

York Stock Exchange shows that 12 *leather and shoe companies increased their cash payout to shareholders by 13.6% to \$49.8 million. This was the second largest percentage gain for the year among the 20 industrial groups studied * * ** The average gain for the 20 groups was only 4.1%." (*Boot & Shoe Recorder*, April, 1968, p. 38)

The individual annual reports of seven leading shoe manufacturers (submitted herewith as Collective Exhibit A) highlight this picture of general *prosperity*.¹

Four of the corporations reported record high earnings and profits. Brown's report states that the operations of the company were the most successful in its 89-year history. Its sales of more than \$326 million reflected an increase of 7.3% over the previous all time high sales of 1966 and its earnings were 9.2% above the record set in the preceding year. The report commented, as did most others, that this record was achieved notwithstanding marked changes in styles that presented economic handicaps.

Interco is a corporation of diversified holdings with 64% of its business activities devoted to the manufacture and sale of footwear. Its Florsheim Shoe Company subsidiary achieved "the highest sales and profits in its history" of 75 years. Its selling company, International Retail Shoe Company, reached new highs in both sales and earnings in 1967 *despite the pressure of higher costs*. Sales advanced and inventories were reduced. The reduction of retail units from 463 to 450 reflected a policy to close its "smaller-margin units" and open fewer, larger, well-located stores that would do double the volume of the smaller stores.

Melville Shoe Corp. is best identified by its subsidiary Thom McAn, nationwide retailer of men's shoes and its counterpart in women's footwear, Miles Shoes. This combination of 1366 retail outlets reported that net sales of \$258,752,353 for 1967 reflected a 10.4% increase over the excellent preceding year and accounted for \$5.08 earnings per share compared with \$3.88 in 1966. It has subsidiaries in Canada and Spain.

Genesco, a diversified company, manufactures and markets clothing and footwear and the components of which they are made. Footwear comprises 36% of its total business volume. Its story of success in footwear is stated as follows:

"Emphasis on more mechanization and lower cost manufacturing techniques plus upgrading of quality standards helped Genesco Footwear to reach its largest share of the footwear industry, both in terms of dollars and sales and in total pairs manufactured during 1967."

"*Footwear News*," May 16, 1968, reported record earnings and sales for Genesco in the third fiscal quarter and for the nine month period ending April 30, 1968. Profits were up 7.4% in the quarter and 6.6% in the nine months, while sales gained 4.1% and 4.8% respectively. The third quarter net profit was \$4,783,000 and sales rose nearly \$9,000,000 from the previous quarter, totalling \$705,115,000 for nine months. Company President, Ben Willingham, predicted results for the fiscal year ending July 31, 1968 will again set new records in both sales and earnings.

While Endicott Johnson Corporation reported a decline of 3% in its net sales, compared with the preceding year, and a corresponding decline in net earnings, it attributed this in large measure to the closing of an unprofitable tannery. It reports however, that "in 1967 the company's overall financial position showed significant improvement * * *" and that it anticipates "improvement in both sales and earnings in 1968." The explanation that follows justifies both statements. The company had been restructured, short-term loans paid in full, interest expenses reduced and substantial investments made in capital equipment. Labor shortages, seasonal setbacks and high operating costs were blamed for the decline in sales and profits.

United States Shoe Corporation reported an increase in net sales but a slight decrease in earnings. The latter was attributed to a "cost-price squeeze that has affected many other companies this past year." The earnings, nevertheless were the second highest in the company's history. The company's 28 plants have capacity for producing 90,000 pairs of shoes per day and additional capacity is not

¹ Exhibit covers annual reports of the following manufacturers:

Brown Shoe Company, St. Louis, Missouri.
Genesco Inc., Nashville, Tennessee.
Endicott Johnson Corporation, Endicott, New York.
U.S. Shoe Corporation, Cincinnati, Ohio.
Wolverine World Wide Inc., Rockford, Michigan.
Interco Incorporated, St. Louis, Missouri.
Melville Shoe Corporation, New York City.