

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 1

Friday, August 22, 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
J-Taps Shoe Co.	120	+1
Lima UL	116	+1
Happy Feet	115	+3
E Company	100	+21
Gravity Footware	92	-16
D Company	64	-4
Air Jordan	60	+14
I Company	30	+6
B Company	17	-2
C (deleted)	0	0
F (deleted)	0	0
K (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Lima UL	105	+1
Happy Feet	86	+4
J-Taps Shoe Co.	77	+5
Gravity Footware	74	+2
E Company	61	+5
Air Jordan	43	+2
D Company	38	+3
B Company	31	-2
I Company	28	+1
C (deleted)	0	0
F (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
J-Taps Shoe Co.	88	-6
Lima UL	71	-22
E Company	60	+16
Happy Feet	58	-18
Gravity Footware	43	-20
D Company	37	-7
Air Jordan	35	+5
I Company	16	+1
B Company	11	-2
C (deleted)	0	0
F (deleted)	0	0
K (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
J-Taps Shoe Co.	91	+12
Lima UL	89	-4
Happy Feet	65	-2
Gravity Footware	55	-5
E Company	47	+9
Air Jordan	38	+9
D Company	32	-1
I Company	15	+1
B Company	12	-1
C (deleted)	0	0
F (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	2.64	0.33	0.78	1.12	0.88	-0.05	0.19	0.67	1.32	1.47	0.91	2	3	A
B	4.09	-5.92	-14.24	-9.41	-4.94	-6.55	-4.25	-5.23	-3.44	-3.75	-5.08	0	0	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	0.43	-2.04	0.25	-0.83	-1.02	-1.06	0.20	0.57	0.96	0.90	-0.08	1	0	D
E	2.99	1.82	2.47	-0.48	0.27	0.90	0.06	2.61	3.57	7.65	1.87	9	6	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	F
G	2.70	0.56	1.50	1.90	2.00	1.62	1.58	3.04	4.35	3.37	2.27	4	8	G
H	3.10	0.39	1.92	1.45	1.40	2.13	5.00	6.35	7.46	7.89	3.30	9	11	H
I	1.28	-1.89	-4.74	-4.34	-3.28	-1.26	-0.90	0.16	0.48	1.21	-0.89	1	0	I
J	4.85	0.53	1.73	2.15	1.45	-3.93	2.86	11.97	10.45	17.27	4.89	20	17	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	3.57	2.64	4.98	4.79	4.36	3.73	5.26	7.85	10.52	11.92	5.77	14	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	16.5	2.0	5.2	6.4	4.8	-0.3	1.0	3.5	6.5	6.8	4.8	2	5	A
B	24.9	-44.3	-177.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	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	3.1	-16.4	2.1	-8.2	-10.6	-12.4	2.6	7.5	11.2	10.3	-0.8	4	0	D
E	18.0	9.6	12.1	-2.8	1.3	4.4	0.3	13.0	15.6	57.0	9.7	20	10	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	F
G	16.9	3.4	9.7	11.8	11.4	8.8	8.4	15.2	19.4	14.9	12.1	5	13	G
H	18.7	2.0	9.1	6.4	5.8	7.6	15.0	18.4	21.0	21.2	12.3	7	13	H
I	8.4	-11.8	-83.3	-257.4	0.0	0.0	0.0	0.0	0.0	0.0	-1300.4	0	0	I
J	30.3	3.1	7.4	6.4	4.6	-9.3	8.8	30.0	21.5	24.0	12.9	8	14	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	21.3	14.3	24.3	19.9	15.7	12.2	17.1	22.0	24.2	23.1	18.8	8	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	31.27	17.41	10.18	9.91	9.56	5.98	4.70	5.81	14.06	17.94	-5 %	1	1	A
B	63.96	31.52	17.91	10.30	6.67	4.75	5.65	4.65	5.48	4.55	-17	0	0	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	16.80	9.66	5.86	4.85	5.35	4.75	5.24	5.66	14.50	13.40	-8	1	1	D
E	38.16	20.41	25.36	14.74	9.37	8.03	4.80	29.51	45.36	118.66	+15	7	7	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	F
G	36.99	20.15	15.10	19.28	25.96	17.12	16.44	41.88	70.42	44.65	+4	3	3	G
H	43.59	23.57	17.01	12.87	15.14	23.71	85.02	111.47	142.38	142.79	+17	9	9	H
I	16.45	10.12	6.01	4.85	5.84	4.75	5.62	4.65	4.76	13.41	-8	1	1	I
J	80.40	35.48	18.89	21.27	16.55	9.88	32.89	132.25	188.84	329.12	+27	20	20	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	57.95	29.09	69.90	62.39	51.31	41.42	67.51	108.19	210.56	238.84	+23 %	15	15	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	B-	C-	C-	C-	C-	C-	C-	C-	C	B	Medium	14	14	A
B	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	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-	C+	A	A+	A-	Medium	18	18	D
E	B	C-	C-	C-	C-	C-	C-	C	C-	C	High	4	4	E
F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	F
G	B	C-	C+	B-	B-	B-	B	A	A	A-	Medium	18	18	G
H	A-	C	B-	B-	B	A	A+	A	A-	A	Medium	19	19	H
I	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	I
J	B	C	B-	C+	C	C-	C-	C	A	A+	Low	20	20	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	A-	B	B+	B+	B-	C+	B-	B+	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	68	62	78	78	69	82	81	68	84	78	77	16	15	A
B	68	73	61	63	66	71	60	63	59	54	59	11	12	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	59	56	60	65	69	69	60	65	62	65	64	13	13	D
E	68	94	82	94	92	100	100	100	100	100	100	20	20	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	67	62	65	61	64	66	63	64	64	63	64	13	13	G
H	73	68	65	71	68	70	61	63	63	69	65	14	13	H
I	60	85	90	65	72	84	78	67	70	72	70	14	14	I
J	76	73	96	100	100	82	82	96	97	100	98	20	20	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	69	63	70	78	79	78	77	75	76	76	76	15	15	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	92	33	39	42	36	25	26	29	46			
B	103	38	27	23	22	22	19	20	19	17	31	Subpar	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	39	22	29	21	23	22	31	57	68	64	38	Subpar	D
E	100	61	68	31	31	39	26	70	79	100	61	Subpar	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	98	39	58	67	68	60	60	93	108	92	74	Fair	G
H	110	43	65	57	58	76	108	111	112	115	86	Good	H
I	56	28	26	21	23	24	23	22	24	30	28	Subpar	I
J	109	52	67	65	50	26	63	100	119	120	77	Fair	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	113	89	112	112	97	84	102	113	115	116	105	Excellent	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	21,192	4,900	68,958	24,749	119,799
– Pairs Rejected	1,052	84	3,550	1,161	5,847
Net Y20 Production (after rejects)	20,140	4,816	65,408	23,588	113,952
Superior Materials Usage	36.9%	4.0%	47.3%	40.4%	42.3%
Capacity Utilization (branded + P-L prod.)	114.6%	114.0%	119.1%	119.6%	118.1%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 0.92	+ 0.49	7.41
Superior Materials	12.00	- 0.46	+ 0.97	12.51

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,181	2,956	2,834	2,871	10,842
– Pairs Cleared (inventory clearance)	461	635	665	353	2,114
Beginning Y20 Inventories	1,720	2,321	2,169	2,518	8,728
+ New Production (shipped from plants)	25,352	24,302	24,162	24,597	98,413
Pairs Available for Sale in Y20	27,072	26,623	26,331	27,115	107,141

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)	25,291	24,645	23,427	23,140	96,503
Actual Year 20 Demand	24,930	24,732	23,897	23,628	97,187
Branded Pairs Sold	24,632	24,266	23,613	23,613	96,124
Required Y20 Ending Inventories	2,283	2,222	2,226	2,128	8,859
Inventory Surplus (Shortfall)	-682	-757	-257	1,093	-603

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.9%
- Available for shipment to warehouses
- % usage up by 8.0 points over Y19
- % utilization up by 1.9 points over Y19

Lower than normal (42.3% industrywide) superior materials usage led to superior materials prices that were 3.9% below the base and standard materials prices that were 15.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 8.1% from the base.

- Average inventory clearance of 19.5%
- 10.2% higher than Y20 demand
- Actual demand in Year 20 was 0.7% greater than expected.
- Needed to achieve delivery times
- { Low in N.A. Low in E-A
Low in A-P Okay in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	25,927	26,964	28,043	29,165
(internet + wholesale) Europe-Africa	25,721	26,750	27,820	28,933
Asia-Pacific	25,331	26,851	28,462	30,170
Latin America	25,045	26,548	28,141	29,829
Total	102,024	107,113	112,466	118,097
Private-Label — North America	4,221	4,221	4,221	4,221
Europe-Africa	4,221	4,221	4,221	4,221
Asia-Pacific	4,203	4,203	4,203	4,203
Latin America	4,311	4,311	4,311	4,311
Total	16,956	16,956	16,956	16,956

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	11,017
Potential Production (at max OT)	121,680
Potential Global Supply	132,697
Demand — Branded Sales Forecast (000s)	102,024
Private-Label Sales Forecast	16,956
Expected Global Demand	118,980
Conclusion:	Currently, there is a good balance between supply and demand, given available capacity w/OT. However, growth-minded companies should consider construction of new capacity now to meet future demand.

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	7,500	3,500	0	0	-700	-700	0	0	6,800	2,800	9,600	0	A
B	3,000	0	4,000	0	0	0	0	0	3,000	0	4,000	0	7,000	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	1,500	0	3,000	4,000	0	0	0	0	1,500	0	3,000	4,000	8,500	0	D
E	0	0	11,000	5,100	0	0	0	0	0	0	11,000	5,100	16,100	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	5,800	2,300	0	0	-100	-200	0	0	5,700	2,100	7,800	0	G
H	0	0	5,400	2,700	0	0	0	0	0	0	5,400	2,700	8,100	0	H
I	2,000	0	6,000	0	0	0	0	0	2,000	0	6,000	0	8,000	0	I
J	12,000	4,300	4,000	4,000	0	0	0	0	12,000	4,300	4,000	4,000	24,300	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	L
Total	18,500	4,300	58,700	21,600	0	0	-800	-900	18,500	4,300	57,900	20,700	101,400	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	411,535	256,161	28,510	70,378	12,018	44,468	18,172	7,889	18,407	3,125	12,500	A
B	432,972	211,533	29,315	194,994	9,421	-12,291	118,416	0	-130,707	0	34,900	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	503,094	257,830	32,635	156,531	10,921	45,177	2,942	12,671	29,564	32,884	32,884	D
E	905,704	479,543	56,718	184,977	18,520	165,946	62,402	31,063	72,481	474	9,478	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	458,185	262,605	29,899	91,287	10,219	64,175	9,106	16,521	38,548	13,397	11,450	G
H	453,861	225,415	29,544	98,294	10,519	90,089	5,543	25,364	59,182	45,000	7,500	H
I	429,425	246,319	27,624	59,396	10,418	85,668	35,727	6,214	43,727	0	36,000	I
J	1,150,538	662,480	63,014	127,925	26,716	270,403	4,724	79,704	185,975	108	10,770	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	650,368	327,593	49,183	114,041	14,420	145,131	17,450	38,304	89,377	26,250	7,500	L
	599,520	325,498	38,494	121,980	13,686	99,863	30,498	24,192	45,173	13,471	18,109	

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	19,484	134,302	397,960	44,146	76,000	262,534	0	15,280	277,814	0.25	1 / 2	A
B	0	144,623	263,031	1,047,388	0	-653,670	0	-130,686	-784,357	0.00	0 / 1	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	8,503	146,023	375,076	36,652	52,500	289,240	0	-3,316	285,924	1.00	3 / 1	D
E	147,403	414,509	893,553	186,048	600,000	146,788	-111,291	72,008	107,505	0.05	4 / 3	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	5,723	149,275	369,082	41,806	75,200	263,677	-36,750	25,150	252,076	1.17	7 / 0	G
H	8,013	146,764	385,067	37,154	61,500	272,231	0	14,182	286,413	6.00	5 / 2	H
I	0	157,455	301,575	283,132	10,000	-35,282	0	43,725	8,443	0.00	0 / 1	I
J	0	342,714	941,763	83,952	180,000	871,086	-379,164	185,889	677,811	0.01	0 / 1	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	23,050	222,857	569,823	54,190	97,380	355,124	0	63,128	418,253	3.50	5 / 3	L
	23,575	206,502	499,659	201,607	128,064	196,859	-58,578	31,707	169,987	1.33	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	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	62.2 %	6.9 %	17.1 %	2.9 %	10.8 %	4.5 %	3.04	20	2.45	0.25	1.81	Medium	A
B	48.9	6.8	45.0	2.2	-2.8	###	0.14	63	-0.10	3.92	0.00	N/A	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	51.2	6.5	31.1	2.2	9.0	5.9	3.98	17	15.36	0.17	1.42	Medium	D
E	52.9	6.3	20.4	2.0	18.3	8.0	2.23	38	2.66	0.84	0.76	High	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	F
G	57.3	6.5	19.9	2.2	14.0	8.4	3.57	41	7.05	0.25	2.48	Medium	G
H	49.7	6.5	21.7	2.3	19.8	13.0	3.95	47	16.25	0.21	2.02	Medium	H
I	57.4	6.4	13.8	2.4	19.9	10.2	0.56	107	2.40	0.90	0.23	High	I
J	57.6	5.5	11.1	2.3	23.5	16.2	4.08	39	57.24	0.22	8.87	Low	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	50.4	7.6	17.5	2.2	22.3	13.7	4.11	42	8.32	0.21	4.01	Low	L
	54.3 %	6.4 %	20.3 %	2.3 %	16.7 %	7.5 %	1.02	46	12.40	0.77	2.40	Medium	

Bold = best in industry **Yellow** = 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		7.79	7.77	9.16	9.21	10.80	10.95
	Private-Label Footwear		6.81	6.14	7.91	7.41	9.60	9.22
Labor — North America	Total Compensation (\$/year)		21,417	21,388	26,018	27,274	32,825	35,628
	Productivity (pairs/worker/year)		4,066	3,923	5,264	5,388	6,777	7,025
	Labor Cost (\$/pair produced)		4.48	3.78	5.62	5.59	6.36	6.58
Europe Africa	Total Compensation (\$/year)		19,545	20,131	19,545	20,131	19,545	20,131
	Productivity (pairs/worker/year)		6,010	6,092	6,010	6,092	6,010	6,092
	Labor Cost (\$/pair produced)		3.81	3.87	3.81	3.87	3.81	3.87
Asia Pacific	Total Compensation (\$/year)		3,848	3,857	5,608	5,827	7,253	7,768
	Productivity (pairs/worker/year)		2,350	2,307	3,056	3,116	4,257	4,413
	Labor Cost (\$/pair produced)		1.46	1.49	1.89	1.91	2.53	2.54
Latin America	Total Compensation (\$/year)		3,509	4,170	5,236	5,484	6,520	6,638
	Productivity (pairs/worker/year)		2,408	2,369	2,772	2,786	3,221	3,272
	Labor Cost (\$/pair produced)		1.55	1.45	1.96	1.91	2.51	2.51
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	1.04	1.12	2.50	2.50
	Cumulative		0.58	0.57	1.20	1.20	2.37	2.39
Reject Rates	Branded Production		2.7%	2.7%	5.5%	5.5%	8.7%	8.9%
	Private-Label Production		1.4%	1.5%	2.1%	2.2%	3.5%	3.8%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.27	23.68	29.39	29.42	42.00	39.58
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		19.02	18.93	21.70	21.98	23.81	24.10
	L.A.		20.42	20.00	23.94	23.74	28.27	28.33
	Private-Label — N.A.		22.06	16.24	22.06	19.15	22.06	22.05
	E-A		23.65	17.33	23.65	17.33	23.65	17.33
	A-P		16.86	16.15	18.07	17.09	19.68	18.04
	L.A.		15.79	15.89	17.68	17.48	20.61	18.64

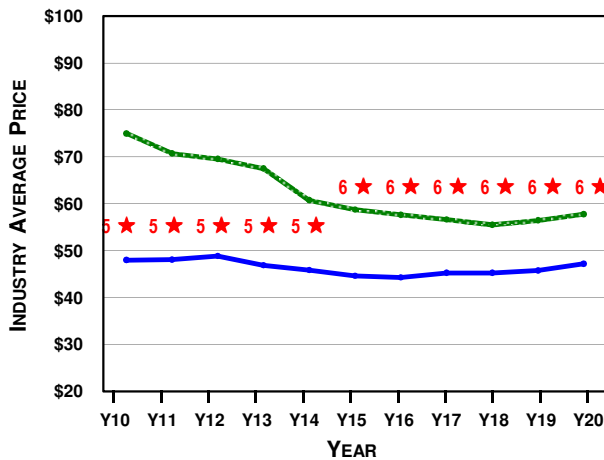
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.30	22.19	27.55	27.71	43.55	41.55
		E-A	25.86	26.38	28.61	29.67	30.63	33.37
		A-P	20.76	20.70	23.74	23.95	25.55	25.97
		L.A.	22.16	21.80	26.97	26.99	32.76	31.82
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.37	10.25	10.56	10.52	11.01	11.03
			1.94	1.72	2.29	2.23	2.94	2.88
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	8.84	6.72	14.62	14.22	26.39	24.36
			6.89	6.57	11.86	12.02	25.88	25.13
Administrative Expenses	(\$/pair sold)		1.05	1.05	1.29	1.31	1.66	1.90
Operating Profit (\$ per pair sold)	Internet	N.A.	-0.81	1.52	11.11	12.78	19.08	17.50
		E-A	-1.10	-1.55	11.64	9.95	16.24	14.69
		A-P	2.56	4.67	15.00	16.66	20.34	20.85
		L.A.	1.71	5.97	14.07	16.78	20.87	21.85
Wholesale		N.A.	-8.31	-7.52	1.90	3.06	8.36	9.32
		E-A	-1.96	-3.06	5.75	3.22	14.13	9.31
		A-P	2.23	2.58	6.64	7.30	12.72	12.38
		L.A.	2.96	5.97	9.84	10.80	17.30	17.86
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.04	20.39	22.27	21.82	23.81	23.80
		E-A	25.40	19.08	25.91	23.61	26.42	26.29
		A-P	18.61	17.90	19.82	18.84	21.43	19.79
		L.A.	17.54	17.64	20.79	20.53	24.86	26.13
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.	-4.93	0.97	4.53	9.85	18.46	18.50
		E-A	0.30	1.13	8.95	10.22	17.60	22.30
		A-P	-0.02	0.99	4.11	5.79	14.29	14.71
		L.A.	-5.57	1.11	4.99	8.87	25.19	24.65

CELEBRITY ENDORSEMENTS

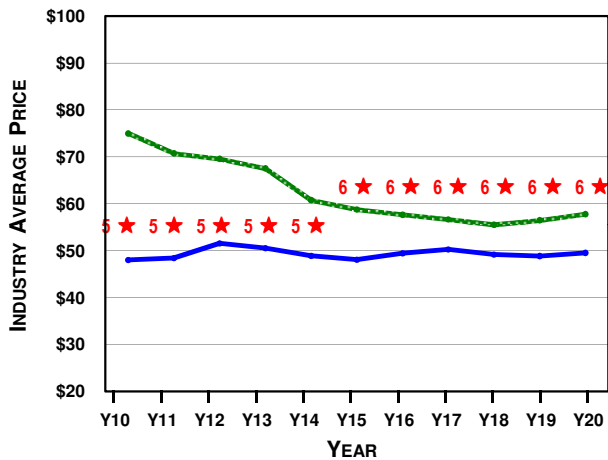
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	20,111	Y19	2 years	6	20,111	20,000	15,575	3,333
Oprah Letterman	100	70	65	75	Company D	1,111	Y20	3 years	1	1,111	0	1,111	1,111
Fifa Beckham	70	100	70	55	Company I	19,999	Y16	5 years	7	19,999	19,111	14,032	4,100
Tiger Green	95	80	85	75	Company D	1,111	Y20	2 years	1	1,111	0	1,111	1,111
José Montaña	60	50	60	95	Company E	24,001	Y18	3 years	5	24,001	18,131	15,338	5,555
Kobioshi Jones	55	60	95	90	Company D	1,111	Y20	4 years	1	1,111	0	1,111	1,111
Ace Federar	50	90	50	85	Company B	26,000	Y20	1 year	2	26,000	1,111	13,556	1,111
Danica Andretti	70	65	55	60	Company B	22,000	Y19	3 years	6	22,000	21,111	15,612	2,555
LaBron Game	75	80	95	50	Company H	20,002	Y17	4 years	5	20,002	18,181	14,057	5,101
Lorena Lopez	45	85	60	100	Company B	30,000	Y19	2 years	7	30,000	27,111	18,113	3,666
Lance deFrance	80	85	75	70	Company D	1,111	Y20	3 years	1	1,111	0	1,111	1,111
Yao KungPao	60	35	100	50	Company E	24,001	Y18	4 years	5	24,001	14,999	13,578	7,777

BRANDED PRICE AND S/Q RATING TRENDS

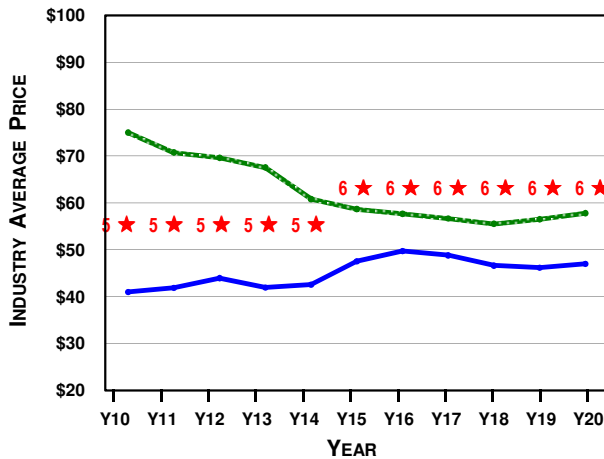
NORTH AMERICA



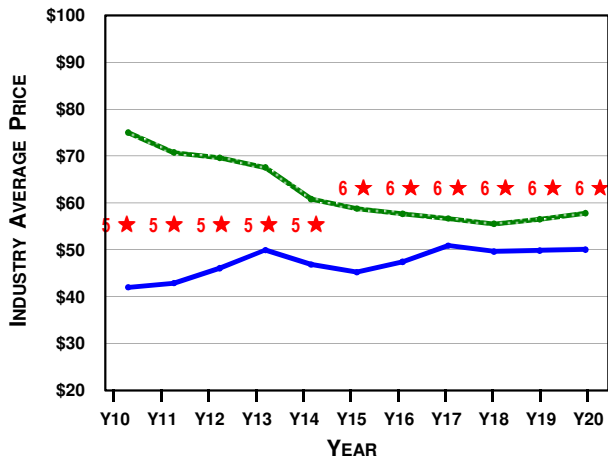
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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