

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 2

Friday, August 21, 2009

YEAR 20

YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	H Company	116	92	104	-3
2	Deus	105	87	96	+10
3	Blue Ribbon	103	81	92	-11
4	Gehandcaptan Shoes	43	28	36	+1
4	A Company	41	30	36	-18
6	Ideal Footwear	24	17	21	-26
7	C (deleted)	0	0	0	0
7	E (deleted)	0	0	0	0
7	F (deleted)	0	0	0	0
7	J (deleted)	0	0	0	0
7	K (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	H Company	117	95	106	-1
2	Deus	105	84	95	+2
3	Blue Ribbon	106	79	93	-8
4	A Company	54	38	46	-10
5	Gehandcaptan Shoes	50	32	41	0
6	Ideal Footwear	37	25	31	-17
7	C (deleted)	0	0	0	0
7	E (deleted)	0	0	0	0
7	F (deleted)	0	0	0	0
7	J (deleted)	0	0	0	0
7	K (deleted)	0	0	0	0
7	L (deleted)	0	0	0	0

Investor Expectation Score (I.E-I) — 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	2.35	-0.07	1.57	2.31	2.04	0.26	-1.58	2.56	1.35	-0.17	1.02	0	0	6	3	A
B	3.22	5.45	5.29	4.32	4.00	9.01	6.54	8.75	13.85	10.36	6.72	24	20	24	17	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	5.20	5.94	7.59	9.04	7.57	10.29	5.49	8.41	8.45	10.36	7.83	24	20	24	20	D
E	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	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	2.34	1.13	1.72	3.49	2.94	4.19	0.98	-0.56	1.36	1.63	1.75	7	3	10	4	G
H	3.37	4.96	6.63	7.27	7.69	7.59	6.01	6.93	14.56	10.37	7.38	24	20	24	19	H
I	2.38	2.35	2.16	3.05	1.21	1.42	-2.18	0.58	1.76	-2.46	1.03	0	0	6	3	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	L

RETURN ON EQUITY (%)

Scores are based on a 20% or 20-point weighting. Bold numbers indicate achievement of the investor-expected 15% ROE target. Best-In-Industry performers earn the top score, and other companies earn scores based on their ROE as a % of the industry-leading ROE performance. Game-To-Date scores are based on weighted average annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	I. E.	B-I-I	I. E.	B-I-I	
A	14.9	-0.4	10.9	11.9	11.2	1.3	-8.9	13.3	6.3	-0.9	5.7	0	0	8	5	A
B	19.2	26.1	20.5	14.4	11.8	20.9	15.2	15.8	21.0	14.4	17.8	19	13	22	14	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	31.5	38.8	36.9	31.3	20.4	22.4	10.2	15.3	16.4	23.0	21.8	24	20	24	17	D
E	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	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	14.8	8.0	12.1	20.8	14.7	17.2	3.6	-2.9	6.0	6.8	9.0	9	6	12	7	G
H	20.9	25.4	29.9	35.0	31.9	26.1	18.9	18.1	29.3	17.5	25.1	22	15	24	20	H
I	14.5	12.7	10.6	13.5	5.0	5.6	-8.7	2.4	6.9	-9.9	4.7	0	0	6	4	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	L

STOCK PRICE (\$ per share)

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y20 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	27.25	15.42	15.65	23.55	29.03	15.98	9.59	34.20	19.05	11.21	4	1	4	1	A
B	44.22	104.23	79.40	60.01	42.34	131.18	75.69	123.39	201.59	141.80	24	17	24	17	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	93.93	101.90	132.88	163.04	104.05	144.32	59.38	107.56	99.57	166.48	24	20	24	20	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	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	23.52	13.68	17.20	46.36	37.00	50.33	26.12	15.11	10.88	16.42	6	2	6	2	G
H	69.28	87.76	122.74	113.14	127.50	110.80	67.82	78.26	196.20	161.02	24	19	24	19	H
I	25.23	24.88	21.62	37.54	19.95	12.93	7.52	4.93	20.51	11.74	4	1	4	1	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	L

CREDIT RATING

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Y20 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		I. E.	B-I-I	I. E.	B-I-I	
A	B	C-	A	A-	A	B-	C-	A+	A+	B	Medium	16	14	16	14	A
B	B+	A	A-	B+	B+	B+	B-	B+	B+	B-	High	12	11	12	11	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	A-	B+	B+	B+	B	B	B	B-	B	B-	N/A	12	11	12	11	D
E	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	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	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	1	0	1	G
H	B+	A-	A-	B+	B+	B+	B	B+	A	A-	Medium	22	18	22	18	H
I	B+	B+	B	B+	C+	C+	C-	B-	B-	C-	N/A	0	1	0	1	I
J	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	J
K	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	K
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	L

IMAGE RATING

Scores are based on a 20% or 20-point weighting. Bolded image ratings indicate meeting or beating the yearly target of 70. Best-In-Industry performers earn the top score, and scores of other companies are based on their image rating as a % of the leading image rating. Game-To-Date scores are based on the average of image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18-Y20 Average	Y20 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
A	64	63	84	88	78	78	75	71	73	74	73	21	15	20	15	A
B	77	87	90	100	94	99	95	99	94	96	96	24	20	24	20	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	69	68	87	82	88	83	78	77	83	78	79	21	16	21	16	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	72	66	85	74	73	68	72	84	96	78	86	21	16	22	18	G
H	65	64	91	92	78	83	91	87	86	95	89	24	20	23	19	H
I	70	69	76	79	88	82	73	77	77	72	75	20	15	21	16	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 2 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	10000	1372	0	1.50	0.22
Year 12	2940	719	0	0.51	0.11	0.00
Year 13	7840	1710	0	1.27	0.25	0.00
Year 14	8650	3540	0	1.22	0.46	0.00
Year 15	9250	2633	0	1.01	0.30	0.00
Year 16	9850	2923	0	1.02	0.34	0.00
Year 17	9350	2050	0	0.80	0.19	0.00
Year 18	6610	1294	0	0.54	0.11	0.00
Year 19	8790	3065	0	0.86	0.33	0.00
Year 20	15400	4182	0	1.16	0.30	0.00

Image Rating Points Generated from CSRC Expenditures

	High	Avg.	Low
	Year 11	2	0
Year 12	4	1	0
Year 13	5	2	0
Year 14	8	3	0
Year 15	10	4	0
Year 16	9	4	0
Year 17	9	4	0
Year 18	10	4	0
Year 19	10	4	0
Year 20	10	5	0

★ GOLD STAR AWARD ★

for Corporate Citizenship

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

	Award Winner	2nd Place
Y14	A Company	H Company
Y15	H Company	Ideal Footwear
Y16	H Company	A Company
Y17	H Company	Ideal Footwear
Y18	H Company	Ideal Footwear
Y19	A Company	H Company
Y20	Deus	H Company

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	22,763	5,800	51,402	4,800	84,765
– Pairs Rejected	736	97	2,051	72	2,956
Net Y20 Production (after rejects)	22,027	5,703	49,351	4,728	81,809
Superior Materials Usage	34.7%	57.8%	41.7%	50.0%	41.4%
Capacity Utilization (branded + P-L prod.)	114.4%	109.4%	109.6%	120.0%	111.4%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 1.20	+ 0.10	8.30
Superior Materials	16.00	– 0.69	+ 0.22	15.53

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	4,547	4,511	4,346	3,867	17,271
– Pairs Cleared (inventory clearance)	1,049	1,018	981	871	3,919
Beginning Y20 Inventories	3,498	3,493	3,365	2,996	13,352
+ New Production (shipped from plants)	19,296	18,591	18,019	16,483	72,389
Pairs Available for Sale in Y20	22,794	22,084	21,384	19,479	85,741

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)	18,027	17,180	16,296	15,077	66,580
Actual Year 20 Demand	18,090	17,520	16,788	15,570	67,969
Branded Pairs Sold	18,091	17,520	16,789	15,571	67,971
Required Y20 Ending Inventories	1,081	1,050	1,048	940	4,119
Inventory Surplus (Shortfall)	3,595	3,514	3,547	2,968	13,624

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 3.5%
- Available for shipment to warehouses
- % usage down by 8.9 points from Y19
- % utilization down by 5.8 points from Y19

Lower than normal (41.4% industrywide) superior materials usage led to superior materials prices that were 4.3% below the base and standard materials prices that were 17.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 1.4% from the base.

- Average inventory clearance of 22.7%
- 26.1% higher than Y20 demand

Actual demand in Year 20 was 2.1% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times
- { High in N.A. Very high in E-A
Very high in A-P High in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	18,814	19,567	20,350	21,164
(internet + wholesale) Europe-Africa	18,221	18,950	19,708	20,496
Asia-Pacific	17,795	18,863	19,995	21,195
Latin America	16,505	17,495	18,545	19,658
Total	71,335	74,875	78,598	82,513
Private-Label — North America	2,820	2,820	2,820	2,820
Europe-Africa	2,850	2,850	2,850	2,850
Asia-Pacific	2,826	2,826	2,826	2,826
Latin America	2,814	2,814	2,814	2,814
Total	11,310	11,310	11,310	11,310

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	17,770
Potential Production (at max OT)	91,320
Potential Global Supply	109,090
Demand — Branded Sales Forecast (000s)	71,335
Private-Label Sales Forecast	11,310
Expected Global Demand	82,645
Conclusion:	Excess supply of 32.0% is likely to boost competitive pressures in Year 21 significantly. Additional production capacity will not be needed for several years.

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

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20	
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total		
A	2,900	1,300	3,800	0	0	0	0	0	2,900	1,300	3,800	0	8,000	0	A
B	7,000	4,000	7,000	4,000	0	0	0	0	7,000	4,000	7,000	4,000	22,000	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	10,500	0	0	0	0	0	0	0	10,500	0	10,500	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	G
H	7,000	0	7,600	0	0	0	0	0	7,000	0	7,600	0	14,600	0	H
I	4,000	0	6,000	0	-1,000	0	0	0	3,000	0	6,000	0	9,000	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	20,900	5,300	46,900	4,000	-1,000	0	0	0	19,900	5,300	46,900	4,000	76,100	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	436,725	271,953	30,648	124,443	10,419	-738	1,940	0	-2,678	0	15,750	A
B	1,053,136	574,290	68,429	241,323	24,918	144,176	33,154	33,307	77,715	11,250	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	747,964	398,524	47,054	159,496	13,819	129,071	18,095	33,293	77,683	153,150	7,500	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	472,035	316,342	27,355	47,410	14,419	66,509	36,287	9,067	21,155	0	12,940	G
H	785,139	431,794	47,193	152,404	17,769	135,979	18,531	34,934	81,514	9,432	7,860	H
I	416,393	279,350	35,637	104,212	11,420	-14,226	10,278	0	-24,504	0	9,950	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	651,899	378,709	42,719	138,215	15,461	76,795	19,714	18,434	38,481	28,972	10,250	

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	16,344	159,179	357,660	33,584	18,000	308,756	0	-2,680	306,076	0.00	3 / 3	A
B	0	377,556	981,154	200,016	208,000	506,672	0	66,466	573,138	1.50	2 / 2	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	26,869	253,550	587,709	90,865	197,000	375,311	0	-75,467	299,844	20.42	9 / 1	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	0	303,197	691,161	192,789	175,000	302,216	0	21,156	323,372	0.00	6 / 2	G
H	0	285,504	701,104	93,957	147,300	470,238	-82,472	72,082	459,847	1.20	6 / 4	H
I	0	156,142	359,163	79,791	43,300	260,576	0	-24,504	236,072	0.00	4 / 4	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	7,202	255,855	612,992	115,167	131,433	370,628	-13,745	9,509	366,392	3.85	5 / 3	

SELECTED FINANCIAL AND OPERATING STATISTICS

CREDIT RATING DATA

	Costs and Profits as a % of Net Revenues						Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Prs. Sold	Whse. Expenses	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	62.3 %	7.0 %	28.5 %	2.4 %	-0.2 %	-0.6 %	4.74	45	-0.38	0.07	2.99	Medium	A
B	54.5	6.5	22.9	2.4	13.7	7.4	1.89	98	4.35	0.35	0.84	High	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	53.3	6.3	21.3	1.8	17.3	10.4	2.79	42	7.13	0.45	0.00	N/A	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	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	67.0	5.8	10.0	3.1	14.1	4.5	1.57	216	1.83	0.48	0.34	High	G
H	55.0	6.0	19.4	2.3	17.3	10.4	3.04	104	7.34	0.30	1.75	Medium	H
I	67.1	8.6	25.0	2.7	-3.4	-5.9	1.96	78	-1.38	0.28	0.00	N/A	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	58.1 %	6.6 %	21.2 %	2.4 %	11.8 %	5.9 %	2.22	97	3.15	0.32	0.99	High	

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		7.74	7.23	11.83	10.59	17.56	15.82
	Private-Label Footwear		7.50	8.22	8.50	9.75	10.00	11.83
Labor — North America	Total Compensation (\$/year)		20,240	18,106	22,707	21,799	25,823	25,807
	Productivity (pairs/worker/year)		4,309	3,965	4,899	4,865	5,908	5,964
	Labor Cost (\$/pair produced)		4.41	4.26	4.89	4.76	5.32	5.29
Europe Africa	Total Compensation (\$/year)		21,709	20,746	22,887	22,549	24,065	24,351
	Productivity (pairs/worker/year)		5,218	5,126	5,483	5,482	5,747	5,838
	Labor Cost (\$/pair produced)		4.25	4.17	4.29	4.20	4.33	4.23
Asia Pacific	Total Compensation (\$/year)		7,777	6,304	8,343	7,953	9,235	9,363
	Productivity (pairs/worker/year)		3,118	3,042	3,336	3,298	3,740	3,813
	Labor Cost (\$/pair produced)		2.47	2.19	2.64	2.54	2.82	2.76
Latin America	Total Compensation (\$/year)		8,703	8,820	8,703	8,820	8,703	8,820
	Productivity (pairs/worker/year)		3,362	3,434	3,362	3,434	3,362	3,434
	Labor Cost (\$/pair produced)		2.65	2.63	2.65	2.63	2.65	2.63
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		1.40	0.50	1.87	1.66	2.50	2.50
	Cumulative		1.05	0.98	1.68	1.68	2.08	2.08
Reject Rates	Branded Production		1.3%	1.3%	3.6%	3.9%	7.2%	7.2%
	Private-Label Production		1.3%	1.4%	1.7%	1.9%	2.2%	2.7%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.89	22.77	26.75	26.86	32.43	33.43
	E-A		22.70	22.30	27.54	28.36	32.38	34.41
	A-P		21.07	20.42	25.52	24.62	31.01	31.06
	L.A.		20.44	20.09	20.44	20.09	20.44	20.09
	Private-Label — N.A.		21.73	23.20	23.94	26.87	26.15	32.76
	E-A		0.00	26.87	0.00	26.87	0.00	26.87
	A-P		20.00	21.02	21.64	24.19	23.49	28.93
	L.A.		0.00	0.00	0.00	0.00	0.00	0.00

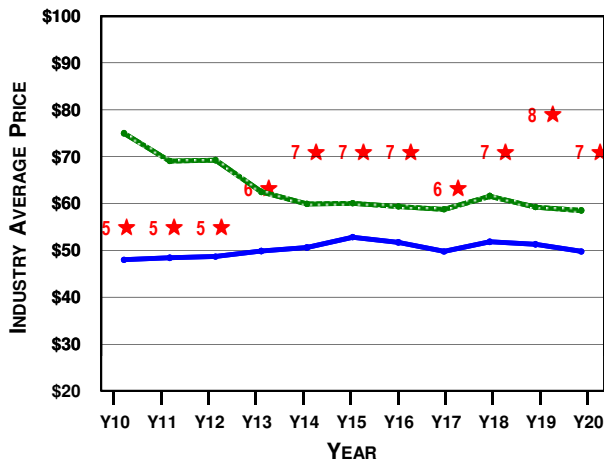
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.14	24.03	30.91	29.92	37.73	37.43
		E-A	24.90	24.41	31.69	30.61	37.36	36.53
		A-P	22.42	22.35	26.81	26.05	32.72	32.39
		L.A.	22.45	22.63	31.20	30.86	38.44	38.63
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.22	10.39	10.48	10.62	10.69	10.74
			1.71	1.91	2.21	2.32	2.52	2.54
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		10.15	9.83	12.83	13.25	17.02	15.88
			4.86	5.03	11.02	11.89	14.50	16.39
Administrative Expenses (\$/pair sold)			1.27	1.10	1.51	1.38	2.06	1.65
Operating Profit (\$ per pair sold)	Internet	N.A.	5.37	1.63	12.50	12.11	20.40	20.53
		E-A	4.55	0.66	11.89	13.22	19.82	21.00
		A-P	7.34	3.97	16.89	15.06	25.11	23.35
		L.A.	4.93	-0.70	14.08	11.52	23.44	20.48
Wholesale	N.A.		1.18	-1.70	5.99	4.41	12.06	10.67
	E-A		2.73	-2.64	6.54	4.62	11.64	10.00
	A-P		3.62	-2.30	8.87	5.71	13.70	11.12
	L.A.		5.34	-2.59	9.80	4.00	15.83	10.43
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.98	25.89	25.19	29.95	27.40	34.01
		E-A	26.98	27.21	28.61	28.78	30.46	30.37
		A-P	21.25	22.27	22.89	25.39	24.74	30.18
		L.A.	27.84	25.67	28.76	26.38	29.68	27.08
Warehouse Expenses (\$ per pair sold)			1.00	1.00	1.00	1.00	1.00	1.00
Margin Over Direct Costs (\$ per pair sold)		N.A.	-0.51	-3.90	-0.02	-1.22	0.47	1.47
		E-A	-0.96	-3.41	1.20	-1.25	3.54	1.08
		A-P	0.46	-3.40	0.54	-1.55	0.61	1.59
		L.A.	0.73	-3.53	1.17	-1.04	1.61	1.45

CELEBRITY ENDORSEMENTS

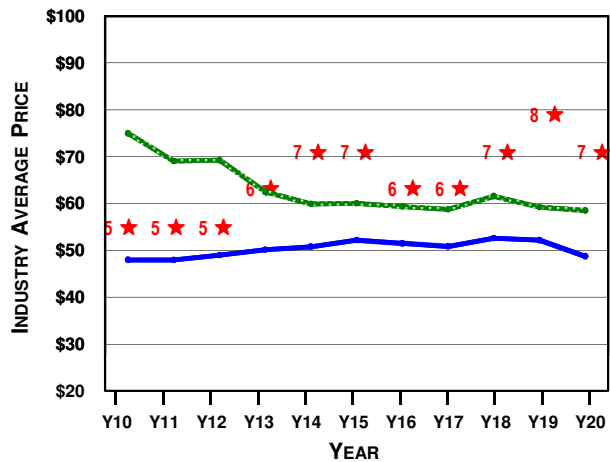
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company I	18,998	Y19	2 years	4	18,998	17,900	17,252	16,005
Oprah Letterman	100	70	65	75	Company I	4,999	Y20	3 years	1	4,999	0	4,999	4,999
Fifa Beckham	70	100	70	55	Company H	19,400	Y16	5 years	6	19,400	18,348	14,783	11,000
Tiger Green	95	80	85	75	Company I	4,998	Y20	2 years	1	4,998	0	4,998	4,998
José Montaña	60	50	60	95	Company B	22,222	Y18	3 years	4	22,222	17,606	15,577	7,000
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	1	4,997	0	4,997	4,997
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	4,996	0	4,996	4,996
Danica Andretti	70	65	55	60	Company B	16,800	Y19	3 years	4	18,987	16,800	16,723	15,001
LaBron Game	75	80	95	50	Company D	22,221	Y17	4 years	6	22,221	21,199	15,589	500
Lorena Lopez	45	85	60	100	Company I	22,996	Y19	2 years	4	22,996	22,222	19,830	16,000
Lance deFrance	80	85	75	70	Company I	5,000	Y20	3 years	1	5,000	0	5,000	5,000
Yao KungPao	60	35	100	50	Company B	22,222	Y18	4 years	4	22,222	17,606	17,452	14,978

BRANDED PRICE AND S/Q RATING TRENDS

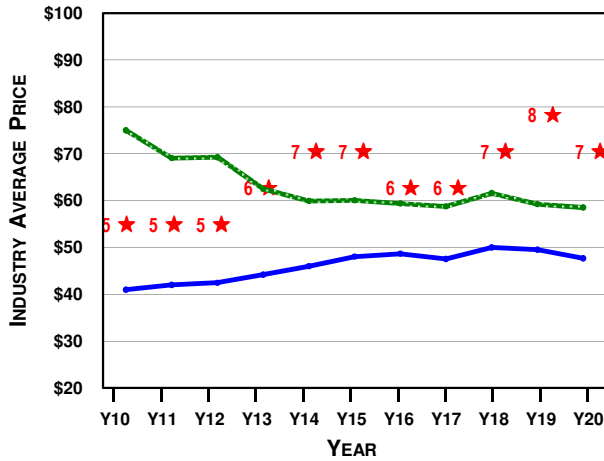
NORTH AMERICA



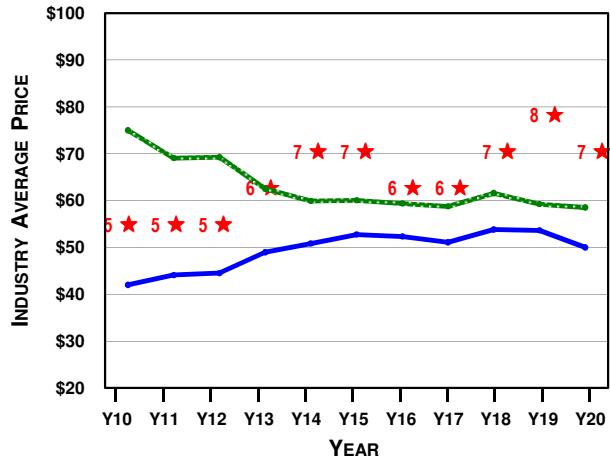
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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