

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

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	Achelous Athletics	119	91	105	-1
2	L Company	107	88	98	+8
3	Hardline Shoes	111	72	92	+5
4	Daring Shoes UWO	109	71	90	+36
4	Energized	109	71	90	+15
6	G Men	64	41	53	+32
7	J Company	20	15	18	0
8	I Company	19	14	17	+4
9	K Company	16	12	14	0
10	B (deleted)	0	0	0	0
10	C (deleted)	0	0	0	0
10	F (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	Achelous Athletics	114	97	106	+1
2	L Company	102	86	94	+7
3	Hardline Shoes	104	77	91	+4
4	Energized	96	71	84	+10
5	Daring Shoes UWO	93	67	80	+21
6	G Men	46	32	39	+8
7	K Company	27	20	24	-5
8	J Company	20	15	18	0
9	I Company	18	13	16	0
10	B (deleted)	0	0	0	0
10	C (deleted)	0	0	0	0
10	F (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	3.35	3.04	1.62	4.19	4.02	3.59	3.12	5.20	7.06	.	3.89	24	14	21	18	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0.00	0	0	0	0	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0.00	0	0	0	0	C
D	2.20	1.78	1.60	3.26	1.70	0.89	0.03	1.54	4.01	.	1.90	19	8	11	9	D
E	2.01	-0.39	2.75	3.04	3.44	2.67	1.85	3.47	5.44	.	2.62	23	11	15	12	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	2.30	0.85	-0.19	3.74	1.90	0.57	-2.75	0.21	2.92	.	1.06	14	6	6	5	G
H	2.40	1.83	2.04	5.07	3.69	2.10	2.31	4.01	5.81	.	3.22	24	12	19	15	H
I	2.41	0.65	0.77	0.85	-0.22	-2.27	-7.05	-7.97	-0.21	.	-1.45	0	0	0	0	I
J	1.94	-4.88	-4.92	-8.23	-7.07	-7.30	####	####	-9.97	.	-7.59	0	0	0	0	J
K	2.89	1.44	1.91	4.11	2.44	0.78	-1.22	-1.79	-2.37	.	0.96	0	0	6	4	K
L	1.99	3.26	4.08	8.12	4.85	0.57	0.83	5.84	10.02	.	4.31	24	20	22	20	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	20.5	15.9	10.4	23.6	18.5	12.5	10.2	16.4	19.1	.	16.7	23	18	21	20	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	.	0.0	0	0	0	0	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	C
D	13.5	9.7	8.0	14.4	6.9	3.3	0.1	6.2	15.1	.	8.7	20	14	12	10	D
E	12.4	-2.3	15.2	14.5	14.1	10.1	6.6	11.0	15.1	.	11.5	20	14	15	14	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	F
G	15.2	7.5	-1.6	28.3	11.9	3.3	-17.4	1.5	18.3	.	7.9	22	17	11	9	G
H	15.0	10.6	10.9	23.3	14.6	7.6	7.8	12.1	15.4	.	13.3	20	14	18	16	H
I	14.8	3.6	4.2	4.4	-1.1	-12.6	-53.3	-144.2	-15.6	.	-10.7	0	0	0	0	I
J	12.0	-33.3	-50.4	-258.0	0.0	0.0	0.0	0.0	0.0	.	0.0	0	0	0	0	J
K	17.4	7.7	9.6	17.2	9.4	2.8	-4.5	-6.9	-10.0	.	4.3	0	0	6	5	K
L	12.3	16.1	20.8	31.6	15.1	1.6	2.3	15.0	21.4	.	15.2	24	20	20	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	58.73	37.13	20.04	50.74	51.87	54.23	37.38	81.05	131.07	.	24	19	24	19	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0	0	0	0	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0	0	0	0	C
D	23.17	17.03	15.14	45.02	23.29	13.29	8.47	14.79	72.81	.	24	11	24	11	D
E	18.72	11.29	30.49	37.40	43.19	27.13	17.92	38.22	73.02	.	24	11	24	11	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	.	0	0	0	0	F
G	23.41	13.62	8.08	43.05	22.78	13.35	8.74	5.90	31.18	.	12	5	12	5	G
H	27.64	18.72	20.24	83.79	45.24	23.09	22.90	45.56	80.22	.	24	12	24	12	H
I	26.79	15.46	9.38	6.73	4.80	5.37	4.70	4.85	5.44	.	2	1	2	1	I
J	17.08	9.77	6.59	4.86	5.63	4.75	4.79	5.53	4.60	.	2	1	2	1	J
K	38.54	20.48	18.30	53.28	27.49	15.43	9.62	5.91	4.60	.	2	1	2	1	K
L	19.36	38.78	53.93	138.92	56.53	28.03	16.33	67.78	137.56	.	24	20	24	20	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	A+	A	B+	B+	A	A-	A-	A	A+	.	Low	24	20	24	20	A
B	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	.	N/A	0	0	0	0	B
C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	.	N/A	0	0	0	0	C
D	B+	B	B+	A+	A-	B-	C-	B	A	.	Low	23	19	23	19	D
E	B-	C-	C+	B-	B-	C	C+	B	B+	.	Medium	20	17	20	17	E
F	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-	.	High	0	1	0	1	G
H	B+	B	B+	A	A-	B-	A-	A-	A-	.	Medium	22	18	22	18	H
I	A-	C+	C	C-	C-	C-	C-	C-	C-	.	High	0	1	0	1	I
J	C	C-	C-	C-	C-	C-	C-	C-	C-	.	N/A	0	1	0	1	J
K	A-	B	A-	A	B+	C	C-	C-	C-	.	N/A	0	1	0	1	K
L	C+	C	C	B-	C	C-	C-	B-	B	.	Medium	16	14	16	14	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	99	100	97	96	94	100	100	100	96	.	99	24	20	24	20	A
B	0	0	0	0	0	0	0	0	0	.	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	.	0	0	0	0	0	C
D	73	73	84	83	92	83	90	85	90	.	88	23	19	23	18	D
E	65	65	82	100	100	93	79	82	85	.	82	22	18	22	17	E
F	0	0	0	0	0	0	0	0	0	.	0	0	0	0	0	F
G	67	81	73	76	67	68	62	65	57	.	61	16	12	17	12	G
H	73	73	70	71	70	76	79	81	76	.	79	21	16	21	16	H
I	73	58	59	60	58	57	61	46	58	.	55	17	12	16	11	I
J	56	84	84	79	67	65	63	66	63	.	64	18	13	18	13	J
K	74	59	60	58	52	45	43	49	48	.	47	14	10	13	9	K
L	66	70	83	78	79	73	73	71	66	.	70	19	14	20	14	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 7 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	6198	1161	0	1.03	0.19
Year 12	5909	1336	0	0.97	0.23	0.00
Year 13	6249	1293	0	1.03	0.22	0.00
Year 14	8297	2079	0	1.34	0.32	0.00
Year 15	8676	2013	0	1.27	0.29	0.00
Year 16	8090	1727	0	1.14	0.21	0.00
Year 17	2959	579	0	0.27	0.05	0.00
Year 18	6750	1335	0	0.68	0.13	0.00
Year 19	14700	2526	0	1.42	0.23	0.00

Image Rating Points Generated from CSRC Expenditures

	Image Rating Points Generated from CSRC Expenditures		
	High	Avg.	Low
Year 11	3	1	0
Year 12	5	2	0
Year 13	8	3	0
Year 14	10	4	0
Year 15	13	5	0
Year 16	13	5	0
Year 17	13	5	0
Year 18	13	4	0
Year 19	12	4	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	Daring Shoes UWO	Hardline Shoes
Y15	Daring Shoes UWO	Hardline Shoes
Y16	Daring Shoes UWO	Hardline Shoes
Y17	Hardline Shoes	Daring Shoes UWO
Y18	Energized	Hardline Shoes
Y19	Energized	Hardline Shoes

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 19 Production	29,654	11,520	55,574	12,360	109,108
– Pairs Rejected	1,230	574	2,797	740	5,341
Net Y19 Production (after rejects)	28,424	10,946	52,777	11,620	103,767
Superior Materials Usage	46.0%	40.6%	40.9%	30.4%	41.1%
Capacity Utilization (branded + P-L prod.)	114.1%	120.0%	112.7%	120.0%	114.6%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 19 Price Adjustments for		Year 19 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 1.25	+ 0.32	8.57
Superior Materials	16.00	– 0.71	+ 0.74	16.03

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y18 Inventories	4,660	4,443	3,432	4,025	16,560
– Pairs Cleared (inventory clearance)	264	118	454	706	1,542
Beginning Y19 Inventories	4,396	4,325	2,978	3,319	15,018
+ New Production (shipped from plants)	22,336	23,022	21,716	21,484	88,558
Pairs Available for Sale in Y19	26,732	27,347	24,694	24,803	103,576

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)	22,249	21,313	19,538	19,756	82,856
Actual Year 19 Demand	22,005	21,069	19,692	19,915	82,681
Branded Pairs Sold	21,943	21,064	19,693	19,916	82,616
Required Y19 Ending Inventories	974	923	854	715	3,466
Inventory Surplus (Shortfall)	3,539	5,336	4,141	4,172	17,188

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.9%
- Available for shipment to warehouses
- % usage down by 1.5 points from Y18
- % utilization up by 9.7 points over Y18

Lower than normal (41.1% industrywide) superior materials usage led to superior materials prices that were 4.5% below the base and standard materials prices that were 17.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 4.6% from the base.

- Average inventory clearance of 9.3%
- 25.3% higher than Y19 demand
- Actual demand in Year 19 was 0.2% less than expected.
- Needed to achieve delivery times
- { High in N.A. Very high in E-A
Very high in A-P Very high in L.A.

DEMAND FORECAST (000s of pair)

	Year 20	Year 21	Year 22	Year 23
Branded — North America	22,885	23,800	24,752	25,742
(internet + wholesale) Europe-Africa	21,912	22,788	23,700	24,648
Asia-Pacific	20,874	22,126	23,454	24,861
Latin America	21,110	22,377	23,720	25,143
Total	86,781	91,091	95,626	100,394
Private-Label — North America	4,041	4,221	4,221	4,221
Europe-Africa	4,023	4,203	4,203	4,203
Asia-Pacific	4,005	4,185	4,185	4,185
Latin America	4,041	4,221	4,221	4,221
Total	16,110	16,830	16,830	16,830

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 20

Supply — Beginning Year 20 Inventory (000s)	20,960
Potential Production (at max OT)	117,120
Potential Global Supply	138,080
Demand — Branded Sales Forecast (000s)	86,781
Private-Label Sales Forecast	16,110
Expected Global Demand	102,891
Conclusion:	Excess supply of 34.2% is likely to boost competitive pressures in Year 20 significantly. Additional production capacity will not be needed for several years.

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	4,100	0	8,200	0	0	0	0	0	4,100	0	8,200	0	12,300	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	2,800	0	4,500	1,500	0	0	0	0	2,800	0	4,500	1,500	8,800	0	D
E	3,500	2,000	4,000	0	0	0	0	0	3,500	2,000	4,000	0	9,500	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	2,800	0	6,000	2,300	0	0	0	0	2,800	0	6,000	2,300	11,100	0	G
H	3,000	2,000	6,600	0	0	0	0	0	3,000	2,000	6,600	0	11,600	1,200	H
I	3,000	1,200	4,000	2,500	0	0	0	0	3,000	1,200	4,000	2,500	10,700	0	I
J	2,000	2,000	6,000	2,000	0	0	0	0	2,000	2,000	6,000	2,000	12,000	0	J
K	2,400	0	4,000	0	0	0	0	0	2,400	0	4,000	0	6,400	0	K
L	2,400	2,400	6,000	2,000	0	0	0	0	2,400	2,400	6,000	2,000	12,800	1,200	L
Total	26,000	9,600	49,300	10,300	0	0	0	0	26,000	9,600	49,300	10,300	95,200	2,400	

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	720,864	373,887	54,559	170,998	15,397	106,023	9,235	29,036	67,752	7,200	9,600	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	470,486	283,090	31,779	81,345	12,348	61,924	10,086	15,551	36,287	18,100	9,050	D
E	483,233	310,888	28,927	54,412	13,049	75,957	17,690	17,480	40,787	3,225	7,500	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	450,973	279,335	24,937	75,261	13,449	57,991	33,856	1,271	22,864	862	7,835	G
H	567,091	324,604	37,599	99,410	15,149	90,329	14,851	22,373	52,202	3,595	8,988	H
I	429,641	290,291	25,876	66,484	13,049	33,941	36,025	0	-2,084	0	10,000	I
J	548,047	372,979	37,997	93,256	14,349	29,466	129,168	0	-99,702	0	10,000	J
K	271,164	165,589	29,666	48,299	8,750	18,860	39,907	0	-21,047	0	8,870	K
L	626,994	359,560	40,663	75,236	15,149	136,386	29,019	32,210	75,157	0	7,500	L
	507,610	306,691	34,667	84,967	13,410	67,875	35,537	13,102	19,135	3,665	8,816	

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	0	207,186	506,087	60,147	78,750	340,412	-33,772	60,550	367,190	0.75	4 / 2	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	8,307	136,620	350,088	35,589	65,558	230,755	0	18,186	248,941	2.00	6 / 2	D
E	38,778	181,052	454,413	56,163	125,000	267,217	-31,530	37,563	273,250	0.43	3 / 1	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	5,596	127,061	420,075	229,877	54,000	114,195	0	22,003	136,198	0.11	7 / 2	G
H	8,604	192,092	597,601	57,606	181,770	318,931	-9,314	48,608	358,225	0.40	5 / 4	H
I	19,075	138,134	393,617	306,288	75,000	14,412	0	-2,083	12,329	0.00	2 / 3	I
J	0	197,303	614,267	1,145,923	0	-431,953	0	-99,703	-531,656	0.00	0 / 1	J
K	0	470,671	589,719	389,093	0	221,672	0	-21,046	200,627	0.00	2 / 2	K
L	6,948	196,967	657,165	111,283	157,000	313,726	0	75,156	388,882	0.00	0 / 1	L
	9,701	205,232	509,226	265,774	81,898	154,374	-8,291	15,470	161,554	0.41	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	51.9 %	7.6 %	23.7 %	2.1 %	14.7 %	9.4 %	3.44	27	11.48	0.18	7.33	Low	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	C
D	60.2	6.8	17.3	2.6	13.2	7.7	3.84	16	6.14	0.22	3.62	Low	D
E	64.3	6.0	11.3	2.7	15.7	8.4	3.22	36	4.29	0.33	2.50	Medium	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	61.9	5.5	16.7	3.0	12.9	5.1	0.55	17	1.71	0.62	0.25	High	G
H	57.2	6.6	17.5	2.7	15.9	9.2	3.33	48	6.08	0.35	2.66	Medium	H
I	67.6	6.0	15.5	3.0	7.9	-0.5	0.45	20	0.94	0.89	0.08	High	I
J	68.1	6.9	17.0	2.6	5.4	-18.2	0.17	60	0.23	1.79	0.00	N/A	J
K	61.1	10.9	17.8	3.2	7.0	-7.8	1.21	1,094	0.47	0.62	0.00	N/A	K
L	57.3	6.5	12.0	2.4	21.8	12.0	1.77	46	4.70	0.37	1.31	Medium	L
	60.4 %	6.8 %	16.7 %	2.6 %	13.4 %	3.8 %	0.77	152	4.00	0.60	1.97	Medium	

Bold = best in industry = 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		7.80	8.21	10.90	11.36	13.76	14.31	
	Private-Label Footwear		6.90	7.37	8.87	9.46	13.49	12.14	
Labor — North America	Total Compensation (\$/year)		16,808	16,959	21,577	21,596	26,567	27,128	
	Productivity (pairs/worker/year)		3,437	3,389	4,893	4,931	5,849	5,923	
	Labor Cost (\$/pair produced)		3.66	3.65	4.79	4.79	5.78	5.93	
Europe Africa	Total Compensation (\$/year)		15,610	15,610	17,462	17,778	21,357	22,423	
	Productivity (pairs/worker/year)		4,632	4,563	5,066	5,026	5,729	5,794	
	Labor Cost (\$/pair produced)		3.17	3.20	3.96	4.08	4.87	5.19	
Asia Pacific	Total Compensation (\$/year)		6,120	6,242	7,064	7,169	7,912	7,919	
	Productivity (pairs/worker/year)		2,217	2,163	2,794	2,822	3,770	3,870	
	Labor Cost (\$/pair produced)		2.05	2.05	2.80	2.86	3.42	3.55	
Latin America	Total Compensation (\$/year)		6,431	6,468	7,791	7,917	9,774	9,862	
	Productivity (pairs/worker/year)		2,290	2,142	2,572	2,523	2,738	2,756	
	Labor Cost (\$/pair produced)		3.00	3.10	3.29	3.42	3.59	3.60	
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 19		0.00	0.10	0.87	0.92	2.01	1.95	
	Cumulative		0.48	0.44	1.10	1.07	1.96	1.96	
Reject Rates	Branded Production		1.6%	1.7%	4.9%	4.9%	9.4%	9.8%	
	Private-Label Production		1.7%	1.6%	3.5%	3.3%	7.6%	5.5%	
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	24.74	24.90	28.06	28.33	34.86	33.56	
		E-A	24.78	25.35	28.30	27.08	35.24	29.22	
		A-P	20.52	20.36	25.74	24.15	41.40	30.46	
		L.A.	18.17	19.27	27.33	26.21	35.33	30.79	
		Private-Label	N.A.	21.04	21.55	23.46	28.77	25.69	38.92
		E-A	19.21	19.76	19.21	19.76	19.21	19.76	
		A-P	17.92	20.88	23.26	24.37	29.47	26.23	
		L.A.	19.51	20.02	25.96	22.25	32.40	24.48	

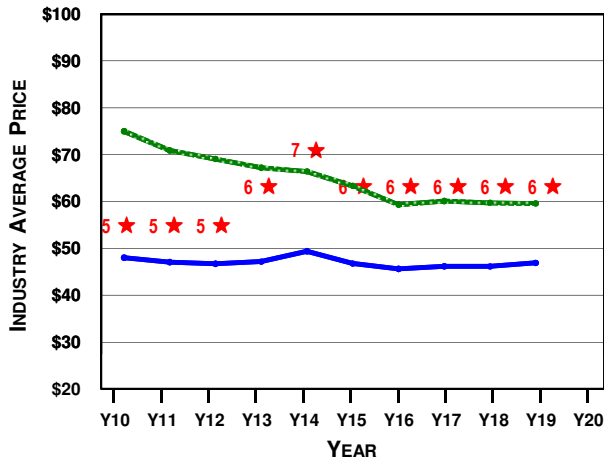
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High		
			Year 18	Year 19	Year 18	Year 19	Year 18	Year 19	
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	26.08	26.16	29.30	29.58	36.11	34.81	
		E-A	26.66	27.27	30.87	29.69	40.78	32.25	
		A-P	21.77	21.64	26.83	25.28	42.65	31.77	
		L.A.	19.44	20.48	30.24	28.89	36.61	33.95	
	Warehouse Expenses - Internet (\$ per pair sold)	Wholesale	10.36	10.31	10.76	10.84	12.40	13.56	
			2.07	2.00	2.52	2.61	4.22	5.43	
	Marketing Expenses - Internet (\$ per pair sold)	Wholesale	9.08	7.73	11.76	10.64	16.35	15.80	
			6.81	6.97	9.40	9.05	12.11	12.57	
	Administrative Expenses (\$/pair sold)		1.28	1.10	1.58	1.55	2.54	1.97	
	Operating Profit (\$ per pair sold)	Internet	N.A.	7.52	9.07	13.77	14.46	24.34	24.58
			E-A	-1.38	6.84	9.67	15.07	25.74	28.67
			A-P	-2.90	13.78	14.71	20.04	31.25	31.79
			L.A.	5.71	11.46	11.77	19.51	25.11	28.20
	Wholesale	N.A.	-8.75	-4.11	2.58	3.55	6.98	7.57	
		E-A	-10.78	0.81	1.24	4.49	10.09	9.33	
		A-P	-14.71	-3.28	0.12	3.68	5.19	8.23	
		L.A.	-5.70	1.00	2.68	7.80	9.73	15.75	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.29	22.80	23.14	27.49	23.99	36.02	
		E-A	20.46	21.91	27.08	25.31	35.76	28.70	
		A-P	19.18	22.13	22.96	25.49	29.83	27.48	
		L.A.	24.06	21.27	31.82	27.41	38.96	33.16	
	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.	1.69	-4.12	6.23	0.48	10.76	6.18	
		E-A	1.54	0.81	6.97	4.92	10.56	9.03	
		A-P	-6.19	-0.58	-1.09	2.38	3.80	6.08	
		L.A.	-3.76	3.10	2.46	6.94	9.28	11.64	

CELEBRITY ENDORSEMENTS

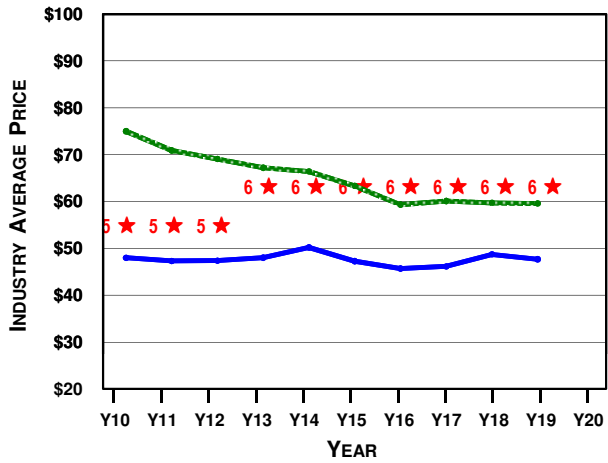
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company G	16,754	Y19	2 years	5	16,754	16,604	13,672	5,001
Oprah Letterman	100	70	65	75	Company A	15,102	Y17	3 years	4	15,102	14,003	13,402	12,001
Fifa Beckham	70	100	70	55	Company J	15,000	Y16	5 years	8	15,000	13,001	12,557	10,200
Tiger Green	95	80	85	75	Company A	15,303	Y18	2 years	7	15,303	15,051	13,265	11,001
José Montaña	60	50	60	95	Company A	15,303	Y18	3 years	6	15,303	13,250	11,384	2,000
Kobioshi Jones	55	60	95	90	Company G	12,753	Y16	4 years	6	12,753	12,503	11,010	10,001
Ace Federar	50	90	50	85	Company I	16,001	Y19	1 year	4	16,604	16,001	11,714	501
Danica Andretti	70	65	55	60	Company E	15,001	Y19	3 years	5	16,754	16,604	14,973	13,001
LaBron Game	75	80	95	50	Company A	15,102	Y17	4 years	4	15,102	15,003	13,777	12,500
Lorena Lopez	45	85	60	100	Company A	16,604	Y19	2 years	4	16,604	16,001	10,152	504
Lance deFrance	80	85	75	70	Company H	14,003	Y17	3 years	4	14,003	13,101	11,402	6,001
Yao KungPao	60	35	100	50	Company H	15,501	Y18	4 years	6	15,501	15,303	12,097	1,000

BRANDED PRICE AND S/Q RATING TRENDS

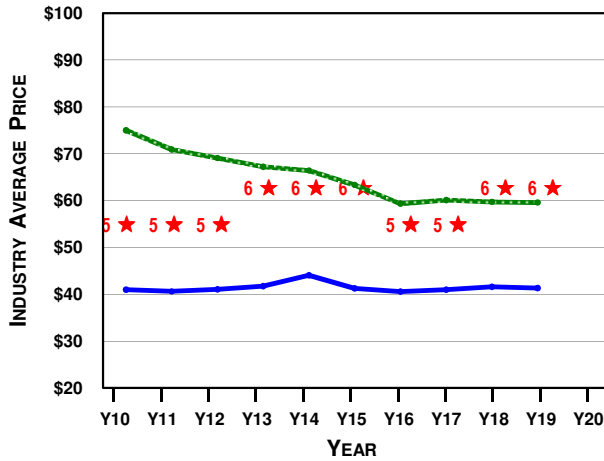
NORTH AMERICA



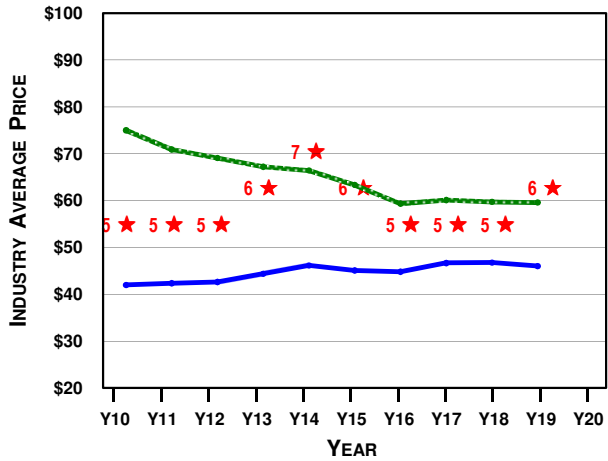
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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