

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 5

Thursday, August 20, 2009

YEAR 19

YEAR 19 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y18
1	I-Motion Corp.	117	96	107	+2
2	LimpingLeG Shoe Co	117	91	104	+5
3	K Company	116	81	99	+14
4	F- BOiNK	110	77	94	+10
5	G Kinetics Inc	112	69	91	+28
6	ARIA	104	75	90	+34
7	C Steelers	34	21	28	+6
8	Best Foot Forward	21	17	19	-1
9	Eazy Company	17	14	16	+3
10	D (deleted)	0	0	0	0
10	H (deleted)	0	0	0	0
10	J (deleted)	0	0	0	0

GAME-TO-DATE SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y18
1	I-Motion Corp.	117	99	108	+6
2	LimpingLeG Shoe Co	115	94	105	+5
3	K Company	101	76	89	+14
4	ARIA	95	69	82	+27
5	F- BOiNK	86	62	74	+14
6	G Kinetics Inc	80	56	68	+31
7	C Steelers	27	22	25	+1
8	Best Foot Forward	20	17	19	+1
9	Eazy Company	16	13	15	+1
10	D (deleted)	0	0	0	0
10	H (deleted)	0	0	0	0
10	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 19 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.	Y19 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)	(3.45)	I. E.	B-I-I	I. E.	B-I-I	
A	1.87	0.20	-2.15	4.60	4.75	4.40	1.38	3.08	11.76	.	3.18	24	16	18	13	A
B	1.44	-4.00	-6.88	-2.32	-7.47	####	####	####	####	.	####	0	0	0	0	B
C	1.51	-2.86	-0.69	-6.76	-5.99	-0.53	-6.82	-1.16	1.82	.	-2.39	9	2	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	0.89	-1.12	-2.18	-2.96	-3.80	-7.62	-2.81	-2.33	-0.51	.	-2.57	0	0	0	0	E
F	1.01	-1.06	-3.48	1.46	0.98	2.64	1.49	4.03	9.17	.	1.60	24	12	9	6	F
G	0.80	-0.77	0.98	0.52	-0.99	-0.40	0.54	2.51	5.45	.	1.07	23	7	6	4	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	2.02	1.33	0.95	6.22	4.38	4.69	3.56	7.07	15.05	.	5.08	24	20	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	0	0	0	J
K	-1.62	0.68	1.04	3.51	4.28	1.59	2.28	4.04	9.73	.	2.81	24	13	16	11	K
L	2.15	1.25	1.71	4.47	4.88	6.28	4.77	6.12	13.91	.	4.95	24	18	24	19	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.	Y19 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	11.6	1.1	-13.9	27.6	22.3	18.3	5.8	11.9	35.6	.	15.8	24	19	21	15	A
B	9.4	-36.7	-174.9	0.0	0.0	0.0	0.0	0.0	0.0	.	0.0	0	0	0	0	B
C	10.2	-26.7	-7.7	-129.5	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	D
E	5.7	-7.3	-16.9	-29.6	-55.3	-868.6	0.0	0.0	0.0	.	-82.3	0	0	0	0	E
F	6.5	-6.8	-26.2	11.9	7.3	17.3	8.8	17.6	36.7	.	10.2	24	20	14	10	F
G	5.3	-5.3	6.7	3.4	-6.5	-3.4	4.3	18.2	31.6	.	7.8	24	17	10	8	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	H
I	12.7	8.7	6.3	34.0	19.1	18.3	11.7	18.6	31.2	.	20.6	24	17	24	20	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	J
K	-11.3	4.9	7.1	20.6	20.5	6.7	9.0	14.2	28.6	.	13.7	24	16	18	13	K
L	13.2	6.5	10.8	23.6	20.7	21.5	13.8	15.3	27.8	.	19.0	24	15	23	18	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	Y19 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	17.47	10.72	6.97	36.73	61.83	60.69	29.32	30.24	121.81	.	24	12	24	12	A
B	16.88	10.04	5.98	4.85	5.67	4.75	5.00	4.65	5.51	.	2	1	2	1	B
C	16.99	9.99	6.64	4.85	5.48	4.75	4.78	5.01	13.72	.	5	1	5	1	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0	0	0	0	D
E	16.30	10.23	6.66	4.85	5.11	4.75	5.53	4.65	4.94	.	2	0	2	0	E
F	16.70	10.25	6.14	14.12	9.31	31.27	17.25	48.43	128.81	.	24	13	24	13	F
G	16.84	10.01	6.44	4.85	5.55	4.75	5.51	29.53	101.20	.	24	10	24	10	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0	0	0	0	H
I	20.13	12.24	9.04	47.72	61.75	63.28	35.98	97.60	205.64	.	24	20	24	20	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0	0	0	0	J
K	16.64	10.00	8.56	44.76	58.76	28.92	24.37	50.18	151.36	.	24	15	24	15	K
L	20.97	12.24	16.17	63.28	65.62	101.28	56.69	79.68	199.54	.	24	19	24	19	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	Y19 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+	C	C-	C-	B-	.	Medium	12	11	12	11	A
B	C	C-	C-	C-	C-	C-	C-	C-	C-	.	N/A	0	1	0	1	B
C	C-	C-	C-	C-	C-	C-	C-	C-	C-	.	High	0	1	0	1	C
D	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	C+	C-	C-	C-	C-	C-	C-	C-	C-	.	High	0	1	0	1	E
F	C	C-	C-	C-	C-	C-	C	B	B+	.	Medium	20	17	20	17	F
G	C	C-	C-	C-	C-	C-	C-	C	B+	.	Medium	20	17	20	17	G
H	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	C+	C-	C-	C	C	C	C+	B+	A	.	Low	23	19	23	19	I
J	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	C-	C-	C-	B-	B+	C+	B	A-	A+	.	Low	24	20	24	20	K
L	B-	C-	C-	B-	B	B+	B+	A-	A	.	Low	23	19	23	19	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 Y17, Y18, and Y19.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y17-Y19 Average	Y19 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	70	62	73	76	75	74	71	76	73	.	73	20	17	20	18	A
B	82	78	65	74	83	69	57	67	65	.	63	19	15	18	15	B
C	91	100	100	100	100	100	96	76	73	.	82	20	17	22	20	C
D	0	0	0	0	0	0	0	0	0	.	0	0	0	0	0	D
E	65	54	60	61	60	49	50	42	54	.	49	15	13	14	12	E
F	67	77	68	99	98	79	66	65	64	.	65	18	15	19	16	F
G	58	60	59	62	60	59	62	74	76	.	71	21	18	20	17	G
H	0	0	0	0	0	0	0	0	0	.	0	0	0	0	0	H
I	68	75	80	85	90	90	77	83	84	.	81	22	20	22	20	I
J	0	0	0	0	0	0	0	0	0	.	0	0	0	0	0	J
K	76	57	60	58	56	60	67	66	70	.	68	20	17	19	17	K
L	63	70	82	75	74	75	74	80	83	.	79	22	20	21	19	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 5 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	12216	4063	0	2.09	0.69
Year 12	13696	2791	0	1.94	0.44	0.00
Year 13	12400	3175	0	1.30	0.39	0.00
Year 14	14204	4273	0	2.46	0.57	0.00
Year 15	14122	4308	0	2.63	0.61	0.00
Year 16	13997	3663	0	1.15	0.40	0.00
Year 17	10434	3711	0	1.28	0.45	0.00
Year 18	13797	4551	0	1.38	0.58	0.00
Year 19	26907	9093	1050	2.51	0.92	0.08

Image Rating Points Generated from CSRC Expenditures

	High	Avg.	Low
	Year 11	4	2
Year 12	6	3	0
Year 13	9	5	0
Year 14	10	6	0
Year 15	14	7	0
Year 16	12	6	1
Year 17	15	7	0
Year 18	16	8	0
Year 19	13	8	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	J Company	F- BOiNK
Y15	J Company	F- BOiNK
Y16	F- BOiNK	Eazy Company
Y17	F- BOiNK	G Kinetics Inc
Y18	K Company	F- BOiNK
Y19	K Company	Best Foot Forward

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 19 Production	16,040	4,200	64,217	12,036	96,493
– Pairs Rejected	870	215	2,929	465	4,479
Net Y19 Production (after rejects)	15,170	3,985	61,288	11,571	92,014
Superior Materials Usage	55.8%	21.0%	25.5%	23.1%	30.1%
Capacity Utilization (branded + P-L prod.)	117.1%	120.0%	118.3%	120.4%	118.4%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 19 Price Adjustments for		Year 19 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 2.79	+ 0.59	10.38
Superior Materials	16.00	– 1.59	+ 1.34	15.75

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y18 Inventories	3,662	2,937	2,419	2,066	11,084
– Pairs Cleared (inventory clearance)	40	41	44	43	168
Beginning Y19 Inventories	3,622	2,896	2,375	2,023	10,916
+ New Production (shipped from plants)	21,166	20,436	19,717	19,623	80,942
Pairs Available for Sale in Y19	24,788	23,332	22,092	21,646	91,858

BRANDED DEMAND & SALES (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Projected Y19 Demand (see Y18 FIR)	23,021	22,722	21,390	20,450	87,583
Actual Year 19 Demand	22,149	22,248	20,786	20,236	85,419
Branded Pairs Sold	21,706	21,696	20,543	19,970	83,915
Required Y19 Ending Inventories	1,651	1,636	1,549	1,428	6,264
Inventory Surplus (Shortfall)	627	-1,200	-727	-313	-1,613

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.6%
- Available for shipment to warehouses
- % usage up by 5.3 points over Y18
- % utilization up by 0.7 points over Y18

Lower than normal (30.1% industrywide) superior materials usage led to superior materials prices that were 10.0% below the base and standard materials prices that were 39.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 8.4% from the base.

- Average inventory clearance of 1.5%
- 7.5% higher than Y19 demand

Actual demand in Year 19 was 2.5% less than expected due to increases in industry average prices.

- Needed to achieve delivery times

{ Okay in N.A. Low in E-A
 { Low in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 20	Year 21	Year 22	Year 23
Branded — North America	23,035	23,956	24,914	25,911
(internet + wholesale) Europe-Africa	23,138	24,064	25,027	26,028
Asia-Pacific	22,033	23,355	24,756	26,241
Latin America	21,450	22,737	24,101	25,547
Total	89,656	94,112	98,798	103,727
Private-Label — North America	3,996	4,176	4,176	4,176
Europe-Africa	4,059	4,239	4,239	4,239
Asia-Pacific	4,041	4,221	4,221	4,221
Latin America	4,059	4,239	4,239	4,239
Total	16,155	16,875	16,875	16,875

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 20

Supply — Beginning Year 20 Inventory	7,943
(000s) Potential Production (at max OT)	103,320
Potential Global Supply	111,263
Demand — Branded Sales Forecast	89,656
(000s) Private-Label Sales Forecast	16,155
Expected Global Demand	105,811
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 19				Capacity Purchased (Sold)				Capacity Available for Y19 Production					Construction Initiated in Year 19			
	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	11,200	0	0	0	300	0	0	0	0	11,500	0	11,500	500	A	
B	0	0	4,000	2,000	0	0	0	0	0	0	4,000	2,000	6,000	0	6,000	0	B
C	0	0	6,000	2,000	0	0	0	0	0	0	6,000	2,000	8,000	0	8,000	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	2,000	0	3,000	0	0	0	0	0	2,000	0	3,000	0	5,000	0	5,000	0	E
F	0	0	7,000	0	0	0	0	0	0	0	7,000	0	7,000	2,000	7,000	2,000	F
G	2,000	0	4,000	1,000	0	1,000	0	0	2,000	1,000	4,000	1,000	8,000	0	8,000	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	9,200	4,000	0	0	400	1,000	0	0	9,600	5,000	14,600	0	14,600	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	2,700	2,500	4,200	0	0	0	0	0	2,700	2,500	4,200	0	9,400	1,600	9,400	1,600	K
L	5,500	0	4,600	0	1,500	0	400	0	7,000	0	5,000	0	12,000	500	12,000	500	L
Total	12,200	2,500	53,200	9,000	1,500	1,000	1,100	1,000	13,700	3,500	54,300	10,000	81,500	4,600	81,500	4,600	

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	706,478	387,337	44,561	93,658	13,850	167,072	41,076	37,799	88,197	5,250	7,500	A
B	342,350	242,594	22,388	37,550	8,350	31,468	112,995	0	-81,527	0	7,800	B
C	466,098	271,929	26,927	72,637	10,899	83,706	67,796	0	15,910	0	8,750	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	333,897	241,812	21,363	28,361	8,399	33,962	41,292	0	-7,670	0	15,000	E
F	443,522	232,278	26,438	60,689	10,250	113,867	13,873	29,657	69,198	76	7,550	F
G	545,943	295,590	36,874	80,116	11,699	121,664	22,418	29,174	68,072	6,875	12,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	823,399	433,281	44,853	114,871	17,999	212,395	29,662	54,820	127,913	8,500	8,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	582,961	317,467	38,363	65,170	12,949	149,012	9,717	40,448	94,377	14,550	9,700	K
L	709,404	418,131	42,455	74,687	15,396	158,735	9,681	44,716	104,338	450	7,500	L
	550,450	315,602	33,802	69,749	12,199	119,098	38,723	26,290	53,201	3,967	9,422	

SELECTED BALANCE SHEET DATA (\$000s)

DIVIDEND DATA

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity				Year 19 Dividend (\$ / share)	No. of Changes (+ / -)	
						Beginning Equity	Stock Sales (Purchases)	Earnings Retained	Ending Equity			
A	22,429	238,311	664,714	140,590	235,000	206,176	0	82,948	289,124	0.70	4 / 3	A
B	0	96,527	268,919	853,369	74,000	-576,924	0	-81,526	-658,450	0.00	1 / 2	B
C	0	128,498	392,787	462,503	25,000	-110,674	0	15,959	-94,716	0.00	1 / 1	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	0	126,194	193,569	300,109	0	-98,869	0	-7,671	-106,540	0.00	0 / 1	E
F	10,510	144,941	491,562	79,650	273,600	238,476	-169,286	69,122	138,312	0.01	1 / 2	F
G	16,433	157,823	329,222	83,407	0	184,617	0	61,198	245,815	0.55	4 / 2	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	13,673	258,526	763,972	82,583	217,600	355,253	-10,875	119,412	463,789	1.00	8 / 1	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	9,130	176,915	508,637	53,898	85,100	289,812	0	79,827	369,639	1.50	4 / 1	K
L	16,181	234,021	586,351	76,768	82,600	323,099	0	103,884	426,983	0.06	6 / 1	L
	9,817	173,528	466,637	236,986	110,322	90,107	-20,018	49,239	119,329	0.42	3 / 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	54.8 %	6.3 %	13.3 %	2.0 %	23.6 %	12.5 %	1.70	37	4.07	0.52	1.07	Medium	A
B	70.9	6.5	11.0	2.4	9.2	-23.8	0.11	19	0.28	3.38	0.00	N/A	B
C	58.3	5.8	15.6	2.3	18.0	3.4	0.28	19	1.23	1.18	0.09	High	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	72.4	6.4	8.5	2.5	10.2	-2.3	0.42	165	0.82	1.46	0.01	High	E
F	52.4	6.0	13.7	2.3	25.7	15.6	1.82	37	8.21	0.68	1.50	Medium	F
G	54.1	6.8	14.7	2.1	22.3	12.5	1.89	7	5.43	0.15	1.58	Medium	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	52.6	5.4	14.0	2.2	25.8	15.5	3.13	36	7.16	0.34	3.70	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	54.5	6.6	11.2	2.2	25.6	16.2	3.28	28	15.34	0.21	4.55	Low	K
L	58.9	6.0	10.5	2.2	22.4	14.7	3.05	35	16.40	0.20	4.12	Low	L
	57.3 %	6.1 %	12.7 %	2.2 %	21.6 %	9.7 %	0.73	43	6.55	0.90	1.85	Medium	

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

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 18	Year 19	Year 18	Year 19	Year 18	Year 19
Materials Costs (\$ per pair produced)	Branded Footwear		9.56	8.93	11.41	11.25	14.23	14.30
	Private-Label Footwear		9.48	8.68	11.77	11.93	15.76	16.40
Labor — North America	Total Compensation (\$/year)		17,653	16,406	21,715	20,662	24,885	25,646
	Productivity (pairs/worker/year)		3,628	3,707	4,249	4,390	4,799	4,969
	Labor Cost (\$/pair produced)		4.98	4.88	5.43	5.36	6.01	5.71
Europe Africa	Total Compensation (\$/year)		22,110	15,302	22,110	18,877	22,110	22,451
	Productivity (pairs/worker/year)		5,385	5,198	5,385	5,416	5,385	5,633
	Labor Cost (\$/pair produced)		4.31	3.49	4.31	3.83	4.31	4.16
Asia Pacific	Total Compensation (\$/year)		6,000	6,000	7,838	8,278	11,865	12,567
	Productivity (pairs/worker/year)		1,894	1,890	2,742	2,805	3,634	3,767
	Labor Cost (\$/pair produced)		2.61	2.74	3.14	3.26	4.81	4.89
Latin America	Total Compensation (\$/year)		6,000	6,000	7,358	7,517	8,719	9,220
	Productivity (pairs/worker/year)		2,207	2,089	2,785	2,770	3,265	3,368
	Labor Cost (\$/pair produced)		2.73	2.75	2.89	2.97	3.12	3.30
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 19		0.10	0.10	1.14	1.11	2.47	2.47
	Cumulative		0.35	0.38	1.29	1.34	2.32	2.34
Reject Rates	Branded Production		1.9%	3.1%	4.4%	5.0%	7.3%	7.3%
	Private-Label Production		1.1%	1.2%	3.3%	3.7%	6.7%	7.9%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		26.03	27.80	28.59	28.50	30.44	29.73
	E-A		24.90	24.11	24.90	24.11	24.90	24.11
	A-P		22.47	22.88	25.59	40.81	32.17	162.80
	L.A.		21.18	20.86	27.14	27.32	32.74	33.04
	Private-Label — N.A.		31.42	29.48	32.09	31.13	32.76	32.77
	E-A		0.00	24.66	0.00	26.06	0.00	27.45
	A-P		22.98	23.11	25.85	25.75	32.56	28.29
	L.A.		19.51	19.39	24.95	24.57	27.51	26.34

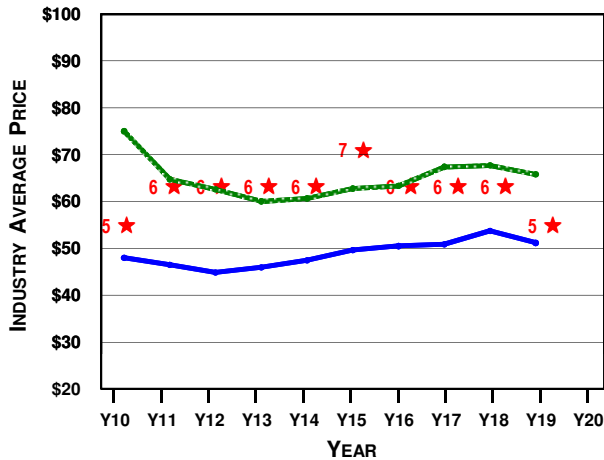
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 18	Year 19	Year 18	Year 19	Year 18	Year 19
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	27.47	27.47	30.93	31.68	37.95	40.07
		E-A	26.47	25.45	32.13	33.03	39.15	42.40
		A-P	23.72	24.29	27.34	27.72	36.17	35.88
		L.A.	22.54	22.13	32.62	31.19	38.61	36.92
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.36	10.31	11.50	10.78	18.70	12.74
			2.02	1.91	3.30	2.55	10.63	4.65
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	7.19	8.10	17.63	11.11	78.48	18.80
			5.98	5.21	12.17	7.31	42.74	9.81
Administrative Expenses	(\$/pair sold)		1.06	1.06	2.88	1.44	16.33	2.57
Operating Profit (\$ per pair sold)	Internet	N.A.	-31.25	11.52	14.98	20.62	25.09	25.70
		E-A	-39.18	10.33	11.65	20.93	21.75	27.47
		A-P	-37.41	16.74	15.95	25.90	31.17	36.03
		L.A.	-42.59	18.75	10.11	24.78	28.82	37.30
Wholesale	N.A.	-13.34	1.77	3.84	7.52	8.27	10.12	
	E-A	-21.09	-3.46	1.44	7.24	9.56	16.76	
	A-P	-17.47	4.48	3.68	10.42	11.51	14.84	
	L.A.	-21.87	4.90	1.89	12.46	10.45	17.31	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	29.63	30.48	32.10	31.74	34.01	34.02
		E-A	0.00	25.91	#####	28.39	0.00	32.24
		A-P	24.23	24.36	27.10	27.00	33.81	29.54
		L.A.	20.76	20.64	28.13	25.82	35.88	27.59
Warehouse Expenses	(\$ per pair sold)		1.00	1.00	1.06	1.03	1.20	1.20
Margin Over Direct Costs (\$ per pair sold)	N.A.	1.27	0.42	1.80	3.82	2.14	5.78	
	E-A	0.00	6.00	#####	11.37	0.00	15.79	
	A-P	-4.73	0.96	-0.70	1.40	0.84	2.29	
	L.A.	-0.22	2.82	4.14	8.80	13.15	18.78	

CELEBRITY ENDORSEMENTS

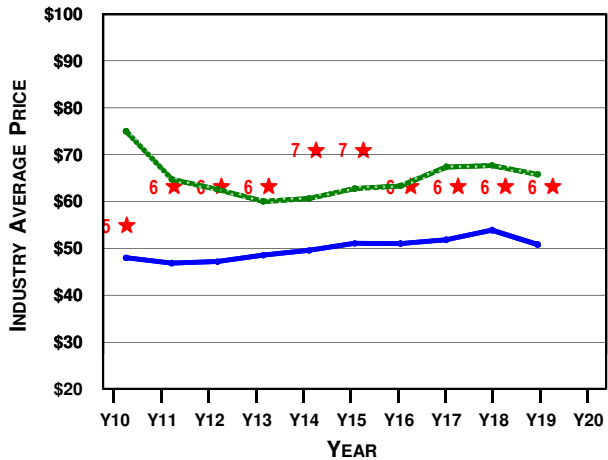
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company F	8,001	Y19	2 years	5	8,888	8,001	6,573	500
Oprah Letterman	100	70	65	75	Company E	15,000	Y17	3 years	4	15,000	13,333	10,497	6,655
Fifa Beckham	70	100	70	55	Company A	18,200	Y16	5 years	7	18,200	16,002	11,508	550
Tiger Green	95	80	85	75	Company G	9,000	Y18	2 years	4	9,000	7,777	6,281	1,000
José Montaña	60	50	60	95	Company L	7,345	Y18	3 years	3	7,345	6,666	5,004	1,000
Kobioshi Jones	55	60	95	90	Company C	22,005	Y16	4 years	7	22,005	17,200	11,714	550
Ace Federar	50	90	50	85	Company L	7,474	Y19	1 year	4	8,888	7,474	5,966	500
Danica Andretti	70	65	55	60	Company F	8,001	Y19	3 years	4	8,888	8,001	6,216	500
LaBron Game	75	80	95	50	Company K	7,000	Y17	4 years	4	15,000	13,333	10,497	6,655
Lorena Lopez	45	85	60	100	Company I	14,126	Y19	2 years	4	14,126	8,001	7,525	500
Lance deFrance	80	85	75	70	Company I	13,333	Y17	3 years	4	13,333	12,000	9,747	6,655
Yao KungPao	60	35	100	50	Company K	1,000	Y18	4 years	3	7,345	6,666	5,004	1,000

BRANDED PRICE AND S/Q RATING TRENDS

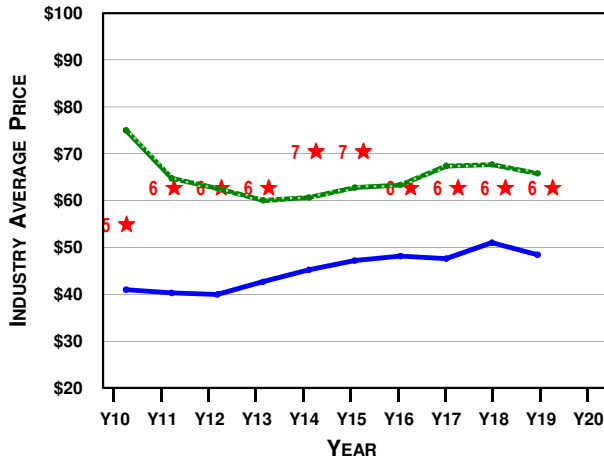
NORTH AMERICA



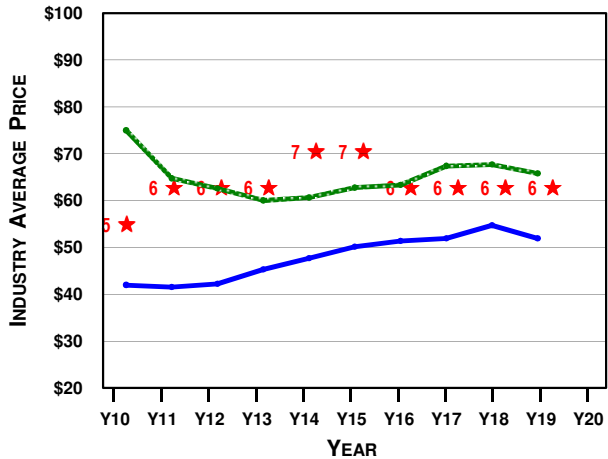
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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