

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

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
Dynamics Corp.	119	+8
Loungin Shoes Inc.	118	+1
BZoomba	108	+34
Infinity Shoes	84	+17
F Company	74	+12
Energy	53	+15
J Company	20	0
HowdyShoes	16	-4
A (deleted)	0	0
C (deleted)	0	0
G (deleted)	0	0
K (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Dynamics Corp.	87	+4
Loungin Shoes Inc.	86	+4
Infinity Shoes	86	0
BZoomba	56	+6
F Company	43	+3
Energy	38	+2
HowdyShoes	36	-2
J Company	26	-1
A (deleted)	0	0
C (deleted)	0	0
G (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
Loungin Shoes Inc.	96	0
Dynamics Corp.	95	+21
BZoomba	62	+15
Infinity Shoes	49	+4
F Company	40	+1
Energy	36	+7
J Company	12	-2
HowdyShoes	10	-3
A (deleted)	0	0
C (deleted)	0	0
G (deleted)	0	0
K (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Loungin Shoes Inc.	97	+2
Dynamics Corp.	92	+11
Infinity Shoes	61	0
BZoomba	50	+7
Energy	32	+7
F Company	31	+2
J Company	12	-2
HowdyShoes	12	-3
A (deleted)	0	0
C (deleted)	0	0
G (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	1.92	-1.70	-0.37	-1.75	-0.28	2.47	1.48	1.95	2.03	4.86	1.09	8	5	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	C
D	3.07	1.77	1.37	-4.91	3.31	6.11	6.71	8.12	6.68	12.50	4.46	20	19	D
E	1.82	0.44	-1.24	-2.56	-0.66	0.35	0.97	0.32	0.24	0.56	0.07	1	0	E
F	1.22	-0.04	-0.84	-1.11	-0.50	0.77	1.15	0.91	1.46	2.45	0.58	4	3	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	3.04	-0.63	-1.28	-0.68	0.14	3.53	0.08	-14.23	-10.12	-11.25	-3.14	0	0	H
I	3.70	1.91	0.90	1.43	2.08	7.00	4.83	5.02	2.41	3.51	3.07	6	13	I
J	1.78	0.19	-2.32	-5.58	-1.90	-1.31	-0.96	-1.70	-1.56	0.41	-1.18	1	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	3.13	0.85	1.44	-0.91	1.40	5.11	7.59	7.50	8.54	11.91	4.63	19	20	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	13.3	-9.5	-2.4	-13.7	-2.4	23.7	11.6	13.2	13.3	27.9	7.7	16	7	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	C
D	19.2	11.7	8.6	-44.0	32.4	42.3	30.9	26.4	20.0	34.7	20.9	20	18	D
E	11.7	2.8	-10.6	-25.5	-9.7	5.4	13.2	4.0	3.0	7.1	0.8	4	1	E
F	8.0	-0.3	-7.6	-9.9	-6.1	8.7	12.2	9.1	13.9	23.1	5.6	13	5	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	19.3	-5.1	-11.2	-6.6	1.3	29.5	0.6	-213.0	0.0	0.0	-62.4	0	0	H
I	21.7	9.6	4.6	6.6	8.7	21.5	15.6	14.1	6.6	9.0	11.2	5	10	I
J	11.5	1.2	-16.0	-57.6	-30.6	-37.2	-38.0	-107.2	0.0	0.0	-26.6	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	19.2	6.1	12.3	-7.7	11.6	33.8	36.8	28.9	28.3	33.9	23.0	20	20	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	19.70	12.03	7.96	5.07	4.80	28.63	17.43	23.85	23.75	65.78	+8	5	5	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	C
D	44.67	23.50	14.44	9.21	33.23	85.80	124.24	138.71	83.86	202.15	+21	16	16	D
E	19.98	12.23	7.44	5.12	4.80	5.79	10.86	6.43	4.60	6.42	-14	1	1	E
F	16.92	10.33	6.57	4.85	5.71	6.55	15.16	13.41	20.74	38.87	+3	3	3	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	35.03	18.92	10.86	6.79	4.80	29.48	17.03	10.56	6.98	4.55	-17	0	0	H
I	57.36	28.69	16.35	13.79	22.75	102.59	66.44	62.41	30.79	35.36	+2	3	3	I
J	18.05	10.86	6.63	4.85	5.23	4.75	4.94	5.67	4.60	4.86	-17	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	40.95	21.62	12.20	7.12	16.02	71.63	156.44	161.45	167.45	250.25	+24 %	20	20	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	B	C-	C-	C-	C-	C	C	C+	B	B+	Medium	17	17	B
C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	C
D	C+	C-	C-	C-	C-	C	B-	B	B	A	Low	19	19	D
E	B-	C-	C-	C-	C-	C	B	C	B	A	Low	19	19	E
F	C+	C-	C-	C-	C-	C-	C+	C	C	C-	High	0	0	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	B-	C-	C-	C-	C-	C	C-	C-	C-	C-	N/A	0	0	H
I	B+	C+	C+	B	B+	A	A-	B+	B-	B+	Medium	17	17	I
J	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	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-	B	A-	A	A-	A	Low	19	19	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	67	76	70	62	69	73	85	86	80	79	82	16	16	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	76	82	92	78	86	100	100	100	100	100	100	20	20	D
E	69	69	60	60	52	53	51	51	53	56	53	11	11	E
F	58	59	65	74	71	77	80	95	99	100	98	20	20	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	69	71	52	62	55	57	76	67	60	48	58	10	12	H
I	68	67	82	82	94	93	95	94	93	90	92	18	18	I
J	61	62	66	73	64	58	66	63	63	57	61	11	12	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	75	66	67	62	67	82	82	85	88	91	88	18	18	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	79	28	24	21	22	74	57	68	74	108	56	Subpar	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	97	64	51	26	81	100	108	112	111	119	87	Good	D
E	74	34	21	20	17	31	59	29	38	53	38	Subpar	E
F	56	23	23	23	23	40	58	51	62	74	43	Subpar	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	97	31	21	21	21	76	29	23	20	16	36	Subpar	H
I	111	70	51	63	78	118	113	107	67	84	86	Good	I
J	68	27	23	22	20	19	21	20	20	20	26	Subpar	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	109	46	51	22	50	110	116	117	117	118	86	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	18,240	3,840	54,346	20,160	96,586
– Pairs Rejected	1,563	89	1,876	1,141	4,669
Net Y20 Production (after rejects)	16,677	3,751	52,470	19,019	91,917
Superior Materials Usage	90.6%	28.0%	67.8%	45.5%	65.9%
Capacity Utilization (branded + P-L prod.)	92.6%	120.0%	119.4%	120.0%	113.4%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	- 0.48	+ 0.20	5.72
Superior Materials	12.00	+ 3.82	+ 0.41	16.23

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	3,419	4,690	4,967	3,621	16,697
– Pairs Cleared (inventory clearance)	1,100	1,815	2,068	519	5,502
Beginning Y20 Inventories	2,319	2,875	2,899	3,102	11,195
+ New Production (shipped from plants)	20,637	21,970	19,849	21,221	83,677
Pairs Available for Sale in Y20	22,956	24,845	22,748	24,323	94,872

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)	20,798	21,434	20,225	19,436	81,893
Actual Year 20 Demand	19,976	20,272	19,592	18,883	78,723
Branded Pairs Sold	19,084	20,200	19,500	18,857	77,641
Required Y20 Ending Inventories	1,475	1,424	1,423	1,241	5,563
Inventory Surplus (Shortfall)	1,220	2,826	1,284	4,148	9,478

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage up by 1.1 points over Y19
- % utilization down by 4.0 points from Y19

Higher than normal (65.9% industrywide) superior materials usage led to superior materials prices that were 31.8% above the base and standard materials prices that were 8.0% below the base. Industrywide capacity utilization above 110% resulted in materials price increases of 3.4% from the base.

- Average inventory clearance of 33.0%
- 20.5% higher than Y20 demand

Actual demand in Year 20 was 3.9% less than expected due to increases in industry average prices.

- Needed to achieve delivery times

- { Okay in N.A. High in E-A
Okay in A-P Very high in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America (internet + wholesale)	20,775	21,606	22,470	23,369
Europe-Africa	21,083	21,926	22,803	23,715
Asia-Pacific	20,768	22,014	23,335	24,735
Latin America	20,016	21,217	22,490	23,839
Total	82,642	86,763	91,098	95,658
Private-Label — North America	3,760	3,760	3,760	3,760
Europe-Africa	3,744	3,744	3,744	3,744
Asia-Pacific	3,792	3,792	3,792	3,792
Latin America	3,784	3,784	3,784	3,784
Total	15,080	15,080	15,080	15,080

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	17,231
Potential Production (at max OT)	102,240
Potential Global Supply	119,471
Demand — Branded Sales Forecast (000s)	82,642
Private-Label Sales Forecast	15,080
Expected Global Demand	97,722
Conclusion:	Excess supply of 22.3% is likely to intensify competition in Year 21 until market growth absorbs the excess.

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	A
B	0	0	5,300	4,200	0	0	0	0	0	0	5,300	4,200	9,500	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	D
E	0	0	2,700	1,300	0	0	800	0	0	0	3,500	1,300	4,800	0	E
F	0	0	7,500	7,000	0	0	1,000	1,000	0	0	8,500	8,000	16,500	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	12,000	0	0	0	0	0	0	0	12,000	0	0	0	12,000	0	H
I	5,600	0	7,700	0	0	0	0	0	5,600	0	7,700	0	13,300	0	I
J	2,000	0	4,100	0	-2,000	0	1,800	0	0	0	5,900	0	5,900	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	2,000	3,000	2,500	3,000	100	200	100	300	2,100	3,200	2,600	3,300	11,200	0	L
Total	21,600	3,000	41,800	15,500	-1,900	200	3,700	1,300	19,700	3,200	45,500	16,800	85,200	0	

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	565,813	303,708	39,811	106,001	11,919	104,374	18,625	25,725	60,024	0	12,350	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	769,586	420,090	45,065	135,800	14,419	154,212	20,312	40,170	93,730	30,375	7,500	D
E	260,078	137,377	24,183	72,529	7,219	18,770	1,469	5,190	12,111	8,680	21,700	E
F	814,276	459,727	56,422	186,824	18,919	92,384	40,187	15,659	36,538	14,900	14,900	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	182,727	95,706	20,434	72,161	14,418	-19,992	69,999	0	-89,991	0	8,000	H
I	750,938	490,626	46,480	143,605	15,718	54,509	14,764	11,924	27,821	0	7,925	I
J	327,144	212,526	22,523	48,110	8,320	35,665	24,894	0	10,771	0	26,000	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	628,049	279,556	40,797	155,177	13,617	138,902	11,292	38,283	89,327	45,000	7,500	L
	537,326	299,915	36,964	115,026	13,069	72,353	25,193	17,119	30,041	12,369	13,234	

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	22,385	191,620	467,226	65,647	240,000	268,404	-166,850	60,025	161,579	0.00	2 / 3	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	7,351	242,131	541,837	71,745	177,200	247,642	-18,104	63,354	292,892	4.05	5 / 4	D
E	15,397	86,920	212,716	17,037	22,500	169,747	0	3,433	173,179	0.40	3 / 2	E
F	17,887	257,004	742,878	119,298	522,200	214,785	-135,044	21,639	101,380	1.00	3 / 3	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	463,667	787,027	681,552	280,000	-84,498	0	-90,027	-174,525	0.00	0 / 1	H
I	36,290	269,954	571,811	78,588	175,000	299,989	-9,588	27,822	318,223	0.00	0 / 1	I
J	35,099	126,938	259,678	247,636	0	-17,329	18,600	10,771	12,042	0.00	0 / 1	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	28,083	189,739	496,024	45,012	165,000	241,688	0	44,324	286,012	6.00	8 / 2	L
	20,312	228,497	509,900	165,814	197,738	167,553	-38,873	17,668	146,348	1.43	3 / 2	

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	Mktnng. 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	53.7	7.0	18.7	2.1	18.4	10.6	2.92	39	5.60	0.59	2.36	Medium	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	C
D	54.6	5.9	17.6	1.9	20.0	12.2	3.37	47	7.59	0.38	3.07	Low	D
E	52.8	9.3	27.9	2.8	7.2	4.7	5.10	17	12.78	0.13	3.33	Low	E
F	56.5	6.9	22.9	2.3	11.3	4.5	2.15	30	2.30	0.80	0.78	High	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	52.4	11.2	39.5	7.9	###	###	0.68	1,595	-0.29	1.18	0.00	N/A	H
I	65.3	6.2	19.1	2.1	7.3	3.7	3.44	40	3.69	0.35	2.33	Medium	I
J	65.0	6.9	14.7	2.5	10.9	3.3	0.51	38	1.43	0.87	0.10	High	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	44.5	6.5	24.7	2.2	22.1	14.2	4.22	7	12.30	0.37	3.30	Low	L
	55.8 %	6.9 %	21.4 %	2.4 %	13.5 %	5.6 %	1.38	227	5.68	0.58	1.91	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		5.88	7.46	11.66	12.20	19.03	18.77
	Private-Label Footwear		5.46	7.77	10.36	10.31	16.85	14.49
Labor — North America	Total Compensation (\$/year)		16,549	16,549	19,111	17,530	22,030	18,928
	Productivity (pairs/worker/year)		3,747	3,654	4,451	4,427	5,394	5,168
	Labor Cost (\$/pair produced)		3.74	3.60	4.79	4.52	5.66	5.24
Europe Africa	Total Compensation (\$/year)		17,371	17,754	17,371	17,754	17,371	17,754
	Productivity (pairs/worker/year)		4,738	5,561	4,738	5,561	4,738	5,561
	Labor Cost (\$/pair produced)		3.95	3.42	3.95	3.42	3.95	3.42
Asia Pacific	Total Compensation (\$/year)		3,534	3,543	4,999	4,664	8,747	6,356
	Productivity (pairs/worker/year)		2,200	2,188	2,852	2,914	3,623	3,782
	Labor Cost (\$/pair produced)		1.37	1.54	1.75	1.69	2.52	1.86
Latin America	Total Compensation (\$/year)		3,591	3,672	4,826	4,795	6,266	6,370
	Productivity (pairs/worker/year)		2,033	2,099	2,688	2,765	3,598	3,716
	Labor Cost (\$/pair produced)		1.49	1.37	1.90	1.86	2.25	2.23
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.48	0.93	0.97	1.47	1.50
	Cumulative		0.45	0.46	1.05	1.06	1.59	1.64
Reject Rates	Branded Production		2.0%	2.2%	4.7%	5.1%	13.6%	13.6%
	Private-Label Production		1.7%	1.7%	3.2%	2.0%	8.6%	2.5%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.21	20.77	27.34	28.18	32.87	34.46
	E-A		19.28	18.26	19.28	18.26	19.28	18.26
	A-P		17.17	17.30	21.46	21.71	25.25	25.65
	L.A.		17.15	16.46	20.94	20.60	24.26	24.05
	Private-Label — N.A.		27.10	0.00	27.81	0.00	28.51	0.00
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		13.93	16.66	18.94	19.38	23.18	23.67
L.A.		0.00	0.00	0.00	0.00	0.00	0.00	

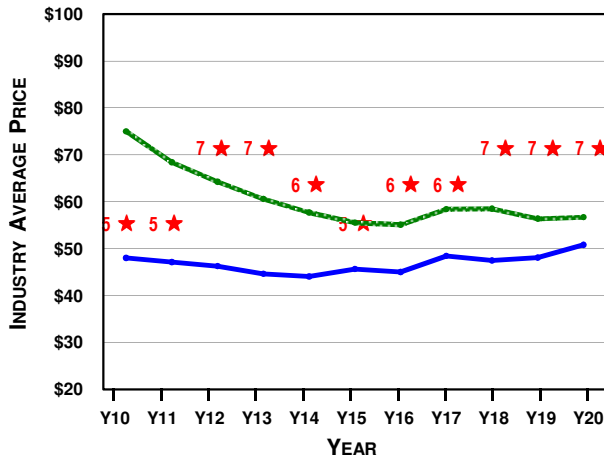
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.61	22.66	26.36	27.10	34.71	35.77
		E-A	21.40	20.55	28.74	29.56	38.30	39.35
		A-P	19.17	19.30	25.57	26.26	42.99	43.83
		L.A.	19.15	18.53	27.87	28.46	35.83	37.19
Warehouse Expenses - Internet	(\$ per pair sold)		10.29	10.27	10.85	11.02	11.54	13.78
		Wholesale		1.87	1.79	2.66	2.79	3.52
Marketing Expenses — Internet	(\$ per pair sold)		9.72	8.84	16.31	13.83	35.46	30.83
		Wholesale		8.37	10.08	14.69	13.63	33.91
Administrative Expenses	(\$/pair sold)		1.06	1.05	1.80	1.86	4.87	5.77
Operating Profit (\$ per pair sold)	Internet	N.A.	-19.83	-15.55	10.15	12.08	23.61	21.49
		E-A	-18.75	-22.89	10.17	10.47	29.53	29.26
		A-P	-7.46	-2.22	14.12	16.62	27.41	27.55
		L.A.	-18.10	-23.55	7.71	8.49	29.43	29.12
Wholesale	N.A.	-6.39	-1.53	2.27	5.28	6.58	11.28	
	E-A	-6.69	-10.49	2.02	3.00	7.55	8.09	
	A-P	-3.17	2.45	2.35	5.53	5.38	8.59	
	L.A.	-4.56	-9.83	2.13	2.01	9.07	9.63	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	17.28	20.18	23.19	20.18	29.10	20.18
		E-A	20.59	23.54	29.15	24.11	34.09	24.67
		A-P	20.49	25.67	22.61	25.67	25.18	25.67
		L.A.	29.19	25.72	30.35	25.72	31.50	25.72
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.	-0.11	18.81	4.29	18.81	8.69	18.81	
	E-A	-0.17	6.51	3.79	11.75	6.73	16.99	
	A-P	-0.29	3.23	0.49	3.23	1.21	3.23	
	L.A.	1.80	12.35	2.15	12.35	2.50	12.35	

CELEBRITY ENDORSEMENTS

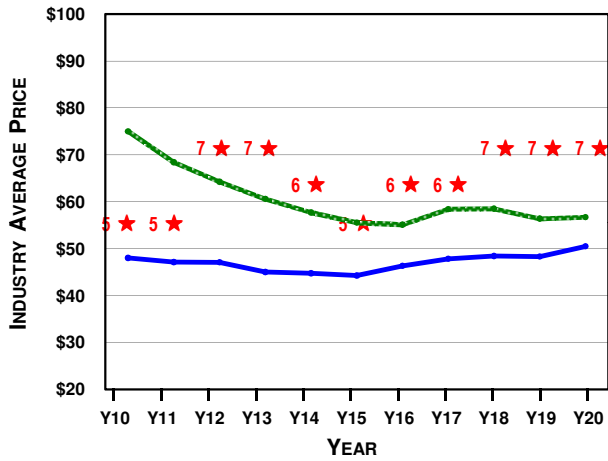
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company B	3,001	Y19	2 years	3	6,604	3,001	3,758	1,669
Oprah Letterman	100	70	65	75	Company B	5,001	Y20	3 years	1	5,001	0	5,001	5,001
Fifa Beckham	70	100	70	55	Company I	12,300	Y16	5 years	6	12,300	12,166	10,345	4,000
Tiger Green	95	80	85	75	Company B	5,001	Y20	2 years	1	5,001	0	5,001	5,001
Jos Montaa	60	50	60	95	Company F	14,000	Y18	3 years	4	15,403	14,000	10,627	1,501
Kobioshi Jones	55	60	95	90	Company L	15,604	Y18	4 years	4	15,604	15,403	11,516	1,555
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	5,001	0	5,001	5,001
Danica Andretti	70	65	55	60	Company B	1,555	Y18	3 years	3	15,403	13,604	10,187	1,555
LaBron Game	75	80	95	50	Company I	14,531	Y17	4 years	5	14,531	14,123	12,492	9,656
Lorena Lopez	45	85	60	100	Company J	15,000	Y19	2 years	4	15,000	12,350	9,239	3,001
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	1	5,001	0	5,001	5,001
Yao KungPao	60	35	100	50	Company I	15,403	Y18	4 years	5	15,403	12,000	10,412	1,555

BRANDED PRICE AND S/Q RATING TRENDS

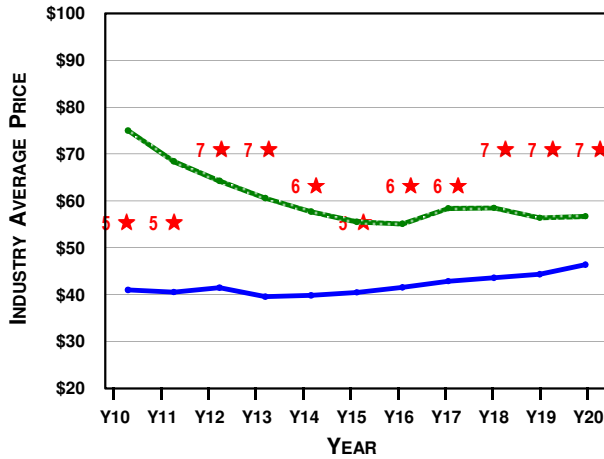
NORTH AMERICA



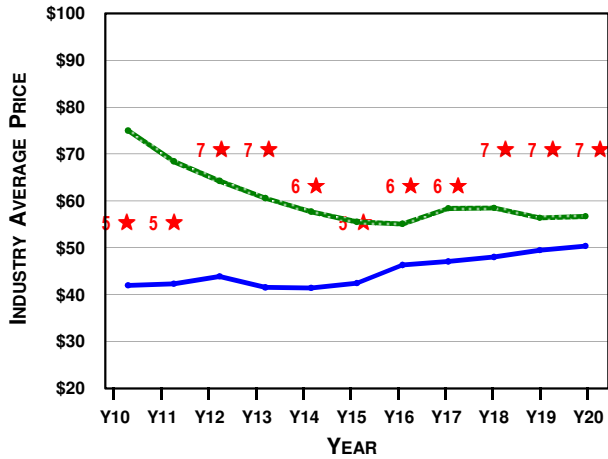
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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