

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

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	B Company	119	86	103	-2
2	I Company	120	84	102	-7
3	K Company	107	84	96	-6
4	Electric Boogaloo	117	65	91	-9
5	Aspire	115	50	83	0
6	L Company	93	41	67	+5
7	Foot Trends	68	27	48	+30
8	Great Shoe Company	51	35	43	-5
9	C (deleted)	0	0	0	0
9	D (deleted)	0	0	0	0
9	H (deleted)	0	0	0	0
9	J (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	B Company	119	99	109	+1
2	I Company	120	96	108	0
3	Electric Boogaloo	115	77	96	-3
4	K Company	106	78	92	-6
5	Aspire	96	53	75	+3
6	L Company	71	41	56	+4
7	Great Shoe Company	50	37	44	-1
8	Foot Trends	50	28	39	+10
9	C (deleted)	0	0	0	0
9	D (deleted)	0	0	0	0
9	H (deleted)	0	0	0	0
9	J (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	1.75	1.03	1.95	2.38	1.21	1.75	2.21	2.81	5.82	7.39	2.61	24	5	15	6	A
B	2.88	4.59	3.41	5.77	6.42	8.22	6.26	8.81	15.01	22.13	8.16	24	16	24	20	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	2.14	2.37	3.79	4.90	3.45	3.37	3.77	8.68	13.02	14.05	5.83	24	10	24	14	E
F	2.64	2.49	2.94	2.99	2.69	1.18	-2.33	-2.25	-1.31	2.93	1.20	13	2	7	3	F
G	1.62	0.96	0.17	0.33	0.16	-0.42	-0.43	0.29	0.75	0.50	0.39	2	0	2	1	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	2.85	1.82	6.16	6.30	6.24	4.90	6.39	9.64	19.56	21.75	8.17	24	16	24	20	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	3.31	1.70	4.81	5.71	4.71	2.73	2.90	6.11	16.14	27.04	7.07	24	20	24	17	K
L	1.19	1.33	-0.09	0.91	-0.70	0.91	0.09	1.24	2.43	3.51	1.08	16	3	6	3	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	11.2	5.5	9.7	10.6	5.1	6.7	8.0	9.3	16.8	19.2	10.8	23	6	14	8	A
B	17.4	25.1	23.1	30.1	25.9	25.7	16.1	19.3	26.6	32.9	25.6	24	11	24	20	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	13.2	12.4	22.2	23.0	13.6	11.8	11.7	22.7	26.6	23.1	19.9	24	8	23	16	E
F	17.0	19.5	20.2	17.2	13.3	5.4	-11.1	-12.2	-7.9	16.7	7.3	21	6	10	6	F
G	10.9	5.4	0.9	1.8	0.9	-2.3	-2.4	1.7	4.2	2.7	2.3	4	1	3	2	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	17.2	9.6	24.4	23.3	18.8	12.7	14.5	18.6	30.1	28.4	21.9	24	9	24	17	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	19.7	8.8	20.3	24.4	16.5	8.8	8.8	13.8	31.3	60.6	22.8	24	20	24	18	K
L	7.5	7.8	-0.5	5.2	-4.1	5.5	0.6	7.0	12.4	15.7	6.3	20	5	8	5	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	17.18	10.57	18.69	29.56	16.36	19.52	24.41	37.14	80.09	137.22	24	5	24	5	A
B	37.29	68.91	39.33	98.37	88.15	144.23	73.62	127.81	255.81	509.81	24	20	24	20	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	22.89	23.55	49.69	78.46	41.08	35.76	39.53	134.89	234.94	295.98	24	12	24	12	E
F	31.16	26.00	31.99	30.69	27.77	15.58	9.84	6.00	4.60	27.08	10	1	10	1	F
G	18.20	11.12	7.31	4.85	5.44	4.75	5.73	4.65	9.93	6.20	2	0	2	0	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	35.78	19.37	92.82	107.90	97.07	55.66	72.07	128.61	257.24	490.33	24	19	24	19	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	47.34	24.90	66.69	89.43	63.37	30.92	29.91	75.48	189.65	380.29	24	15	24	15	K
L	16.35	11.56	7.00	8.54	5.14	9.57	5.67	13.98	34.96	48.92	18	2	18	2	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	B-	B	B+	B	B+	A	A+	A	A+	Low	24	20	24	20	A
B	A-	B	C	B-	B-	B	B-	B+	A	A+	Low	24	20	24	20	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-	B-	B-	C+	C+	B-	B+	A+	A+	Low	24	20	24	20	E
F	B	C	C	C	C	C-	C-	C-	C-	C	High	4	4	4	4	F
G	B+	B+	C+	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	B+	B-	B	B	B-	B-	B	B+	A	A+	Low	24	20	24	20	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	B	C	C+	C	C	C	B-	B	A	B-	High	12	11	12	11	K
L	C+	C+	C-	C	C-	C	C	B	A	A+	Low	24	20	24	20	L

IMAGE RATING

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18-Y20 Average	Y20 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
A	61	61	69	66	60	64	64	64	65	71	67	20	14	19	14	A
B	77	70	69	82	78	88	83	95	97	91	94	23	19	23	19	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	75	64	75	83	84	67	69	69	75	75	73	21	15	20	15	E
F	75	72	78	66	64	61	62	70	65	69	68	20	14	19	14	F
G	80	82	71	74	72	53	63	67	68	68	68	19	14	19	14	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	81	92	100	100	100	100	99	100	100	98	99	24	20	24	20	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	68	76	74	74	78	92	81	76	82	89	82	23	18	22	17	K
L	65	70	62	65	63	56	54	52	53	54	53	15	11	15	11	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 3 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	11484	5324	0	2.58	0.94
Year 12	12000	4437	0	1.38	0.63	0.00
Year 13	12496	3635	0	1.34	0.44	0.00
Year 14	13504	3573	0	1.31	0.38	0.00
Year 15	15500	4479	0	1.23	0.42	0.00
Year 16	18000	5605	0	1.24	0.47	0.00
Year 17	17650	4372	0	1.57	0.41	0.00
Year 18	21596	6309	0	1.25	0.49	0.00
Year 19	21596	11168	3750	1.30	0.94	0.62
Year 20	25750	12817	3750	1.34	1.00	0.62

Image Rating Points Generated from CSRC Expenditures

	High	Avg.	Low
	Year 11	4	2
Year 12	8	3	0
Year 13	9	4	0
Year 14	10	4	0
Year 15	11	5	0
Year 16	10	4	0
Year 17	11	5	0
Year 18	12	6	0
Year 19	13	8	1
Year 20	16	9	3

★ 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	K Company	I Company
Y15	I Company	K Company
Y16	B Company	I Company
Y17	B Company	I Company
Y18	I Company	B Company
Y19	Great Shoe Company	B Company
Y20	K Company	Great Shoe Company

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	33,043	5,160	52,628	12,529	103,360
– Pairs Rejected	1,461	134	1,907	530	4,032
Net Y20 Production (after rejects)	31,582	5,026	50,721	11,999	99,328
Superior Materials Usage	40.2%	87.4%	33.0%	34.4%	38.2%
Capacity Utilization (branded + P-L prod.)	116.3%	120.0%	115.2%	117.1%	116.0%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 1.65	+ 0.42	9.07
Superior Materials	16.00	– 0.94	+ 0.96	16.02

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	2,234	2,154	1,616	1,697	7,701
– Pairs Cleared (inventory clearance)	547	254	173	73	1,047
Beginning Y20 Inventories	1,687	1,900	1,443	1,624	6,654
+ New Production (shipped from plants)	22,507	21,083	21,911	20,482	85,983
Pairs Available for Sale in Y20	24,194	22,983	23,354	22,106	92,637

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)	22,464	22,047	21,076	19,976	85,563
Actual Year 20 Demand	22,483	21,927	21,329	20,536	86,276
Branded Pairs Sold	22,275	21,375	21,235	20,299	85,184
Required Y20 Ending Inventories	1,642	1,602	1,569	1,449	6,262
Inventory Surplus (Shortfall)	-249	-868	54	-240	-1,303

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 3.9%
- Available for shipment to warehouses
- % usage down by 2.6 points from Y19
- % utilization down by 1.8 points from Y19

Lower than normal (38.2% industrywide) superior materials usage led to superior materials prices that were 5.9% below the base and standard materials prices that were 23.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.0% from the base.

- Average inventory clearance of 13.6%
- 7.4% higher than Y20 demand
- Actual demand in Year 20 was 0.8% greater 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	23,383	24,318	25,291	26,303
(internet + wholesale) Europe-Africa	22,805	23,717	24,666	25,653
Asia-Pacific	22,609	23,966	25,404	26,928
Latin America	21,769	23,075	24,460	25,928
Total	90,566	95,076	99,821	104,812
Private-Label — North America	3,792	3,792	3,792	3,792
Europe-Africa	3,776	3,776	3,776	3,776
Asia-Pacific	3,776	3,776	3,776	3,776
Latin America	3,744	3,744	3,744	3,744
Total	15,088	15,088	15,088	15,088

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	7,453
Potential Production (at max OT)	106,920
Potential Global Supply	114,373
Demand — Branded Sales Forecast (000s)	90,566
Private-Label Sales Forecast	15,088
Expected Global Demand	105,654
Conclusion:	Even at full overtime production, capacity is shy of what's needed to meet future demand. Opportunistic companies should consider building new capacity or purchasing used capacity.

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

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20	
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total		
A	2,900	0	4,800	1,000	600	0	0	0	3,500	0	4,800	1,000	9,300	0	A
B	6,600	0	7,800	0	0	0	0	0	6,600	0	7,800	0	14,400	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	2,000	0	7,800	0	0	0	0	0	2,000	0	7,800	0	9,800	0	E
F	0	0	2,000	3,700	0	0	0	0	0	0	2,000	3,700	5,700	0	F
G	2,000	1,100	4,000	0	0	0	0	0	2,000	1,100	4,000	0	7,100	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	7,100	3,100	7,400	0	0	100	-3,300	0	7,100	3,200	4,100	0	14,400	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	3,100	0	9,500	6,000	1,400	0	1,000	0	4,500	0	10,500	6,000	21,000	0	K
L	2,700	0	4,700	0	0	0	0	0	2,700	0	4,700	0	7,400	0	L
Total	26,400	4,200	48,000	10,700	2,000	100	-2,300	0	28,400	4,300	45,700	10,700	89,100	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	652,439	386,871	40,098	118,321	12,919	94,230	4,452	26,933	62,845	4,250	8,500	A
B	881,498	418,434	52,405	139,143	17,867	253,649	16,525	71,137	165,987	105,000	7,500	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	711,462	346,710	40,363	151,920	13,268	159,201	5,515	45,151	105,351	22,500	7,500	E
F	332,085	227,531	20,034	35,217	8,870	40,433	15,493	0	21,940	0	7,500	F
G	284,917	222,619	17,893	25,668	10,720	8,017	-1,231	2,702	6,305	0	12,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	926,293	433,688	51,986	172,792	17,317	250,510	17,444	69,920	163,146	116,400	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	1,175,201	575,828	63,417	195,371	24,169	316,416	26,692	86,917	202,807	100,125	7,500	K
L	435,075	238,344	27,539	104,581	10,070	54,541	3,809	14,892	34,749	0	9,900	L
	674,871	356,253	39,217	117,877	14,400	147,125	11,087	39,707	95,391	43,534	8,550	

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	36,065	227,612	417,292	51,485	10,000	297,212	0	58,595	355,807	0.50	6 / 4	A
B	3,658	258,630	723,389	53,761	134,276	474,364	0	60,989	535,352	14.00	9 / 1	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	46,347	267,262	525,516	27,077	0	415,590	0	82,849	498,439	3.00	9 / 1	E
F	0	99,936	294,963	127,803	25,000	120,156	0	22,004	142,160	0.00	3 / 3	F
G	55,096	130,363	258,094	22,031	0	229,755	0	6,308	236,063	0.00	1 / 3	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	30,918	272,602	728,313	60,642	70,200	550,726	0	46,745	597,471	15.52	3 / 2	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	10,904	353,719	1,069,850	415,398	553,157	568,574	-569,963	102,684	101,295	13.35	8 / 1	K
L	18,527	155,586	288,475	39,328	12,400	207,320	-5,324	34,751	236,747	0.00	3 / 4	L
	25,189	220,714	538,236	99,691	100,629	357,962	-71,911	51,866	337,917	5.80	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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	59.3 %	6.1 %	18.1 %	2.0 %	14.4 %	9.6 %	4.42	29	21.17	0.07	3.98	Low	A
B	47.5	5.9	15.8	2.0	28.8	18.8	4.81	36	15.35	0.21	6.34	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	48.7	5.7	21.4	1.9	22.4	14.8	9.87	45	28.87	0.00	10.00	Low	E
F	68.5	6.0	10.6	2.7	12.2	6.6	0.78	35	2.61	0.43	0.38	High	F
G	78.1	6.3	9.0	3.8	2.8	2.2	5.92	11	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	46.8	5.6	18.7	1.9	27.0	17.6	4.50	9	14.36	0.11	10.51	Low	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	49.0	5.4	16.6	2.1	26.9	17.3	0.85	38	11.85	0.86	0.43	High	K
L	54.8	6.3	24.0	2.3	12.5	8.0	3.96	45	14.32	0.09	4.14	Low	L
	52.8 %	5.8 %	17.5 %	2.1 %	21.8 %	14.1 %	2.21	31	26.07	0.22	5.72	Low	

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

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		7.77	8.06	12.37	12.14	17.19	16.65
	Private-Label Footwear		7.56	8.12	9.33	9.95	12.89	12.23
Labor — North America	Total Compensation (\$/year)		19,026	19,112	22,005	21,738	26,963	26,169
	Productivity (pairs/worker/year)		3,994	4,012	4,815	4,842	5,618	5,728
	Labor Cost (\$/pair produced)		3.66	3.56	5.05	4.95	6.01	6.03
Europe Africa	Total Compensation (\$/year)		19,711	18,562	19,711	19,920	19,711	21,278
	Productivity (pairs/worker/year)		5,870	6,102	5,870	6,139	5,870	6,176
	Labor Cost (\$/pair produced)		3.55	3.27	3.55	3.52	3.55	3.76
Asia Pacific	Total Compensation (\$/year)		6,200	6,229	8,103	8,154	9,721	9,378
	Productivity (pairs/worker/year)		2,071	1,976	3,088	3,123	3,786	3,858
	Labor Cost (\$/pair produced)		2.07	2.11	2.88	2.90	3.79	3.76
Latin America	Total Compensation (\$/year)		6,222	6,182	7,534	6,869	9,051	8,160
	Productivity (pairs/worker/year)		2,355	2,346	2,649	2,683	2,987	3,097
	Labor Cost (\$/pair produced)		2.69	2.81	3.07	3.11	3.72	3.48
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.64	0.10	1.39	1.27	2.50	2.50
	Cumulative		0.75	0.76	1.16	1.17	2.19	2.21
Reject Rates	Branded Production		2.2%	2.3%	4.1%	4.2%	5.9%	6.1%
	Private-Label Production		1.9%	1.8%	2.1%	3.0%	2.3%	5.3%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		24.83	23.97	30.15	29.66	36.14	38.22
	E-A		25.60	25.03	25.60	30.59	25.60	36.15
	A-P		20.53	20.49	26.45	26.29	32.41	33.49
	L.A.		22.09	21.29	29.75	25.45	35.22	29.60
	Private-Label — N.A.		26.79	27.63	26.79	35.37	26.79	43.11
	E-A		0.00	23.84	0.00	23.84	0.00	23.84
	A-P		18.56	20.15	20.81	23.19	23.73	29.41
	L.A.		0.00	20.21	0.00	25.29	0.00	28.77

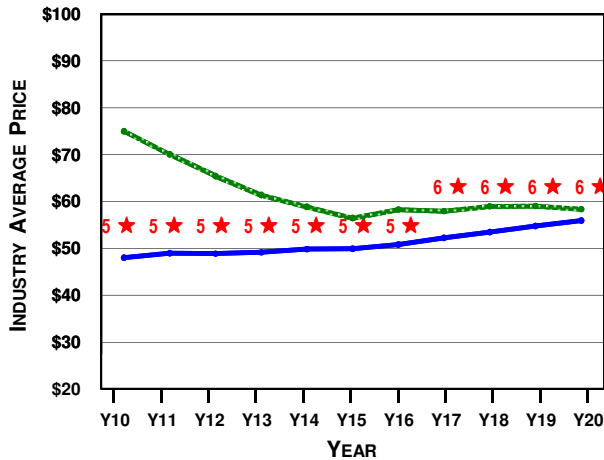
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	26.08	25.39	32.63	31.76	40.44	39.57
		E-A	27.36	26.28	33.60	32.15	40.59	38.06
		A-P	21.93	21.76	27.87	28.47	33.65	37.95
		L.A.	23.40	22.63	31.75	31.85	39.27	41.27
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.26	10.26	10.70	10.66	11.70	11.41
			1.79	1.74	2.43	2.41	3.68	3.41
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	6.98	7.99	12.73	12.65	16.89	16.60
			5.80	6.73	10.37	10.45	15.06	13.26
Administrative Expenses	(\$/pair sold)		1.13	1.16	1.59	1.56	3.45	3.21
Operating Profit (\$ per pair sold)	Internet	N.A.	2.49	1.72	11.16	11.41	20.35	17.38
		E-A	2.57	4.61	11.68	13.07	20.45	19.28
		A-P	7.85	5.38	17.00	14.88	26.98	21.57
		L.A.	4.53	0.70	15.53	13.52	27.52	22.15
Wholesale		N.A.	-0.22	0.12	6.92	9.10	13.49	16.16
		E-A	-2.75	4.79	7.19	11.63	12.80	16.15
		A-P	1.50	0.91	9.65	9.87	16.05	17.38
		L.A.	3.58	2.00	11.77	11.53	16.75	18.56
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.86	27.03	27.74	28.70	29.50	30.47
		E-A	25.54	26.36	27.79	26.99	30.70	28.33
		A-P	19.81	21.40	22.06	24.44	24.98	30.66
		L.A.	26.92	21.46	28.81	26.54	30.78	30.02
Warehouse Expenses	(\$ per pair sold)		1.00	1.00	1.05	1.07	1.20	1.20
Margin Over Direct Costs (\$ per pair sold)		N.A.	-1.20	-1.67	2.96	7.13	12.14	15.24
		E-A	-0.88	2.00	4.09	10.20	15.42	20.12
		A-P	1.66	-0.14	3.12	10.11	6.62	23.83
		L.A.	0.40	0.49	4.18	3.42	13.67	8.22

CELEBRITY ENDORSEMENTS

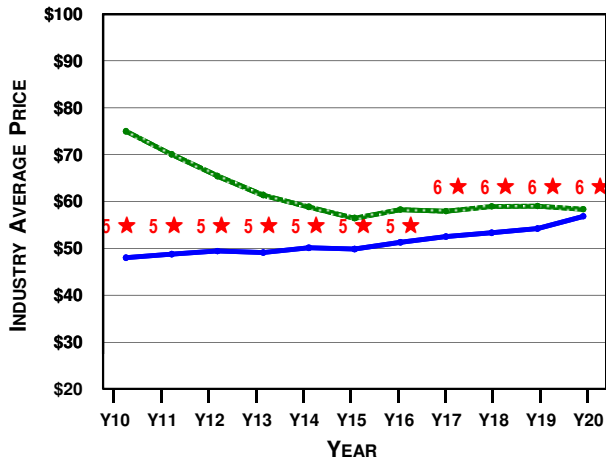
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	12,345	Y19	2 years	2	12,345	2,000	7,173	2,000
Oprah Letterman	100	70	65	75	Company I	18,370	Y20	3 years	3	18,505	18,370	12,477	555
Fifa Beckham	70	100	70	55	Company K	19,300	Y16	5 years	4	21,125	19,300	18,896	16,505
Tiger Green	95	80	85	75	Company I	29,350	Y20	2 years	3	29,350	18,502	17,802	5,555
José Montaña	60	50	60	95	Company K	12,590	Y18	3 years	2	18,759	12,590	15,675	12,590
Kobioshi Jones	55	60	95	90	Company K	555	Y20	4 years	3	18,501	17,850	12,302	555
Ace Federar	50	90	50	85	Company G	18,502	Y20	1 year	3	18,502	5,000	8,019	555
Danica Andretti	70	65	55	60	Company K	12,345	Y19	3 years	2	12,345	2,000	7,173	2,000
LaBron Game	75	80	95	50	Company B	18,500	Y17	4 years	4	18,500	17,251	14,304	5,800
Lorena Lopez	45	85	60	100	Company E	20,000	Y19	2 years	4	20,000	18,526	17,093	12,345
Lance deFrance	80	85	75	70	Company A	25,000	Y20	3 years	5	25,000	24,350	18,181	555
Yao KungPao	60	35	100	50	Company L	15,000	Y18	4 years	3	15,000	12,800	12,797	10,590

BRANDED PRICE AND S/Q RATING TRENDS

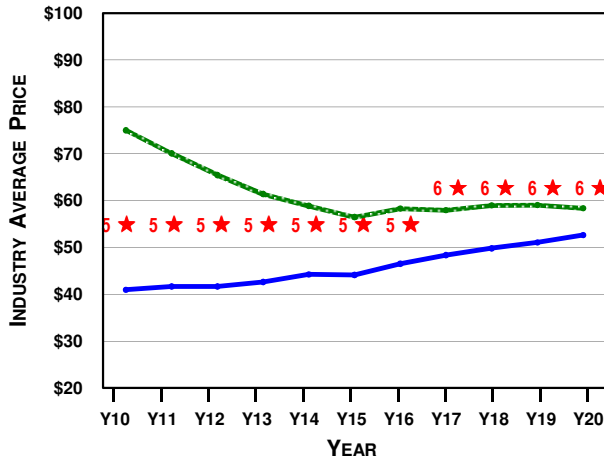
NORTH AMERICA



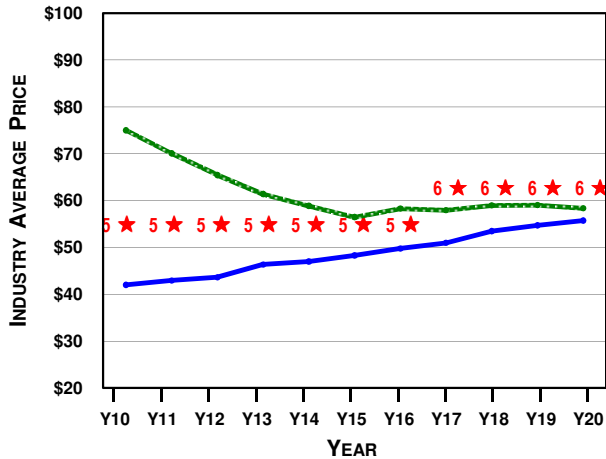
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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