

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 5

Friday, December 19, 2008

YEAR 20

YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Atomic Bomb	116	97	107	+9
2	Legends	114	87	101	-4
3	Excalibur Shoes	117	80	99	+2
4	G-Co.	113	78	96	-3
5	J Company	110	72	91	+9
6	Hand Over Fist	105	59	82	+3
7	IKEAKI Co. Ltd.	93	53	73	+15
8	K ickin Footwear	70	45	58	+8
9	Dynamic Designs	56	39	48	+2
10	C Company	24	14	19	-8
11	B Company	0	0	0	0
11	F Company	0	0	0	0

GAME-TO-DATE SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Atomic Bomb	118	96	107	+3
2	Legends	119	93	106	-1
3	Excalibur Shoes	119	79	99	+1
3	G-Co.	116	81	99	-2
5	J Company	113	72	93	+4
6	IKEAKI Co. Ltd.	105	63	84	+11
7	Hand Over Fist	105	58	82	+1
8	K ickin Footwear	77	46	62	+3
9	Dynamic Designs	61	42	52	-1
10	C Company	64	34	49	-13
11	B Company	0	0	0	0
11	F Company	0	0	0	0

Investor Expectation Score (I.E.) — 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). Pages 2 and 3 of this report show the investor expectation targets (in parenthesis just under the column heads for each year). 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 Expectation Score ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

Best-In-Industry Score (B-I-I) — This scoring standard is based on how well each company performs relative to the best-performing company in the industry on EPS (20 points max), ROE (20 points max), Stock Price (20 points max), Credit Rating (20 points max), and Image Rating (20 points max). In order to get a score of 100, a company must be the best performing company in the industry on all 5 measures, achieve no lower than the investor expectation on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating.

Overall Score — This measure is used to determine each company's ranking in the Year 20 Scoreboard and Game-To-Date Scoreboard above. The overall score is determined by combining the Investor Expectation Score and the Best-In-Industry Score into a single score using the 50%-50% weighting that was specified by your instructor.

EARNINGS PER SHARE (\$)

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected EPS target shown below each yearly column head. Best-In-Industry performers earn the top score, and scores of other companies are a percentage of the industry-leading EPS performance. Game-To-Date scores are based on weighted average annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	I. E.	B-I-I	I. E.	B-I-I	
A	3.72	3.65	8.48	7.26	8.34	15.08	15.50	11.21	11.98	15.68	9.78	24	20	24	20	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	0	0	B
C	2.35	1.87	2.60	2.82	5.54	11.46	11.49	2.69	0.37	-5.24	3.66	0	0	20	7	C
D	2.61	0.32	1.41	1.19	1.21	1.13	2.60	0.82	0.73	0.98	1.26	4	1	7	3	D
E	2.77	3.26	4.51	5.30	5.83	8.68	6.58	5.03	7.58	8.85	5.77	24	11	24	12	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	0	0	F
G	4.21	2.92	5.94	6.77	8.74	9.70	11.07	10.59	10.63	10.17	7.89	24	13	24	16	G
H	2.32	0.50	3.25	2.25	3.35	6.69	5.71	3.38	4.98	5.50	3.72	22	7	20	8	H
I	3.86	0.59	4.07	4.65	6.14	7.67	5.25	4.82	3.64	4.18	4.45	19	5	23	9	I
J	5.82	4.75	6.73	7.70	7.59	9.92	10.19	1.81	8.68	9.80	6.96	24	13	24	14	J
K	1.28	1.03	2.85	3.36	3.32	5.02	4.29	2.76	2.51	2.98	2.85	13	4	16	6	K
L	2.09	3.09	4.86	7.16	12.02	15.37	14.80	11.36	14.34	13.26	9.59	24	17	24	20	L

RETURN ON EQUITY (%)

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected 15% ROE target. Best-In-Industry performers earn the top score, and other companies earn scores based on their ROE as a % of the industry-leading ROE performance. Game-To-Date scores are based on weighted average annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	I. E.	B-I-I	I. E.	B-I-I	
A	22.2	19.6	35.8	28.9	22.0	32.9	27.7	17.0	15.7	18.3	22.8	22	20	24	20	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	0	0	B
C	14.4	10.4	13.0	12.5	21.2	33.2	27.1	6.8	1.1	-16.9	13.6	0	0	18	12	C
D	16.3	2.2	7.7	6.4	6.3	5.6	12.2	3.7	3.5	4.9	6.8	7	5	9	6	D
E	17.4	20.3	23.8	23.2	21.6	26.9	17.5	12.2	16.7	17.1	19.6	21	19	23	17	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	0	0	F
G	25.4	15.7	22.3	23.4	25.1	22.5	23.7	22.9	19.8	17.0	22.1	21	19	24	19	G
H	14.3	3.0	19.4	11.6	16.7	26.7	18.6	9.9	13.3	13.4	15.3	18	15	20	13	H
I	24.2	5.0	37.6	33.1	35.4	32.2	17.7	14.1	10.0	10.9	20.2	15	12	23	18	I
J	35.3	31.6	32.7	28.0	22.1	23.8	20.4	3.4	9.9	17.6	17.4	22	19	22	15	J
K	8.6	5.3	14.8	15.5	15.6	20.4	15.4	10.0	8.4	9.2	12.7	12	10	17	11	K
L	12.9	15.6	25.5	28.7	35.0	32.1	24.0	15.6	16.9	14.5	21.1	19	16	24	19	L

STOCK PRICE (\$ per share)

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected stock price shown below each yearly column head. Best-In-Industry performers earn the top score, and other companies earn scores based on their stock price as a % of the industry-leading stock price. Game-To-Date scores are based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y20 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	47.23	48.86	148.92	137.96	146.78	293.98	318.19	180.26	152.80	267.14	24	20	24	20	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	0	B
C	24.79	17.79	26.12	33.63	99.73	210.27	207.06	83.26	37.42	20.04	7	2	7	2	C
D	33.97	18.81	14.22	12.30	14.50	10.89	38.10	20.94	11.95	9.96	4	1	4	1	D
E	32.83	43.73	70.69	96.00	102.58	165.73	82.45	57.58	93.14	128.35	24	10	24	10	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	0	F
G	78.27	35.49	101.65	136.02	179.93	175.55	166.64	159.14	138.68	163.31	24	12	24	12	G
H	24.82	14.71	37.47	22.22	39.48	92.26	78.72	38.92	56.14	70.24	23	5	23	5	H
I	77.76	35.68	52.54	57.57	95.37	126.78	61.99	50.66	37.62	43.67	16	3	16	3	I
J	82.23	64.30	101.01	130.95	129.19	188.93	173.66	69.68	109.47	131.25	24	10	24	10	J
K	16.65	10.14	32.92	51.24	48.33	71.09	47.80	28.45	24.54	27.82	10	2	10	2	K
L	21.26	35.41	73.41	132.85	240.91	284.35	282.11	155.54	191.65	219.71	24	16	24	16	L

CREDIT RATING

Scores are based on a 20% or 20-point weighting. Bolded credit ratings indicate meeting or beating the B+ investor-expectation. For the Best-In-Industry scoring, companies with an A+ credit rating earn a score of 20 points and lesser credit ratings earn lower scores. Game-To-Date scores are based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Y20 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		I. E.	B-I-I	I. E.	B-I-I	
A	B	B	B+	A-	A-	A	A	A	A	A+	Low	24	20	24	20	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	0	0	B
C	B	C+	B-	B	B+	A-	B	C	C-	C-	N/A	0	0	0	0	C
D	B+	C	B+	B+	A-	A	A+	A+	A+	A+	Low	24	20	24	20	D
E	B	B	B+	A	A	A+	B+	B+	A	A+	Low	24	20	24	20	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	0	0	F
G	A-	B+	A	A	A+	A+	A	B+	A	A+	Low	24	20	24	20	G
H	B-	C-	C	C	C+	B	B-	B	B+	A-	Medium	22	18	22	18	H
I	B-	C-	C	B-	B	B+	B-	B+	C+	A-	Low	22	18	22	18	I
J	B+	B+	A	A+	A+	A+	A	A+	B	A-	Low	22	18	22	18	J
K	B+	B-	B+	B	B	A-	C+	C+	C+	B-	Medium	12	11	12	11	K
L	B	C	B-	B	A-	A	A	A	A+	A+	Low	24	20	24	20	L

IMAGE RATING

Scores are based on a 20% or 20-point weighting. Bolded image ratings indicate meeting or beating the yearly target of 70. Best-In-Industry performers earn the top score, and scores of other companies are based on their image rating as a % of the leading image rating. Game-To-Date scores are based on the average of image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18-Y20 Average	Y20 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
A	60	75	68	71	89	87	79	83	79	83	82	22	17	22	16	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	82	83	78	82	100	100	100	78	60	59	66	17	12	19	13	C
D	79	59	64	65	65	57	66	66	58	58	61	17	12	17	12	D
E	80	97	96	100	96	93	95	100	100	100	100	24	20	24	20	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	89	80	87	85	93	80	96	58	77	72	69	20	14	20	14	G
H	96	85	82	80	74	65	78	74	70	70	71	20	14	20	14	H
I	85	73	98	100	84	85	71	75	75	77	76	21	15	21	15	I
J	56	67	59	72	68	75	74	87	83	62	77	18	12	21	15	J
K	64	65	79	80	83	85	85	78	76	92	82	23	18	22	16	K
L	85	85	99	86	79	78	81	89	86	88	88	23	18	23	18	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 5 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	17346	0	0	2.53	0.71
Year 12	8160	0	0	1.99	0.44	0.00
Year 13	12840	0	0	2.47	0.59	0.00
Year 14	11761	4649	0	1.61	0.59	0.00
Year 15	10593	3593	0	1.51	0.46	0.00
Year 16	16836	7270	0	1.85	0.91	0.00
Year 17	17895	6940	0	2.45	0.79	0.00
Year 18	16728	6512	0	1.65	0.60	0.00
Year 19	20235	7274	0	2.99	0.79	0.00
Year 20	16900	6595	0	1.21	0.55	0.00

Image Rating Points Generated from CSRC Expenditures

	Image Rating Points Generated from CSRC Expenditures		
	High	Avg.	Low
Year 11	5	2	0
Year 12	8	3	0
Year 13	11	4	0
Year 14	14	6	0
Year 15	17	7	0
Year 16	16	7	0
Year 17	17	8	0
Year 18	18	9	2
Year 19	19	10	1
Year 20	20	10	2

★ GOLD STAR AWARD ★

for Corporate Citizenship

Beginning in Year 14, the World Council for Exemplary Corporate Citizenship presents a Gold Star Award to the company spending the highest % of its revenues for social responsibility and citizenship initiatives.

	Award Winner	2nd Place
Y14	HandOverFist	G-Co.
Y15	HandOverFist	Lab Rat
Y16	Kickin Footwear	G-Co.
Y17	HandOverFist	Kickin Footwear
Y18	Kickin Footwear	Lab Rat
Y19	H Company	K Company
Y20	K ickin Footwear	Legends

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	8,873	4,920	78,723	33,600	126,116
- Pairs Rejected	418	100	3,753	1,773	6,044
Net Y20 Production (after rejects)	8,455	4,820	74,970	31,827	120,072
Superior Materials Usage	66.9%	81.4%	38.5%	43.2%	43.4%
Capacity Utilization (branded + P-L prod.)	119.9%	120.0%	110.7%	120.0%	114.0%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 0.92	+ 0.28	8.20
Superior Materials	15.00	- 0.50	+ 0.60	15.10

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	5,543	6,474	5,890	6,362	24,269
- Pairs Cleared (inventory clearance)	2,761	3,679	3,184	2,599	12,223
Beginning Y20 Inventories	2,782	2,795	2,706	3,763	12,046
+ New Production (shipped from plants)	28,593	27,160	26,741	21,271	103,765
Pairs Available for Sale in Y20	31,375	29,955	29,447	25,034	115,811

BRANDED DEMAND & SALES (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Projected Y20 Demand (see Y19 FIR)	27,839	27,508	25,811	25,242	106,400
Actual Year 20 Demand	27,900	27,210	26,270	25,010	106,390
Branded Pairs Sold	27,463	26,404	25,784	22,656	102,307
Required Y20 Ending Inventories	2,292	2,218	2,112	1,954	8,576
Inventory Surplus (Shortfall)	446	-155	542	-2,795	-1,962

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage up by 15.4 points over Y19
- % utilization up by 0.2 points over Y19

Lower than normal (43.4% industrywide) superior materials usage led to superior materials prices that were 3.3% below the base and standard materials prices that were 13.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 4.0% from the base.

- Average inventory clearance of 50.4%
- 8.9% higher than Y20 demand
- Actual demand in Year 20 was 0.0% less than expected.
- Needed to achieve delivery times
 - Okay in N.A. Low in E-A
 - Okay in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded (internet + wholesale)				
North America	29,016	30,177	31,384	32,639
Europe-Africa	28,298	29,430	30,607	31,831
Asia-Pacific	27,846	29,517	31,288	33,165
Latin America	26,511	28,102	29,788	31,575
Total	111,671	117,226	123,067	129,210
Private-Label				
North America	4,780	4,780	4,780	4,780
Europe-Africa	4,690	4,690	4,690	4,690
Asia-Pacific	4,690	4,690	4,690	4,690
Latin America	4,680	4,680	4,680	4,680
Total	18,840	18,840	18,840	18,840

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply (000s)	Beginning Year 21 Inventory	13,504
	Potential Production (at max OT)	132,720
	Potential Global Supply	146,224
Demand (000s)	Branded Sales Forecast	111,671
	Private-Label Sales Forecast	18,840
	Expected Global Demand	130,511
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	11,000	8,100	0	0	0	0	0	0	11,000	8,100	19,100	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	8,000	0	0	0	0	0	0	0	8,000	0	8,000	0	C
D	3,000	0	4,000	0	0	0	0	0	3,000	0	4,000	0	7,000	0	D
E	0	1,800	6,000	3,900	0	0	0	0	0	1,800	6,000	3,900	11,700	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	8,400	5,200	0	0	-3,000	0	0	0	5,400	5,200	10,600	0	G
H	1,900	0	6,300	0	-100	0	0	0	1,800	0	6,300	0	8,100	0	H
I	0	0	5,500	4,000	0	0	0	0	0	0	5,500	4,000	9,500	0	I
J	12,000	2,000	12,000	1,000	-12,000	-2,000	0	-1,000	0	0	12,000	0	12,000	0	J
K	2,400	2,300	2,300	1,900	200	0	0	0	2,600	2,300	2,300	1,900	9,100	0	K
L	0	0	10,600	4,900	0	0	0	0	0	0	10,600	4,900	15,500	0	L
Total	19,300	6,100	74,100	29,000	-11,900	-2,000	-3,000	-1,000	7,400	4,100	71,100	28,000	110,600	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	875,310	463,597	68,818	137,162	22,017	183,716	15,753	50,389	117,574	37,500	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	331,239	240,873	28,538	77,827	11,317	-27,316	11,990	0	-39,306	600	7,500	C
D	365,979	277,587	24,106	35,461	9,918	18,907	-740	5,894	13,753	21,000	14,000	D
E	613,806	336,144	39,275	114,518	15,319	108,550	6,161	28,437	66,353	9,000	7,500	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	664,421	330,870	61,349	132,785	13,020	126,397	17,380	32,705	76,312	52,500	7,500	G
H	466,211	309,505	32,928	46,566	11,069	66,143	7,225	17,675	41,243	18,750	7,500	H
I	519,216	324,564	30,770	91,516	12,968	59,398	14,051	13,426	31,327	0	7,500	I
J	627,928	396,020	47,071	22,958	14,420	147,459	42,458	31,500	73,501	18,750	7,500	J
K	605,582	335,260	39,412	165,331	11,519	54,060	16,445	11,285	26,330	0	8,850	K
L	816,202	386,744	75,353	189,806	18,969	145,330	1,830	42,614	99,433	108,750	7,500	L
	588,589	340,116	44,762	101,393	14,054	88,264	13,255	23,393	50,652	26,685	8,285	

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	42,917	297,353	897,517	58,769	162,000	608,720	-12,042	80,070	676,748	5.00	9 / 1	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	191,375	398,960	126,715	60,000	252,154	0	-39,909	212,245	0.08	7 / 1	C
D	33,143	162,033	300,003	22,923	0	284,329	0	-7,249	277,080	1.50	2 / 2	D
E	24,254	183,099	512,973	54,880	89,280	405,346	-93,888	57,355	368,813	1.20	1 / 0	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	14,000	221,691	584,070	40,981	81,000	438,273	0	23,816	462,089	7.00	5 / 4	G
H	9,259	155,029	381,254	48,026	15,000	295,736	0	22,492	318,228	2.50	2 / 1	H
I	23,457	177,336	456,238	41,119	112,000	271,792	0	31,327	303,119	0.00	7 / 3	I
J	0	192,707	568,378	45,232	77,400	390,996	0	54,750	445,746	2.50	9 / 1	J
K	0	156,538	474,786	78,629	97,306	272,520	0	26,331	298,851	0.00	3 / 4	K
L	2,974	244,112	715,345	35,063	0	689,580	0	-9,298	680,282	14.50	6 / 4	L
	15,000	198,127	528,952	55,234	69,399	390,945	-10,593	23,968	404,320	3.43	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	53.0 %	7.9 %	15.7 %	2.5 %	21.0 %	13.4 %	5.06	38	11.66	0.20	7.01	Low	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	72.7	8.6	23.5	3.4	-8.2	-11.9	1.51	371	-2.28	0.42	0.00	N/A	C
D	75.8	6.6	9.7	2.7	5.2	3.8	7.07	61	100.00	0.00	10.00	Low	D
E	54.8	6.4	18.7	2.5	17.7	10.8	3.34	7	17.62	0.21	4.63	Low	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	49.8	9.2	20.0	2.0	19.0	11.5	5.41	48	7.27	0.15	5.58	Low	G
H	66.4	7.1	10.0	2.4	14.2	8.8	3.23	43	9.15	0.11	1.68	Medium	H
I	62.5	5.9	17.6	2.5	11.4	6.0	4.31	41	4.23	0.28	4.03	Low	I
J	63.1	7.5	3.7	2.3	23.5	11.7	4.26	50	3.47	0.16	5.56	Low	J
K	55.4	6.5	27.3	1.9	8.9	4.3	1.99	6	3.29	0.30	1.19	Medium	K
L	47.4	9.2	23.3	2.3	17.8	12.2	6.96	38	79.42	0.00	10.00	Low	L
	57.8 %	7.6 %	17.2 %	2.4 %	15.0 %	8.6 %	3.59	70	23.38	0.18	4.97	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		9.12	7.99	10.63	10.46	13.95	13.46
	Private-Label Footwear		8.65	7.61	9.88	9.07	14.09	14.45
Labor — North America	Total Compensation (\$/year)		17,233	22,397	23,016	24,757	26,028	26,385
	Productivity (pairs/worker/year)		4,598	4,548	5,455	5,254	6,208	5,692
	Labor Cost (\$/pair produced)		3.95	4.26	4.60	5.15	5.52	6.40
Europe Africa	Total Compensation (\$/year)		16,121	17,254	19,719	19,340	25,773	21,426
	Productivity (pairs/worker/year)		5,446	5,102	5,771	5,440	6,297	5,777
	Labor Cost (\$/pair produced)		3.35	3.65	3.69	3.82	4.21	3.99
Asia Pacific	Total Compensation (\$/year)		4,458	4,516	5,383	5,557	6,319	6,538
	Productivity (pairs/worker/year)		2,666	2,809	3,311	3,403	3,654	3,718
	Labor Cost (\$/pair produced)		1.42	1.41	1.73	1.74	1.95	1.96
Latin America	Total Compensation (\$/year)		3,868	4,343	5,525	5,760	7,578	6,462
	Productivity (pairs/worker/year)		2,834	2,771	3,270	3,330	3,602	3,652
	Labor Cost (\$/pair produced)		1.53	1.64	1.79	1.84	2.22	1.98
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	0.00	1.40	1.20	2.50	2.50
	Cumulative		0.69	0.59	1.44	1.36	2.31	2.34
Reject Rates	Branded Production		1.8%	1.8%	5.1%	5.2%	9.8%	9.9%
	Private-Label Production		1.8%	1.8%	2.8%	2.9%	4.1%	4.1%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.77	27.85	32.41	35.68	42.76	42.00
	E-A		24.38	25.92	26.08	25.98	28.83	26.04
	A-P		19.91	18.19	24.28	23.91	34.45	34.06
	L.A.		20.49	18.51	22.72	22.22	25.94	26.45
	Private-Label — N.A.		34.75	32.99	34.75	32.99	34.75	32.99
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		18.73	17.42	25.42	21.82	42.65	28.23
	L.A.		19.42	20.22	22.12	21.22	23.54	22.21

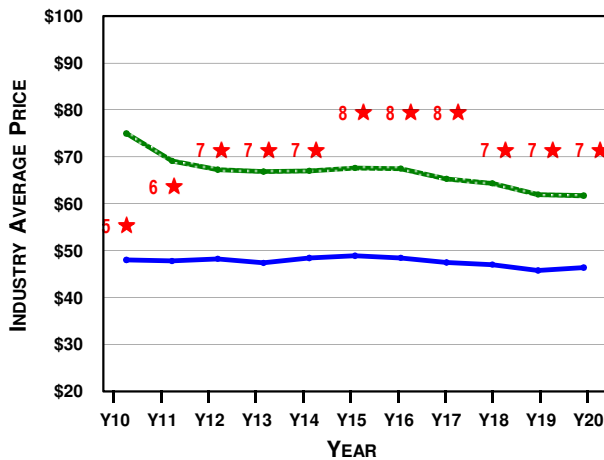
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.03	19.20	28.46	26.94	44.34	43.37
		E-A	25.09	24.30	29.10	29.12	38.70	39.30
		A-P	21.06	19.59	25.44	25.34	35.20	35.28
		L.A.	21.73	19.97	27.68	29.55	41.32	47.10
		Warehouse Expenses - Internet (\$ per pair sold)		12.31	12.33	12.74	12.79	13.61
	Wholesale		1.85	1.95	2.46	2.52	3.42	3.95
Marketing Expenses — Internet (\$ per pair sold)	Internet		9.06	8.85	18.10	16.24	38.86	34.83
	Wholesale		4.97	1.11	10.61	9.50	19.57	17.79
Administrative Expenses (\$/pair sold)		1.18	1.00	1.71	1.52	3.01	2.86	
Operating Profit (\$ per pair sold)	Internet	N.A.	-2.47	0.14	13.46	16.61	29.45	32.41
		E-A	2.41	3.83	15.61	16.77	31.13	30.01
		A-P	8.74	16.43	19.13	24.71	33.84	37.36
		L.A.	-7.44	-16.64	18.54	6.97	39.06	25.79
		Wholesale	N.A.	-7.29	-1.32	2.60	5.81	7.50
E-A	1.49		4.00	6.44	6.97	11.05	12.48	
A-P	-0.14		2.59	6.21	10.13	10.38	15.56	
L.A.	2.49		-6.67	10.27	3.69	17.52	17.33	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.45	24.33	31.02	29.63	47.01	34.24
		E-A	24.06	25.41	27.38	27.14	29.43	29.08
		A-P	19.98	18.67	19.98	19.73	19.98	20.78
		L.A.	20.67	21.47	23.37	25.70	24.79	32.17
		Warehouse Expenses (\$ per pair sold)		1.00	1.00	1.07	1.05	1.20
Margin Over Direct Costs (\$ per pair sold)		N.A.	-13.21	-3.63	-2.04	0.48	3.00	4.76
		E-A	-2.01	-1.11	-0.55	0.44	1.19	2.64
		A-P	-0.90	-0.13	-0.90	0.69	0.00	1.50
		L.A.	-0.60	2.40	7.70	3.49	18.32	4.37

CELEBRITY ENDORSEMENTS

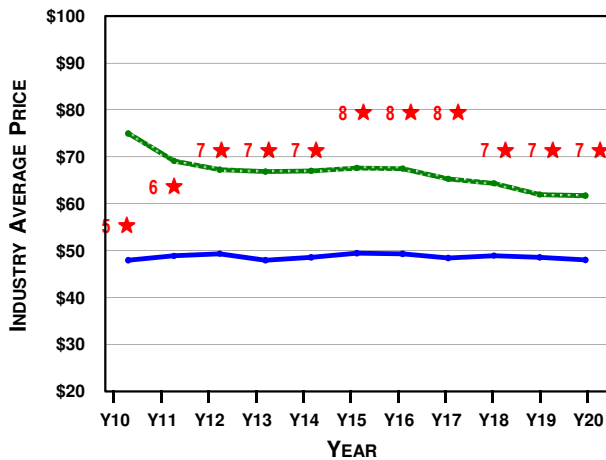
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	15,667	Y19	2 years	4	15,667	12,875	12,800	10,053
Oprah Letterman	100	70	65	75	Company G	6,009	Y20	3 years	2	6,009	1,555	3,782	1,555
Fifa Beckham	70	100	70	55	Company K	15,126	Y16	5 years	8	15,126	12,666	10,263	3,307
Tiger Green	95	80	85	75	Company L	1,555	Y20	2 years	2	6,007	1,555	3,781	1,555
José Montaña	60	50	60	95	Company L	15,503	Y18	3 years	8	15,503	12,000	9,752	4,787
Kobioshi Jones	55	60	95	90	Company L	1,555	Y20	4 years	2	6,309	1,555	3,932	1,555
Ace Federar	50	90	50	85	Company L	1,555	Y20	1 year	2	2,906	1,555	2,231	1,555
Danica Andretti	70	65	55	60	Company K	15,667	Y19	3 years	7	15,667	14,500	11,925	4,508
LaBron Game	75	80	95	50	Company A	13,777	Y17	4 years	9	14,000	13,777	9,499	503
Lorena Lopez	45	85	60	100	Company L	14,050	Y19	2 years	6	15,667	14,050	12,103	4,508
Lance deFrance	80	85	75	70	Company L	1,555	Y20	3 years	2	3,009	1,555	2,282	1,555
Yao KungPao	60	35	100	50	Company I	14,000	Y18	4 years	7	14,000	11,000	8,716	4,803

BRANDED PRICE AND S/Q RATING TRENDS

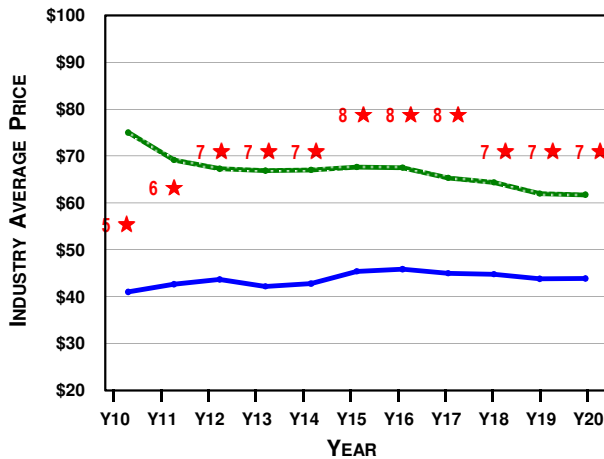
NORTH AMERICA



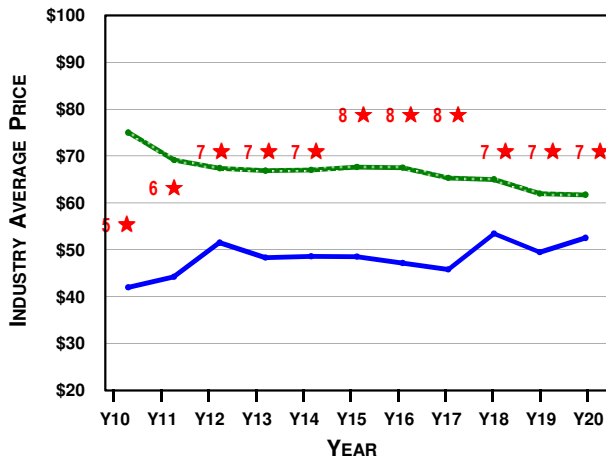
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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