

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 10

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	BETTY THE BOOB	116	93	105	+8
2	Duhon Footwear	118	79	99	0
3	Emu Footwear	110	65	88	-2
4	Catastrophic	109	59	84	+13
5	H Company	69	40	55	-7
6	JFootwear	25	19	22	-26
7	F Company	23	17	20	-16
8	G Company	19	13	16	-1
9	A Company	0	0	0	0
9	I (deleted)	0	0	0	0
9	K Company	0	0	0	0
9	L 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	BETTY THE BOOB	115	98	107	0
2	Duhon Footwear	116	85	101	-2
3	Emu Footwear	104	64	84	-8
4	Catastrophic	98	60	79	+2
5	H Company	67	44	56	-6
6	F Company	35	26	31	-14
7	JFootwear	24	19	22	-1
8	G Company	19	14	17	0
9	A Company	0	0	0	0
9	I (deleted)	0	0	0	0
9	K Company	0	0	0	0
9	L 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	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	A
B	3.28	5.07	8.60	5.36	4.37	6.62	6.36	10.32	12.32	16.30	7.72	24	20	24	20	B
C	2.79	2.53	3.03	2.08	0.97	1.99	2.95	3.66	3.64	5.63	2.89	23	7	16	7	C
D	3.14	2.50	3.85	4.47	5.92	5.47	5.23	4.99	9.56	9.29	5.26	24	11	24	14	D
E	2.89	2.41	1.68	2.19	3.18	3.12	3.89	4.49	5.65	5.49	3.27	22	7	18	8	E
F	3.78	2.86	5.08	2.72	-1.03	3.04	0.13	-3.08	0.96	-3.01	1.15	0	0	6	3	F
G	2.04	0.36	0.35	-1.59	-2.69	-2.64	-2.57	-4.46	-3.50	-4.06	-2.22	0	0	0	0	G
H	1.54	0.06	0.99	-2.13	1.30	2.48	4.25	4.44	3.33	2.77	1.68	12	3	9	4	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	0	0	I
J	3.00	0.92	1.85	-2.58	-0.34	-7.10	-3.88	-1.94	1.17	-0.15	-1.30	0	0	0	0	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	0	0	K
L	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	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	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	A
B	19.6	26.2	36.6	17.6	12.4	16.3	13.5	18.6	18.9	22.2	19.7	24	17	23	20	B
C	16.9	13.4	14.2	9.1	4.0	7.9	10.6	12.1	10.9	15.6	11.8	20	12	16	12	C
D	18.8	13.1	17.2	17.3	19.1	15.6	14.1	13.0	23.4	19.8	17.8	23	15	22	18	D
E	18.9	12.4	8.5	10.7	13.8	13.4	15.5	17.7	25.8	26.4	16.1	24	20	21	16	E
F	22.2	14.0	20.9	9.6	-3.5	10.1	0.4	-10.2	3.3	-10.7	4.4	0	0	6	4	F
G	12.6	2.1	2.7	-13.7	-26.9	-35.9	-54.2	-364.4	0.0	0.0	-39.0	0	0	0	0	G
H	9.9	0.4	6.1	-13.6	8.5	13.0	22.3	19.0	12.3	9.1	9.2	12	7	12	9	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	0	0	I
J	18.1	5.0	9.3	-15.7	-2.1	-72.8	-98.4	-144.9	92.1	-6.8	-17.6	0	0	0	0	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	0	0	K
L	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	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	A
B	39.53	83.74	142.31	75.96	48.64	72.97	73.59	160.56	172.64	285.53	24	20	24	20	B
C	34.47	27.25	31.86	21.60	12.32	20.77	37.57	57.59	51.38	91.06	24	6	24	6	C
D	38.34	25.89	48.31	62.81	97.78	73.52	64.54	67.30	153.06	186.75	24	13	24	13	D
E	46.66	28.02	16.96	23.12	39.63	43.77	56.88	61.66	90.77	77.64	24	5	24	5	E
F	62.68	31.90	76.90	35.52	19.57	29.12	16.96	10.49	8.13	5.14	2	0	2	0	F
G	20.88	11.97	6.98	5.01	4.80	5.36	4.70	5.62	4.60	5.59	2	0	2	0	G
H	16.82	10.28	8.84	5.90	15.10	27.74	70.68	67.30	38.38	28.42	11	2	11	2	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	0	I
J	37.93	20.97	17.17	9.90	6.16	4.75	4.96	5.75	11.88	7.42	3	1	3	1	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	0	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	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	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	A
B	B	C+	C+	C	C	C+	B-	B+	A-	A	Low	23	19	23	19	B
C	B	B	B-	B	B+	A+	A+	A+	A+	A+	Low	24	20	24	20	C
D	A-	A-	A	A	A+	A+	A+	A+	A+	A+	Low	24	20	24	20	D
E	A-	A	B+	A+	A+	A+	A+	A+	A+	B+	Medium	20	17	20	17	E
F	A-	B	B+	B	C-	B	C	C-	C+	C-	N/A	0	0	0	0	F
G	B+	C	C	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	0	0	G
H	B	C-	C-	C-	B	B+	A+	A+	A-	B+	Medium	20	17	20	17	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	0	0	I
J	B+	B-	B	C-	C-	C-	C-	C-	C-	C-	High	0	0	0	0	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	0	0	K
L	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	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	74	84	84	92	86	85	92	82	79	76	79	21	17	21	19	B
C	82	85	73	64	53	51	60	65	63	62	63	18	14	18	15	C
D	65	73	79	79	86	90	90	78	87	89	85	23	20	22	20	D
E	80	90	76	77	86	85	85	84	75	72	77	20	16	21	18	E
F	66	81	77	77	73	71	80	83	80	77	80	21	17	21	19	F
G	74	78	73	67	57	58	57	65	60	58	61	17	13	17	14	G
H	62	51	87	39	61	62	62	61	47	48	52	14	11	15	12	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	71	76	77	89	83	100	80	77	76	81	78	22	18	21	18	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 10 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	0	2822	0	1.52	0.48
Year 12	6972	2827	0	1.51	0.51	0.00
Year 13	7182	2656	0	2.27	0.58	0.00
Year 14	27420	4544	0	3.72	0.72	0.00
Year 15	24456	4253	0	3.22	0.66	0.00
Year 16	24311	4855	0	2.66	0.66	0.00
Year 17	24668	5150	0	2.25	0.60	0.00
Year 18	24659	6892	0	2.43	0.88	0.00
Year 19	24657	8822	0	2.27	0.92	0.00
Year 20	37920	12154	0	2.27	1.11	0.00

Image Rating Points Generated from CSRC Expenditures

	High	Avg.	Low
	Year 11	3	1
Year 12	6	3	0
Year 13	9	4	0
Year 14	11	5	0
Year 15	13	6	0
Year 16	12	6	0
Year 17	16	5	0
Year 18	20	7	0
Year 19	20	7	0
Year 20	20	8	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	F-Ta Town Sneakers	Emu Footwear
Y15	Emu Footwear	F-Ta Town Sneakers
Y16	F-Ta Town Sneakers	Emu Footwear
Y17	F-Ta Town Sneakers	Emu Footwear
Y18	F-Ta Town Sneakers	Duhon Footware
Y19	F Company	Emu Footwear
Y20	F Company	BETTY THE BOOB

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	17,280	3,600	60,360	12,480	93,720
- Pairs Rejected	860	114	2,844	621	4,439
Net Y20 Production (after rejects)	16,420	3,486	57,516	11,859	89,281
Superior Materials Usage	35.4%	66.7%	28.4%	14.4%	29.3%
Capacity Utilization (branded + P-L prod.)	120.0%	120.0%	120.0%	120.0%	120.0%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 2.90	+ 0.70	10.60
Superior Materials	15.00	- 1.55	+ 1.50	14.95

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	2,448	2,169	2,210	1,238	8,065
- Pairs Cleared (inventory clearance)	1,238	1,059	1,106	508	3,911
Beginning Y20 Inventories	1,210	1,110	1,104	730	4,154
+ New Production (shipped from plants)	21,405	21,656	20,685	19,377	83,123
Pairs Available for Sale in Y20	22,615	22,766	21,789	20,107	87,277

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)	21,341	21,341	19,623	19,877	82,182
Actual Year 20 Demand	21,316	21,095	20,048	19,692	82,150
Branded Pairs Sold	21,090	20,782	19,474	18,734	80,080
Required Y20 Ending Inventories	1,149	1,175	1,124	860	4,308
Inventory Surplus (Shortfall)	-182	101	-381	-2,554	-3,016

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.7%
- Available for shipment to warehouses
- % usage down by 0.5 points from Y19
- % utilization unchanged from Y19

Lower than normal (29.3% industrywide) superior materials usage led to superior materials prices that were 10.4% below the base and standard materials prices that were 41.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 10.0% from the base.

- Average inventory clearance of 48.5%
- 6.2% higher than Y20 demand
- Actual demand in Year 20 was 0.0% less than expected.
- Needed to achieve delivery times
- { Low in N.A. Okay in E-A
Low in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	22,168	23,055	23,977	24,936
(internet + wholesale) Europe-Africa	21,939	22,817	23,730	24,679
Asia-Pacific	21,251	22,526	23,878	25,311
Latin America	20,873	22,125	23,453	24,860
Total	86,231	90,523	95,038	99,786
Private-Label — North America	3,760	3,760	3,760	3,760
Europe-Africa	3,736	3,736	3,736	3,736
Asia-Pacific	3,736	3,736	3,736	3,736
Latin America	3,760	3,760	3,760	3,760
Total	14,992	14,992	14,992	14,992

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	7,197
Potential Production (at max OT)	93,720
Potential Global Supply	100,917
Demand — Branded Sales Forecast (000s)	86,231
Private-Label Sales Forecast	14,992
Expected Global Demand	101,223
Conclusion:	The industry is capacity short. There are definitely opportunities for expansion-minded companies to gain additional sales and market share by building new capacity or purchasing used capacity.

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	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	12,000	7,000	0	0	0	0	0	0	12,000	7,000	19,000	0	0	B
C	0	0	6,900	1,400	0	0	0	0	0	0	6,900	1,400	8,300	0	0	C
D	0	0	8,000	0	0	0	0	0	0	0	8,000	0	8,000	0	0	D
E	1,000	1,000	1,000	1,000	0	0	0	0	1,000	1,000	1,000	1,000	4,000	0	0	E
F	4,500	0	6,000	0	0	0	0	0	4,500	0	6,000	0	10,500	0	0	F
G	3,400	0	4,600	0	0	0	0	0	3,400	0	4,600	0	8,000	0	0	G
H	1,500	0	5,800	0	0	0	0	0	1,500	0	5,800	0	7,300	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	4,000	2,000	6,000	1,000	0	0	0	0	4,000	2,000	6,000	1,000	13,000	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	14,400	3,000	50,300	10,400	0	0	0	0	14,400	3,000	50,300	10,400	78,100	0	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	0	0	0	0	0	0	0	0	0	0	0	A
B	870,629	416,674	73,240	146,343	22,472	211,900	21,457	54,133	126,310	698	7,750	B
C	442,598	220,683	38,513	100,918	11,219	71,265	2,488	20,633	48,144	5,985	8,550	C
D	471,399	279,824	37,273	40,950	11,319	102,033	2,499	29,860	69,674	49,125	7,500	D
E	260,348	152,882	21,109	16,582	6,418	63,357	4,561	17,639	41,157	45,000	7,500	E
F	479,935	354,204	42,421	87,970	13,970	-18,630	11,493	0	-30,123	0	10,000	F
G	357,848	299,795	25,422	51,694	10,419	-29,482	42,885	0	-72,367	0	17,825	G
H	397,807	238,720	36,414	77,008	9,720	35,945	6,304	8,892	20,749	0	7,500	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	654,354	391,070	50,733	152,551	15,419	44,581	49,905	0	-5,770	0	38,500	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	491,865	294,232	40,641	84,252	12,620	60,121	17,699	16,395	24,722	12,601	13,141	

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	0	0	0	0	0	0	0	0	0.00	0 / 0	A
B	10,577	310,751	855,351	110,136	135,950	528,183	-44,553	125,635	609,265	0.09	8 / 1	B
C	18,369	135,147	357,087	25,756	4,000	290,369	-5,198	42,160	327,331	0.70	8 / 2	C
D	27,419	184,376	431,287	34,464	33,800	342,473	0	20,550	363,023	6.55	8 / 2	D
E	9,818	77,373	234,221	24,338	56,000	157,727	0	-3,844	153,883	6.00	3 / 0	E
F	0	146,764	444,531	119,785	58,500	296,370	0	-30,123	266,247	0.00	0 / 1	F
G	0	100,585	233,594	383,811	2,500	-80,350	0	-72,367	-152,717	0.00	1 / 3	G
H	90,982	198,573	379,388	41,214	101,000	216,424	0	20,750	237,174	0.00	2 / 2	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	170,431	460,394	333,520	18,900	62,042	51,700	-5,768	107,974	0.00	1 / 3	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	19,646	165,500	424,482	134,128	51,331	226,655	244	12,124	239,023	1.67	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	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A
B	47.9	8.4	16.8	2.6	24.3	14.5	2.82	72	9.88	0.23	3.04	Low	B
C	49.9	8.7	22.8	2.5	16.1	10.9	5.25	10	28.64	0.01	62.63	Low	C
D	59.4	7.9	8.7	2.4	21.6	14.8	5.35	54	40.83	0.09	9.92	Low	D
E	58.7	8.1	6.4	2.5	24.3	15.8	3.18	7	13.89	0.27	1.13	Medium	E
F	73.8	8.8	18.3	2.9	-3.9	-6.3	1.23	30	-1.62	0.32	0.00	N/A	F
G	83.8	7.1	14.4	2.9	-8.2	-20.2	0.26	22	-0.69	1.52	0.00	N/A	G
H	60.0	9.2	19.4	2.4	9.0	5.2	4.82	16	5.70	0.31	1.91	Medium	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	59.8	7.8	23.3	2.4	6.8	-0.9	0.51	7	0.89	0.67	0.07	High	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	59.8 %	8.3 %	17.1 %	2.6 %	12.2 %	5.0 %	1.23	27	12.19	0.43	9.84	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		10.12	9.98	12.01	12.08	14.68	14.67
	Private-Label Footwear		10.16	11.07	11.54	12.01	12.91	12.95
Labor — North America	Total Compensation (\$/year)		17,717	17,669	21,597	21,800	23,989	24,394
	Productivity (pairs/worker/year)		4,310	4,344	4,613	4,612	4,878	4,937
	Labor Cost (\$/pair produced)		4.34	4.41	5.07	5.12	6.06	6.11
Europe Africa	Total Compensation (\$/year)		18,236	18,400	19,794	20,183	21,352	21,965
	Productivity (pairs/worker/year)		4,330	4,333	4,996	5,071	5,662	5,809
	Labor Cost (\$/pair produced)		4.03	4.06	4.33	4.37	4.62	4.67
Asia Pacific	Total Compensation (\$/year)		3,307	3,373	4,437	4,680	6,713	6,803
	Productivity (pairs/worker/year)		2,191	2,153	2,647	2,690	3,017	3,059
	Labor Cost (\$/pair produced)		1.53	1.58	1.78	1.84	2.24	2.25
Latin America	Total Compensation (\$/year)		3,678	4,020	4,194	4,279	4,607	4,556
	Productivity (pairs/worker/year)		2,718	2,740	2,765	2,840	2,875	2,940
	Labor Cost (\$/pair produced)		1.47	1.52	1.60	1.60	1.73	1.72
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	0.56	0.56	1.16	1.16
	Cumulative		0.19	0.17	0.94	0.90	1.42	1.36
Reject Rates	Branded Production		2.0%	1.9%	4.5%	4.6%	7.5%	7.5%
	Private-Label Production		3.5%	3.5%	4.8%	4.8%	6.0%	6.0%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.43	22.70	27.18	27.48	33.04	33.17
	E-A		23.22	23.57	26.52	26.78	29.81	29.98
	A-P		17.86	18.08	22.99	23.25	32.24	32.34
	L.A.		19.08	18.64	21.43	21.53	26.44	26.65
	Private-Label — N.A.		30.53	30.71	30.53	30.71	30.53	30.71
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		22.60	20.89	22.60	21.82	22.60	22.75
	L.A.		19.27	0.00	19.27	0.00	19.27	0.00

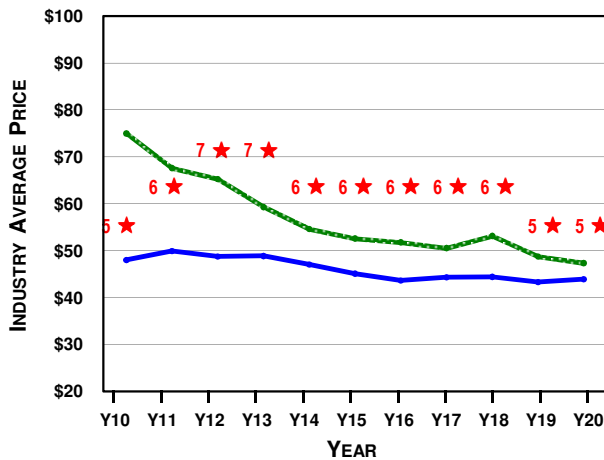
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.41	21.39	26.44	27.26	34.27	34.41
		E-A	23.63	24.06	28.08	28.46	36.32	35.72
		A-P	19.53	19.39	24.64	24.68	35.21	34.89
		L.A.	20.48	19.93	27.56	31.05	39.52	46.85
	Warehouse Expenses - Internet (\$ per pair sold)		12.46	12.45	12.70	12.69	13.00	12.99
		Wholesale	1.97	1.95	2.44	2.42	2.98	2.99
	Marketing Expenses — Internet (\$ per pair sold)		6.77	5.01	10.98	10.19	19.07	18.80
		Wholesale	3.84	3.37	8.17	7.73	11.47	11.37
	Administrative Expenses (\$/pair sold)		1.06	1.08	1.38	1.34	2.07	2.08
	Operating Profit (\$ per pair sold)	N.A.	1.21	1.39	9.29	7.86	16.50	15.15
		E-A	1.74	2.96	10.70	10.05	17.73	16.37
		A-P	-0.12	3.96	12.79	15.21	19.62	21.01
		L.A.	-1.59	-19.59	12.63	-0.93	23.25	11.15
	Wholesale	N.A.	-0.56	-0.24	4.69	5.12	12.27	11.91
		E-A	-0.48	1.28	4.78	6.22	13.00	12.77
		A-P	-2.58	2.66	5.81	9.31	14.60	14.29
		L.A.	-2.37	-16.83	10.64	2.39	33.19	22.59
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	27.03	25.61	27.03	27.00	27.03	28.38
		E-A	29.22	29.66	29.22	29.66	29.22	29.66
		A-P	27.96	22.14	27.96	24.89	27.96	27.63
		L.A.	20.52	0.00	20.52	#####	20.52	0.00
	Warehouse Expenses (\$ per pair sold)		1.00	1.00	1.10	1.10	1.20	1.20
	Margin Over Direct Costs (\$ per pair sold)	N.A.	-7.03	-8.38	-7.03	-3.60	0.00	1.19
		E-A	-5.91	-6.19	-5.91	-6.19	0.00	0.00
		A-P	-4.96	-3.19	-4.96	2.23	0.00	7.64
		L.A.	5.55	0.00	5.55	#####	5.55	0.00

CELEBRITY ENDORSEMENTS

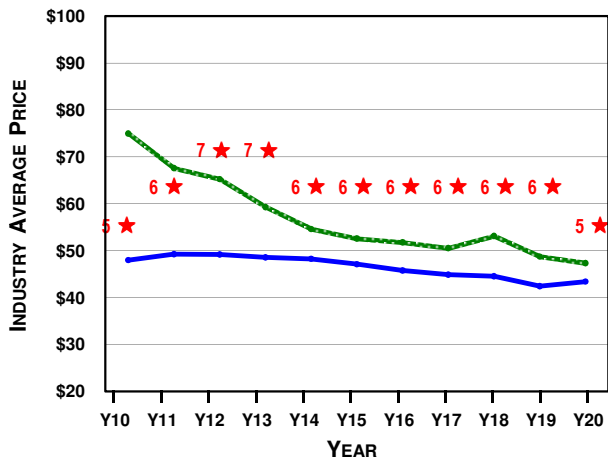
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company H	3,003	Y19	2 years	3	6,008	3,003	4,005	3,003
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	0	0	0	0	0
Fifa Beckham	70	100	70	55	Company J	15,000	Y16	5 years	4	15,000	10,560	7,390	1,001
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
José Montaña	60	50	60	95	Company B	11,056	Y18	3 years	4	12,150	11,056	6,677	500
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	0	0	0	0	0
Ace Federar	50	90	50	85	Company H	3,003	Y20	1 year	1	3,003	0	3,003	3,003
Danica Andretti	70	65	55	60	Company H	3,003	Y19	3 years	3	6,008	3,003	3,671	2,002
LaBron Game	75	80	95	50	Company J	12,000	Y17	4 years	4	12,000	10,756	6,689	1,001
Lorena Lopez	45	85	60	100	Company H	3,003	Y19	2 years	3	6,008	3,003	3,678	2,022
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	Company D	3,000	Y18	4 years	4	10,502	10,011	6,003	500

BRANDED PRICE AND S/Q RATING TRENDS

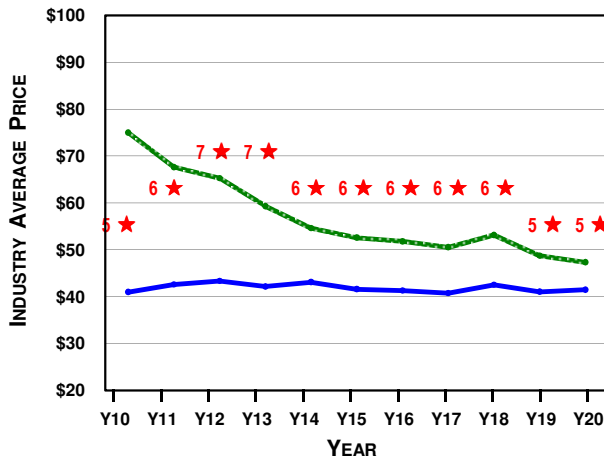
NORTH AMERICA



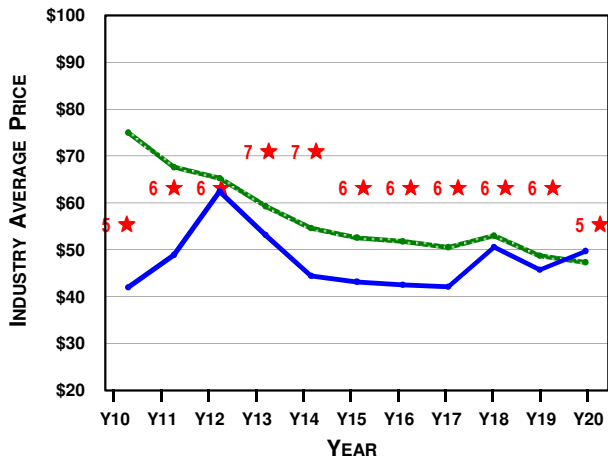
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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