

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 2

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
Advantage Inc.	119	0
E Company	117	+1
Jean-Louis Malouin	117	+3
Leverage Inc.	117	+5
B-Label	116	+2
Comeback kids	116	+5
GRASP	105	-8
Kool Cigarettes	94	+11
IWalk Inc.	69	-6
FUTURE FOOTWEAR	18	+1
D (deleted)	0	0
H (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
E Company	112	+1
B-Label	104	+1
Jean-Louis Malouin	102	+2
Advantage Inc.	101	+2
Leverage Inc.	98	+3
GRASP	96	+1
Comeback kids	91	+2
Kool Cigarettes	62	+4
IWalk Inc.	49	+2
FUTURE FOOTWEAR	26	-1
D (deleted)	0	0
H (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
Jean-Louis Malouin	89	0
B-Label	87	+10
E Company	84	-5
Comeback kids	71	+4
GRASP	71	-11
Advantage Inc.	71	-20
Leverage Inc.	70	+1
Kool Cigarettes	48	-1
IWalk Inc.	40	-7
FUTURE FOOTWEAR	11	0
D (deleted)	0	0
H (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Jean-Louis Malouin	93	-1
B-Label	90	+4
E Company	87	-7
Advantage Inc.	74	-11
GRASP	74	-7
Leverage Inc.	69	+1
Comeback kids	68	+1
Kool Cigarettes	45	-1
IWalk Inc.	33	-4
FUTURE FOOTWEAR	11	0
D (deleted)	0	0
H (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	3.63	0.03	2.56	2.99	4.99	3.19	4.96	7.53	8.81	8.03	4.51	11	12	A
B	4.44	3.34	5.89	8.70	9.60	4.95	9.61	6.80	8.72	14.85	7.57	20	19	B
C	2.80	0.32	2.81	5.32	5.38	3.00	2.30	5.13	7.31	10.67	4.51	14	12	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	D
E	6.18	3.72	4.31	7.11	8.58	5.55	6.47	6.82	9.98	12.34	7.10	16	18	E
F	2.05	-3.67	-1.00	-0.29	-1.85	-4.54	-2.21	-2.02	-1.80	-0.66	-1.62	0	0	F
G	1.89	1.60	6.79	6.76	6.03	5.60	5.28	7.70	8.84	10.47	6.06	14	16	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	2.84	0.18	1.76	-2.27	-0.09	-1.67	-1.29	0.74	1.72	1.70	0.43	2	1	I
J	4.87	1.52	9.28	8.27	9.70	5.65	5.85	10.29	11.89	15.02	7.78	20	20	J
K	0.71	-0.42	0.86	2.13	1.97	0.59	1.49	2.51	2.72	3.70	1.60	5	4	K
L	2.93	1.01	3.21	3.85	4.96	3.52	2.76	5.03	7.26	9.27	4.18	12	11	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	21.3	0.2	16.1	15.7	23.3	13.5	18.9	24.5	24.5	20.4	18.0	12	15	A
B	25.9	19.6	31.8	38.4	36.7	14.9	24.1	14.5	16.3	24.9	21.7	15	18	B
C	17.7	1.9	15.5	23.9	19.5	9.3	6.1	12.3	15.6	19.1	13.2	11	11	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	D
E	38.0	27.1	26.9	36.0	32.8	17.5	17.9	17.4	23.8	27.6	23.8	17	19	E
F	13.1	-25.5	-9.2	-2.6	-18.3	-66.1	-63.0	-146.3	0.0	0.0	-26.5	0	0	F
G	12.4	12.9	42.3	30.8	22.5	19.2	18.2	26.2	28.4	33.3	24.6	20	20	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	17.1	1.0	10.4	-12.5	-0.5	-10.4	-8.8	6.9	13.6	12.7	2.8	8	2	I
J	30.1	8.4	29.3	43.2	34.5	14.2	10.7	17.6	17.1	18.7	18.1	11	15	J
K	4.5	-2.7	5.5	12.5	10.4	2.9	7.1	11.0	10.7	12.8	7.8	8	6	K
L	17.6	5.4	15.3	15.9	17.3	10.7	7.4	12.1	15.7	17.4	12.9	10	10	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	59.91	29.45	25.22	29.19	75.10	39.33	80.28	139.83	189.79	140.64	+17 %	9	9	A
B	78.26	40.66	91.38	144.36	168.50	67.97	128.42	77.21	139.83	280.25	+25	18	18	B
C	40.14	21.05	29.95	80.59	75.92	34.49	24.97	63.61	102.85	160.40	+18	10	10	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	D
E	120.97	52.47	59.65	107.05	167.34	83.49	89.01	99.08	205.08	260.05	+24	16	16	E
F	21.62	13.00	8.09	5.73	4.80	5.57	4.70	5.57	4.60	5.45	-16	0	0	F
G	16.48	15.70	74.60	135.25	100.28	72.29	62.79	115.98	142.07	167.61	+19	11	11	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	35.07	19.54	17.81	11.13	6.98	4.89	5.05	6.58	20.42	22.61	-3	1	1	I
J	82.88	37.07	139.75	132.76	165.58	67.22	58.58	126.65	202.83	316.06	+27	20	20	J
K	16.84	10.25	6.57	25.71	23.89	13.66	14.66	32.70	40.10	49.65	+5	3	3	K
L	37.28	20.11	35.36	46.17	74.84	39.49	27.53	57.51	92.72	148.90	+17 %	9	9	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	A-	C-	B-	B	B+	B	A-	A	A+	A	Medium	19	19	A
B	B+	C	C+	C+	C+	C	B	B	A	A+	Low	20	20	B
C	B-	C-	C+	B	B	B-	B	A-	A	A+	Low	20	20	C
D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	D
E	B+	B-	B	A-	A	A-	A	A	A+	A+	Low	20	20	E
F	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	F
G	C	C-	B-	B	B-	B-	C+	B	B+	B+	High	14	14	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	B+	C	B	C-	C-	C-	C-	C	B+	B	High	14	14	I
J	B	C	C+	C	C+	C+	B-	A-	A	A+	Low	20	20	J
K	C	C-	C	B+	B+	C+	B+	A+	A+	A+	Low	20	20	K
L	B+	C	B	B+	B+	B+	B	A-	B+	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 (70)	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	80	68	81	96	83	86	88	92	94	100	95	20	19	A
B	70	72	74	80	79	79	75	70	85	72	76	14	15	B
C	71	75	75	77	76	85	87	75	70	78	74	16	15	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	72	70	62	66	67	74	73	64	71	75	70	15	14	E
F	68	69	70	64	62	55	55	54	54	57	55	11	11	F
G	58	75	73	73	76	63	62	63	75	60	66	12	13	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	66	71	77	74	74	67	75	76	74	73	74	15	15	I
J	69	78	82	90	84	93	89	92	84	92	89	18	18	J
K	67	71	58	69	61	53	58	58	57	58	58	12	12	K
L	83	67	78	75	81	90	88	100	96	100	99	20	20	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	115	36	86	93	114	91	115	118	119			
B	112	91	101	101	101	93	109	103	114	116	104	Excellent	B
C	97	38	83	109	108	78	69	105	111	116	91	Very Good	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	112	103	106	113	114	113	113	111	116	117	112	Superior	E
F	77	28	24	21	20	19	18	17	17	18	26	Subpar	F
G	62	58	104	108	105	101	96	106	113	105	96	Very Good	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	102	37	73	27	24	21	23	41	75	69	49	Subpar	I
J	108	68	102	99	102	98	96	115	114	117	102	Excellent	J
K	45	26	38	83	73	36	60	81	83	94	62	Subpar	K
L	107	49	97	106	112	94	75	106	112	117	98	Very 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	27,240	2,055	68,065	18,960	116,320
– Pairs Rejected	1,660	107	4,181	1,467	7,415
Net Y20 Production (after rejects)	25,580	1,948	63,884	17,493	108,905
Superior Materials Usage	32.8%	6.0%	48.3%	23.4%	39.9%
Capacity Utilization (branded + P-L prod.)	120.0%	73.4%	114.8%	120.0%	115.6%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.21	+ 0.34	7.55
Superior Materials	12.00	– 0.61	+ 0.67	12.06

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,740	3,860	2,504	3,168	12,272
– Pairs Cleared (inventory clearance)	0	94	0	0	94
Beginning Y20 Inventories	2,740	3,766	2,504	3,168	12,178
+ New Production (shipped from plants)	24,343	22,119	22,740	23,645	92,847
Pairs Available for Sale in Y20	27,083	25,885	25,244	26,813	105,025

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)	25,262	24,981	23,309	23,025	96,577
Actual Year 20 Demand	25,090	25,250	23,806	23,012	97,158
Branded Pairs Sold	24,686	23,491	22,870	22,986	94,033
Required Y20 Ending Inventories	2,397	2,394	2,374	2,145	9,310
Inventory Surplus (Shortfall)	-1,110	-1,841	-1,248	1,440	-2,759

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 6.4%
- Available for shipment to warehouses
- % usage up by 2.1 points over Y19
- % utilization up by 0.7 points over Y19

Lower than normal (39.9% industrywide) superior materials usage led to superior materials prices that were 5.1% below the base and standard materials prices that were 20.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.6% from the base.

- Average inventory clearance of 0.8%
- 8.1% higher than Y20 demand
- Actual demand in Year 20 was 0.6% 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	26,094	27,138	28,224	29,353
(internet + wholesale) Europe-Africa	26,260	27,310	28,402	29,538
Asia-Pacific	25,234	26,748	28,353	30,054
Latin America	24,393	25,857	27,408	29,052
Total	101,981	107,053	112,387	117,997
Private-Label — North America	4,700	4,700	4,700	4,700
Europe-Africa	4,750	4,750	4,750	4,750
Asia-Pacific	4,670	4,670	4,670	4,670
Latin America	4,670	4,670	4,670	4,670
Total	18,790	18,790	18,790	18,790

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory	10,992
(000s) Potential Production (at max OT)	123,120
Potential Global Supply	134,112
Demand — Branded Sales Forecast	101,981
(000s) Private-Label Sales Forecast	18,790
Expected Global Demand	120,771
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	6,000	0	4,000	0	0	0	0	0	6,000	0	4,000	0	10,000	2,000	A
B	4,000	2,800	5,000	0	0	0	0	0	4,000	2,800	5,000	0	11,800	0	B
C	5,400	0	4,800	3,000	0	0	0	0	5,400	0	4,800	3,000	13,200	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	4,500	0	6,000	0	0	0	0	0	4,500	0	6,000	0	10,500	0	E
F	1,800	0	3,600	0	0	0	0	0	1,800	0	3,600	0	5,400	0	F
G	0	0	4,600	4,600	0	0	0	0	0	0	4,600	4,600	9,200	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	6,700	0	0	0	0	0	0	0	6,700	0	6,700	0	I
J	1,000	0	9,000	6,000	0	0	0	0	1,000	0	9,000	6,000	16,000	0	J
K	0	0	4,600	2,200	0	0	0	0	0	0	4,600	2,200	6,800	0	K
L	0	0	11,000	0	0	0	0	0	0	0	11,000	0	11,000	0	L
Total	22,700	2,800	59,300	15,800	0	0	0	0	22,700	2,800	59,300	15,800	100,600	2,000	

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	501,041	320,186	25,764	52,828	12,418	89,845	3,830	25,805	60,210	45,000	7,500	A
B	622,933	299,595	38,694	105,577	14,220	164,847	5,730	47,735	111,382	75,000	7,500	B
C	679,845	343,541	40,046	116,914	15,620	163,724	3,748	47,993	111,983	0	10,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	575,395	267,932	44,471	113,579	12,918	136,495	4,288	39,662	92,545	76,875	7,500	E
F	244,454	171,961	18,679	35,510	7,818	10,486	18,382	0	-7,896	0	12,000	F
G	383,727	195,588	27,825	25,484	11,620	123,210	11,080	33,639	78,491	90,450	7,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	433,073	223,339	37,134	118,657	9,119	44,824	3,646	12,353	28,825	34,000	17,000	I
J	890,155	404,814	47,272	246,745	18,420	172,904	12,024	48,264	112,616	38,250	7,500	J
K	377,197	186,648	26,813	107,379	9,219	47,138	180	14,087	32,871	622	8,880	K
L	692,447	372,060	41,431	157,416	13,420	108,120	8,834	29,786	69,500	0	7,500	L
	540,027	278,566	34,813	108,009	12,479	106,159	7,174	29,932	69,053	36,020	9,338	

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	14,022	163,936	453,023	41,856	108,400	287,558	0	15,210	302,767	6.00	4 / 1	A
B	34,125	210,421	490,097	23,836	0	429,877	0	36,384	466,261	10.00	5 / 1	B
C	154,516	383,024	708,841	45,326	20,000	531,528	0	111,987	643,515	0.00	4 / 3	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	11,642	179,261	415,101	26,888	44,550	327,992	0	15,671	343,663	10.25	10 / 0	E
F	0	68,233	145,452	168,033	2,500	-17,185	0	-7,896	-25,081	0.00	0 / 1	F
G	0	112,160	385,548	46,616	109,320	241,568	0	-11,956	229,612	12.06	9 / 1	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	0	133,160	278,506	42,734	14,884	234,424	-8,360	-5,176	220,888	2.00	1 / 1	I
J	8,465	274,766	764,591	68,462	57,000	564,764	0	74,364	639,129	5.10	6 / 4	J
K	0	106,824	275,918	22,697	0	260,716	-39,744	32,249	253,221	0.07	4 / 4	K
L	12,676	231,576	542,836	62,071	47,000	364,289	0	69,476	433,765	0.00	0 / 1	L
	23,545	186,336	445,991	54,852	40,365	322,553	-4,810	33,031	350,774	4.55	4 / 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	63.9 %	5.1 %	10.5 %	2.5 %	17.9 %	12.0 %	3.92	37	23.46	0.27	2.52	Medium	A
B	48.1	6.2	16.9	2.3	26.5	17.9	8.83	30	28.77	0.00	10.00	Low	B
C	50.5	5.9	17.2	2.3	24.1	16.5	8.45	77	43.68	0.06	7.16	Low	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	D
E	46.6	7.7	19.7	2.2	23.7	16.1	6.67	38	31.83	0.12	8.20	Low	E
F	70.3	7.6	14.5	3.2	4.3	-3.2	0.41	22	0.57	1.07	0.03	High	F
G	51.0	7.3	6.6	3.0	32.1	20.5	2.41	38	11.12	0.36	0.43	High	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	51.6	8.6	27.4	2.1	10.4	6.7	3.12	43	12.29	0.13	0.49	High	I
J	45.5	5.3	27.7	2.1	19.4	12.7	4.01	42	14.38	0.11	3.89	Low	J
K	49.5	7.1	28.5	2.4	12.5	8.7	4.71	25	261.88	0.01	13.73	Low	K
L	53.7	6.0	22.7	1.9	15.6	10.0	3.73	46	12.24	0.14	3.30	Low	L
	51.6 %	6.4 %	20.0 %	2.3 %	19.7 %	12.8 %	3.40	40	44.02	0.23	4.98	Low	

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		6.91	6.72	9.24	9.30	12.42	12.58
	Private-Label Footwear		6.99	6.63	8.37	8.23	10.76	10.56
Labor — North America	Total Compensation (\$/year)		17,179	17,090	22,046	21,295	28,838	29,349
	Productivity (pairs/worker/year)		3,997	3,804	5,395	5,197	6,477	6,560
	Labor Cost (\$/pair produced)		3.74	3.61	4.42	4.21	4.96	4.76
Europe Africa	Total Compensation (\$/year)		15,000	15,000	15,000	15,000	15,000	15,000
	Productivity (pairs/worker/year)		5,630	5,712	5,630	5,712	5,630	5,712
	Labor Cost (\$/pair produced)		3.44	3.17	3.44	3.17	3.44	3.17
Asia Pacific	Total Compensation (\$/year)		3,511	3,087	4,768	4,661	6,921	7,117
	Productivity (pairs/worker/year)		2,368	2,315	2,801	2,772	3,471	3,580
	Labor Cost (\$/pair produced)		1.42	1.34	1.78	1.73	2.38	2.30
Latin America	Total Compensation (\$/year)		3,592	3,032	4,425	4,315	4,895	4,957
	Productivity (pairs/worker/year)		2,541	2,319	2,776	2,744	2,955	3,008
	Labor Cost (\$/pair produced)		1.43	1.43	1.65	1.65	1.80	1.83
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	1.13	0.97	2.20	2.20
	Cumulative		0.36	0.31	1.24	1.21	2.11	2.11
Reject Rates	Branded Production		3.0%	3.0%	6.6%	6.9%	9.8%	10.9%
	Private-Label Production		1.5%	1.3%	3.1%	3.6%	5.0%	6.1%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.60	21.17	26.06	24.27	31.00	28.01
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		17.54	17.78	22.32	22.38	26.31	26.90
	L.A.		18.60	18.48	20.45	19.74	23.48	21.96
	Private-Label — N.A.		19.20	16.67	20.62	20.08	22.24	29.37
	E-A		18.20	21.52	18.20	21.52	18.20	21.52
	A-P		16.04	15.63	20.98	18.21	28.52	20.64
	L.A.		16.36	16.41	16.83	16.85	17.29	17.29

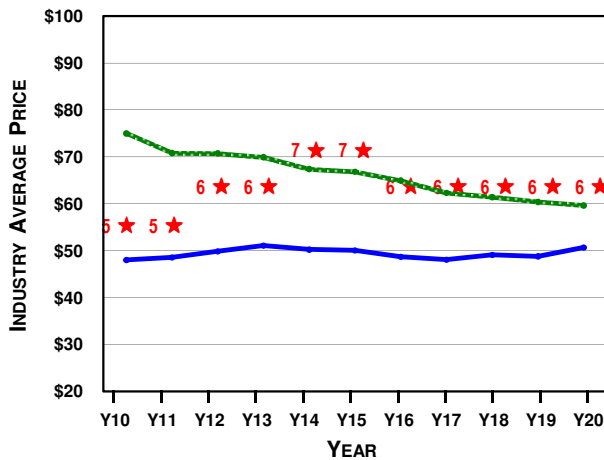
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.26	23.04	26.42	25.76	32.77	29.93
		E-A	24.48	25.05	29.30	29.89	34.10	33.93
		A-P	19.36	19.52	23.97	24.11	28.01	28.50
		L.A.	21.45	20.96	27.38	26.40	34.52	33.94
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.31	10.30	10.61	10.57	11.18	11.07
			1.87	1.85	2.38	2.35	3.17	3.06
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	7.73	7.34	14.17	14.82	19.58	24.18
			2.40	3.37	10.59	10.50	17.67	16.50
Administrative Expenses	(\$/pair sold)		1.06	1.09	1.38	1.41	2.10	1.97
Operating Profit (\$ per pair sold)	Internet	N.A.	0.39	1.77	15.06	14.27	25.65	25.99
		E-A	3.21	3.59	15.02	10.55	24.64	21.44
		A-P	5.25	6.72	17.83	16.58	28.44	27.59
		L.A.	5.97	8.77	17.31	17.75	29.29	31.14
Wholesale		N.A.	-3.15	0.18	6.53	9.31	15.09	17.90
		E-A	0.42	0.95	6.41	6.01	12.09	9.70
		A-P	-0.82	2.55	6.23	7.74	11.43	14.16
		L.A.	-0.39	2.98	8.83	11.53	16.08	17.59
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.30	18.87	21.99	22.21	26.63	31.12
		E-A	19.96	23.27	22.50	24.62	24.67	25.37
		A-P	17.79	17.38	22.13	19.89	30.27	22.39
		L.A.	18.11	18.16	21.50	20.14	25.05	22.73
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.	-3.38	-7.12	3.79	7.09	9.93	18.78
		E-A	-1.23	4.92	2.32	9.77	7.25	14.21
		A-P	-0.35	-0.10	3.09	3.24	5.66	7.41
		L.A.	1.66	2.94	6.19	11.88	14.35	22.56

CELEBRITY ENDORSEMENTS

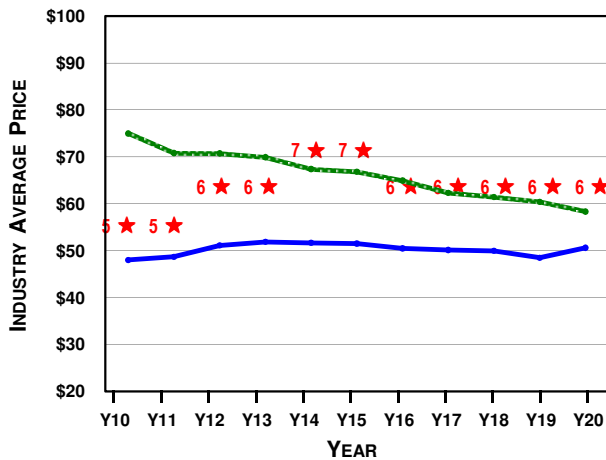
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	14,404	Y19	2 years	6	14,404	10,011	8,881	2,001
Oprah Letterman	100	70	65	75	Company A	10,705	Y20	3 years	5	10,705	5,000	3,830	555
Fifa Beckham	70	100	70	55	Company I	20,000	Y16	5 years	7	20,000	15,502	11,695	2,046
Tiger Green	95	80	85	75	Company A	10,505	Y20	2 years	5	10,505	5,000	4,190	555
José Montaña	60	50	60	95	Company J	9,432	Y18	3 years	4	9,432	7,800	7,271	5,750
Kobioshi Jones	55	60	95	90	Company I	5,000	Y20	4 years	5	10,105	5,000	3,710	555
Ace Federar	50	90	50	85	Company I	5,000	Y20	1 year	5	10,205	5,000	3,730	555
Danica Andretti	70	65	55	60	Company J	10,278	Y19	3 years	5	10,278	9,769	7,887	2,001
LaBron Game	75	80	95	50	Company I	13,000	Y17	4 years	6	13,502	13,000	9,791	6,500
Lorena Lopez	45	85	60	100	Company J	14,404	Y19	2 years	5	14,404	10,011	9,033	2,001
Lance deFrance	80	85	75	70	Company I	5,000	Y20	3 years	5	10,305	5,000	4,150	555
Yao KungPao	60	35	100	50	Company J	9,432	Y18	4 years	4	9,432	8,600	7,852	5,575

BRANDED PRICE AND S/Q RATING TRENDS

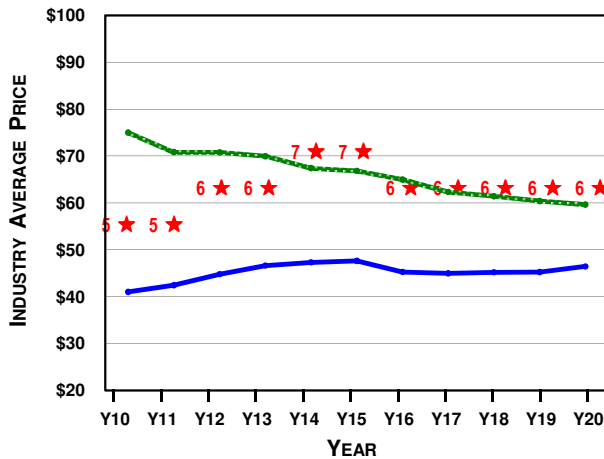
NORTH AMERICA



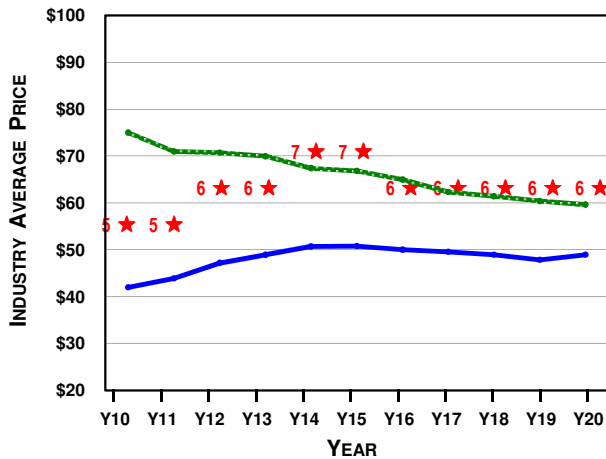
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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