

THE FOOTWEAR INDUSTRY REPORT

The Business Strategy Game © 2008 GLO-BUS Software, Inc. All rights reserved.

INDUSTRY 6

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	LowCountry	119	98	109	+4
2	Embezzlers	111	80	96	+16
3	F abulous footwear	95	65	80	-19
4	Dio	86	58	72	-16
5	Imagine Sports	72	50	61	-2
6	Heffers Hooves	71	48	60	-45
7	Greyhound	51	35	43	-20
8	A Company	37	25	31	-52
9	K Company	34	25	30	-14
10	B (deleted)	0	0	0	0
10	C (deleted)	0	0	0	0
10	J 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	LowCountry	115	99	107	+1
2	F abulous footwear	99	76	88	-8
3	Embezzlers	93	69	81	+10
4	Dio	87	64	76	-7
5	Heffers Hooves	81	60	71	-24
6	A Company	60	43	52	-17
6	Greyhound	59	44	52	-3
8	Imagine Sports	58	42	50	+1
9	K Company	47	38	43	-7
10	B (deleted)	0	0	0	0
10	C (deleted)	0	0	0	0
10	J 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	2.82	1.26	-6.30	-5.53	-3.97	9.50	3.16	10.29	6.71	-1.93	1.49	0	0	8	7	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	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	C
D	2.20	1.25	1.50	1.95	1.79	2.86	2.71	3.09	4.48	3.28	2.46	15	9	14	12	D
E	2.08	0.33	0.77	2.04	2.13	1.58	1.34	2.90	4.37	5.69	2.22	23	15	13	11	E
F	3.92	0.37	2.43	1.69	3.02	3.53	4.01	3.68	5.77	3.38	3.17	15	9	18	16	F
G	4.31	0.48	1.49	-0.11	0.49	1.55	1.72	1.17	3.24	1.66	1.62	7	5	9	8	G
H	2.52	1.26	2.72	3.22	3.99	3.39	3.49	1.00	6.14	2.69	2.99	12	7	17	15	H
I	2.22	-2.22	-0.95	-2.28	0.40	0.54	1.54	0.51	1.78	1.80	0.52	8	5	3	3	I
J	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	J
K	2.20	1.29	0.66	1.66	0.71	1.55	2.92	1.19	1.53	0.49	1.43	2	1	8	7	K
L	2.98	1.11	1.52	3.55	3.70	3.73	4.51	5.97	6.47	7.35	4.07	24	20	21	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	17.1	7.3	-41.1	-70.3	-127.5	161.6	27.2	62.2	26.8	-7.0	11.0	0	0	15	11	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	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	C
D	13.5	6.7	8.2	9.7	8.1	11.5	9.9	10.1	13.2	8.9	10.5	12	8	14	10	D
E	12.8	1.9	4.4	10.9	9.6	8.2	5.9	11.8	15.1	20.9	10.9	24	19	15	11	E
F	24.5	2.9	18.1	11.8	19.1	20.2	21.3	19.1	29.6	16.8	20.2	21	16	23	20	F
G	27.3	4.2	13.4	-1.0	4.0	11.8	11.4	7.8	19.1	8.3	12.0	11	8	16	12	G
H	15.3	6.9	13.4	13.6	14.8	12.1	13.2	4.9	25.4	10.0	13.6	13	9	18	13	H
I	13.9	-13.5	-5.8	-15.6	3.3	5.2	13.0	4.1	12.1	10.8	3.8	14	10	5	4	I
J	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	J
K	14.0	7.7	4.2	9.9	4.0	8.2	13.9	5.2	6.3	1.9	7.7	3	2	10	8	K
L	18.8	8.4	11.1	22.8	20.0	17.9	18.7	21.1	20.4	21.6	19.8	24	20	23	20	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	30.55	17.39	10.41	6.28	4.80	29.71	41.32	144.70	76.37	34.97	13	5	13	5	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	C
D	23.97	14.06	12.55	18.67	18.73	35.96	29.93	39.08	58.40	37.77	14	5	14	5	D
E	21.86	13.18	8.29	20.94	24.12	15.88	12.88	33.82	64.22	102.91	24	15	24	15	E
F	60.81	29.72	24.04	15.31	42.30	51.92	70.79	54.28	92.33	40.25	15	6	15	6	F
G	82.88	37.36	20.43	12.30	7.75	16.48	19.31	11.82	38.73	20.59	8	3	8	3	G
H	24.46	14.23	27.29	37.18	53.60	41.87	40.45	21.41	97.14	40.57	15	6	15	6	H
I	23.65	14.16	9.08	5.73	4.80	5.22	21.18	12.15	25.64	23.13	9	3	9	3	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	J
K	26.41	14.89	9.06	14.01	8.95	18.32	38.19	20.30	13.98	8.97	3	1	3	1	K
L	33.75	18.63	13.08	44.96	61.80	60.44	55.67	107.77	113.65	140.27	24	20	24	20	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	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	0	0	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	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	C
D	B+	C	C	C+	C+	B	A-	A-	A-	A-	Medium	22	18	22	18	D
E	B-	C-	C-	C+	C	C	C+	B	B	A-	Medium	22	18	22	18	E
F	B	C-	C	C+	B	A	A+	A+	B+	A	Low	23	19	23	19	F
G	B	C-	C-	C-	C-	C-	C-	C-	C-	C	High	4	4	4	4	G
H	B-	C-	C+	B	B+	A	B	C	A	C+	High	8	8	8	8	H
I	B+	C-	C-	C-	C	C+	A	A	A+	A+	Low	24	20	24	20	I
J	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	J
K	B-	C-	C-	C	C-	C	B	C	C+	C	High	4	4	4	4	K
L	B+	C	C+	A	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	72	100	82	100	100	100	100	98	94	100	97	24	20	24	20	A
B	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	C
D	89	78	79	86	100	100	98	96	95	91	94	23	18	23	19	D
E	74	72	71	61	66	71	68	70	68	63	67	18	13	19	14	E
F	79	67	64	66	69	74	72	73	71	76	73	21	15	20	15	F
G	83	80	85	92	94	93	90	85	90	74	83	21	15	22	17	G
H	63	70	67	65	63	78	86	82	94	90	89	23	18	23	18	H
I	68	70	60	57	55	56	52	60	58	58	59	17	12	17	12	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	88	80	99	87	90	87	84	85	86	86	86	22	17	22	18	K
L	82	85	80	90	90	88	95	92	88	92	91	23	18	23	19	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 6 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	9917	2747	0	2.32	0.50
Year 12	7383	1837	0	2.02	0.39	0.00
Year 13	8945	1843	0	2.72	0.41	0.00
Year 14	9476	1692	0	2.47	0.35	0.00
Year 15	11320	2935	0	3.24	0.64	0.00
Year 16	17526	4509	0	3.11	0.83	0.00
Year 17	16152	4732	0	2.64	0.72	0.00
Year 18	10232	3772	0	1.88	0.60	0.00
Year 19	14501	5790	0	2.21	0.79	0.00
Year 20	15099	5724	0	1.73	0.79	0.00

Image Rating Points Generated from CSRC Expenditures

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

★ 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	LowCountry	Greyhound
Y15	LowCountry	Fabulous footwear
Y16	LowCountry	Heffers Hooves
Y17	LowCountry	Heffers Hooves
Y18	Fabulous footwear	LowCountry
Y19	LowCountry	F abulous footwear
Y20	Heffers Hooves	F abulous footwear

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	11,946	6,600	55,701	33,480	107,727
– Pairs Rejected	868	536	1,913	1,391	4,708
Net Y20 Production (after rejects)	11,078	6,064	53,788	32,089	103,019
Superior Materials Usage	52.3%	64.2%	67.3%	52.6%	60.9%
Capacity Utilization (branded + P-L prod.)	63.9%	104.8%	115.3%	120.0%	106.4%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	- 0.38	0.00	6.62
Superior Materials	15.00	+ 3.27	0.00	18.27

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	3,890	3,523	4,340	3,878	15,631
– Pairs Cleared (inventory clearance)	1,543	1,492	2,065	524	5,624
Beginning Y20 Inventories	2,347	2,031	2,275	3,354	10,007
+ New Production (shipped from plants)	22,747	22,648	22,685	19,048	87,128
Pairs Available for Sale in Y20	25,094	24,679	24,960	22,402	97,135

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)	21,622	22,155	20,406	19,466	83,649
Actual Year 20 Demand	21,384	21,915	20,453	19,656	83,408
Branded Pairs Sold	21,036	21,842	20,401	19,444	82,723
Required Y20 Ending Inventories	1,424	1,580	1,496	1,571	6,071
Inventory Surplus (Shortfall)	1,622	228	2,614	-48	4,416

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.4%
- Available for shipment to warehouses
- % usage up by 3.8 points over Y19
- % utilization down by 0.2 points from Y19

Higher than normal (60.9% industrywide) superior materials usage led to superior materials prices that were 21.8% above the base and standard materials prices that were 5.5% below the base.

- Average inventory clearance of 36.0%
- 16.5% higher than Y20 demand
- Actual demand in Year 20 was 0.3% less than expected.
- Needed to achieve delivery times
 - Okay in N.A. Okay in E-A
 - High in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	22,239	23,129	24,054	25,016
(internet + wholesale) Europe-Africa	22,792	23,704	24,652	25,638
Asia-Pacific	21,680	22,981	24,360	25,822
Latin America	20,836	22,086	23,411	24,816
Total	87,547	91,900	96,477	101,292
Private-Label — North America	4,221	4,221	4,221	4,221
Europe-Africa	4,221	4,221	4,221	4,221
Asia-Pacific	4,158	4,158	4,158	4,158
Latin America	4,212	4,212	4,212	4,212
Total	16,812	16,812	16,812	16,812

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	14,412
Potential Production (at max OT)	125,040
Potential Global Supply	139,452
Demand — Branded Sales Forecast (000s)	87,547
Private-Label Sales Forecast	16,812
Expected Global Demand	104,359
Conclusion:	Excess supply of 33.6% is likely to boost competitive pressures in Year 21 significantly. Additional production capacity will not be needed for several years.

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	12,000	4,800	12,500	10,900	0	0	0	0	12,000	4,800	12,500	10,900	40,200	3,000	A
B	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	C
D	0	0	9,200	0	0	0	0	0	0	0	9,200	0	9,200	0	D
E	0	0	4,700	4,000	0	0	0	0	0	0	4,700	4,000	8,700	0	E
F	0	0	2,900	1,300	0	0	0	0	0	0	2,900	1,300	4,200	0	F
G	6,000	1,500	4,000	2,200	-6,000	0	-1,600	0	0	1,500	2,400	2,200	6,100	0	G
H	0	0	6,800	0	2,700	0	0	0	2,700	0	6,800	0	9,500	0	H
I	4,000	0	3,000	2,000	0	0	0	0	4,000	0	3,000	2,000	9,000	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	5,000	3,000	0	0	0	0	0	0	5,000	3,000	8,000	0	K
L	0	0	2,500	4,500	0	0	-700	0	0	0	1,800	4,500	6,300	0	L
Total	22,000	6,300	50,600	27,900	-3,300	0	-2,300	0	18,700	6,300	48,300	27,900	101,200	3,000	

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	1,377,786	957,021	93,032	137,634	42,619	147,480	161,950	0	-14,470	75	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	457,332	281,800	37,050	84,673	12,520	41,289	6,109	10,554	24,626	1,650	7,500	D
E	445,853	297,378	29,525	33,835	11,118	73,997	12,995	18,301	42,701	26,400	7,500	E
F	255,534	169,579	21,046	18,697	6,619	39,593	3,408	10,856	25,329	18,750	7,500	F
G	370,853	209,281	32,372	61,286	9,719	58,195	32,820	6,740	15,725	950	9,500	G
H	589,411	345,356	41,111	151,049	11,920	39,975	9,573	8,641	20,162	24,375	7,500	H
I	500,611	275,702	39,247	117,318	11,418	56,926	4,091	15,851	36,984	2,060	20,600	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	461,846	288,181	33,171	112,731	11,470	16,293	9,881	1,875	4,374	0	9,000	K
L	339,424	201,460	23,093	21,371	8,719	84,781	5,196	23,621	55,116	43,125	7,500	L
	533,183	336,195	38,850	82,066	14,014	62,059	27,336	10,715	23,394	13,043	9,344	

SELECTED BALANCE SHEET DATA (\$000s)

DIVIDEND DATA

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity				Year 20 Dividend (\$ / share)	No. of Changes (+ / -)	
						Beginning Equity	Stock Sales (Purchases)	Earnings Retained	Ending Equity			
A	0	580,521	1,831,725	1,608,347	25,000	212,948	0	-14,570	198,378	0.01	2 / 3	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	122,363	374,202	53,572	43,845	275,205	-21,396	22,976	276,785	0.22	4 / 4	D
E	0	130,094	365,338	48,902	103,600	196,536	0	16,300	212,836	3.52	8 / 1	E
F	8,578	77,178	222,439	22,328	46,400	147,131	0	6,580	153,711	2.50	5 / 4	F
G	0	102,766	286,507	65,336	24,950	181,449	0	14,773	196,221	0.10	2 / 3	G
H	0	229,171	501,363	119,865	181,200	204,511	0	-4,213	200,298	3.25	5 / 2	H
I	31,697	175,419	406,839	35,595	56,500	367,931	-88,110	34,923	314,744	0.10	4 / 4	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	146,581	339,209	83,074	26,700	225,059	0	4,375	229,435	0.00	3 / 2	K
L	13,651	102,933	342,218	26,784	54,000	249,443	0	11,990	261,434	5.75	6 / 2	L
	5,992	185,225	518,871	229,311	62,466	228,913	-12,167	10,348	227,093	1.72	4 / 3	

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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	69.5 %	6.8 %	10.0 %	3.1 %	10.7 %	-1.1 %	0.36	123	0.91	0.84	0.05	High	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	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	61.6	8.1	18.5	2.7	9.0	5.4	2.28	11	6.76	0.18	2.11	Medium	D
E	66.7	6.6	7.6	2.5	16.6	9.6	2.66	45	5.69	0.32	2.63	Medium	E
F	66.4	8.2	7.3	2.6	15.5	9.9	3.46	14	11.62	0.23	3.34	Low	F
G	56.4	8.7	16.5	2.6	15.7	4.2	1.57	20	1.77	0.27	0.61	High	G
H	58.6	7.0	25.6	2.0	6.8	3.4	1.91	96	4.18	0.51	0.24	High	H
I	55.1	7.8	23.4	2.3	11.4	7.4	4.93	27	13.91	0.17	4.78	Low	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	62.4	7.2	24.4	2.5	3.5	0.9	1.76	39	1.65	0.22	0.50	High	K
L	59.4	6.8	6.3	2.6	25.0	16.2	3.84	14	16.32	0.18	4.87	Low	L
	63.1 %	7.3 %	15.4 %	2.6 %	11.6 %	4.4 %	0.81	43	6.98	0.32	2.13	Medium	

Bold = best in industry = needs management attention

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		7.87	7.46	12.24	12.99	14.75	16.47
	Private-Label Footwear		6.30	7.42	8.95	10.70	12.28	13.59
Labor — North America	Total Compensation (\$/year)		15,610	15,610	19,764	18,382	24,261	20,016
	Productivity (pairs/worker/year)		5,342	5,353	5,720	5,450	6,456	5,618
	Labor Cost (\$/pair produced)		3.11	3.12	3.69	3.79	4.04	4.22
Europe Africa	Total Compensation (\$/year)		17,543	15,000	17,556	17,145	17,569	19,290
	Productivity (pairs/worker/year)		5,583	5,361	5,616	5,562	5,648	5,762
	Labor Cost (\$/pair produced)		3.40	3.12	3.43	3.35	3.45	3.57
Asia Pacific	Total Compensation (\$/year)		3,909	4,114	6,337	5,627	9,926	7,493
	Productivity (pairs/worker/year)		2,319	2,331	3,260	3,332	4,403	4,581
	Labor Cost (\$/pair produced)		1.70	1.65	2.00	1.95	2.92	2.97
Latin America	Total Compensation (\$/year)		3,965	4,056	6,051	5,319	10,206	7,348
	Productivity (pairs/worker/year)		2,304	2,316	3,074	3,073	3,610	3,822
	Labor Cost (\$/pair produced)		1.64	1.64	2.05	1.85	2.99	2.01
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		1.05	1.07	1.73	1.63	2.50	2.50
	Cumulative		1.08	1.18	1.64	1.64	2.30	2.38
Reject Rates	Branded Production		1.6%	1.5%	3.4%	3.8%	7.7%	7.7%
	Private-Label Production		2.4%	1.7%	3.5%	3.8%	5.6%	7.3%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	21.93	23.69	23.44	30.73	24.94	37.77
		E-A	24.00	26.88	30.89	37.91	37.78	48.93
		A-P	21.49	22.50	26.11	26.00	28.89	29.80
		L.A.	22.77	23.45	26.40	26.58	30.02	30.58
	Private-Label	N.A.	26.93	33.50	26.93	36.99	26.93	40.48
		E-A	48.11	25.94	48.11	25.94	48.11	25.94
		A-P	17.57	24.20	22.39	24.20	25.97	24.20
		L.A.	19.77	18.01	19.80	68.48	19.83	160.09

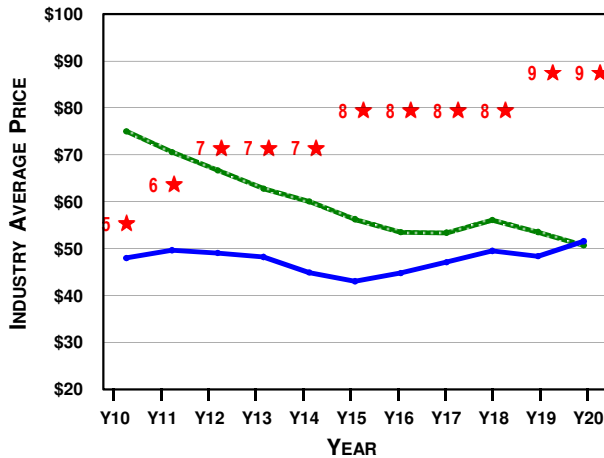
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.18	23.97	28.35	29.24	33.10	35.96
		E-A	25.47	27.91	31.04	31.83	34.80	35.16
		A-P	22.74	23.75	27.82	28.02	31.48	34.60
		L.A.	22.45	24.54	28.44	30.55	36.73	43.71
Warehouse Expenses - Internet (\$ per pair sold)	Internet		12.33	12.44	12.73	12.77	13.23	13.18
	Wholesale		1.84	1.79	2.51	2.57	3.22	3.17
Marketing Expenses — Internet (\$ per pair sold)	Internet		4.71	5.65	10.99	11.12	19.95	22.15
	Wholesale		4.64	4.08	8.70	8.73	13.76	16.02
Administrative Expenses (\$/pair sold)			0.96	1.20	1.59	1.58	2.35	2.35
Operating Profit (\$ per pair sold)	Internet	N.A.	-0.85	-8.74	10.25	5.73	19.66	16.43
		E-A	2.22	-0.56	10.29	6.21	14.59	10.06
		A-P	0.51	9.18	13.50	13.68	24.57	17.13
		L.A.	9.90	-13.63	16.55	1.61	25.94	10.06
Wholesale	N.A.	-0.65	0.54	6.62	8.21	14.37	18.21	
	E-A	2.24	2.04	6.96	7.66	16.07	16.13	
	A-P	0.86	4.82	7.21	10.89	16.31	19.99	
	L.A.	5.56	-6.68	14.30	4.95	22.75	15.12	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	28.18	18.64	28.89	27.55	29.60	34.75
		E-A	22.97	21.05	34.39	24.91	49.36	28.77
		A-P	18.82	25.45	26.08	25.45	32.19	25.45
		L.A.	21.02	19.26	25.12	36.50	33.25	58.59
Warehouse Expenses (\$ per pair sold)			1.00	1.00	1.15	1.00	1.20	1.00
Margin Over Direct Costs (\$ per pair sold)		N.A.	-8.80	0.23	-1.50	4.38	5.80	8.67
		E-A	-13.81	-1.70	-6.28	1.63	4.04	4.95
		A-P	-5.46	0.73	-0.43	0.73	6.07	0.73
		L.A.	-10.43	-26.45	-0.34	-8.87	5.07	4.67

CELEBRITY ENDORSEMENTS

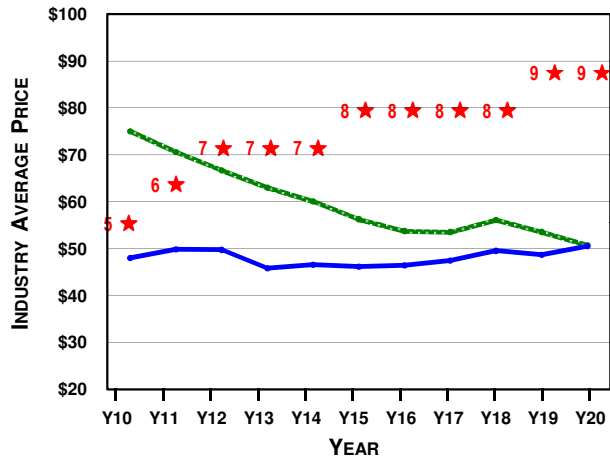
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	15,210	Y19	2 years	5	15,210	13,009	10,439	5,200
Oprah Letterman	100	70	65	75	Company D	10,000	Y20	3 years	3	10,000	2,500	4,333	500
Fifa Beckham	70	100	70	55	Company H	15,009	Y16	5 years	6	15,009	11,001	8,944	3,025
Tiger Green	95	80	85	75	Company K	15,051	Y20	2 years	4	15,051	10,000	7,013	500
José Montaña	60	50	60	95	Company A	12,001	Y18	3 years	4	13,101	12,001	9,051	3,100
Kobioshi Jones	55	60	95	90	Company L	2,500	Y20	4 years	3	10,000	2,500	4,333	500
Ace Federar	50	90	50	85	Company K	11,100	Y20	1 year	4	11,100	10,000	6,025	500
Danica Andretti	70	65	55	60	Company H	14,989	Y19	3 years	5	15,210	14,989	10,835	5,200
LaBron Game	75	80	95	50	Company I	16,010	Y17	4 years	8	16,010	13,210	10,049	3,050
Lorena Lopez	45	85	60	100	Company H	15,260	Y19	2 years	5	15,260	15,210	11,736	5,200
Lance deFrance	80	85	75	70	Company D	10,000	Y20	3 years	3	10,000	2,500	4,334	501
Yao KungPao	60	35	100	50	Company A	12,001	Y18	4 years	4	12,001	9,010	8,080	3,100

BRANDED PRICE AND S/Q RATING TRENDS

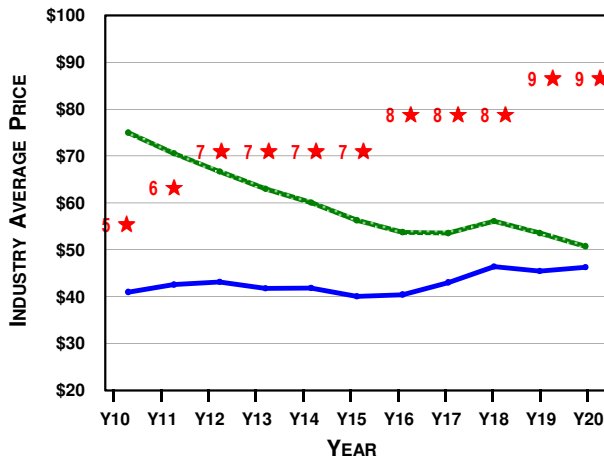
NORTH AMERICA



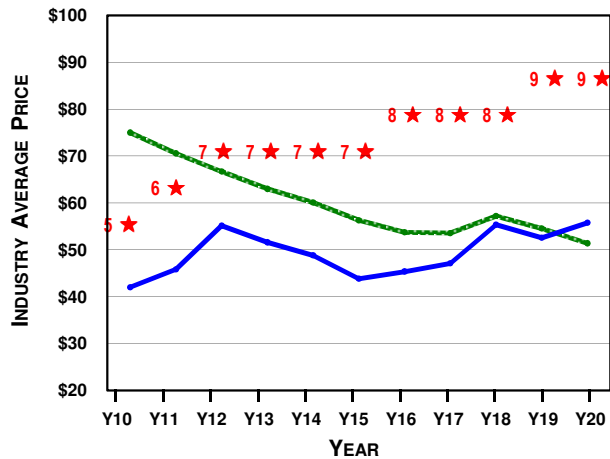
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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