

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 1

Friday, May 22, 2009

YEAR 20

YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	J aded	117	97	107	+6
2	Homer the Great	118	90	104	-4
3	L-Evate! Athletics	117	74	96	-2
4	Chill	116	66	91	+1
5	Indigo Ocean	109	60	85	-7
6	Ground Breakers	105	53	79	-1
7	Because We Can...	95	51	73	-12
8	E Company	86	52	69	+12
9	A (deleted)	0	0	0	0
9	D (deleted)	0	0	0	0
9	F (deleted)	0	0	0	0
9	K (deleted)	0	0	0	0

GAME-TO-DATE SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Homer the Great	118	93	106	-2
1	J aded	116	96	106	+2
3	L-Evate! Athletics	117	82	100	-1
4	Indigo Ocean	114	71	93	-1
5	Chill	107	67	87	+1
6	Ground Breakers	106	62	84	0
7	Because We Can...	95	57	76	-4
8	E Company	74	47	61	+11
9	A (deleted)	0	0	0	0
9	D (deleted)	0	0	0	0
9	F (deleted)	0	0	0	0
9	K (deleted)	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	3.32	4.13	2.34	-0.12	0.83	3.78	2.58	3.16	5.32	4.06	2.89	18	4	16	7	B
C	3.14	4.53	3.10	0.08	0.55	2.74	4.24	5.27	5.75	7.76	3.67	24	8	20	8	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	D
E	1.70	1.53	1.61	3.20	-1.01	1.98	0.68	1.98	2.86	2.67	1.73	12	3	10	4	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	2.39	4.87	1.00	1.37	2.54	5.62	4.49	5.55	4.92	5.24	3.77	22	5	21	9	G
H	3.12	6.88	4.76	3.92	5.23	8.39	10.87	12.56	14.57	16.20	8.24	24	16	24	19	H
I	3.23	5.69	3.06	0.96	2.03	8.17	7.08	8.00	8.17	6.94	5.01	24	7	24	12	I
J	3.74	6.41	4.56	4.41	6.51	10.07	7.87	12.66	14.11	19.65	8.68	24	20	24	20	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	3.78	5.57	3.74	3.15	4.86	7.64	8.26	9.42	9.44	10.90	6.40	24	11	24	15	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	20.3	21.8	11.2	-0.6	3.7	15.4	9.3	10.1	15.4	10.6	11.8	14	8	16	11	B
C	19.4	23.6	12.9	0.3	2.2	10.2	14.2	15.3	15.2	19.3	13.4	23	14	18	13	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	D
E	10.9	9.5	9.4	16.3	-4.9	9.3	2.7	9.3	12.9	13.2	9.1	18	10	12	9	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	15.0	26.2	5.1	6.7	11.3	21.4	15.0	16.3	12.9	12.4	14.6	17	9	19	14	G
H	18.7	31.9	16.3	10.7	12.8	19.0	21.0	21.2	24.2	27.0	20.6	24	20	24	20	H
I	19.3	26.8	12.0	3.5	6.8	21.0	16.4	15.8	14.1	10.8	14.4	14	8	19	14	I
J	22.0	30.0	14.8	10.2	15.7	20.4	12.8	14.6	16.8	26.3	17.4	24	19	22	17	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	22.7	23.5	13.5	10.9	15.1	21.5	20.2	20.4	19.5	21.5	19.3	24	16	23	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	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	60.74	66.78	31.44	17.32	10.53	46.63	32.50	39.53	71.15	50.94	19	3	19	3	B
C	53.46	77.84	38.65	20.92	12.32	28.86	56.71	92.54	101.43	139.88	24	8	24	8	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	D
E	17.38	13.89	14.11	40.05	20.90	21.31	12.67	29.58	36.63	34.69	13	2	13	2	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	28.39	97.41	40.10	21.25	24.25	93.61	72.23	83.68	57.47	63.08	22	3	22	3	G
H	41.74	127.93	67.59	57.35	68.59	156.16	206.76	257.81	284.69	299.74	24	16	24	16	H
I	49.12	102.53	41.11	22.32	19.95	95.11	113.79	128.53	112.51	91.01	24	5	24	5	I
J	60.66	119.20	64.40	58.03	87.05	181.37	126.15	216.16	219.58	364.02	24	20	24	20	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	66.72	109.40	52.46	37.62	63.35	133.93	170.07	188.82	151.07	158.95	24	9	24	9	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+	B-	C	C-	C	B+	B+	B+	A	A+	Low	24	20	24	20	B
C	B	B	B	C-	C	B+	A	A	A+	A+	Low	24	20	24	20	C
D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	D
E	B-	C+	B-	A	B+	A-	B+	B+	B-	B+	Medium	20	17	20	17	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	B-	A-	C-	C	B	A-	A-	A-	A-	A-	Medium	23	19	23	19	G
H	B	A-	A	A+	A+	A+	A+	A+	A+	A+	Low	24	20	24	20	H
I	A-	A	B	B-	B	A	A-	A	A	A+	Low	24	20	24	20	I
J	B+	A-	A	A	A	A	A+	A+	A+	A+	Low	24	20	24	20	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	A	A+	A-	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	72	66	89	81	77	74	77	73	73	70	72	20	16	20	16	B
C	75	77	77	69	71	75	69	83	83	74	80	21	16	21	18	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	62	53	59	54	55	53	46	59	55	88	67	23	20	19	15	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	73	73	74	83	79	75	74	76	76	75	76	21	17	21	17	G
H	70	74	75	77	75	79	92	82	82	81	82	22	18	22	18	H
I	70	70	74	86	82	82	91	84	92	90	89	23	20	23	20	I
J	80	73	80	76	80	79	85	90	85	80	85	21	18	22	19	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	83	88	85	80	86	87	81	91	83	80	85	21	18	22	19	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 1 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	7564	1466	0	1.48	0.25
Year 12	13047	4168	0	2.28	0.65	0.00
Year 13	13400	4891	0	1.60	0.70	0.00
Year 14	12700	5397	0	1.76	0.74	0.00
Year 15	9808	4559	0	1.47	0.57	0.00
Year 16	10357	4256	0	1.26	0.52	0.00
Year 17	16096	6455	0	1.34	0.69	0.00
Year 18	17500	7545	0	1.40	0.70	0.00
Year 19	26066	10212	0	2.09	0.87	0.00
Year 20	27345	10358	0	2.04	0.88	0.00

Image Rating Points Generated from CSRC Expenditures

	High	Avg.	Low
	Year 11	4	1
Year 12	8	2	0
Year 13	11	4	0
Year 14	14	5	0
Year 15	17	6	0
Year 16	16	6	0
Year 17	17	6	2
Year 18	18	6	1
Year 19	19	7	2
Year 20	19	7	1

★ 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	Ka Ni Jo S - Ka R	J Company
Y15	Ka Ni Jo S - Ka R	G Company
Y16	Ka Ni Jo S - Ka R	Ground Breakers
Y17	Ground Breakers	J Company
Y18	L-Evate! Athletics	Ground Breakers
Y19	Homer the Great	Ground Breakers
Y20	Homer the Great	L-Evate! Athletics

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	20,493	14,561	46,171	15,280	96,505
- Pairs Rejected	898	553	2,024	668	4,143
Net Y20 Production (after rejects)	19,595	14,008	44,147	14,612	92,362
Superior Materials Usage	45.9%	50.4%	49.2%	48.3%	48.5%
Capacity Utilization (branded + P-L prod.)	113.2%	118.4%	111.5%	114.0%	113.3%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 0.20	+ 0.21	6.91
Superior Materials	14.00	- 0.11	+ 0.46	14.35

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	3,004	1,955	2,153	1,855	8,967
- Pairs Cleared (inventory clearance)	556	202	290	200	1,248
Beginning Y20 Inventories	2,448	1,753	1,863	1,655	7,719
+ New Production (shipped from plants)	21,229	21,336	17,808	19,456	79,829
Pairs Available for Sale in Y20	23,677	23,089	19,671	21,111	87,548

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)	21,965	20,916	19,084	19,240	81,205
Actual Year 20 Demand	22,019	20,698	19,102	19,490	81,309
Branded Pairs Sold	21,446	20,646	17,947	19,427	79,466
Required Y20 Ending Inventories	1,482	1,462	1,348	1,387	5,679
Inventory Surplus (Shortfall)	-642	591	-1,419	-159	-1,629

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.3%
- Available for shipment to warehouses
- % usage up by 10.5 points over Y19
- % utilization down by 0.1 points from Y19

Lower than normal (48.5% industrywide) superior materials usage led to superior materials prices that were 0.8% below the base and standard materials prices that were 3.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 3.3% from the base.

- Average inventory clearance of 13.9%
- 7.7% higher than Y20 demand
- Actual demand in Year 20 was 0.1% greater 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	22,900	23,816	24,769	25,760
(internet + wholesale) Europe-Africa	21,526	22,387	23,282	24,213
Asia-Pacific	20,248	21,463	22,751	24,116
Latin America	20,659	21,899	23,213	24,606
Total	85,333	89,565	94,015	98,695
Private-Label — North America	3,784	3,784	3,784	3,784
Europe-Africa	3,736	3,736	3,736	3,736
Asia-Pacific	3,768	3,768	3,768	3,768
Latin America	3,744	3,744	3,744	3,744
Total	15,032	15,032	15,032	15,032

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory	8,082
(000s) Potential Production (at max OT)	102,240
Potential Global Supply	110,322
Demand — Branded Sales Forecast	85,333
(000s) Private-Label Sales Forecast	15,032
Expected Global Demand	100,365
Conclusion:	Even at full overtime production, capacity is shy of what's needed to meet future demand. Opportunistic companies should consider 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	A
B	2,500	0	4,000	1,500	0	0	0	0	2,500	0	4,000	1,500	8,000	0	B
C	2,000	2,400	5,500	0	0	0	0	0	2,000	2,400	5,500	0	9,900	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	3,000	0	6,000	2,000	0	0	0	0	3,000	0	6,000	2,000	11,000	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	2,000	1,000	4,000	4,000	0	0	0	0	2,000	1,000	4,000	4,000	11,000	0	G
H	3,200	3,000	5,000	0	0	0	0	0	3,200	3,000	5,000	0	11,200	0	H
I	3,400	0	6,900	1,400	0	0	0	0	3,400	0	6,900	1,400	11,700	0	I
J	2,000	4,000	6,800	3,500	-2,000	-300	-1,800	0	0	3,700	5,000	3,500	12,200	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	2,000	2,200	5,000	1,000	0	0	0	0	2,000	2,200	5,000	1,000	10,200	0	L
Total	20,100	12,600	43,200	13,400	-2,000	-300	-1,800	0	18,100	12,300	41,400	13,400	85,200	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	485,942	268,513	27,703	124,627	10,419	54,680	5,480	14,760	34,440	425	8,490	B
C	633,998	274,408	45,523	192,420	12,319	109,328	2,556	32,032	74,740	12,230	9,630	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	512,157	303,362	33,053	94,981	13,420	67,341	23,781	13,068	30,492	0	11,400	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	543,730	326,063	45,432	79,243	14,770	78,222	7,453	20,762	48,443	9,240	9,240	G
H	652,903	350,485	45,632	64,033	14,817	177,936	-252	53,456	124,732	32,340	7,700	H
I	674,645	370,128	38,280	168,364	15,319	82,554	8,229	22,298	52,027	9,450	7,500	I
J	794,714	385,459	54,288	123,443	14,619	216,905	3,893	63,904	149,108	3,947	7,590	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	581,156	303,194	33,415	98,532	12,619	133,396	-485	40,164	93,717	11,175	8,596	L
	609,906	322,702	40,416	118,205	13,538	115,045	6,332	32,556	75,962	9,851	8,768	

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	3,046	148,442	383,672	34,150	15,400	314,675	-14,566	34,013	334,122	0.05	8 / 1	B
C	0	172,865	418,000	35,924	3,700	396,690	-80,823	62,510	378,377	1.27	7 / 2	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	18,456	197,240	508,194	54,101	160,000	169,611	93,990	30,492	294,093	0.00	5 / 3	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	62,582	247,945	510,362	52,958	46,800	371,399	0	39,205	410,604	1.00	1 / 1	G
H	24,180	212,917	491,173	58,606	0	491,767	-151,590	92,390	432,567	4.20	7 / 1	H
I	32,769	220,872	555,204	39,594	12,500	460,534	0	42,576	503,110	1.26	8 / 1	I
J	18,346	264,224	694,498	68,065	230,490	739,752	-488,970	145,161	395,943	0.52	9 / 1	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	8,743	161,668	453,039	32,804	0	452,052	-114,359	82,542	420,235	1.30	5 / 4	L
	21,015	203,271	501,768	47,025	58,611	424,560	-94,540	66,111	396,131	1.20	6 / 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	55.3	5.7	25.6	2.1	11.3	7.1	4.35	40	9.98	0.07	4.76	Low	B
C	43.3	7.2	30.4	1.9	17.2	11.8	4.81	20	42.77	0.03	9.54	Low	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	D
E	59.2	6.5	18.5	2.6	13.1	6.0	3.65	74	2.83	0.35	2.82	Medium	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	60.0	8.4	14.6	2.7	14.4	8.9	4.68	55	10.50	0.15	2.34	Medium	G
H	53.7	7.0	9.8	2.3	27.3	19.1	3.63	37	100.00	0.06	4.00	Low	H
I	54.9	5.7	25.0	2.3	12.2	7.7	5.58	23	10.03	0.05	5.92	Low	I
J	48.5	6.8	15.5	1.8	27.3	18.8	3.88	50	55.72	0.38	5.20	Low	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	52.2	5.7	17.0	2.2	23.0	16.1	4.93	10	100.00	0.00	10.00	Low	L
	52.9 %	6.6 %	19.4 %	2.2 %	18.9 %	12.5 %	4.32	39	41.48	0.14	5.57	Low	

Bold = best in industry **Yellow** = needs management attention

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High		
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20	
Materials Costs (\$ per pair produced)	Branded Footwear		8.82	8.20	9.92	10.47	11.57	14.56	
	Private-Label Footwear		7.63	6.24	9.31	7.73	13.69	9.21	
Labor — North America	Total Compensation (\$/year)		15,302	15,302	23,046	20,649	24,868	25,113	
	Productivity (pairs/worker/year)		3,019	2,995	5,454	4,614	5,934	5,992	
	Labor Cost (\$/pair produced)		3.88	3.68	5.42	4.84	6.05	5.72	
Europe Africa	Total Compensation (\$/year)		15,614	15,619	19,943	20,504	24,176	24,423	
	Productivity (pairs/worker/year)		4,042	4,087	5,139	5,231	5,935	6,165	
	Labor Cost (\$/pair produced)		3.21	3.29	4.23	4.21	4.67	4.68	
Asia Pacific	Total Compensation (\$/year)		6,000	6,000	7,322	7,500	8,284	8,830	
	Productivity (pairs/worker/year)		1,909	1,937	2,696	2,842	3,301	3,642	
	Labor Cost (\$/pair produced)		2.48	2.45	3.02	2.87	3.73	3.45	
Latin America	Total Compensation (\$/year)		7,918	6,458	8,223	8,087	8,527	8,702	
	Productivity (pairs/worker/year)		2,601	2,638	2,943	3,006	3,442	3,504	
	Labor Cost (\$/pair produced)		2.59	2.54	3.05	2.92	3.51	3.35	
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.50	1.04	1.23	2.50	2.50	
	Cumulative		0.15	0.50	1.11	1.17	2.34	2.35	
Reject Rates	Branded Production		2.0%	2.0%	5.6%	4.6%	10.2%	6.8%	
	Private-Label Production		2.0%	2.0%	3.9%	3.2%	10.5%	6.7%	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	22.66	23.28	26.08	27.86	30.38	34.77	
		E-A	19.14	20.09	25.72	25.24	36.85	34.41	
		A-P	20.15	20.78	23.65	25.19	27.60	30.03	
		L.A.	21.74	21.76	24.97	24.32	28.78	29.31	
		Private-Label	N.A.	24.43	23.73	28.68	27.04	38.03	32.09
		E-A	24.09	22.70	24.36	22.79	24.62	22.96	
		A-P	19.42	18.42	22.80	21.51	25.48	24.56	
		L.A.	25.32	17.93	25.32	17.93	25.32	17.93	

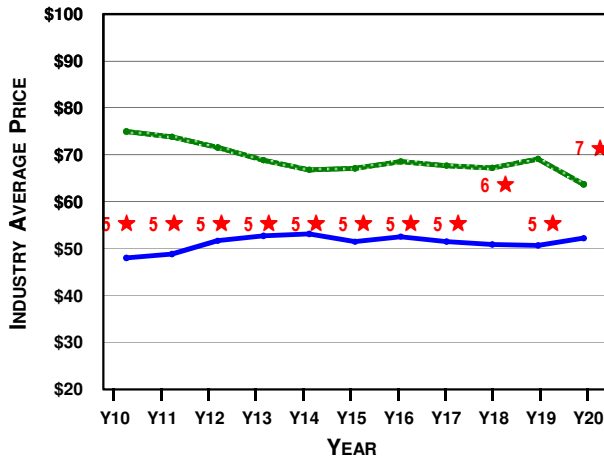
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.96	24.79	27.53	29.28	31.49	35.62
		E-A	21.35	22.98	29.44	30.80	37.18	39.83
		A-P	20.90	22.32	25.33	26.99	32.39	32.55
		L.A.	24.56	25.56	26.81	27.88	30.59	31.49
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.42	12.39	10.71	12.55	11.63	12.72
			2.09	2.07	2.41	2.30	3.14	2.52
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	8.27	9.18	14.31	13.76	23.15	24.82
			6.81	6.01	14.20	12.02	24.48	18.88
Administrative Expenses	(\$/pair sold)		1.17	1.16	1.44	1.41	2.20	1.88
Operating Profit (\$ per pair sold)	Internet	N.A.	7.19	6.38	21.05	16.06	31.68	28.76
		E-A	5.95	3.14	21.93	16.33	37.04	34.32
		A-P	12.91	11.26	24.46	20.06	36.24	33.48
		L.A.	20.57	13.04	31.03	19.68	44.01	34.33
Wholesale		N.A.	1.26	2.19	4.55	7.42	8.72	19.58
		E-A	1.71	1.99	9.05	9.36	20.40	18.82
		A-P	0.46	2.25	4.32	8.33	9.09	17.53
		L.A.	10.73	5.83	13.22	10.41	17.99	17.28
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.33	23.40	29.19	26.76	39.53	33.59
		E-A	25.59	24.20	31.45	27.28	35.57	34.73
		A-P	20.93	19.92	24.17	22.25	26.98	25.46
		L.A.	26.18	19.43	28.85	25.94	32.62	30.54
Warehouse Expenses	(\$ per pair sold)		1.00	1.00	1.03	1.03	1.20	1.20
Margin Over Direct Costs (\$ per pair sold)		N.A.	1.01	1.30	5.27	5.68	8.96	9.09
		E-A	5.35	2.70	9.14	8.39	13.66	16.96
		A-P	2.37	3.21	5.64	7.46	12.37	10.63
		L.A.	6.82	5.78	9.33	9.79	12.65	16.40

CELEBRITY ENDORSEMENTS

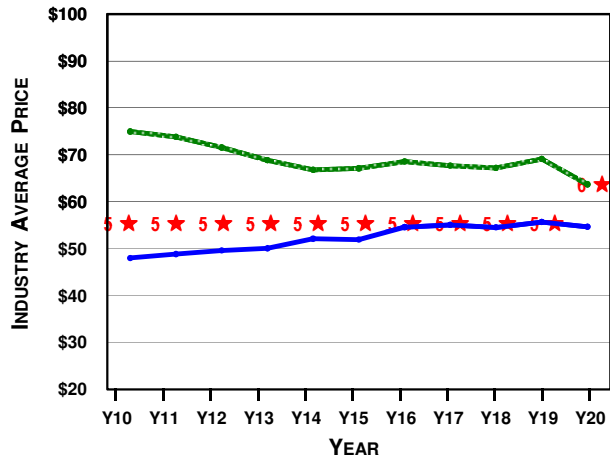
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company E	22,000	Y19	2 years	5	23,001	22,000	17,712	10,001
Oprah Letterman	100	70	65	75	Company C	27,555	Y20	3 years	1	27,555	0	27,555	27,555
Fifa Beckham	70	100	70	55	Company B	27,845	Y16	5 years	6	27,845	22,000	18,362	10,000
Tiger Green	95	80	85	75	Company C	27,555	Y20	2 years	1	27,555	0	27,555	27,555
José Montaña	60	50	60	95	Company I	21,089	Y18	3 years	6	21,089	20,000	16,365	5,002
Kobioshi Jones	55	60	95	90	Company C	27,555	Y20	4 years	1	27,555	0	27,555	27,555
Ace Federar	50	90	50	85	Company C	27,555	Y20	1 year	1	27,555	0	27,555	27,555
Danica Andretti	70	65	55	60	Company I	23,001	Y19	3 years	5	23,001	21,555	18,112	10,001
LaBron Game	75	80	95	50	Company C	18,931	Y17	4 years	6	21,645	18,931	15,261	6,987
Lorena Lopez	45	85	60	100	Company E	22,000	Y19	2 years	5	23,001	22,000	17,712	10,001
Lance deFrance	80	85	75	70	Company C	27,555	Y20	3 years	1	27,555	0	27,555	27,555
Yao KungPao	60	35	100	50	Company C	24,555	Y18	4 years	5	24,555	18,462	16,211	5,002

BRANDED PRICE AND S/Q RATING TRENDS

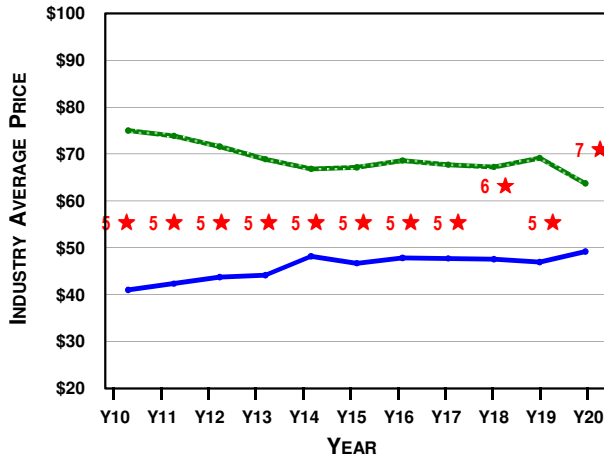
NORTH AMERICA



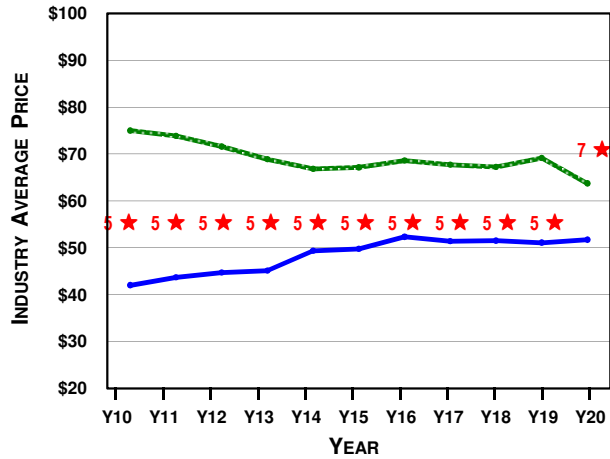
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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