

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 9

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
GORDON Shoes	120	+1
HGreenEarth Footwear	118	+24
B ene	116	0
Limitless	114	+12
J And J Footwear	111	+1
Champion	104	-10
Federal	102	-2
DON	83	-22
Apple	76	-39
E (deleted)	0	0
I (deleted)	0	0
K (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
GORDON Shoes	116	+1
B ene	98	+2
J And J Footwear	94	+1
Apple	93	-2
Federal	88	+2
HGreenEarth Footwear	84	+4
DON	80	0
Champion	72	+4
Limitless	71	+5
E (deleted)	0	0
I (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
HGreenEarth Footwear	90	+40
GORDON Shoes	85	-9
B ene	67	-18
Limitless	62	+5
J And J Footwear	62	-20
Champion	47	-15
Federal	46	-9
DON	42	-14
Apple	39	-43
E (deleted)	0	0
I (deleted)	0	0
K (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
GORDON Shoes	99	+1
B ene	82	-3
HGreenEarth Footwear	77	+31
J And J Footwear	68	-4
Apple	53	-17
Limitless	52	+6
Federal	51	+2
DON	51	-3
Champion	50	-3
E (deleted)	0	0
I (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	1.76	2.92	3.32	6.48	4.09	1.36	1.80	10.69	12.78	2.12	4.06	2	8	A
B	3.20	-2.75	5.06	5.29	7.07	6.05	8.63	10.67	12.43	12.50	6.71	10	14	B
C	2.03	0.74	-1.25	0.52	1.87	1.08	2.41	4.27	5.47	4.39	2.15	4	4	C
D	1.73	-1.65	1.38	1.70	1.92	2.99	2.79	3.52	4.14	3.06	2.16	2	5	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	1.96	0.51	1.93	2.73	1.24	3.09	3.58	6.40	5.93	5.17	2.80	4	6	F
G	5.05	3.67	5.68	7.92	10.13	8.19	11.01	15.89	13.89	16.84	9.60	14	20	G
H	2.21	1.74	4.51	3.09	4.19	1.71	4.26	5.48	7.42	24.75	5.55	20	12	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	1.35	1.57	2.27	3.76	5.49	2.61	3.90	8.43	11.45	9.85	4.74	8	10	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	3.49	-1.93	-0.91	-0.05	0.64	2.20	2.16	3.25	3.60	5.07	1.67	4	3	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	11.1	13.4	19.5	30.2	13.0	3.4	3.9	13.0	16.3	2.8	9.2	1	8	A
B	20.2	-24.1	40.3	29.9	29.7	21.9	28.4	27.0	24.9	21.1	22.0	10	20	B
C	12.5	4.2	-7.2	3.0	10.3	5.6	11.3	17.2	18.8	14.0	9.8	6	9	C
D	11.1	-11.4	10.1	11.2	11.4	15.7	12.9	14.3	14.7	9.7	10.3	4	9	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	13.0	3.0	10.0	12.4	5.2	10.2	12.6	20.4	18.4	14.3	11.3	7	10	F
G	29.1	17.9	22.1	29.6	28.2	19.5	22.1	26.8	21.0	23.9	22.3	11	20	G
H	13.6	9.8	25.5	14.4	12.6	4.8	11.0	15.7	18.1	43.8	16.7	20	15	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	8.8	9.6	13.1	18.7	23.1	9.7	12.9	23.5	30.9	25.6	18.2	12	16	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	20.7	-11.1	-5.9	-0.3	4.1	14.3	14.5	23.1	25.4	34.9	11.0	16	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	18.76	32.88	39.48	123.53	50.20	25.30	18.21	86.75	199.57	79.97	+10 %	5	5	A
B	41.59	22.32	76.80	93.51	124.53	76.25	121.13	154.90	218.31	212.51	+22	12	12	B
C	21.42	12.40	7.57	4.94	22.03	12.73	30.18	62.82	101.78	64.65	+8	4	4	C
D	16.49	10.04	10.71	16.74	24.27	43.85	36.87	45.71	51.40	33.90	+1	2	2	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	22.37	12.92	19.55	32.90	18.74	41.14	39.71	99.81	89.48	69.37	+9	4	4	F
G	98.68	46.36	85.48	127.67	192.52	139.93	203.77	342.62	285.02	345.52	+28	20	20	G
H	22.21	17.47	67.74	38.94	57.43	28.74	49.72	63.76	97.17	204.57	+21	12	12	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	17.00	14.49	21.63	60.22	110.58	44.30	40.14	123.06	229.21	187.56	+20	11	11	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	51.45	25.74	14.66	8.62	5.87	30.82	36.59	63.87	50.80	101.83	+13 %	6	6	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	B	B-	B+	A	A+	A+	A+	A	B	Medium	14	14	A
B	B-	C-	C-	C	C+	C	C+	B	A-	A-	Medium	18	18	B
C	A-	C+	C-	C+	B	C+	B+	A	A+	A-	Medium	18	18	C
D	B-	C-	B	A-	A	A+	A+	A+	A+	A+	Low	20	20	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+	B+	A-	B+	A-	B+	B+	B-	B	Medium	14	14	F
G	A	B+	B+	A-	A	A-	A	A+	A+	A+	Low	20	20	G
H	B-	C-	C-	C-	C	C-	C-	C-	C-	A-	Low	18	18	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	B-	B	B-	A	A	B+	B+	A	B+	B+	Medium	17	17	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-	C-	C-	C-	A	B+	A	A	A	A	Medium	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	74	71	78	75	62	77	76	91	93	83	89	17	18	A
B	65	78	87	95	100	89	88	89	87	86	87	17	18	B
C	70	69	66	74	69	68	72	71	70	75	72	15	15	C
D	71	82	74	75	77	77	78	77	76	68	74	14	15	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	74	82	86	96	100	81	71	77	81	86	81	17	17	F
G	75	62	80	78	83	87	86	84	94	99	92	20	19	G
H	72	85	95	87	100	100	100	100	95	100	98	20	20	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	59	62	70	70	63	64	68	81	62	68	70	14	14	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	73	54	47	47	49	53	54	57	62	84	68	17	14	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	84	93	98	113	102	68	67	112	115			
B	99	34	94	100	104	99	103	111	116	116	98	Very Good	B
C	87	46	23	39	71	46	81	108	114	104	72	Fair	C
D	70	28	65	77	82	101	93	100	105	83	80	Good	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	83	46	79	97	67	94	93	113	104	102	88	Good	F
G	116	107	113	115	117	115	117	118	119	120	116	Superior	G
H	81	57	96	80	91	52	81	91	94	118	84	Good	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	62	66	76	111	113	85	93	117	110	111	94	Very Good	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	113	30	21	17	49	80	84	102	102	114	71	Fair	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	28,861	4,680	62,400	24,118	120,059
– Pairs Rejected	1,051	136	3,049	1,584	5,820
Net Y20 Production (after rejects)	27,810	4,544	59,351	22,534	114,239
Superior Materials Usage	44.3%	64.9%	51.8%	63.9%	52.9%
Capacity Utilization (branded + P-L prod.)	112.3%	65.0%	120.0%	104.9%	111.3%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	- 0.09	+ 0.08	5.99
Superior Materials	12.00	+ 0.70	+ 0.16	12.86

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	3,803	5,076	1,998	4,146	15,023
– Pairs Cleared (inventory clearance)	1,014	759	558	795	3,126
Beginning Y20 Inventories	2,789	4,317	1,440	3,351	11,897
+ New Production (shipped from plants)	24,161	24,112	26,346	24,363	98,982
Pairs Available for Sale in Y20	26,950	28,429	27,786	27,714	110,879

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)	24,748	25,122	24,203	22,999	97,072
Actual Year 20 Demand	25,011	25,272	24,495	23,692	98,470
Branded Pairs Sold	24,749	25,266	24,495	23,692	98,202
Required Y20 Ending Inventories	2,039	2,061	2,020	2,043	8,163
Inventory Surplus (Shortfall)	-315	998	1,035	1,979	3,697

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage up by 21.6 points over Y19
- % utilization down by 4.1 points from Y19

Higher than normal (52.9% industrywide) superior materials usage led to superior materials prices that were 5.8% above the base and standard materials prices that were 1.5% below the base. Industrywide capacity utilization above 110% resulted in materials price increases of 1.3% from the base.

- Average inventory clearance of 20.8%
- 12.6% higher than Y20 demand

Actual demand in Year 20 was 1.4% greater than expected due to decreases in industry average prices.

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

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded (internet + wholesale)				
North America	26,011	27,051	28,133	29,258
Europe-Africa	26,283	27,334	28,427	29,564
Asia-Pacific	25,965	27,523	29,174	30,924
Latin America	25,114	26,621	28,218	29,911
Total	103,373	108,529	113,952	119,657
Private-Label				
North America	4,230	4,230	4,230	4,230
Europe-Africa	4,230	4,230	4,230	4,230
Asia-Pacific	4,284	4,284	4,284	4,284
Latin America	4,248	4,248	4,248	4,248
Total	16,992	16,992	16,992	16,992

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	12,677
Potential Production (at max OT)	129,480
Potential Global Supply	142,157
Demand — Branded Sales Forecast (000s)	103,373
Private-Label Sales Forecast	16,992
Expected Global Demand	120,365
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	3,500	3,300	7,700	3,000	0	0	0	0	3,500	3,300	7,700	3,000	17,500	0	A
B	0	0	9,000	4,500	0	0	0	0	0	0	9,000	4,500	13,500	0	B
C	0	0	5,200	3,400	0	0	0	0	0	0	5,200	3,400	8,600	0	C
D	2,000	0	1,100	0	0	0	0	0	2,000	0	1,100	0	3,100	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	7,800	2,500	4,000	0	0	0	0	0	7,800	2,500	4,000	0	14,300	0	F
G	0	0	6,800	6,800	0	0	0	0	0	0	6,800	6,800	13,600	0	G
H	10,000	0	11,000	3,100	0	0	0	0	10,000	0	11,000	3,100	24,100	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	6,100	2,200	0	0	0	0	0	0	6,100	2,200	8,300	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	2,400	1,400	1,100	0	0	0	0	0	2,400	1,400	1,100	0	4,900	0	L
Total	25,700	7,200	52,000	23,000	0	0	0	0	25,700	7,200	52,000	23,000	107,900	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	646,260	387,378	38,470	151,736	30,416	38,260	15,561	6,810	15,889	7,500	7,500	A
B	672,572	357,530	42,187	106,203	15,918	150,734	16,789	40,184	93,761	37,500	7,500	B
C	530,502	281,627	32,448	139,424	11,018	65,985	5,201	18,235	42,549	19,400	9,700	C
D	192,269	99,169	13,470	33,282	5,519	40,829	-2,887	13,115	30,601	3,000	10,000	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	740,341	412,710	49,141	180,522	16,720	81,248	22,458	17,637	41,153	15,920	7,960	F
G	767,005	366,742	54,098	143,147	16,018	187,000	6,568	54,130	126,302	90,000	7,500	G
H	1,263,101	641,832	62,750	185,355	26,519	346,645	65,555	84,327	196,763	7,950	7,950	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	546,112	216,360	43,934	161,390	10,719	113,709	8,214	31,649	73,846	63,750	7,500	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	284,194	161,865	19,646	27,427	7,321	67,935	5,376	18,768	43,791	26,784	8,640	L
	626,928	325,024	39,572	125,387	15,574	121,372	15,871	31,651	73,851	30,200	8,250	

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	31,379	243,757	768,262	45,243	154,000	568,881	0	138	569,019	1.00	2 / 2	A
B	50,938	260,395	634,053	84,951	77,000	415,841	0	56,261	472,102	5.00	7 / 2	B
C	0	179,728	415,949	49,130	72,900	313,163	-42,392	23,147	293,919	2.00	2 / 1	C
D	212,518	275,232	338,468	10,605	0	300,262	0	27,600	327,863	0.30	6 / 1	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	12,030	233,032	591,960	68,424	203,600	255,919	38,783	25,234	319,936	2.00	7 / 2	F
G	26,843	260,763	676,992	45,065	85,500	510,127	0	36,301	546,427	12.00	5 / 2	G
H	51,203	410,828	1,025,151	111,088	350,000	334,000	41,252	188,812	564,063	1.00	9 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	174,294	423,604	50,581	80,000	282,927	0	10,095	293,023	8.50	5 / 4	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	8,773	87,291	227,565	29,013	73,800	126,245	-18,501	17,008	124,752	3.10	4 / 5	L
	43,743	236,147	566,889	54,900	121,867	345,263	2,127	42,733	390,123	3.88	5 / 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	59.9 %	6.0 %	23.5 %	4.7 %	5.9 %	2.5 %	5.39	58	2.46	0.23	2.29	Medium	A
B	53.2	6.3	15.8	2.4	22.4	13.9	3.07	43	8.98	0.20	1.94	Medium	B
C	53.1	6.1	26.3	2.1	12.4	8.0	3.66	64	12.69	0.23	2.12	Medium	C
D	51.6	7.0	17.3	2.9	21.2	15.9	25.95	55	100.00	0.00	10.00	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	55.7	6.6	24.4	2.3	11.0	5.6	3.41	34	3.62	0.39	2.00	Medium	F
G	47.8	7.1	18.7	2.1	24.4	16.5	5.79	50	28.47	0.14	7.24	Low	G
H	50.8	5.0	14.7	2.1	27.4	15.6	3.70	43	5.29	0.41	3.26	Low	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	39.6	8.0	29.6	2.0	20.8	13.5	3.45	63	13.84	0.26	1.03	Medium	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	57.0	6.9	9.7	2.6	23.9	15.4	3.01	19	12.64	0.37	2.65	Medium	L
	51.8 %	6.3 %	20.0 %	2.5 %	19.4 %	11.8 %	4.30	48	20.89	0.25	3.61	Low	

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		7.57	5.68	9.22	9.85	11.61	13.20
	Private-Label Footwear		7.22	5.19	8.06	6.84	9.12	8.04
Labor — North America	Total Compensation (\$/year)		17,111	16,570	20,283	19,448	23,585	24,407
	Productivity (pairs/worker/year)		4,513	4,579	5,155	5,231	6,016	6,099
	Labor Cost (\$/pair produced)		3.43	3.39	4.01	4.02	4.61	4.53
Europe Africa	Total Compensation (\$/year)		15,610	15,610	24,921	25,383	36,772	36,792
	Productivity (pairs/worker/year)		4,244	4,019	5,050	4,952	5,571	5,492
	Labor Cost (\$/pair produced)		4.16	0.00	5.10	3.62	6.90	6.90
Asia Pacific	Total Compensation (\$/year)		3,728	3,721	4,699	4,774	5,685	5,799
	Productivity (pairs/worker/year)		2,409	2,409	3,008	3,031	3,452	3,523
	Labor Cost (\$/pair produced)		1.42	1.43	1.63	1.65	1.85	1.86
Latin America	Total Compensation (\$/year)		3,311	3,311	4,732	4,806	5,614	5,768
	Productivity (pairs/worker/year)		2,543	2,480	3,046	3,077	3,471	3,539
	Labor Cost (\$/pair produced)		1.41	1.41	1.64	1.67	1.85	1.81
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.35	0.00	1.24	1.17	2.50	2.50
	Cumulative		0.78	0.66	1.44	1.40	2.43	2.44
Reject Rates	Branded Production		3.4%	3.4%	5.0%	5.1%	6.7%	6.7%
	Private-Label Production		1.6%	1.5%	2.3%	3.2%	3.4%	5.0%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		20.74	22.50	24.52	26.53	29.61	29.98
	E-A		25.05	24.72	25.27	25.83	25.48	26.93
	A-P		19.04	17.68	21.82	21.80	25.98	25.79
	L.A.		20.13	18.74	22.22	21.73	28.77	28.24
	Private-Label — N.A.		17.50	15.58	19.27	19.80	22.61	25.20
	E-A		32.10	20.77	32.10	20.77	32.10	20.77
	A-P		17.29	14.60	17.33	19.52	17.36	24.44
	L.A.		16.18	13.46	18.24	79.56	21.47	207.13

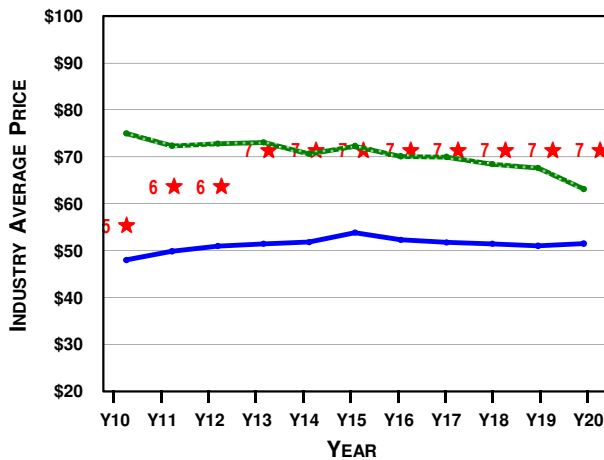
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.49	21.53	25.75	26.02	30.67	31.73
		E-A	26.14	25.38	28.22	28.61	31.96	34.12
		A-P	21.08	19.56	23.73	23.83	27.73	27.54
		L.A.	21.88	21.26	26.33	25.95	30.66	30.85
		Wholesale	10.33	10.35	10.60	10.60	11.29	11.42
Warehouse Expenses - Internet			1.83	1.92	2.33	2.32	3.19	3.32
	Wholesale							
Marketing Expenses — Internet			6.48	4.70	12.88	12.88	19.99	19.00
	Wholesale		6.01	5.51	10.71	11.24	13.90	16.84
Administrative Expenses (\$/pair sold)			1.12	1.04	1.44	1.47	2.12	2.68
Operating Profit (\$ per pair sold)	Internet	N.A.	11.62	9.74	22.99	18.35	30.85	26.47
		E-A	19.04	7.46	23.51	15.81	29.64	21.77
		A-P	20.21	12.61	25.78	21.20	32.39	28.30
		L.A.	15.94	14.18	24.58	21.48	34.37	28.13
		Wholesale		0.65	-1.11	9.56	9.66	20.76
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.25	17.34	21.29	20.55	24.85	26.95
		E-A	24.16	21.68	27.49	23.42	33.85	26.08
		A-P	19.04	16.35	19.08	74.74	19.11	226.53
		L.A.	17.93	15.21	19.99	18.73	23.22	21.15
		Wholesale		1.00	1.00	1.00	1.00	1.00
Margin Over Direct Costs (\$ per pair sold)		N.A.	-2.88	-1.46	4.49	5.96	18.64	18.62
		E-A	-6.73	6.69	0.57	9.11	10.83	12.50
		A-P	-5.09	#####	-3.66	-41.98	0.00	9.08
		L.A.	-5.66	5.28	3.43	10.03	19.14	19.41
		Wholesale						

CELEBRITY ENDORSEMENTS

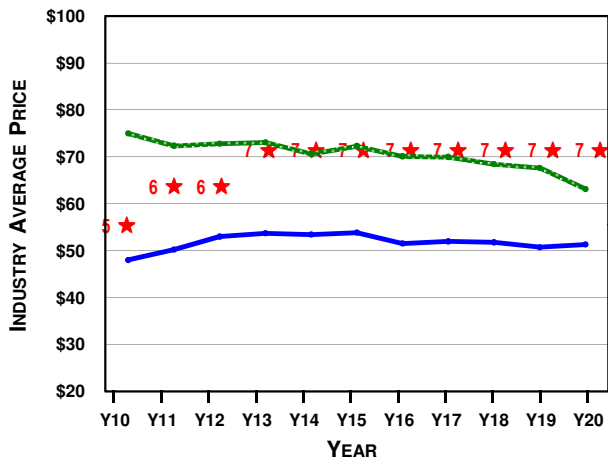
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	22,222	Y19	2 years	6	22,222	18,199	15,285	8,728
Oprah Letterman	100	70	65	75	Company F	23,455	Y20	3 years	2	24,500	23,455	23,978	23,455
Fifa Beckham	70	100	70	55	Company D	15,988	Y16	5 years	9	21,475	15,988	13,472	5,965
Tiger Green	95	80	85	75	Company H	24,500	Y20	2 years	3	24,500	23,345	22,615	19,999
José Montaña	60	50	60	95	Company H	18,933	Y18	3 years	6	21,345	18,933	16,655	13,268
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	2	24,500	23,234	23,867	23,234
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	24,500	0	24,500	24,500
Danica Andretti	70	65	55	60	Company C	23,595	Y19	3 years	6	23,595	22,921	19,160	9,728
LaBron Game	75	80	95	50	Company F	22,034	Y17	4 years	5	22,034	18,123	15,657	9,628
Lorena Lopez	45	85	60	100	Company J	22,222	Y19	2 years	6	22,222	21,949	18,587	11,728
Lance deFrance	80	85	75	70	Company H	24,500	Y20	3 years	1	24,500	0	24,500	24,500
Yao KungPao	60	35	100	50	Company H	19,245	Y18	4 years	6	21,234	19,245	16,370	12,268

BRANDED PRICE AND S/Q RATING TRENDS

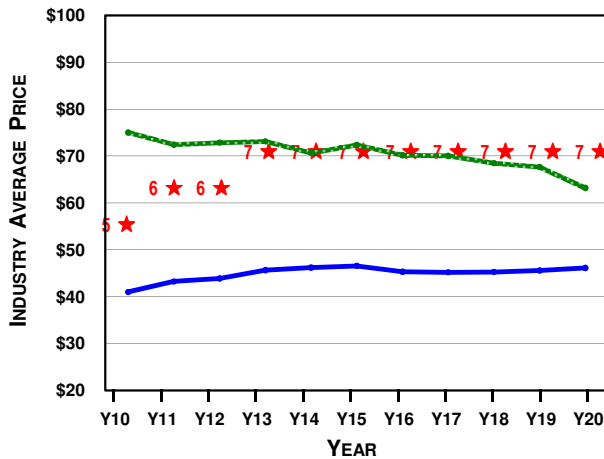
NORTH AMERICA



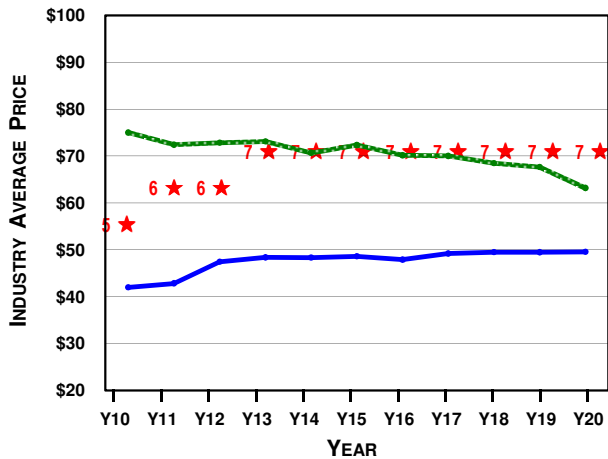
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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