

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 11

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	Egile Reims	119	87	103	-2
2	Goldman Sachs	118	66	92	+2
3	Long life shoes	105	72	89	-1
4	Adidas	117	56	87	-1
5	JAR Shoes	97	41	69	+5
6	Blazin Shoes	80	39	60	-24
7	C (deleted)	0	0	0	0
7	D (deleted)	0	0	0	0
7	F (deleted)	0	0	0	0
7	H (deleted)	0	0	0	0
7	I (deleted)	0	0	0	0
7	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	Egile Reims	118	95	107	+1
2	Goldman Sachs	113	77	95	+1
3	Long life shoes	104	73	89	+1
4	Adidas	105	63	84	+2
5	Blazin Shoes	93	58	76	-10
6	JAR Shoes	81	44	63	+4
7	C (deleted)	0	0	0	0
7	D (deleted)	0	0	0	0
7	F (deleted)	0	0	0	0
7	H (deleted)	0	0	0	0
7	I (deleted)	0	0	0	0
7	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	2.57	1.13	1.47	-3.02	1.57	3.79	4.96	5.12	5.76	7.63	2.84	24	8	16	9	A
B	2.42	5.46	0.30	0.74	1.48	3.43	2.45	6.49	6.18	2.63	3.03	12	3	17	10	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	2.49	4.58	1.48	0.37	1.29	5.07	7.89	11.25	16.02	19.45	6.18	24	20	24	20	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	F
G	4.21	6.15	2.79	2.02	2.68	4.06	1.69	5.08	8.75	12.01	4.64	24	12	23	15	G
H	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	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	4.15	4.76	1.25	-3.87	-0.71	3.11	2.70	1.02	3.79	7.33	2.23	24	8	13	7	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	1.81	3.81	4.41	0.81	-0.43	4.01	3.75	4.73	11.70	13.52	4.23	24	14	22	14	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	15.6	6.2	7.5	-16.7	9.4	19.6	21.3	22.9	29.7	32.4	15.2	24	7	20	12	A
B	14.8	29.0	1.7	3.8	8.8	16.5	11.0	25.7	29.5	10.2	15.4	14	2	20	12	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	15.1	23.0	6.2	1.3	4.2	15.3	20.1	28.6	33.1	35.0	19.7	24	8	23	16	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	24.4	29.4	12.2	8.6	9.2	12.0	4.8	11.8	18.7	22.5	15.1	24	5	20	12	G
H	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	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	25.7	31.4	6.9	-23.0	-6.6	21.9	15.8	5.7	20.0	35.6	14.4	24	8	19	12	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	12.3	18.6	21.2	6.1	-3.2	23.2	18.6	23.1	53.8	91.8	24.9	24	20	24	20	L

STOCK PRICE (\$ per share)

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y20 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	29.86	16.43	12.65	8.13	17.44	49.85	81.99	70.42	73.92	104.80	24	5	24	5	A
B	27.46	112.27	45.51	23.52	14.26	61.01	32.30	97.40	78.90	35.93	13	2	13	2	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	27.76	73.50	34.49	18.93	11.88	59.64	134.43	225.57	329.29	398.83	24	20	24	20	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	F
G	78.84	111.12	45.05	23.59	28.18	50.82	25.92	69.75	158.03	258.95	24	13	24	13	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	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	68.90	69.93	33.04	17.94	10.99	30.43	30.46	16.84	42.61	98.25	24	5	24	5	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	18.35	53.83	59.70	30.07	16.83	42.55	45.05	67.01	181.85	236.88	24	12	24	12	L

CREDIT RATING

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Y20 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		I. E.	B-I-I	I. E.	B-I-I	
A	B+	C	C	C-	C+	B+	A	A-	A-	A	Low	23	19	23	19	A
B	A	A	C	C-	A	A+	A	B+	B+	A	Low	23	19	23	19	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	C+	A-	A-	A	A	A	Low	23	19	23	19	E
F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	F
G	A	A	B+	A	A+	A+	A+	A+	A+	A+	Low	24	20	24	20	G
H	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	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	C+	C-	C-	C-	C-	C	C-	C+	C	High	4	4	4	4	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	B	B	C	C-	C-	C	C	C+	B-	B-	Medium	12	11	12	11	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	74	71	68	52	89	89	89	87	89	86	87	22	17	22	18	A
B	68	77	93	81	82	84	88	83	71	63	72	18	13	20	15	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	73	85	90	86	92	92	93	96	100	100	99	24	20	24	20	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	89	81	89	90	90	87	87	86	81	81	83	22	16	22	17	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	77	77	78	85	73	73	68	79	81	79	80	21	16	21	16	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	81	88	98	90	93	85	81	83	82	77	81	21	15	22	16	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

	Industry 11 Expenditures for Corporate Social Responsibility and Citizenship						Image Rating Points Generated from CSRC Expenditures		
	Total (\$000s)			Per Pair Sold (\$ / pair)			High	Avg.	Low
	High	Avg.	Low	High	Avg.	Low			
Year 11	12743	3884	0	2.05	0.62	0.00	4	1	0
Year 12	15750	4688	0	2.17	0.65	0.00	9	3	0
Year 13	18868	5687	0	3.00	0.88	0.00	13	6	0
Year 14	15398	4609	0	1.45	0.48	0.00	14	7	0
Year 15	10700	3064	0	1.31	0.34	0.00	17	8	0
Year 16	15319	5841	0	1.34	0.56	0.00	16	7	0
Year 17	19906	6662	0	1.62	0.56	0.00	17	7	3
Year 18	19089	5731	0	1.40	0.47	0.00	18	7	0
Year 19	21779	9285	500	1.35	0.66	0.05	19	9	2
Year 20	22309	7031	0	1.50	0.44	0.00	19	9	2

★ GOLD STAR AWARD ★

for Corporate Citizenship

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

	Award Winner	2nd Place
Y14	Goldman Sachs	Long life shoes
Y15	Goldman Sachs	Egile Reims
Y16	Goldman Sachs	Long life shoes
Y17	Egile Reims	Long life shoes
Y18	Long life shoes	Egile Reims
Y19	Long life shoes	Goldman Sachs
Y20	Long life shoes	Egile Reims

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	7,374	8,000	44,003	19,257	78,634
- Pairs Rejected	144	217	1,779	718	2,858
Net Y20 Production (after rejects)	7,230	7,783	42,224	18,539	75,776
Superior Materials Usage	88.8%	31.9%	38.2%	47.5%	44.5%
Capacity Utilization (branded + P-L prod.)	83.8%	102.6%	111.1%	116.0%	108.0%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 0.72	0.00	7.22
Superior Materials	14.00	- 0.39	0.00	13.61

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	1,134	1,162	2,131	868	5,295
- Pairs Cleared (inventory clearance)	181	163	412	284	1,040
Beginning Y20 Inventories	953	999	1,719	584	4,255
+ New Production (shipped from plants)	16,990	16,654	16,850	14,857	65,351
Pairs Available for Sale in Y20	17,943	17,653	18,569	15,441	69,606

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)	18,339	17,141	17,070	15,651	68,201
Actual Year 20 Demand	18,330	16,737	17,208	15,676	67,951
Branded Pairs Sold	16,766	16,364	17,207	14,823	65,160
Required Y20 Ending Inventories	1,177	1,102	1,146	618	4,043
Inventory Surplus (Shortfall)	-1,631	-548	39	-1,250	-3,390

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 3.6%
- Available for shipment to warehouses
- % usage down by 2.3 points from Y19
- % utilization up by 0.6 points over Y19

Lower than normal (44.5% industrywide) superior materials usage led to superior materials prices that were 2.8% below the base and standard materials prices that were 11.0% above the base.

- Average inventory clearance of 19.6%
- 2.4% higher than Y20 demand
- Actual demand in Year 20 was 0.4% less than expected.
- Needed to achieve delivery times
 - Low in N.A. Low in E-A
 - Okay in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	19,063	19,826	20,619	21,444
(internet + wholesale) Europe-Africa	17,406	18,102	18,826	19,579
Asia-Pacific	18,240	19,334	20,494	21,724
Latin America	16,617	17,614	18,671	19,791
Total	71,326	74,876	78,610	82,538
Private-Label — North America	2,820	2,820	2,820	2,820
Europe-Africa	2,790	2,790	2,790	2,790
Asia-Pacific	2,808	2,808	2,808	2,808
Latin America	2,796	2,796	2,796	2,796
Total	11,214	11,214	11,214	11,214

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory	4,446
(000s) Potential Production (at max OT)	87,360
Potential Global Supply	91,806
Demand — Branded Sales Forecast	71,326
(000s) Private-Label Sales Forecast	11,214
Expected Global Demand	82,540
Conclusion:	Currently, there is a good balance between supply and demand, given available capacity w/OT. However, growth-minded companies should consider construction of new capacity now to meet future demand.

PLANT CAPACITY (000s of pairs w/o overtime)

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20	
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total		
A	2,000	1,000	3,000	2,000	0	0	0	0	2,000	1,000	3,000	2,000	8,000	0	A
B	2,500	1,800	5,200	4,000	0	0	-300	0	2,500	1,800	4,900	4,000	13,200	0	B
C	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	D
E	0	5,000	8,300	4,200	0	0	0	0	0	5,000	8,300	4,200	17,500	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	2,900	0	5,900	0	1,400	0	0	0	4,300	0	5,900	0	10,200	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	7,500	3,400	0	0	0	0	0	0	7,500	3,400	10,900	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	10,000	3,000	0	0	0	0	0	0	10,000	3,000	13,000	0	L
Total	7,400	7,800	39,900	16,600	1,400	0	-300	0	8,800	7,800	39,600	16,600	72,800	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	386,463	221,913	28,170	32,173	11,766	92,441	10,684	24,527	57,230	0	7,500	A
B	348,032	212,546	22,934	33,213	23,144	56,195	15,495	12,210	28,490	10,850	10,850	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	934,449	518,284	56,392	105,255	21,117	233,401	24,964	62,531	145,906	12,000	7,500	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	686,925	316,511	46,084	183,170	12,618	128,542	-173	38,615	90,100	28,875	7,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	688,249	374,663	50,052	138,795	14,068	110,671	32,087	23,575	55,009	0	7,500	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	815,730	363,025	56,820	166,450	16,471	212,964	53,388	46,595	108,722	8,040	8,040	L
	643,308	334,490	43,409	109,843	16,531	139,036	22,741	34,676	80,910	9,961	8,148	

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	85,257	186,219	388,474	43,046	140,000	148,201	0	57,227	205,428	0.00	0 / 1	A
B	4,312	100,006	395,510	17,701	0	180,210	182,709	14,890	377,809	1.00	3 / 3	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	36,367	291,329	811,571	90,976	297,000	410,323	-120,631	133,904	423,595	1.60	7 / 2	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	14,594	191,031	454,505	32,314	0	378,606	-17,639	61,224	422,191	3.85	7 / 3	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	9,694	231,735	554,499	110,635	347,400	212,819	-171,361	55,006	96,464	0.00	0 / 1	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	20,405	256,667	700,628	133,387	450,900	120,429	-104,792	100,704	116,341	1.00	8 / 2	L
	28,438	209,498	550,865	71,343	205,883	241,765	-38,619	70,492	273,638	1.24	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	57.4 %	7.3 %	8.3 %	3.0 %	23.9 %	14.8 %	4.33	7	8.65	0.41	3.93	Low	A
B	61.1	6.6	9.5	6.6	16.1	8.2	5.65	27	3.63	0.00	10.00	Low	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	55.5	6.0	11.3	2.3	25.0	15.6	3.20	24	9.35	0.42	3.93	Low	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	F
G	46.1	6.7	26.7	1.8	18.7	13.1	5.91	6	100.00	0.00	10.00	Low	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	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	54.4	7.3	20.2	2.0	16.1	8.0	2.09	49	3.45	0.78	0.97	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	44.5	7.0	20.4	2.0	26.1	13.3	1.92	31	3.99	0.79	1.35	Medium	L
	52.0 %	6.7 %	17.1 %	2.6 %	21.6 %	12.6 %	2.94	24	21.51	0.40	5.03	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		8.05	7.93	9.67	9.36	11.91	11.78
	Private-Label Footwear		7.14	8.31	7.99	8.60	8.69	8.88
Labor — North America	Total Compensation (\$/year)		18,617	18,991	27,439	19,863	20,192	20,734
	Productivity (pairs/worker/year)		5,206	5,282	8,157	5,561	5,714	5,839
	Labor Cost (\$/pair produced)		3.47	3.47	5.44	3.78	3.98	4.08
Europe Africa	Total Compensation (\$/year)		17,897	17,594	21,059	20,795	23,363	22,805
	Productivity (pairs/worker/year)		4,279	4,341	4,850	4,915	5,662	5,744
	Labor Cost (\$/pair produced)		4.00	3.97	4.62	4.43	5.28	5.12
Asia Pacific	Total Compensation (\$/year)		6,254	6,250	7,917	8,120	9,792	10,429
	Productivity (pairs/worker/year)		2,239	2,207	2,808	2,839	3,672	3,723
	Labor Cost (\$/pair produced)		2.26	2.23	3.02	3.04	3.88	3.95
Latin America	Total Compensation (\$/year)		6,797	6,768	8,828	8,865	10,517	10,661
	Productivity (pairs/worker/year)		2,278	2,198	2,987	2,997	3,664	3,697
	Labor Cost (\$/pair produced)		2.65	2.65	3.15	3.13	3.98	3.95
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	0.10	0.95	0.90	2.50	2.50
	Cumulative		0.61	0.56	0.98	0.97	1.50	1.62
Reject Rates	Branded Production		1.7%	1.7%	3.7%	3.7%	6.8%	6.6%
	Private-Label Production		1.4%	1.4%	2.6%	2.2%	3.9%	3.0%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	23.30	22.32	25.53	24.61	27.76	26.90
		E-A	21.26	21.02	24.72	26.96	28.15	35.01
		A-P	20.13	20.04	26.87	23.29	43.91	28.94
		L.A.	18.44	18.15	23.19	22.76	27.22	27.05
	Private-Label	N.A.	20.57	0.00	20.57	0.00	20.57	0.00
		E-A	21.92	22.12	23.28	22.12	24.63	22.12
		A-P	20.33	19.25	32.47	20.71	42.81	22.16
		L.A.	17.36	20.11	17.36	20.11	17.36	20.11

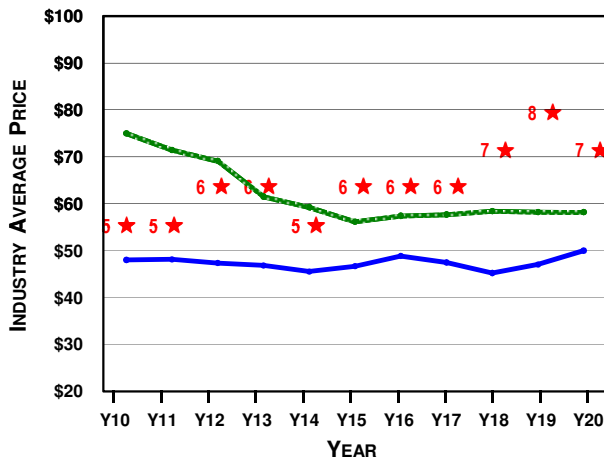
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.76	22.53	27.97	26.06	30.05	29.11
		E-A	22.77	22.53	30.32	30.46	37.41	36.02
		A-P	21.63	21.71	28.82	25.34	45.41	30.37
		L.A.	20.17	20.63	25.17	25.16	30.17	30.52
		Wholesale	10.38	12.33	10.62	12.54	11.32	13.00
	Warehouse Expenses - Internet (\$ per pair sold)	Wholesale	1.94	1.93	2.33	2.25	3.27	2.95
		Marketing Expenses — Internet (\$ per pair sold)	2.55	2.54	9.22	9.57	15.99	14.90
	Marketing Expenses — Wholesale (\$ per pair sold)	Wholesale	4.38	4.29	9.25	9.51	16.45	15.45
		Administrative Expenses (\$/pair sold)	1.01	1.06	1.77	1.94	4.38	5.30
Private-Label Market Segments	Operating Profit (\$ per pair sold)	Internet — N.A.	10.08	12.44	15.40	16.17	20.70	21.12
		E-A	7.61	5.32	16.05	14.94	30.31	30.69
		A-P	-5.28	10.33	15.17	18.21	28.50	29.61
		L.A.	20.47	15.54	23.96	18.01	26.37	21.83
		Wholesale — N.A.	0.52	3.36	5.34	9.87	11.98	17.56
	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	E-A	8.55	11.67	15.51	16.94	21.53	21.30
		A-P	-8.50	4.29	2.72	6.77	6.79	8.58
		L.A.	9.11	6.44	14.58	12.44	18.18	16.81
		Wholesale	22.07	23.15	22.07	23.15	22.07	23.15
		Warehouse Expenses (\$ per pair sold)	1.00	1.00	1.07	1.10	1.20	1.20
Margin Over Direct Costs (\$ per pair sold)	Internet — N.A.	2.93	1.20	2.93	1.20	2.93	1.20	
	E-A	-9.41	12.18	1.05	12.18	8.81	12.18	
	A-P	-0.29	-2.24	-0.29	-2.24	0.00	0.00	
	L.A.	11.13	-1.34	11.13	2.36	11.13	6.05	

CELEBRITY ENDORSEMENTS

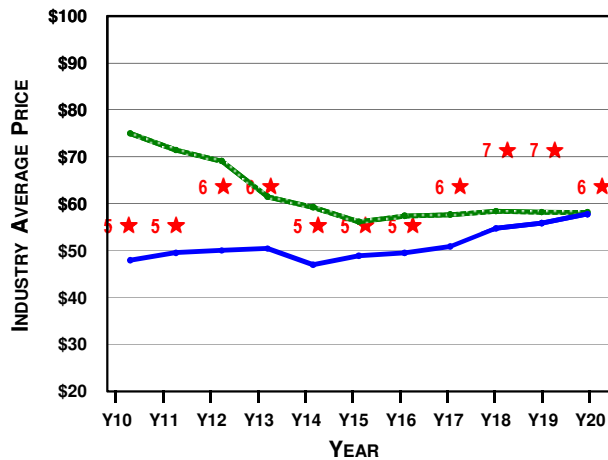
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company L	13,608	Y19	2 years	4	13,608	11,999	10,852	8,800
Oprah Letterman	100	70	65	75	Company G	15,999	Y20	3 years	1	15,999	0	15,999	15,999
Fifa Beckham	70	100	70	55	Company G	20,999	Y16	5 years	4	20,999	8,002	9,750	3,000
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	1	15,999	0	15,999	15,999
José Montaña	60	50	60	95	Company J	9,999	Y18	3 years	5	13,999	9,999	9,141	3,000
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	1	15,999	0	15,999	15,999
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	15,999	0	15,999	15,999
Danica Andretti	70	65	55	60	Company L	13,608	Y19	3 years	4	13,608	11,999	11,402	8,999
LaBron Game	75	80	95	50	Company G	13,999	Y17	4 years	5	13,999	12,999	9,366	3,000
Lorena Lopez	45	85	60	100	Company L	13,608	Y19	2 years	4	13,608	11,999	11,457	8,999
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	1	15,999	0	15,999	15,999
Yao KungPao	60	35	100	50	Company G	13,999	Y18	4 years	5	13,999	12,999	9,721	3,000

BRANDED PRICE AND S/Q RATING TRENDS

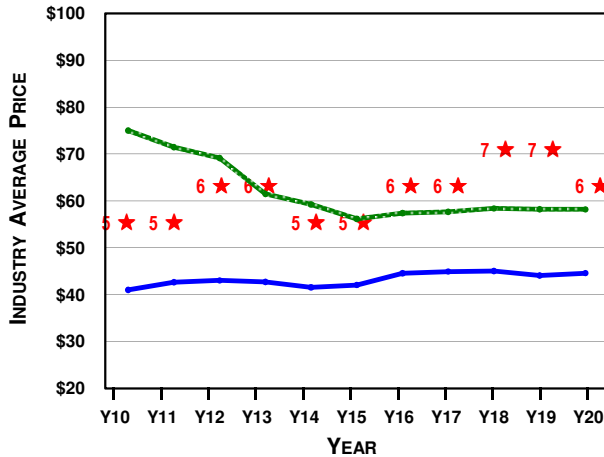
NORTH AMERICA



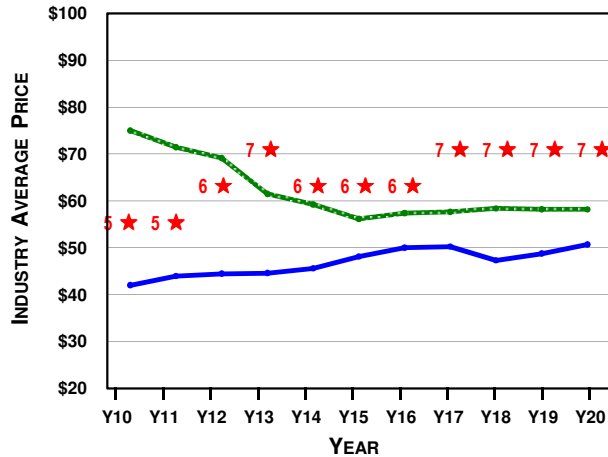
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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