

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

Friday, May 23, 2008

YEAR 20

COMPANY SCORES : INVESTOR EXPECTATIONS STANDARD

Investors and company boards of directors have established annual targets for five key performance measures and the importance weighting of each: EPS (20 points), ROE (20 points), Stock Price (20 points), Credit Rating (20 points), and Image Rating (20 points). The score on a performance measure is equal to the percentage of the target that was achieved. Achieving higher than targeted performance results in bonus awards of 0.5% for each 1% overachieved (capped at 40% over the target). Thus, the Investor Confidence Index ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

YEAR 20 INVESTOR CONFIDENCE INDEX

Company Name	Year 20 Index	Change from Y19
D Company	118	+10
Cordwainer Bird	118	0
Fleurious	116	+9
L Company	113	-6
A (deleted)	0	0
B (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
K (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Cordwainer Bird	90	+3
L Company	84	+4
D Company	69	+5
Fleurious	61	+6
A (deleted)	0	0
B (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
K (deleted)	0	0

COMPANY SCORES : BEST-IN-INDUSTRY PERFORMANCE STANDARD

This scoring standard is based on how well each company performs relative to the best-performing company on EPS, ROE, Stock Price, Credit Rating, and Image Rating. In order to get a score of 100, a company must be the industry leader on all 5 measures, achieve the investor expectations on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating. Scores of 70 and higher indicate strong overall performance; companies with low scores (<50) trail the industry leaders by a significant margin. Each company's annual and overall scores are shown on the next two pages.

YEAR 20 PERFORMANCE RANKINGS

Company Name	Year 20 Score	Change from Y19
Cordwainer Bird	95	+2
D Company	85	+6
Fleurious	60	+1
L Company	53	-16
A (deleted)	0	0
B (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
K (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Cordwainer Bird	98	-1
D Company	80	+13
L Company	62	-10
Fleurious	56	+3
A (deleted)	0	0
B (deleted)	0	0
E (deleted)	0	0
G (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
K (deleted)	0	0

EARNINGS PER SHARE (\$)

Bold numbers indicate achievement of investor expectation for EPS shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading EPS performance. The overall best-in-industry score is based on a weighted average of the annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	B
C	2.61	0.85	2.83	1.06	3.14	5.71	7.92	9.47	14.40	23.54	6.81	20	20	C
D	3.81	0.52	1.32	-1.46	-3.23	1.33	6.49	1.80	14.75	20.74	4.57	18	13	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	E
F	3.14	1.15	-0.11	-2.10	0.53	0.16	0.72	1.22	3.16	4.81	1.47	4	4	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	K
L	3.27	1.94	1.83	-0.42	1.59	3.05	3.77	4.22	8.17	7.15	3.32	6	10	L

RETURN ON EQUITY (%)

Bold numbers indicate achievement of investor expectation for ROE shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading ROE performance. The overall best-in-industry score is based on a weighted average of the annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	Year 20	Overall	
A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	B
C	15.8	4.6	15.0	5.4	13.7	21.7	24.9	24.9	29.6	39.1	21.7	18	20	C
D	23.9	3.9	8.7	-11.0	-28.5	12.8	45.4	8.9	39.6	44.1	21.0	20	19	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	E
F	18.8	6.1	-0.5	-14.6	4.4	1.5	6.8	10.5	23.0	29.1	10.1	13	9	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	K
L	19.4	10.0	8.6	-1.8	6.9	12.0	13.1	12.9	20.7	17.2	12.1	8	11	L

STOCK PRICE (\$ per share)

Bold numbers indicate achievement of investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading stock price. The overall best-in-industry score is based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Avg Annual Change	Best-In-Ind. Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)		Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	B
C	29.21	16.24	30.45	17.16	39.80	88.99	143.14	176.16	302.60	518.71	+33	20	20	C
D	57.71	28.32	16.37	9.38	6.26	12.92	65.49	31.06	124.61	249.99	+24	10	10	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	E
F	42.41	22.36	12.65	8.15	6.36	4.75	8.38	16.37	55.31	93.99	+12	4	4	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	K
L	43.26	23.35	16.68	9.77	14.65	38.54	49.87	55.21	135.26	103.77	+13 %	4	4	L

CREDIT RATING

Bolded credit ratings indicate meeting or beating the B+ investor expectation shown below each column head. For the best-in-industry scoring, companies with an A+ credit rating earn a score of 20 (which equals a 20% weighting in overall score). Lesser credit ratings earn lower scores. The overall best-in-industry score is based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Best-In-Ind. Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		Year 20	Overall	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	A
B	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	B
C	B-	C-	C-	C-	C	B-	B	B	A	A	Low	19	19	C
D	B-	C-	C-	C-	C-	C-	C	C-	B-	A-	Low	18	18	D
E	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	E
F	B+	C	C-	C-	C-	C-	C+	B+	A	A	Low	19	19	F
G	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	G
H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	H
I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	I
J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	J
K	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	K
L	B	C	C	C-	C+	A-	A-	A	A+	A-	Medium	18	18	L

IMAGE RATING

Bolded image ratings indicate meeting or beating the 70 target image rating shown below each column head. Best-in-industry performers earn a score of 20 (equal to a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading image rating. Overall best-in-industry scores are based on the average of the image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	70	80	95	78	82	82	84	93	92	92	92	18	19	C
D	77	78	85	89	91	84	87	95	95	95	95	19	20	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	72	75	77	77	80	84	84	85	96	100	94	20	20	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	72	77	76	71	73	79	79	90	89	85	88	17	19	L

INVESTOR CONFIDENCE INDEX

The degree to which a company meets or beats the annual targets for each performance measure drives investor confidence in management's ability to deliver good results. An index score below 70 indicates subpar achievement of the annual performance targets. Index scores of 100 or more reflect consistently excellent or superior performance in meeting investor expectations.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Average Index	Overall Confidence	
	A	0	0	0	0	0	0	0	0	0			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	91	42	80	44	81	106	110	111	118	118	90	Very Good	C
D	105	47	52	28	26	52	98	58	108	118	69	Subpar	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	108	54	28	25	33	27	47	69	107	116	61	Subpar	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	105	66	57	25	53	93	101	104	119	113	84	Good	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	4,320	10,682	38,280	20,400	73,682
– Pairs Rejected	333	792	1,741	931	3,797
Net Y20 Production (after rejects)	3,987	9,890	36,539	19,469	69,885
Superior Materials Usage	20.7%	18.3%	49.4%	28.6%	37.5%
Capacity Utilization (branded + P-L prod.)	120.0%	120.0%	120.0%	120.0%	120.0%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.50	+ 0.60	8.10
Superior Materials	12.00	– 0.75	+ 1.20	12.45

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,274	1,299	1,219	1,238	5,030
– Pairs Cleared (inventory clearance)	0	0	0	0	0
Beginning Y20 Inventories	1,274	1,299	1,219	1,238	5,030
+ New Production (shipped from plants)	16,470	16,447	15,492	15,124	63,533
Pairs Available for Sale in Y20	17,744	17,746	16,711	16,362	68,563

BRANDED DEMAND & SALES (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected Y20 Demand (see Y19 FIR)	17,530	17,755	16,554	16,848	68,687
Actual Year 20 Demand	15,939	16,051	15,310	15,296	62,597
Branded Pairs Sold	15,782	15,761	15,140	14,959	61,642
Required Y20 Ending Inventories	1,283	1,302	1,189	1,177	4,951
Inventory Surplus (Shortfall)	233	167	-195	-462	-257

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.2%
- Available for shipment to warehouses
- % usage down by 6.7 points from Y19
- % utilization unchanged from Y19

Lower than normal (37.5% industrywide) superior materials usage led to superior materials prices that were 6.3% below the base and standard materials prices that were 25.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 10.0% from the base.

- Average inventory clearance of 0.0%
- 9.5% higher than Y20 demand

Actual demand in Year 20 was 8.9% less than expected due to increases in industry average prices.

- Needed to achieve delivery times
- { Okay in N.A. Okay in E-A
Low in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	16,577	17,240	17,930	18,647
(internet + wholesale) Europe-Africa	16,693	17,361	18,055	18,777
Asia-Pacific	16,229	17,203	18,235	19,329
Latin America	16,214	17,187	18,218	19,311
Total	65,713	68,991	72,438	76,064
Private-Label — North America	2,968	2,968	2,968	2,968
Europe-Africa	2,912	2,912	2,912	2,912
Asia-Pacific	3,199	3,199	3,199	3,199
Latin America	2,954	2,954	2,954	2,954
Total	12,033	12,033	12,033	12,033

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory	6,921
(000s) Potential Production (at max OT)	74,880
Potential Global Supply	81,801
Demand — Branded Sales Forecast	65,713
(000s) Private-Label Sales Forecast	12,033
Expected Global Demand	77,746
Conclusion:	Even at full overtime production, capacity is shy of what's needed to meet future demand. Opportunistic companies should consider building new capacity or purchasing used capacity.

PLANT CAPACITY (000s of pairs w/o overtime)

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20		
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total			
A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	12,000	3,700	0	0	0	0	0	0	12,000	3,700	15,700	1,000	0	C
D	0	1,000	6,000	7,500	0	0	0	4,400	0	1,000	6,000	11,900	18,900	0	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	3,300	3,900	4,900	1,400	300	4,000	0	0	3,600	7,900	4,900	1,400	17,800	0	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	9,000	0	0	0	0	0	0	0	9,000	0	9,000	0	0	L
Total	3,300	4,900	31,900	12,600	300	4,000	0	4,400	3,600	8,900	31,900	17,000	61,400	1,000		

INCOME STATEMENT DATA (\$000s)

	Net Sales Revenues	Cost of Pairs Sold	Warehse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Income Taxes	Net Profit	Total Dividend Payment (\$000s)	Shares of Stock (000s of shares outstanding)	
A	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	905,145	406,031	56,738	147,223	18,122	277,031	24,779	75,676	176,576	60,000	7,500	C
D	1,033,259	495,784	61,167	171,566	21,321	283,421	43,458	71,989	167,974	8,100	8,100	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	969,225	463,957	55,884	220,211	20,219	208,954	12,887	58,820	137,247	14,825	28,510	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	446,524	204,831	25,374	127,289	11,418	77,612	1,033	22,974	53,605	7,500	7,500	L
	479,165	224,372	28,452	95,184	10,154	121,003	11,737	32,780	76,486	12,918	7,373	

SELECTED BALANCE SHEET DATA (\$000s)

DIVIDEND DATA

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity				Year 20 Dividend (\$ / share)	No. of Changes (+ / -)	
						Beginning Equity	Stock Sales (Purchases)	Earnings Retained	Ending Equity			
A	0	0	0	0	0	0	0	0	0	0.00	0 / 0	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	33,008	287,038	763,445	60,868	216,000	416,296	-46,298	116,580	486,577	8.00	9 / 1	C
D	0	296,502	859,106	114,546	290,000	307,278	-12,615	159,896	454,560	1.00	2 / 2	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	41,065	330,698	798,964	87,333	184,600	415,748	-11,140	122,423	527,031	0.52	4 / 2	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	0	161,714	371,272	72,120	0	325,185	-72,140	46,107	299,152	1.00	1 / 1	L
	10,582	153,708	398,970	47,838	98,657	209,215	-20,313	63,572	252,474	1.50	2 / 1	

SELECTED FINANCIAL AND OPERATING STATISTICS

CREDIT RATING DATA

	Costs and Profits as a % of Net Revenues						Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Prs. Sold	Whse. Expenses	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	44.9	6.3	16.3	2.0	30.6	19.5	4.72	26	11.18	0.31	6.37	Low	C
D	48.0	5.9	16.6	2.1	27.4	16.3	2.59	30	6.52	0.41	3.03	Low	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	E
F	47.9	5.8	22.7	2.1	21.6	14.2	3.79	44	16.21	0.29	3.61	Low	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	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
J	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	K
L	45.9	5.7	28.5	2.6	17.4	12.0	2.24	95	75.13	0.12	1.44	Medium	L
	46.8 %	5.9 %	19.9 %	2.1 %	25.3 %	16.0 %	3.21	28	15.58	0.16	2.06	Medium	

Bold = best in industry = needs management attention

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		7.28	8.21	8.90	9.06	11.60	10.06
	Private-Label Footwear		6.97	7.60	7.32	8.00	7.59	8.33
Labor — North America	Total Compensation (\$/year)		20,120	20,415	20,120	20,415	20,120	20,415
	Productivity (pairs/worker/year)		3,786	4,447	3,786	4,447	3,786	4,447
	Labor Cost (\$/pair produced)		5.61	4.71	5.61	4.71	5.61	4.71
Europe Africa	Total Compensation (\$/year)		16,454	16,454	17,261	17,426	18,067	18,398
	Productivity (pairs/worker/year)		4,031	4,464	4,053	4,521	4,074	4,578
	Labor Cost (\$/pair produced)		4.01	4.21	4.48	4.36	4.94	4.51
Asia Pacific	Total Compensation (\$/year)		3,566	4,238	4,159	4,400	4,612	4,668
	Productivity (pairs/worker/year)		2,410	2,722	2,769	2,913	3,056	3,103
	Labor Cost (\$/pair produced)		1.39	1.36	1.51	1.50	1.63	1.63
Latin America	Total Compensation (\$/year)		4,255	3,793	4,633	4,326	5,100	4,817
	Productivity (pairs/worker/year)		2,584	2,799	2,768	2,940	3,039	3,163
	Labor Cost (\$/pair produced)		1.69	1.62	1.80	1.73	1.86	1.82
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.10	0.49	0.73	1.40	1.34
	Cumulative		0.12	0.43	0.57	0.71	1.05	1.12
Reject Rates	Branded Production		2.7%	2.7%	6.5%	5.1%	11.8%	8.5%
	Private-Label Production		2.0%	2.0%	3.7%	2.7%	6.8%	3.7%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		24.43	25.80	24.43	25.80	24.43	25.80
	E-A		21.86	21.70	21.86	21.70	21.86	21.70
	A-P		17.43	17.86	18.97	19.74	21.54	21.75
	L.A.		20.13	18.56	21.54	19.50	23.64	20.43
	Private-Label — N.A.		17.28	17.15	17.28	17.15	17.28	17.15
	E-A		15.17	15.01	16.92	16.79	18.66	18.56
	A-P		14.96	15.37	15.77	16.36	16.35	17.17
	L.A.		18.17	16.91	18.17	16.91	18.17	16.91

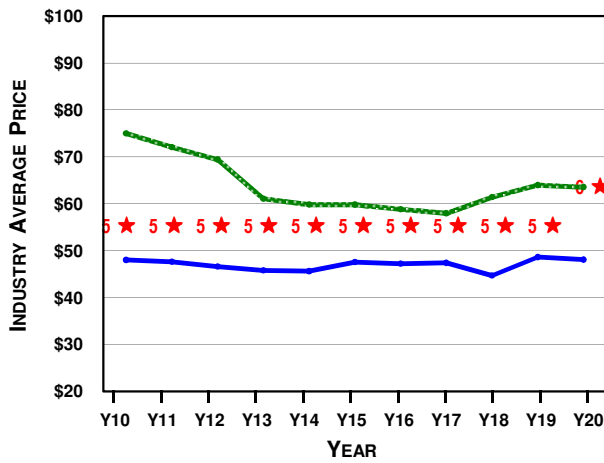
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.84	21.36	23.36	22.59	26.51	25.58
		E-A	23.96	23.72	25.02	24.86	26.81	25.78
		A-P	19.46	19.82	21.03	21.70	23.53	23.58
		L.A.	22.20	20.77	25.44	25.22	27.96	29.27
Warehouse Expenses - Internet (\$ per pair sold)	Internet		10.29	10.24	10.45	10.33	10.84	10.50
	Wholesale		1.88	1.69	2.17	1.93	2.79	2.28
Marketing Expenses — Internet (\$ per pair sold)	Internet		9.23	8.76	12.96	11.85	15.21	14.66
	Wholesale		7.58	7.95	11.75	11.62	16.17	15.73
Administrative Expenses (\$/pair sold)		1.10	1.03	1.20	1.20	1.40	1.40	
Operating Profit (\$ per pair sold)	Internet	N.A.	20.43	21.97	25.93	27.31	30.64	30.87
		E-A	23.14	24.69	27.64	27.88	32.01	31.77
		A-P	26.75	25.70	30.09	30.45	34.77	36.09
		L.A.	18.69	17.19	23.90	23.67	28.64	29.63
Wholesale	N.A.	5.53	5.83	9.30	9.78	16.74	13.44	
	E-A	7.36	6.57	11.32	10.30	19.31	12.96	
	A-P	9.33	10.36	11.89	12.12	18.16	15.41	
	L.A.	1.05	0.61	6.67	6.47	13.30	12.17	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	18.34	18.86	18.81	19.75	19.28	20.71
		E-A	17.17	18.91	20.59	20.58	22.95	22.26
		A-P	18.01	19.17	18.18	20.29	18.35	21.41
		L.A.	20.18	19.23	22.78	22.73	25.38	26.23
Warehouse Expenses (\$ per pair sold)		1.00	1.00	1.00	1.00	1.00	1.00	
Margin Over Direct Costs (\$ per pair sold)	N.A.	5.72	9.10	8.19	14.55	10.66	18.29	
	E-A	4.13	3.83	9.56	7.28	17.13	11.19	
	A-P	1.40	6.42	2.69	13.76	3.97	21.09	
	L.A.	1.82	9.03	2.35	10.44	2.87	11.85	

CELEBRITY ENDORSEMENTS

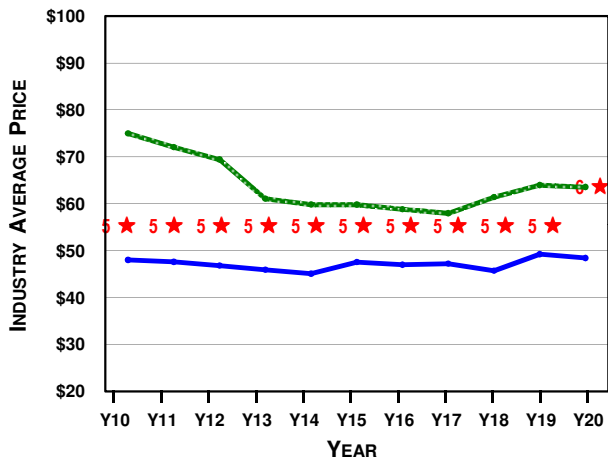
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	7,002	Y19	2 years	2	7,676	7,002	7,339	7,002
Oprah Letterman	100	70	65	75	Company C	8,211	Y20	3 years	2	8,211	2,000	5,106	2,000
Fifa Beckham	70	100	70	55	Company D	22,222	Y16	5 years	2	22,222	6,581	14,402	6,581
Tiger Green	95	80	85	75	Company F	13,000	Y20	2 years	2	13,000	8,211	10,606	8,211
Jos Montaa	60	50	60	95	Company F	13,000	Y18	3 years	3	13,000	9,999	10,003	7,011
Kobioshi Jones	55	60	95	90	Company F	2,000	Y20	4 years	2	8,211	2,000	5,106	2,000
Ace Federar	50	90	50	85	Company F	4,000	Y20	1 year	2	8,211	4,000	6,106	4,000
Danica Andretti	70	65	55	60	Company C	7,676	Y19	3 years	2	7,676	7,002	7,339	7,002
LaBron Game	75	80	95	50	Company F	19,463	Y17	4 years	3	19,463	14,444	13,553	6,753
Lorena Lopez	45	85	60	100	Company C	7,676	Y19	2 years	2	7,676	7,002	7,339	7,002
Lance deFrance	80	85	75	70	Company C	8,211	Y20	3 years	2	8,211	6,000	7,106	6,000
Yao KungPao	60	35	100	50	Company D	9,999	Y18	4 years	3	9,999	8,000	8,337	7,011

BRANDED PRICE AND S/Q RATING TRENDS

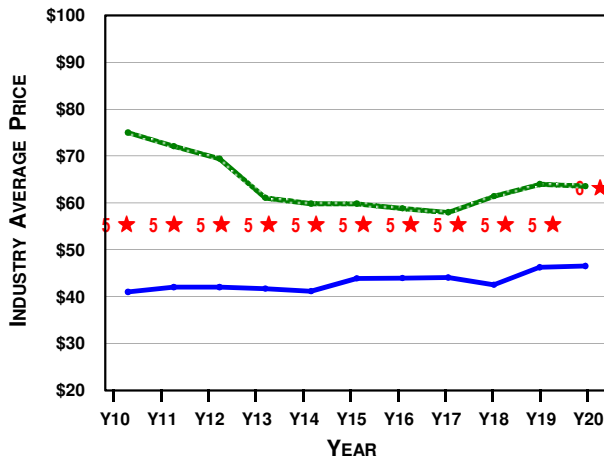
NORTH AMERICA



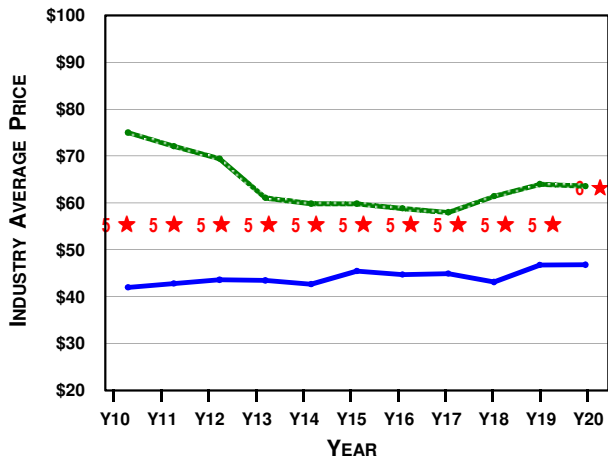
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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