
Return On Average Shareholder Equity (see Note 11)			15.2%

Note 1: Of the $312,457 of wholesale and private-label net revenues reported on the Y12 income statement, 75% was collected in Y12 and 25% will be collected in Y13.

Note 2: For more details on fixed asset investment, see the Facilities and Equipment report (page 1 of these Company Operating Reports).

Note 3: Of the $70,977 of materials used for footwear production in Year 12, 75% was paid for in Year 12 and 25% will be paid for in Year 13.

Note 4: The company's Year 12 interest rate for a 1-year bank loan was 6.0%.

Note 5: This item represents the principal portion of all outstanding 5-year and 10-year bank loans due to be repaid in the upcoming year (Year 13).

Note 6: Loans for overdrafts are incurred automatically to prevent a negative year-end cash balance at an interest rate that is 2.0% higher than the company's 1-year loan rate.

Note 7: Long-term bank loans outstanding:

Loan Number	Initial Year	Original Principal	Interest Rate	Term	Out-standing Principal	Annual Principal Payment	Year 13 Interest Payable
1	Y4	60,000	8.2%	10-yr	12,000	6,000	984
2	Y9	99,000	7.7%	10-yr	69,300	9,900	5,336
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							

Note 8: There are 20,000k shares of stock issued and outstanding at a par value of $1.00 per share. The authorized maximum number of shares outstanding is 50,000k.

Note 9: Additional Capital represents the dollar amount over and above par value that shareholders have paid to purchase new shares of common 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 Shareholder Equity is:

$$\frac{\text{After-Tax Profit}}{(\text{Beginning Equity} + \text{Ending Equity}) \div 2}$$

CASH FLOW STATEMENT

CASH AVAILABLE IN YEAR 12			$000s
Beginning Cash Balance (carried over from prior year)			44,010
Cash Inflows	Receipts from Footwear Sales (see Note 1)		420,449
	Bank Loans	1-Year Loan	0
		5-Year Loan	0
		10-Year Loan	0
	Stock Issue (0 shares issued)		0
	Sale of Production Equipment		0
	Interest Income on Y11 Cash Balance		924
	Loan to Cover Overdraft (1-year loan @ 9.5%)		0
	Cash Refund (awarded by instructor)		0
Total Cash Available from All Sources			465,383
CASH OUTLAYS IN YEAR 12			$000s
Cash Outlays	Payments to Materials Suppliers (see Note 2)		71,698
	Production Expenses (excluding depreciation – see Note 3)		86,919
	Distribution and Warehouse Expenses		82,010
	Marketing and Administrative Expenses		96,916
	Capital Outlays	Facility Expension (new space)	0
		Equipment Purchases	0
		Production Imp. Options	0
		Energy Efficiency Initiatives	0
	Bank Loan Repayment (see Note 4)	1-Year Loan	5,000
		5-Year Loans	0
		10-Year Loans	15,900
	Interest Payments	Bank Loans	7,929
		Y11 Overdraft Loan	0
	Stock Repurchase (0 shares repurchased)		0
	Income Tax Payments		17,223
	Dividend Payments to Shareholders		0
	Charitable Contributions		0
	Cash Fine (assessed by instructor)		0
Total Cash Outlays			383,595
Net Cash Balance (at the end of Year 12)			81,788

Note 1: This item consists of all internet revenues recorded in Y12, 75% of wholesale and private-label revenues recorded in Y12, and accounts receivable from Y11 sales.

Note 2: This item consists of 75% of the cost of Y12 production materials and 25% of Y11 production materials costs due to a 3-month lag in payments to materials suppliers.

Note 3: This item includes all Y12 production-related expenses (adjusted for exchange rate cost impacts) except for depreciation (which is a non-cash accounting charge).

Note 4: All 1-year loans (including overdraft loans) received in Year 11 were repaid in full in Year 12. Interest on all 1-year loans received in Year 11 was also paid in Year 12.

SELECTED FINANCIAL STATISTICS

Credit Rating Measures	Interest Coverage Ratio (oper. profit ÷ interest exp.)	9.20
	Debt to Assets Ratio (total liabilities ÷ total assets)	0.26
	Default Risk Ratio (cash flow from ops ÷ principal paymts)	2.85
	Risk of Default (see Note 1)	Medium
	Credit Rating (at the end of Year 12)	B+
Current Ratio (current assets ÷ current liabilities)		5.20
Operating Profit Margin (operating profit ÷ net sales revenues)		15.4%
Net Profit Margin (net profit ÷ net sales revenues)		9.6%
Dividend Payout (dividends per share ÷ earnings per share)		0.0%
Cash Flow from Operations (after-tax profit + depreciation)		59,556
Total Principal Payments ($000s to be paid in Year 12)		20,900

Note 1: A default risk ratio of 4.00 or higher results in a Low default risk, 2.00 to 4.00 results in a Meduim default risk, and below 2.00 results in a High default risk.

Note: *Because demand and sales figures are rounded to the nearest 1000 pairs, minor anomalies in the company's financial statements may occasionally occur. Any rounding inconsistencies that do appear will be smaller than ±50 and will likely average-out over time. Such rounding anomalies have no significant impact on company performance.*

F Company
(Industry 15)

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT		North America	Europe-Africa	Asia-Pacific	Latin America	Company Total
Segment Revenues	Internet	28,493	28,308	22,896	24,252	103,949
	Wholesale (see Note 1)	92,295	88,563	60,384	66,621	307,863
	Private-Label	0	0	0	0	0
Gross Revenues from Footwear Sales		120,788	116,871	83,280	90,873	411,812
± Exchange Rate Adjustments		0	5,409	2,589	-2,121	5,877
Net Revenues from Footwear Sales		120,788	122,280	85,869	88,752	417,689
Operating Costs	Cost of Pairs Sold (see Note 1)	61,920	61,426	35,423	54,266	213,035
	Warehouse Expenses	13,298	11,237	9,398	9,393	43,326
	Marketing Expenses	20,181	23,888	17,452	19,840	81,361
	Administrative Expenses	5,041	4,138	3,189	3,185	15,553
Operating Profit (Loss)		20,348	21,591	20,407	2,068	64,414

Profitability and Payout	Year 11	Year 12
Earnings Per Share	$1.76	$2.01
Dividends Per Share	$0.00	$0.00

	Company Total
Interest Income (Expense)	-7,005
Other Income or (Expense) (see Note 2)	0
Pre-Tax Profit (Loss)	57,409
Income Taxes (see Note 3)	17,223
Net Profit (Loss)	40,186

Note 1: *These items also include revenues collected from and costs associated with inventory clearance at the beginning of the year. For more details on inventory clearance, see the last section of the Distribution and Warehouse report.*

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

Note 3: *The income tax rate is 30%. If a net loss was recorded in the prior year, the loss is carried forward and may offset some or all taxable income in the current year and reduce current-year income taxes.*

BRANDED MARKET PERFORMANCE

INTERNET MARKET PERFORMANCE		North America		Europe-Africa		Asia-Pacific		Latin America		Total	
		$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair
Gross Revenues from Internet Sales		23,580	60.00	24,120	72.00	19,296	67.00	20,664	72.00	87,660	67.28
± Exchange Rate Adjustments		0	0.00	1,158	3.46	627	2.18	-502	-1.75	1,283	0.98
Gross Internet Revenues		23,580	60.00	25,278	75.46	19,923	69.18	20,162	70.25	88,943	68.26
Customer-Paid Shipping Fees		4,913	12.50	4,188	12.50	3,600	12.50	3,588	12.50	16,289	12.50
Net Internet Revenues		28,493	72.50	29,466	87.96	23,523	81.68	23,750	82.75	105,232	80.76
Operating Costs	Cost of Pairs Sold	9,957	25.34	10,258	30.62	6,599	22.91	10,087	35.15	36,901	28.32
	Warehouse Expenses	5,111	13.01	4,361	13.02	3,791	13.16	3,780	13.17	17,043	13.08
	Marketing Expenses	5,058	12.87	7,026	20.97	6,640	23.06	6,637	23.13	25,361	19.46
	Administrative Expenses	811	2.06	691	2.06	594	2.06	592	2.06	2,688	2.06
Operating Profit (Loss)		7,556	19.23	7,130	21.28	5,899	20.48	2,654	9.25	23,239	17.83
		Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12
Segment Statistics	Pairs Sold (000s)	313	**393**	299	**335**	267	**288**	271	**287**	1,150	**1,303**
	Market Share	8.8%	**10.0%**	9.7%	**9.7%**	11.2%	**10.4%**	11.4%	**10.3%**	10.2%	**10.1%**
	Operating Profit Margin	23.7%	**26.5%**	18.2%	**24.2%**	21.9%	**25.1%**	13.8%	**11.2%**	19.3%	**22.1%**

WHOLESALE MARKET PERFORMANCE		North America		Europe-Africa		Asia-Pacific		Latin America		Total	
		$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair
Gross WHolesale Revenues		92,295	45.00	88,563	53.00	60,384	48.00	66,621	53.00	307,863	49.36
± Exchange Rate Adjustments		0	0.00	4,251	2.54	1,962	1.56	-1,619	-1.29	4,594	0.74
Net Wholesale Revenues		92,295	45.00	92,814	55.54	62,346	49.56	65,002	51.71	312,457	50.10
Operating Costs	Cost of Pairs Sold	51,963	25.34	51,168	30.62	28,824	22.91	44,179	35.15	176,134	28.24
	Warehouse Expenses	8,187	3.99	6,876	4.11	5,607	4.46	5,613	4.47	26,283	4.21
	Marketing Expenses	15,123	7.37	16,862	10.09	10,812	8.59	13,203	10.50	56,000	8.98
	Administrative Expenses	4,230	2.06	3,447	2.06	2,595	2.06	2,593	2.06	12,865	2.06
Operating Profit (Loss)		12,792	6.24	14,461	8.65	14,508	11.53	-586	-0.47	41,175	6.60
		Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12
Segment Statistics	Pairs Sold (000s)	2,050	**2,051**	1,696	**1,671**	1,275	**1,258**	1,252	**1,257**	6,273	**6,237**
	Market Share	10.9%	**10.4%**	10.7%	**10.5%**	10.5%	**10.0%**	10.5%	**10.4%**	10.7%	**10.4%**
	Operating Profit Margin	13.9%	**13.9%**	11.3%	**15.6%**	21.7%	**23.3%**	5.1%	**-0.9%**	12.8%	**13.2%**

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT		North America	Europe-Africa	Asia-Pacific	Latin America	Company Total
Segment Revenues	Internet	28,493	28,308	22,896	24,252	103,949
	Wholesale (see Note 1)	92,295	88,563	60,384	66,621	307,863
	Private-Label	0	0	0	0	0
Gross Revenues from Footwear Sales		120,788	116,871	83,280	90,873	411,812
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Net Revenues from Footwear Sales		120,788	122,280	85,869	88,752	417,689
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	Administrative Expenses	5,041	4,138	3,189	3,185	15,553
Operating Profit (Loss)		20,348	21,591	20,407	2,068	64,414

Profitability and Payout	Year 11	Year 12
Earnings Per Share	$1.76	$2.01
Dividends Per Share	$0.00	$0.00

	Company Total
Interest Income (Expense)	-7,005
Other Income or (Expense) (see Note 2)	0
Pre-Tax Profit (Loss)	57,409
Income Taxes (see Note 3)	17,223
Net Profit (Loss)	40,186

Note 1: *These items also include revenues collected from and costs associated with inventory clearance at the beginning of the year. For more details on inventory clearance, see the last section of the Distribution and Warehouse report.*

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

Note 3: *The income tax rate is 30%. If a net loss was recorded in the prior year, the loss is carried forward and may offset some or all taxable income in the current year and reduce current-year income taxes.*

BRANDED MARKET PERFORMANCE

INTERNET MARKET PERFORMANCE		North America		Europe-Africa		Asia-Pacific		Latin America		Total	
		$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair
Gross Revenues from Internet Sales		23,580	60.00	24,120	72.00	19,296	67.00	20,664	72.00	87,660	67.28
± Exchange Rate Adjustments		0	0.00	1,158	3.46	627	2.18	-502	-1.75	1,283	0.98
Gross Internet Revenues		23,580	60.00	25,278	75.46	19,923	69.18	20,162	70.25	88,943	68.26
Customer-Paid Shipping Fees		4,913	12.50	4,188	12.50	3,600	12.50	3,588	12.50	16,289	12.50
Net Internet Revenues		28,493	72.50	29,466	87.96	23,523	81.68	23,750	82.75	105,232	80.76
Operating Costs	Cost of Pairs Sold	9,957	25.34	10,258	30.62	6,599	22.91	10,087	35.15	36,901	28.32
	Warehouse Expenses	5,111	13.01	4,361	13.02	3,791	13.16	3,780	13.17	17,043	13.08
	Marketing Expenses	5,058	12.87	7,026	20.97	6,640	23.06	6,637	23.13	25,361	19.46
	Administrative Expenses	811	2.06	691	2.06	594	2.06	592	2.06	2,688	2.06
Operating Profit (Loss)		7,556	19.23	7,130	21.28	5,899	20.48	2,654	9.25	23,239	17.83
		Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12
Segment Statistics	Pairs Sold (000s)	313	**393**	299	**335**	267	**288**	271	**287**	1,150	**1,303**
	Market Share	8.8%	**10.0%**	9.7%	**9.7%**	11.2%	**10.4%**	11.4%	**10.3%**	10.2%	**10.1%**
	Operating Profit Margin	23.7%	**26.5%**	18.2%	**24.2%**	21.9%	**25.1%**	13.8%	**11.2%**	19.3%	**22.1%**

WHOLESALE MARKET PERFORMANCE		North America		Europe-Africa		Asia-Pacific		Latin America		Total	
		$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair
Gross WHolesale Revenues		92,295	45.00	88,563	53.00	60,384	48.00	66,621	53.00	307,863	49.36
± Exchange Rate Adjustments		0	0.00	4,251	2.54	1,962	1.56	-1,619	-1.29	4,594	0.74
Net Wholesale Revenues		92,295	45.00	92,814	55.54	62,346	49.56	65,002	51.71	312,457	50.10
Operating Costs	Cost of Pairs Sold	51,963	25.34	51,168	30.62	28,824	22.91	44,179	35.15	176,134	28.24
	Warehouse Expenses	8,187	3.99	6,876	4.11	5,607	4.46	5,613	4.47	26,283	4.21
	Marketing Expenses	15,123	7.37	16,862	10.09	10,812	8.59	13,203	10.50	56,000	8.98
	Administrative Expenses	4,230	2.06	3,447	2.06	2,595	2.06	2,593	2.06	12,865	2.06
Operating Profit (Loss)		12,792	6.24	14,461	8.65	14,508	11.53	-586	-0.47	41,175	6.60
		Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12	Year 11	Year 12
Segment Statistics	Pairs Sold (000s)	2,050	**2,051**	1,696	**1,671**	1,275	**1,258**	1,252	**1,257**	6,273	**6,237**
	Market Share	10.9%	**10.4%**	10.7%	**10.5%**	10.5%	**10.0%**	10.5%	**10.4%**	10.7%	**10.4%**
	Operating Profit Margin	13.9%	**13.9%**	11.3%	**15.6%**	21.7%	**23.3%**	5.1%	**-0.9%**	12.8%	**13.2%**

Private–Label Operations

CONTRACT OFFERS		North America	Europe-Africa	Asia-Pacific	Latin America	Total
Offers to Private Label Buyers	Offer Price ($ per pair)	32.00	37.00	32.00	37.00	
	Pairs Offered (000s)	201 pairs	201 pairs	200 pairs	200 pairs	802 pairs
	S/Q Rating	2.9★	2.9★	3.0★	3.0★	
	Number of Models	100	100	100	100	
Offer Accepted / Declined		Declined	Declined	Declined	Declined	
Pairs Produced / Sold (000s)		0 pairs	0 pairs	0 pairs	0 pairs	0 pairs

PRODUCTION AND SHIPPING		North America Facility		Europe-Africa Facility		Asia-Pacific Facility		Latin America Facility		Total (all facilities)	
		$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair	$000s	$/Pair
Production Costs	Materials Costs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Labor Costs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Best Practices Training	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Supervisory Costs	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Enhanced Styling / Features	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	TQM/6-Sigma Program	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Production Run Setup	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Facilities Maintenance	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
	Depreciation Expense	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
Private-Label Production (000s of pairs)	Regular-Time Pairs	0 pairs		0 pairs		0 pairs		0 pairs		0 pairs	
	Overtime Pairs	0		0		0		0		0	
	Rejected Pairs	–0 (6.3%)		–0 (0.0%)		–0 (10.0%)		–0 (0.0%)		–0 (0.0%)	
	Net Production	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	

REVENUES / COSTS / MARGINS		North America		Europe-Africa		Asia-Pacific		Latin America		Total	
		$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

F Company
(Industry 15)

Marketing and Administrative Expenses

MARKETING EXPENSES	North America $000s	North America $/Pair	Europe-Africa $000s	Europe-Africa $/Pair	Asia-Pacific $000s	Asia-Pacific $/Pair	Latin America $000s	Latin America $/Pair	Total $000s	Total $/Pair
Internet Segments — Search Engine Advertising	2,500	6.36	4,500	13.43	4,000	13.89	4,000	13.94	15,000	11.51
Website Maintenance	950	2.42	1,023	3.05	1,150	3.99	1,150	4.01	4,273	3.28
Brand Advertising (Note 1)	1,608	4.09	1,503	4.49	1,490	5.17	1,487	5.18	6,088	4.67
Celebrity Endorsements (Note 2)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total Internet Marketing	5,058	12.87	7,026	20.97	6,640	23.06	6,637	23.13	25,361	19.46
	$000s	**$/Pair**	**$000s**	**$/Pair**	**$000s**	**$/Pair**	**$000s**	**$/Pair**	**$000s**	**$/Pair**
Wholesale Segments — Brand Advertising (Note 1)	8,392	4.09	7,497	4.49	6,510	5.17	6,513	5.18	28,912	4.64
Rebate Redemption	1,641	0.80	2,089	1.25	1,573	1.25	2,640	2.10	7,943	1.27
On-Time Delivery	1,538	0.75	2,507	1.50	944	0.75	1,886	1.50	6,875	1.10
Retailer Support	3,552	1.73	4,769	2.85	1,785	1.42	2,164	1.72	12,270	1.97
Celebrity Endorsements (Note 2)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total Wholesale Marketing	15,123	7.37	16,862	10.09	10,812	8.59	13,203	10.50	56,000	8.98

Note 1: *Brand advertising expenditures in each region are allocated to the internet and wholesale segments based on each segment's percentage of total branded pairs sold in the region.*
Note 2: *Expenditures for celebrity endorsements are allocated to the internet and wholesale segments based on each segment's percentage of total branded pairs sold in the region.*

ADMINISTRATIVE EXPENSES	North America $000s	North America $/Pair	Europe-Africa $000s	Europe-Africa $/Pair	Asia-Pacific $000s	Asia-Pacific $/Pair	Latin America $000s	Latin America $/Pair	Total $000s	Total $/Pair
Executive Salaries (Note 1)	1,719	0.70	1,411	0.70	1,088	0.70	1,086	0.70	5,305	0.70
Corporate Overhead (Note 2)	3,322	1.36	2,727	1.36	2,101	1.36	2,099	1.36	10,250	1.36
CSRC Initiatives — Ethics Training / Enforcement	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Cafeteria / On-Site Child Care	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Ventilation / Lighting / Safety	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Supplier Code of Conduct	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Fixed Costs of Idled Prodcution Facility (Note 3)	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total Administrative Expenses (Note 4)	5,041	2.06	4,138	2.06	3,189	2.06	3,185	2.06	15,555	2.06

Note 1: *Executive salaries totaled $5 million in Year 10 and increase at a rate of 3% annually.*
Note 2: *Corporate overhead expenses include $1.00 for each pair of production capability (without overtime) company-wide and $1 million for each production facility. Corporate overhead will increase or decrease as company-wide footwear production capability increases or decreases. Also, if the company holds celebrity endorsement contract(s) but sells no branded pairs (private-label sales only), then the total annual cost of celebrity contracts is assigned to corporate overhead.*
Note 3: *If no pairs are produced at a production facility in a given year, the annual maintenance and depreciation expenses (fixed costs) for the facility are treated as administrative expenses rather than allocated to the production costs at other active facilities.*
Note 4: *Administrative expenses are calculated for the company in total and then allocated to the branded segments based on each segment's percentage of total branded pairs sold. For accounting purposes and for purpose of profit/loss calculations, no administrative expenses are allocated to private-label sales.*