

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

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    | JEEPERS SNEAKERS | 120                        | 91                     | 106           | +6              |
| 2    | Eagles           | 117                        | 91                     | 104           | +1              |
| 3    | I-Albi           | 119                        | 85                     | 102           | +9              |
| 4    | H2O SHOES        | 115                        | 66                     | 91            | -1              |
| 5    | Knockout         | 112                        | 64                     | 88            | -8              |
| 6    | FUMA             | 102                        | 59                     | 81            | -13             |
| 7    | A (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | B (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | C (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | D (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | G (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | L (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    | JEEPERS SNEAKERS | 120                        | 98                     | 109           | +3              |
| 2    | Eagles           | 117                        | 96                     | 107           | 0               |
| 3    | Knockout         | 117                        | 76                     | 97            | -3              |
| 4    | I-Albi           | 114                        | 75                     | 95            | +6              |
| 5    | H2O SHOES        | 114                        | 73                     | 94            | -3              |
| 6    | FUMA             | 100                        | 60                     | 80            | -11             |
| 7    | A (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | B (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | C (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | D (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | G (deleted)      | 0                          | 0                      | 0             | 0               |
| 7    | L (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 | 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 | 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 | <b>3.53</b> | <b>7.16</b> | 2.94        | 2.39   | 3.17        | <b>6.93</b> | <b>8.94</b> | <b>12.96</b> | <b>15.28</b> | <b>15.39</b> | <b>7.79</b> | <b>24</b> | <b>20</b> | <b>24</b>   | <b>20</b> | E |
| F | <b>3.81</b> | <b>4.00</b> | 0.66        | -0.99  | -0.33       | <b>4.56</b> | <b>8.32</b> | <b>8.99</b>  | <b>10.75</b> | <b>7.21</b>  | <b>4.39</b> | <b>24</b> | 9         | <b>22</b>   | 11        | F |
| G | 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         | G |
| H | 2.55        | <b>5.18</b> | <b>3.28</b> | 1.01   | <b>4.56</b> | <b>7.22</b> | <b>9.92</b> | <b>10.99</b> | <b>10.73</b> | <b>9.94</b>  | <b>6.18</b> | <b>24</b> | 13        | <b>24</b>   | 16        | H |
| I | 2.51        | <b>5.59</b> | -1.35       | -6.84  | 0.85        | <b>9.01</b> | <b>9.75</b> | <b>9.55</b>  | <b>10.22</b> | <b>13.20</b> | <b>4.46</b> | <b>24</b> | 17        | <b>23</b>   | 11        | I |
| J | <b>4.35</b> | <b>6.59</b> | <b>3.48</b> | 2.22   | <b>3.62</b> | <b>9.03</b> | <b>8.79</b> | <b>13.07</b> | <b>13.23</b> | <b>14.90</b> | <b>7.78</b> | <b>24</b> | 19        | <b>24</b>   | <b>20</b> | J |
| K | <b>6.22</b> | <b>4.19</b> | 2.15        | 0.31   | 3.23        | <b>6.33</b> | <b>8.38</b> | <b>11.65</b> | <b>11.29</b> | <b>9.23</b>  | <b>6.28</b> | <b>24</b> | 12        | <b>24</b>   | 16        | 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 | 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 | 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 | <b>22.5</b> | <b>45.7</b> | 14.3        | 10.3   | 12.0   | <b>22.7</b> | <b>23.3</b> | <b>26.4</b> | <b>26.1</b> | <b>24.4</b> | <b>23.7</b> | <b>24</b> | 15        | <b>24</b>   | <b>20</b> | E |
| F | <b>23.1</b> | <b>23.3</b> | 3.7         | -5.1   | -1.8   | <b>22.1</b> | <b>32.1</b> | <b>34.1</b> | <b>44.0</b> | <b>32.8</b> | <b>22.2</b> | <b>24</b> | <b>20</b> | <b>24</b>   | 19        | F |
| G | 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         | G |
| H | <b>15.5</b> | <b>24.7</b> | 13.0        | 3.8    | 13.9   | <b>19.3</b> | <b>23.1</b> | <b>23.1</b> | <b>19.7</b> | <b>17.4</b> | <b>18.2</b> | 22        | 11        | 22          | 15        | H |
| I | <b>15.3</b> | <b>28.5</b> | -6.5        | -27.2  | 3.2    | <b>31.8</b> | <b>25.9</b> | <b>22.0</b> | <b>20.3</b> | <b>26.2</b> | 14.8        | <b>24</b> | 16        | 20          | 12        | I |
| J | <b>25.3</b> | <b>33.6</b> | <b>15.4</b> | 8.8    | 14.9   | <b>29.6</b> | <b>22.4</b> | <b>26.3</b> | <b>21.3</b> | <b>21.4</b> | <b>22.7</b> | <b>24</b> | 13        | <b>24</b>   | 19        | J |
| K | <b>35.8</b> | <b>23.4</b> | 10.5        | 1.5    | 14.9   | <b>23.9</b> | <b>24.8</b> | <b>26.9</b> | <b>21.0</b> | 14.8        | <b>20.6</b> | 20        | 9         | <b>24</b>   | 17        | 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 | 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 | 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 | <b>46.67</b>  | <b>129.61</b> | <b>51.98</b> | 26.98   | 31.08        | <b>114.91</b> | <b>161.27</b> | <b>253.23</b> | <b>337.06</b> | <b>331.54</b> | <b>24</b> | <b>20</b> | <b>24</b>   | <b>20</b> | E |
| F | <b>76.44</b>  | <b>66.32</b>  | 31.86        | 17.61   | 10.84        | <b>54.85</b>  | <b>154.21</b> | <b>162.11</b> | <b>215.66</b> | <b>89.31</b>  | <b>24</b> | 5         | <b>24</b>   | 5         | F |
| G | 0.00          | 0.00          | 0.00         | 0.00    | 0.00         | 0.00          | 0.00          | 0.00          | 0.00          | 0.00          | 0         | 0         | 0           | 0         | G |
| H | 28.40         | <b>80.84</b>  | 36.16        | 19.70   | <b>53.24</b> | <b>123.67</b> | <b>173.83</b> | <b>186.91</b> | <b>156.06</b> | <b>117.47</b> | <b>24</b> | 7         | <b>24</b>   | 7         | H |
| I | 27.88         | <b>89.94</b>  | <b>39.53</b> | 21.28   | 12.04        | <b>60.93</b>  | <b>161.20</b> | <b>177.49</b> | <b>153.51</b> | <b>231.03</b> | <b>24</b> | 14        | <b>24</b>   | 14        | I |
| J | <b>78.86</b>  | <b>108.93</b> | <b>44.04</b> | 23.34   | 36.54        | <b>137.14</b> | <b>154.14</b> | <b>255.11</b> | <b>225.48</b> | <b>313.86</b> | <b>24</b> | 19        | <b>24</b>   | 19        | J |
| K | <b>112.40</b> | <b>52.49</b>  | 26.85        | 15.55   | 33.46        | <b>104.75</b> | <b>147.47</b> | <b>239.69</b> | <b>214.69</b> | <b>129.41</b> | <b>24</b> | 8         | <b>24</b>   | 8         | 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 | 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 | 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-        | B         | C+   | C+   | B         | <b>A</b>  | <b>A+</b> | <b>A+</b> | <b>A+</b> | <b>A+</b> | Low          | <b>24</b> | <b>20</b> | <b>24</b>   | <b>20</b> | E |
| F | <b>B+</b> | B-        | C-   | C-   | C-        | A-        | A-        | <b>B+</b> | B         | C+        | High         | 8         | 8         | 8           | 8         | F |
| G | 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         | G |
| H | B         | <b>B+</b> | B-   | C+   | <b>A-</b> | <b>A</b>  | <b>A</b>  | <b>A+</b> | <b>A+</b> | <b>A</b>  | Low          | <b>23</b> | 19        | <b>23</b>   | 19        | H |
| I | B-        | C         | C-   | C-   | C         | <b>B+</b> | <b>A</b>  | <b>A</b>  | <b>A+</b> | <b>A+</b> | Low          | <b>24</b> | <b>20</b> | <b>24</b>   | <b>20</b> | I |
| J | <b>B+</b> | B-        | C    | C-   | C         | <b>B+</b> | A-        | <b>A</b>  | <b>A+</b> | <b>A+</b> | Low          | <b>24</b> | <b>20</b> | <b>24</b>   | <b>20</b> | J |
| K | <b>A-</b> | <b>B+</b> | C+   | C-   | B         | <b>A</b>  | <b>A</b>  | <b>A</b>  | <b>A+</b> | <b>A+</b> | Low          | <b>24</b> | <b>20</b> | <b>24</b>   | <b>20</b> | 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          | <b>0</b>        | 0         | 0     | 0           | 0     | A |
| B | 0         | 0         | 0         | 0         | 0         | 0          | 0         | 0          | 0          | 0          | <b>0</b>        | 0         | 0     | 0           | 0     | B |
| C | 0         | 0         | 0         | 0         | 0         | 0          | 0         | 0          | 0          | 0          | <b>0</b>        | 0         | 0     | 0           | 0     | C |
| D | 0         | 0         | 0         | 0         | 0         | 0          | 0         | 0          | 0          | 0          | <b>0</b>        | 0         | 0     | 0           | 0     | D |
| E | <b>77</b> | <b>83</b> | <b>73</b> | <b>77</b> | <b>79</b> | <b>75</b>  | <b>79</b> | <b>80</b>  | <b>82</b>  | <b>78</b>  | <b>80</b>       | 21        | 16    | 21          | 16    | E |
| F | <b>73</b> | <b>80</b> | <b>80</b> | <b>71</b> | <b>76</b> | <b>87</b>  | <b>90</b> | <b>77</b>  | <b>87</b>  | <b>85</b>  | <b>83</b>       | 22        | 17    | 22          | 17    | F |
| G | 0         | 0         | 0         | 0         | 0         | 0          | 0         | 0          | 0          | 0          | <b>0</b>        | 0         | 0     | 0           | 0     | G |
| H | 65        | 66        | 66        | <b>84</b> | <b>85</b> | <b>80</b>  | <b>82</b> | <b>78</b>  | <b>79</b>  | <b>81</b>  | <b>79</b>       | 22        | 16    | 21          | 16    | H |
| I | <b>75</b> | <b>98</b> | <b>96</b> | <b>95</b> | <b>92</b> | <b>89</b>  | <b>91</b> | <b>92</b>  | <b>86</b>  | <b>91</b>  | <b>90</b>       | 23        | 18    | 23          | 18    | I |
| J | <b>82</b> | <b>82</b> | <b>96</b> | <b>94</b> | <b>93</b> | <b>100</b> | <b>99</b> | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b>      | 24        | 20    | 24          | 20    | J |
| K | 66        | 53        | 67        | 62        | 67        | 66         | 64        | <b>77</b>  | <b>78</b>  | <b>73</b>  | <b>76</b>       | 20        | 15    | 21          | 15    | K |
| L | 0         | 0         | 0         | 0         | 0         | 0          | 0         | 0          | 0          | 0          | <b>0</b>        | 0         | 0     | 0           | 0     | L |

**CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP**

**Industry 7 Expenditures for Corporate Social Responsibility and Citizenship**

|         | Total (\$000s) |       |      | Per Pair Sold (\$ / pair) |      |      |
|---------|----------------|-------|------|---------------------------|------|------|
|         | High           | Avg.  | Low  | High                      | Avg. | Low  |
|         | Year 11        | 10500 | 2443 | 0                         | 1.78 | 0.42 |
| Year 12 | 13999          | 3949  | 0    | 2.42                      | 0.68 | 0.00 |
| Year 13 | 11454          | 3944  | 0    | 2.09                      | 0.68 | 0.00 |
| Year 14 | 10000          | 2188  | 0    | 1.55                      | 0.34 | 0.00 |
| Year 15 | 4050           | 831   | 0    | 0.53                      | 0.11 | 0.00 |
| Year 16 | 11250          | 2661  | 0    | 1.60                      | 0.37 | 0.00 |
| Year 17 | 1350           | 821   | 0    | 0.11                      | 0.07 | 0.00 |
| Year 18 | 26400          | 6619  | 500  | 2.19                      | 0.56 | 0.06 |
| Year 19 | 24656          | 6634  | 750  | 2.32                      | 0.58 | 0.05 |
| Year 20 | 24170          | 9885  | 990  | 2.36                      | 0.78 | 0.08 |

**Image Rating Points Generated from CSRC Expenditures**

| High | Avg. | Low |
|------|------|-----|
| 4    | 1    | 0   |
| 8    | 3    | 0   |
| 12   | 5    | 0   |
| 13   | 6    | 0   |
| 14   | 6    | 0   |
| 12   | 6    | 0   |
| 10   | 6    | 2   |
| 10   | 6    | 0   |
| 12   | 7    | 0   |
| 17   | 10   | 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 | <b>Knockout</b>  | A Company        |
| Y15 | <b>A Company</b> | Eagles           |
| Y16 | <b>Knockout</b>  | A Company        |
| Y17 | <b>FUMA</b>      | JEEPERS SNEAKERS |
| Y18 | <b>Knockout</b>  | H2O SHOES        |
| Y19 | <b>Knockout</b>  | H2O SHOES        |
| Y20 | <b>Knockout</b>  | JEEPERS SNEAKERS |

**FOOTWEAR PRODUCTION** (000s of pairs)

|  | N.A. Plants | E-A Plants | A-P Plants | L.A. Plants | All Plants |
|--|-------------|------------|------------|-------------|------------|
| Total Year 20 Production                   | 17,030      | 10,920     | 49,615     | 7,800       | 85,365     |
| – Pairs Rejected                           | 833         | 621        | 1,858      | 351         | 3,663      |
| Net Y20 Production (after rejects)         | 16,197      | 10,299     | 47,757     | 7,449       | 81,702     |
| Superior Materials Usage                   | 42.6%       | 63.5%      | 30.9%      | 51.0%       | 39.2%      |
| Capacity Utilization (branded + P-L prod.) | 110.6%      | 120.0%     | 115.4%     | 120.0%      | 115.4%     |

**MATERIALS PRICES** (\$ per pair)

|                    | Base Price | Year 20 Price Adjustments for |                      | Year 20 Price |
|--------------------|------------|-------------------------------|----------------------|---------------|
|                    |            | Materials Usage               | Capacity Utilization |               |
| Standard Materials | 6.50       | + 1.40                        | + 0.35               | 8.25          |
| Superior Materials | 14.00      | – 0.76                        | + 0.76               | 14.00         |

**BRANDED WAREHOUSES** (000s of pairs)

|  | N.A. Market | E-A Market | A-P Market | L.A. Market | Worldwide |
|--|-------------|------------|------------|-------------|-----------|
| Ending Y19 Inventories                 | 1,426       | 2,653      | 1,212      | 2,750       | 8,041     |
| – Pairs Cleared (inventory clearance)  | 464         | 1,378      | 297        | 1,192       | 3,331     |
| Beginning Y20 Inventories              | 962         | 1,275      | 915        | 1,558       | 4,710     |
| + New Production (shipped from plants) | 18,736      | 19,340     | 16,207     | 17,343      | 71,626    |
| Pairs Available for Sale in Y20        | 19,698      | 20,615     | 17,122     | 18,901      | 76,336    |

**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) | 18,595      | 18,342     | 16,772     | 16,708      | 70,417    |
| Actual Year 20 Demand              | 18,618      | 18,489     | 16,780     | 17,010      | 70,897    |
| Branded Pairs Sold                 | 18,227      | 18,267     | 15,941     | 17,008      | 69,443    |
| Required Y20 Ending Inventories    | 1,471       | 1,355      | 1,181      | 1,193       | 5,200     |
| Inventory Surplus (Shortfall)      | -881        | 251        | -925       | 334         | -1,221    |

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.3%
- Available for shipment to warehouses
- % usage down by 3.2 points from Y19
- % utilization down by 1.2 points from Y19

Lower than normal (39.2% industrywide) superior materials usage led to superior materials prices that were 5.4% below the base and standard materials prices that were 21.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.4% from the base.

- Average inventory clearance of 41.4%
- 7.7% higher than Y20 demand
- Actual demand in Year 20 was 0.7% greater than expected.
- Needed to achieve delivery times
- { Low in N.A.      Okay in E-A  
    Low in A-P      Okay in L.A.

**DEMAND FORECAST** (000s of pair)

|                                      | Year 21 | Year 22 | Year 23 | Year 24 |
|--------------------------------------|---------|---------|---------|---------|
| <b>Branded</b> — North America       | 19,363  | 20,138  | 20,944  | 21,782  |
| (internet + wholesale) Europe-Africa | 19,229  | 19,998  | 20,798  | 21,630  |
| Asia-Pacific                         | 17,787  | 18,854  | 19,985  | 21,184  |
| Latin America                        | 18,030  | 19,112  | 20,259  | 21,475  |
| <b>Total</b>                         | 74,409  | 78,102  | 81,986  | 86,071  |
| <b>Private-Label</b> — North America | 2,820   | 2,820   | 2,820   | 2,820   |
| Europe-Africa                        | 2,826   | 2,826   | 2,826   | 2,826   |
| Asia-Pacific                         | 2,808   | 2,808   | 2,808   | 2,808   |
| Latin America                        | 2,832   | 2,832   | 2,832   | 2,832   |
| <b>Total</b>                         | 11,286  | 11,286  | 11,286  | 11,286  |

**GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21**

|  |   |
|--|---|
| <b>Supply</b> — Beginning Year 21 Inventory (000s) | 6,893   |
| Potential Production (at max OT)                   | 88,800  |
| <b>Potential Global Supply</b>                     | 95,693  |
| <b>Demand</b> — Branded Sales Forecast (000s)      | 74,409  |
| Private-Label Sales Forecast                       | 11,286  |
| <b>Expected Global Demand</b>                      | 85,695  |
| <b>Conclusion:</b>                                 | 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     | 0      | 0     | 0                         | 0   | 0   | 0    | 0                                     | 0     | 0      | 0     | 0      | 0                                 | 0 | 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            | 0                                | 0     | 0      | 0     | 0                         | 0   | 0   | 0    | 0                                     | 0     | 0      | 0     | 0      | 0                                 | 0 | D |
| E            | 6,100                            | 3,300 | 2,000  | 0     | 0                         | 0   | 0   | 0    | 6,100                                 | 3,300 | 2,000  | 0     | 11,400 | 0                                 | 0 | E |
| F            | 0                                | 0     | 11,200 | 0     | 0                         | 0   | 0   | 0    | 0                                     | 0     | 11,200 | 0     | 11,200 | 0                                 | 0 | F |
| G            | 0                                | 0     | 0      | 0     | 0                         | 0   | 0   | 0    | 0                                     | 0     | 0      | 0     | 0      | 0                                 | 0 | G |
| H            | 0                                | 0     | 12,000 | 0     | 0                         | 0   | 0   | 0    | 0                                     | 0     | 12,000 | 0     | 12,000 | 0                                 | 0 | H |
| I            | 0                                | 0     | 8,000  | 4,300 | 0                         | 0   | 0   | 0    | 0                                     | 0     | 8,000  | 4,300 | 12,300 | 0                                 | 0 | I |
| J            | 5,800                            | 4,800 | 3,000  | 2,200 | 0                         | 0   | 0   | 0    | 5,800                                 | 4,800 | 3,000  | 2,200 | 15,800 | 0                                 | 0 | J |
| K            | 3,500                            | 1,000 | 6,800  | 0     | 0                         | 0   | 0   | 0    | 3,500                                 | 1,000 | 6,800  | 0     | 11,300 | 0                                 | 0 | K |
| L            | 0                                | 0     | 0      | 0     | 0                         | 0   | 0   | 0    | 0                                     | 0     | 0      | 0     | 0      | 0                                 | 0 | L |
| <b>Total</b> | 15,400                           | 9,100 | 43,000 | 6,500 | 0                         | 0   | 0   | 0    | 15,400                                | 9,100 | 43,000 | 6,500 | 74,000 | 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 | 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 | 0                  | 0                  | 0                | 0                  | 0              | 0                | 0                  | 0            | 0          | 0                               | 0  | D |
| E | 690,809            | 362,667            | 55,403           | 92,383             | 15,017         | 165,339          | 471                | 49,460       | 115,408    | 97,500                          | 7,500  | E |
| F | 639,454            | 375,456            | 46,383           | 105,032            | 13,617         | 98,966           | 20,725             | 23,175       | 54,076     | 75,000                          | 7,500  | F |
| G | 0                  | 0                  | 0                | 0                  | 0              | 0                | 0                  | 0            | 0          | 0                               | 0  | G |
| H | 647,981            | 365,605            | 49,881           | 99,292             | 15,319         | 117,884          | 6,114              | 33,531       | 78,239     | 0                               | 7,875  | H |
| I | 657,722            | 322,674            | 38,329           | 134,034            | 15,769         | 146,916          | 5,521              | 42,419       | 98,976     | 18,825                          | 7,500  | I |
| J | 836,692            | 482,159            | 47,007           | 120,192            | 19,568         | 167,766          | 8,116              | 47,895       | 111,755    | 91,950                          | 7,500  | J |
| K | 598,359            | 302,197            | 43,021           | 136,345            | 14,918         | 101,878          | 3,006              | 29,662       | 69,210     | 11,250                          | 7,500  | K |
| L | 0                  | 0                  | 0                | 0                  | 0              | 0                | 0                  | 0            | 0          | 0                               | 0  | L |
|   | 678,503            | 368,460            | 46,671           | 114,546            | 15,701         | 133,125          | 7,326              | 37,690       | 87,944     | 49,088                          | 7,563  |   |

**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 | 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            | 0              | 0            | 0                   | 0              | 0                  | 0                       | 0                 | 0             | 0.00                          | 0 / 0                  | D |
| E | 13,147       | 220,133        | 515,623      | 34,349              | 0              | 463,368            | 0                       | 17,906            | 481,274       | 13.00                         | 8 / 2                  | E |
| F | 12,467       | 177,666        | 456,510      | 87,202              | 215,000        | 175,233            | 0                       | -20,925           | 154,308       | 10.00                         | 8 / 2                  | F |
| G | 0            | 0              | 0            | 0                   | 0              | 0                  | 0                       | 0                 | 0             | 0.00                          | 0 / 0                  | G |
| H | 123,747      | 357,478        | 708,415      | 58,016              | 204,000        | 451,123            | -82,985                 | 78,261            | 446,399       | 0.00                          | 0 / 1                  | H |
| I | 0            | 191,435        | 521,719      | 57,477              | 135,900        | 426,067            | -177,878                | 80,153            | 328,342       | 2.51                          | 4 / 2                  | I |
| J | 21,976       | 265,082        | 717,560      | 62,321              | 122,400        | 513,037            | 0                       | 19,802            | 532,839       | 12.26                         | 6 / 3                  | J |
| K | 28,516       | 197,505        | 522,791      | 24,638              | 0              | 440,196            | 0                       | 57,957            | 498,153       | 1.50                          | 3 / 1                  | K |
| L | 0            | 0              | 0            | 0                   | 0              | 0                  | 0                       | 0                 | 0             | 0.00                          | 0 / 0                  | L |
|   | 33,309       | 234,883        | 573,770      | 54,000              | 112,883        | 411,504            | -43,477                 | 38,859            | 406,886       | 6.55                          | 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 | 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 | 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 | 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 | 52.5                                     | 8.0            | 13.4            | 2.2             | 23.9             | 16.7       | 6.41          | 37                | 351.04                  | 0.00                 | 10.00              | Low          | E |
| F | 58.7                                     | 7.3            | 16.4            | 2.1             | 15.5             | 8.5        | 2.04          | 7                 | 4.78                    | 0.58                 | 0.07               | High         | F |
| G | 0.0                                      | 0.0            | 0.0             | 0.0             | 0.0              | 0.0        | 0.00          | 0                 | 0.00                    | 0.00                 | 0.00               | N/A          | G |
| H | 56.4                                     | 7.7            | 15.3            | 2.4             | 18.2             | 12.1       | 6.16          | 69                | 19.28                   | 0.32                 | 4.53               | Low          | H |
| I | 49.1                                     | 5.8            | 20.4            | 2.4             | 22.3             | 15.0       | 3.33          | 31                | 26.61                   | 0.31                 | 4.25               | Low          | I |
| J | 57.6                                     | 5.6            | 14.4            | 2.3             | 20.1             | 13.4       | 4.25          | 37                | 20.67                   | 0.19                 | 4.11               | Low          | J |
| K | 50.5                                     | 7.2            | 22.8            | 2.5             | 17.0             | 11.6       | 8.02          | 26                | 33.89                   | 0.00                 | 10.00              | Low          | 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 |
|   | 54.3 %                                   | 6.9 %          | 16.9 %          | 2.3 %           | 19.6 %           | 13.0 %     | 4.35          | 35                | 76.05                   | 0.23                 | 5.49               | 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<br>(\$ per pair produced)                  | Branded Footwear                 |  | 8.89         | <b>9.01</b>   | 10.68            | <b>10.56</b>  | 13.14         | <b>12.72</b>  |
|  | Private-Label Footwear           |  | 8.00         | <b>7.52</b>   | 9.81             | <b>8.27</b>   | 12.39         | <b>9.44</b>   |
| Labor — North America                                      | Total Compensation (\$/year)     |  | 16,082       | <b>16,071</b> | 19,284           | <b>18,331</b> | 21,294        | <b>21,022</b> |
|  | Productivity (pairs/worker/year) |  | 4,542        | <b>4,528</b>  | 5,470            | <b>5,475</b>  | 5,998         | <b>6,099</b>  |
|  | Labor Cost (\$/pair produced)    |  | 3.72         | <b>3.43</b>   | 3.80             | <b>3.67</b>   | 3.93          | <b>3.83</b>   |
| Europe Africa  | Total Compensation (\$/year)     |  | 17,877       | <b>17,877</b> | 18,621           | <b>18,671</b> | 19,498        | <b>19,542</b> |
|  | Productivity (pairs/worker/year) |  | 4,691        | <b>4,739</b>  | 5,104            | <b>5,167</b>  | 5,722         | <b>5,876</b>  |
|  | Labor Cost (\$/pair produced)    |  | 3.62         | <b>3.69</b>   | 4.13             | <b>4.09</b>   | 4.49          | <b>4.30</b>   |
| Asia Pacific   | Total Compensation (\$/year)     |  | 7,395        | <b>7,458</b>  | 8,291            | <b>8,459</b>  | 11,315        | <b>11,228</b> |
|  | Productivity (pairs/worker/year) |  | 2,404        | <b>2,404</b>  | 3,048            | <b>3,097</b>  | 3,461         | <b>3,524</b>  |
|  | Labor Cost (\$/pair produced)    |  | 2.39         | <b>2.38</b>   | 2.91             | <b>2.91</b>   | 3.41          | <b>3.44</b>   |
| Latin America  | Total Compensation (\$/year)     |  | 7,157        | <b>7,166</b>  | 7,435            | <b>7,733</b>  | 7,712         | <b>8,299</b>  |
|  | Productivity (pairs/worker/year) |  | 3,306        | <b>3,337</b>  | 3,455            | <b>3,524</b>  | 3,603         | <b>3,711</b>  |
|  | Labor Cost (\$/pair produced)    |  | 2.32         | <b>2.31</b>   | 2.36             | <b>2.39</b>   | 2.40          | <b>2.47</b>   |
| TQM / 6σ Quality Expenditures<br>(\$ per pair of capacity) | Year 20                          |  | 0.26         | <b>0.26</b>   | 0.97             | <b>0.96</b>   | 1.83          | <b>1.87</b>   |
|  | Cumulative                       |  | 0.29         | <b>0.28</b>   | 1.05             | <b>1.05</b>   | 2.12          | <b>2.09</b>   |
| Reject Rates   | Branded Production               |  | 1.7%         | <b>1.7%</b>   | 4.4%             | <b>4.4%</b>   | 6.8%          | <b>6.8%</b>   |
|  | Private-Label Production         |  | 1.9%         | <b>2.2%</b>   | 2.8%             | <b>2.9%</b>   | 3.9%          | <b>3.6%</b>   |
| Total Manufacturing Costs<br>(\$/pair produced)            | Branded — N.A.                   |  | 26.11        | <b>25.02</b>  | 29.24            | <b>26.68</b>  | 33.85         | <b>27.95</b>  |
|  | E-A                              |  | 27.52        | <b>25.85</b>  | 27.89            | <b>27.20</b>  | 28.32         | <b>28.40</b>  |
|  | A-P                              |  | 19.27        | <b>19.54</b>  | 22.93            | <b>23.18</b>  | 28.20         | <b>28.11</b>  |
|  | L.A.                             |  | 19.39        | <b>19.72</b>  | 24.84            | <b>23.70</b>  | 30.28         | <b>27.68</b>  |
|  | Private-Label — N.A.             |  | 19.81        | <b>19.72</b>  | 25.25            | <b>19.72</b>  | 28.43         | <b>19.72</b>  |
|  | E-A                              |  | 19.24        | <b>19.02</b>  | 19.24            | <b>19.02</b>  | 19.24         | <b>19.02</b>  |
|  | A-P                              |  | 19.94        | <b>20.00</b>  | 21.91            | <b>20.39</b>  | 23.87         | <b>20.85</b>  |
|  | L.A.                             |  | 0.00         | <b>0.00</b>   | 0.00             | <b>0.00</b>   | 0.00          | <b>0.00</b>   |

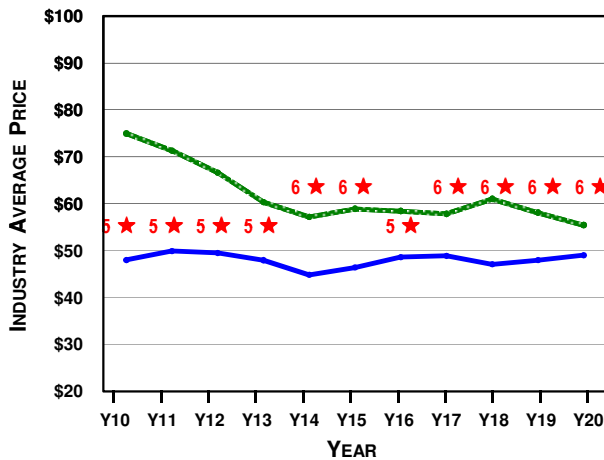
| OPERATING BENCHMARKS                           |   |           | Industry Low |              | Industry Average |              | Industry High |              |
|--|---|-----------|--------------|--------------|------------------|--------------|---------------|--------------|
|  |   |           | Year 19      | Year 20      | Year 19          | Year 20      | Year 19       | Year 20      |
| Branded Market Segments                        | Costs of Pairs Sold<br>(\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.) | N.A.      | 23.19        | <b>23.54</b> | 25.61            | <b>25.88</b> | 29.24         | <b>29.43</b> |
|  |   | E-A       | 28.96        | <b>27.51</b> | 30.18            | <b>30.06</b> | 31.33         | <b>31.76</b> |
|  |   | A-P       | 20.57        | <b>21.03</b> | 24.19            | <b>24.67</b> | 29.65         | <b>29.59</b> |
|  |   | L.A.      | 20.70        | <b>21.18</b> | 27.74            | <b>28.26</b> | 31.05         | <b>30.67</b> |
| Warehouse Expenses - Internet                  | (\$ per pair sold)  | Wholesale | 10.35        | <b>12.34</b> | 10.54            | <b>12.50</b> | 10.78         | <b>12.69</b> |
|  |   |           | 1.91         | <b>2.00</b>  | 2.24             | <b>2.21</b>  | 2.52          | <b>2.41</b>  |
| Marketing Expenses — Internet                  | (\$ per pair sold)  | Wholesale | 7.47         | <b>9.34</b>  | 11.79            | <b>11.48</b> | 21.25         | <b>15.30</b> |
|  |   |           | 6.74         | <b>7.03</b>  | 9.25             | <b>9.81</b>  | 11.88         | <b>12.95</b> |
| Administrative Expenses                        | (\$/pair sold)  |           | 1.02         | <b>1.16</b>  | 1.37             | <b>1.37</b>  | 1.65          | <b>1.72</b>  |
| Operating Profit<br>(\$ per pair sold)         | Internet  | N.A.      | 13.43        | <b>10.80</b> | 18.69            | <b>15.65</b> | 28.36         | <b>25.82</b> |
|  |   | E-A       | 9.64         | <b>6.74</b>  | 16.63            | <b>14.25</b> | 25.37         | <b>22.07</b> |
|  |   | A-P       | 18.51        | <b>15.70</b> | 22.15            | <b>20.02</b> | 32.51         | <b>30.62</b> |
|  |   | L.A.      | 14.48        | <b>9.32</b>  | 22.39            | <b>15.50</b> | 38.71         | <b>30.05</b> |
| Wholesale                                      |   | N.A.      | 4.55         | <b>6.69</b>  | 9.19             | <b>8.84</b>  | 12.58         | <b>11.62</b> |
|  |   | E-A       | 3.76         | <b>7.85</b>  | 11.64            | <b>11.11</b> | 20.05         | <b>13.42</b> |
|  |   | A-P       | 6.76         | <b>8.93</b>  | 11.56            | <b>12.89</b> | 15.56         | <b>16.34</b> |
|  |   | L.A.      | 9.96         | <b>0.93</b>  | 14.33            | <b>8.57</b>  | 21.07         | <b>13.49</b> |
| Private-Label Market Segments                  | Costs of Pairs Sold<br>(\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.) | N.A.      | 21.31        | <b>21.22</b> | 24.67            | <b>22.73</b> | 29.02         | <b>24.24</b> |
|  |   | E-A       | 20.74        | <b>20.52</b> | 25.49            | <b>25.58</b> | 30.23         | <b>30.64</b> |
|  |   | A-P       | 21.44        | <b>21.50</b> | 29.15            | <b>21.89</b> | 38.70         | <b>22.36</b> |
|  |   | L.A.      | 21.23        | <b>22.77</b> | 26.48            | <b>27.60</b> | 28.95         | <b>30.28</b> |
| Warehouse Expenses                             | (\$ per pair sold)  |           | 1.00         | <b>1.00</b>  | 1.05             | <b>1.00</b>  | 1.20          | <b>1.00</b>  |
| Margin Over Direct Costs<br>(\$ per pair sold) |   | N.A.      | 1.41         | <b>0.77</b>  | 5.43             | <b>0.84</b>  | 11.20         | <b>0.90</b>  |
|  |   | E-A       | 0.44         | <b>1.16</b>  | 3.04             | <b>3.59</b>  | 5.63          | <b>6.02</b>  |
|  |   | A-P       | 0.98         | <b>0.12</b>  | 5.17             | <b>1.54</b>  | 14.07         | <b>3.72</b>  |
|  |   | L.A.      | 3.36         | <b>1.08</b>  | 10.77            | <b>4.76</b>  | 20.43         | <b>8.63</b>  |

**CELEBRITY ENDORSEMENTS**

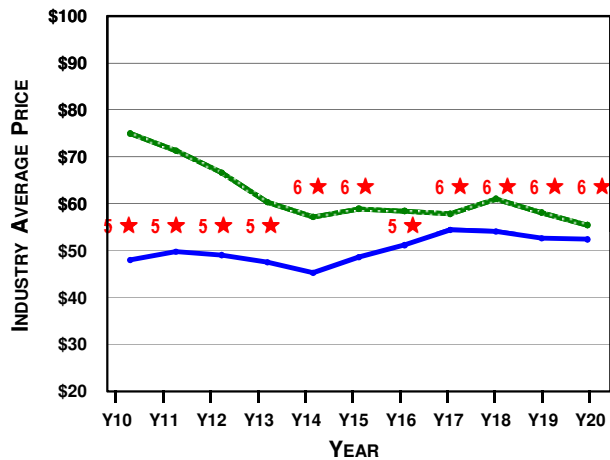
| CELEBRITY       | CONSUMER APPEAL |     |     |     | CURRENTLY SIGNED BY | CONTRACT (\$000s/year) | YEAR SIGNED | CONTRACT LENGTH | MOST RECENT ROUND OF BIDDING |          |         |         |         |
|-----------------|-----------------|-----|-----|-----|---------------------|------------------------|-------------|-----------------|------------------------------|----------|---------|---------|---------|
|                 | NA              | EA  | AP  | LA  |                     |                        |             |                 | # OF BIDS                    | HIGH BID | 2nd BID | AVG BID | LOW BID |
| Payton Manyon   | 85              | 45  | 35  | 40  | Company I           | 11,111                 | Y19         | 2 years         | 4                            | 12,507   | 11,111  | 8,004   | 3,249   |
| Oprah Letterman | 100             | 70  | 65  | 75  | Company K           | 514                    | Y20         | 3 years         | 1                            | 514      | 0       | 514     | 514     |
| Fifa Beckham    | 70              | 100 | 70  | 55  | Company H           | 11,556                 | Y16         | 5 years         | 6                            | 11,556   | 9,231   | 7,579   | 5,001   |
| Tiger Green     | 95              | 80  | 85  | 75  | [unsigned]          | 0                      | N/A         | 2 years         | 1                            | 514      | 0       | 514     | 514     |
| José Montaña    | 60              | 50  | 60  | 95  | Company I           | 9,999                  | Y18         | 3 years         | 6                            | 10,100   | 10,004  | 7,945   | 4,556   |
| Kobioshi Jones  | 55              | 60  | 95  | 90  | Company I           | 11,111                 | Y19         | 4 years         | 4                            | 12,699   | 12,507  | 10,367  | 5,150   |
| Ace Federar     | 50              | 90  | 50  | 85  | [unsigned]          | 0                      | N/A         | 1 year          | 1                            | 514      | 0       | 514     | 514     |
| Danica Andretti | 70              | 65  | 55  | 60  | Company K           | 10,004                 | Y18         | 3 years         | 6                            | 10,100   | 10,004  | 7,945   | 4,556   |
| LaBron Game     | 75              | 80  | 95  | 50  | Company J           | 17,899                 | Y19         | 4 years         | 4                            | 17,899   | 12,507  | 11,667  | 5,150   |
| Lorena Lopez    | 45              | 85  | 60  | 100 | Company K           | 12,507                 | Y19         | 2 years         | 4                            | 13,699   | 12,507  | 10,617  | 5,150   |
| Lance deFrance  | 80              | 85  | 75  | 70  | [unsigned]          | 0                      | N/A         | 3 years         | 1                            | 514      | 0       | 514     | 514     |
| Yao KungPao     | 60              | 35  | 100 | 50  | Company F           | 10,100                 | Y18         | 4 years         | 6                            | 10,100   | 10,004  | 8,445   | 5,231   |

**BRANDED PRICE AND S/Q RATING TRENDS**

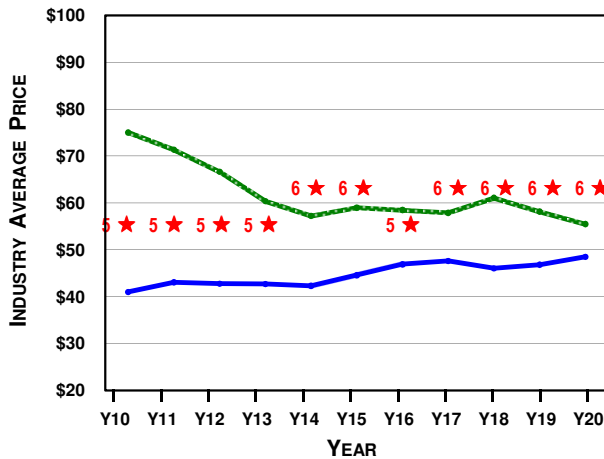
**NORTH AMERICA**



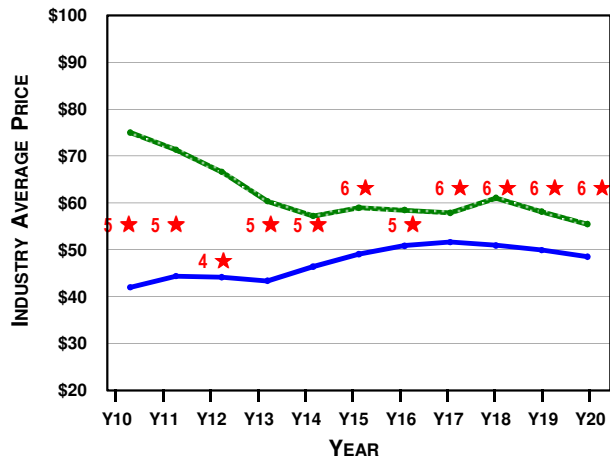
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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