

# THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 2

Friday, May 23, 2008

YEAR 20

## COMPANY SCORES : INVESTOR EXPECTATIONS STANDARD

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). 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 Confidence Index ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

### YEAR 20 INVESTOR CONFIDENCE INDEX

Company Name	Year 20 Index	Change from Y19
Jerk Store	118	+3
C Champion	117	0
Boona Inc	115	-4
Glass Slippers	106	+5
Kilo Shoes	96	+12
H Company	26	0
Lightning Racers	24	+1
EYAEESH	23	0
A (deleted)	0	0
D (deleted)	0	0
F (deleted)	0	0
I (deleted)	0	0

### OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
C Champion	102	+1
Boona Inc	91	+3
Jerk Store	87	+4
Glass Slippers	79	+3
Kilo Shoes	72	+3
H Company	37	-1
Lightning Racers	31	-1
EYAEESH	27	-1
A (deleted)	0	0
D (deleted)	0	0
F (deleted)	0	0
I (deleted)	0	0

## COMPANY SCORES : BEST-IN-INDUSTRY PERFORMANCE STANDARD

This scoring standard is based on how well each company performs relative to the best-performing company on EPS, ROE, Stock Price, Credit Rating, and Image Rating. In order to get a score of 100, a company must be the industry leader on all 5 measures, achieve the investor expectations on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating. Scores of 70 and higher indicate strong overall performance; companies with low scores (<50) trail the industry leaders by a significant margin. Each company's annual and overall scores are shown on the next two pages.

### YEAR 20 PERFORMANCE RANKINGS

Company Name	Year 20 Score	Change from Y19
Jerk Store	84	+4
Glass Slippers	75	0
Boona Inc	69	-11
C Champion	64	-5
Kilo Shoes	49	+3
H Company	20	-1
Lightning Racers	17	0
EYAEESH	15	-1
A (deleted)	0	0
D (deleted)	0	0
F (deleted)	0	0
I (deleted)	0	0

### GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Jerk Store	92	+2
Boona Inc	78	-11
C Champion	75	-6
Glass Slippers	73	-1
Kilo Shoes	53	-1
H Company	20	-1
Lightning Racers	16	0
EYAEESH	15	0
A (deleted)	0	0
D (deleted)	0	0
F (deleted)	0	0
I (deleted)	0	0

**EARNINGS PER SHARE (\$)**

Bold numbers indicate achievement of investor expectation for EPS shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading EPS performance. The overall best-in-industry score is based on a weighted average of the annual EPS performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	A
B	1.49	2.21	1.76	1.26	2.49	3.33	<b>5.43</b>	<b>8.13</b>	<b>9.25</b>	<b>10.78</b>	<b>4.51</b>	15	17	B
C	<b>3.45</b>	2.44	2.94	1.87	3.15	<b>4.48</b>	<b>6.15</b>	<b>4.62</b>	<b>7.10</b>	<b>8.60</b>	<b>4.31</b>	12	17	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	D
E	1.71	-0.41	-3.97	-2.66	-3.28	-2.46	-2.12	-2.21	-1.19	-0.09	-1.88	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	F
G	2.10	-1.00	2.54	2.12	2.02	2.81	<b>6.22</b>	<b>4.26</b>	<b>8.53</b>	<b>11.34</b>	<b>3.82</b>	16	15	G
H	<b>3.48</b>	0.57	-2.72	-9.00	-37.65	-14.95	-13.67	-17.48	-6.72	-8.17	-10.63	0	0	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	I
J	<b>2.89</b>	1.51	2.24	1.01	1.13	<b>5.73</b>	<b>6.31</b>	<b>7.07</b>	<b>10.85</b>	<b>14.17</b>	<b>5.17</b>	<b>20</b>	<b>20</b>	J
K	2.39	2.46	1.24	0.02	1.08	1.61	3.11	1.57	2.86	3.91	2.00	6	8	K
L	2.39	1.04	-1.69	-7.27	-2.37	-2.73	-4.61	-4.12	-3.52	-4.58	-3.52	0	0	L

**RETURN ON EQUITY (%)**

Bold numbers indicate achievement of investor expectation for ROE shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading ROE performance. The overall best-in-industry score is based on a weighted average of the annual ROE performances.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	Year 20	Overall	
A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	A
B	9.7	12.1	10.7	7.1	12.7	14.7	<b>20.3</b>	<b>24.3</b>	<b>22.0</b>	<b>26.2</b>	<b>17.5</b>	6	14	B
C	<b>20.5</b>	12.8	13.0	7.5	11.5	14.1	<b>19.1</b>	14.1	<b>21.5</b>	<b>26.0</b>	<b>15.8</b>	6	13	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	10.7	-3.2	-40.3	-35.4	-72.3	-147.5	0.0	0.0	0.0	0.0	-79.8	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	F
G	13.4	-6.4	<b>17.9</b>	14.0	13.2	14.9	<b>30.1</b>	<b>38.2</b>	<b>71.5</b>	<b>84.3</b>	<b>25.0</b>	<b>20</b>	<b>20</b>	G
H	<b>20.6</b>	3.0	-15.3	-78.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	I
J	<b>18.0</b>	10.2	13.8	5.5	6.5	<b>27.3</b>	<b>23.6</b>	<b>21.6</b>	<b>26.7</b>	<b>29.1</b>	<b>19.6</b>	7	16	J
K	14.6	13.1	6.0	0.1	5.0	7.0	12.2	5.6	9.6	11.3	8.1	3	6	K
L	14.7	5.8	-14.4	-111.4	-106.3	-1235.7	0.0	0.0	0.0	0.0	0.0	0	0	L

**STOCK PRICE (\$ per share)**

Bold numbers indicate achievement of investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the overall score). Scores of other companies are a percentage of the industry-leading stock price. The overall best-in-industry score is based solely on the most recent year's stock price.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Avg Annual Change	Best-In-Ind. Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)		Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	A
B	16.87	20.61	14.59	10.93	25.25	<b>46.80</b>	<b>95.30</b>	<b>154.82</b>	<b>162.09</b>	<b>183.76</b>	+20	12	12	B
C	<b>53.83</b>	27.28	31.83	18.00	36.47	<b>58.05</b>	<b>126.58</b>	<b>71.92</b>	<b>135.86</b>	<b>159.45</b>	+18	10	10	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	D
E	16.91	10.12	6.59	4.85	5.42	4.75	4.90	5.86	4.60	4.94	-17	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	F
G	21.42	12.91	30.14	23.73	25.52	31.39	<b>94.30</b>	<b>57.43</b>	<b>137.07</b>	<b>170.66</b>	+19	11	11	G
H	<b>50.71</b>	25.92	14.94	8.91	5.29	4.75	5.22	4.65	4.89	5.43	-16	0	0	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	I
J	<b>35.74</b>	19.82	21.85	12.35	10.29	<b>52.44</b>	<b>101.40</b>	<b>127.54</b>	<b>185.21</b>	<b>304.71</b>	+26	<b>20</b>	<b>20</b>	J
K	24.48	26.52	15.58	9.14	9.58	17.79	43.65	22.79	35.92	46.04	+4	3	3	K
L	24.85	14.80	8.74	5.52	4.80	4.97	5.28	4.65	5.59	4.55	-17 %	0	0	L

**CREDIT RATING**

Bolded credit ratings indicate meeting or beating the B+ investor expectation shown below each column head. For the best-in-industry scoring, companies with an A+ credit rating earn a score of 20 (which equals a 20% weighting in overall score). Lesser credit ratings earn lower scores. The overall best-in-industry score is based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Best-In-Ind. Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		Year 20	Overall	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	A
B	B-	B-	C	C+	B	<b>A</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>B+</b>	N/A	17	17	B
C	<b>A-</b>	<b>A-</b>	<b>B+</b>	<b>B+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	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	D
E	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	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	F
G	C+	C-	C-	C-	C	C+	C+	C	C+	B-	Medium	11	11	G
H	B	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	H
I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	I
J	B-	C-	C	C-	C-	B-	<b>B+</b>	<b>A-</b>	<b>A-</b>	<b>A+</b>	Low	<b>20</b>	<b>20</b>	J
K	B	<b>B+</b>	C+	C	B-	<b>B+</b>	<b>A-</b>	B	<b>A-</b>	<b>A</b>	Medium	19	19	K
L	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	L

**IMAGE RATING**

Bolded image ratings indicate meeting or beating the 70 target image rating shown below each column head. Best-in-industry performers earn a score of 20 (equal to a 20% weighting in overall score). Scores of other companies are a percentage of the industry-leading image rating. Overall best-in-industry scores are based on the average of the image ratings in Y18, Y19, and Y20.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	61	<b>70</b>	69	<b>88</b>	<b>88</b>	<b>85</b>	<b>89</b>	<b>90</b>	<b>93</b>	<b>91</b>	<b>91</b>	19	18	B
C	<b>73</b>	<b>70</b>	69	68	67	66	68	68	<b>75</b>	<b>76</b>	<b>73</b>	16	15	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	60	61	65	67	<b>83</b>	<b>81</b>	<b>73</b>	67	<b>79</b>	<b>74</b>	<b>73</b>	15	15	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	62	68	<b>75</b>	<b>77</b>	<b>71</b>	<b>76</b>	<b>81</b>	<b>80</b>	<b>79</b>	<b>81</b>	<b>80</b>	17	16	G
H	68	<b>73</b>	<b>91</b>	<b>93</b>	<b>99</b>	<b>97</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>98</b>	<b>99</b>	<b>20</b>	<b>20</b>	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	<b>80</b>	<b>71</b>	<b>75</b>	<b>75</b>	<b>76</b>	<b>76</b>	<b>74</b>	<b>76</b>	<b>77</b>	<b>81</b>	<b>78</b>	17	16	J
K	66	<b>88</b>	<b>74</b>	69	<b>80</b>	<b>80</b>	<b>80</b>	<b>86</b>	<b>78</b>	<b>89</b>	<b>84</b>	18	17	K
L	65	<b>77</b>	<b>75</b>	<b>70</b>	67	<b>71</b>	65	<b>75</b>	<b>79</b>	<b>84</b>	<b>79</b>	17	16	L

**INVESTOR CONFIDENCE INDEX**

The degree to which a company meets or beats the annual targets for each performance measure drives investor confidence in management's ability to deliver good results. An index score below 70 indicates subpar achievement of the annual performance targets. Index scores of 100 or more reflect consistently excellent or superior performance in meeting investor expectations.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Average Index	Overall Confidence	
A	0	0	0	0	0	0	0	0	0	0	0	N/A	A
B	64	76	58	54	82	104	<b>119</b>	<b>119</b>	<b>119</b>	115	91	Very Good	B
C	<b>113</b>	<b>92</b>	<b>93</b>	<b>69</b>	<b>93</b>	<b>107</b>	114	107	117	117	<b>102</b>	Excellent	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	67	23	23	21	25	24	22	21	23	23	27	Subpar	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	73	27	76	65	66	78	102	92	101	106	79	Fair	G
H	106	43	31	28	27	26	26	26	26	26	37	Subpar	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	97	57	70	40	41	103	113	115	115	<b>118</b>	87	Good	J
K	87	<b>92</b>	53	29	51	67	94	62	84	96	72	Fair	K
L	85	45	26	23	21	22	21	23	23	24	31	Subpar	L

**FOOTWEAR PRODUCTION** (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	12,600	2,600	62,617	17,686	95,503
– Pairs Rejected	543	183	3,084	744	4,554
Net Y20 Production (after rejects)	12,057	2,417	59,533	16,942	90,949
Superior Materials Usage	58.7%	36.0%	41.8%	25.0%	40.8%
Capacity Utilization (branded + P-L prod.)	120.0%	108.3%	109.9%	118.7%	112.6%

**MATERIALS PRICES** (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.10	+ 0.16	7.26
Superior Materials	12.00	– 0.55	+ 0.31	11.76

**BRANDED WAREHOUSES** (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,681	1,840	5,856	1,595	11,972
– Pairs Cleared (inventory clearance)	110	42	31	30	213
Beginning Y20 Inventories	2,571	1,798	5,825	1,565	11,759
+ New Production (shipped from plants)	20,535	21,308	17,129	19,259	78,231
Pairs Available for Sale in Y20	23,106	23,106	22,954	20,824	89,990

**BRANDED DEMAND & SALES** (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected Y20 Demand (see Y19 FIR)	21,103	21,746	20,196	19,308	82,353
Actual Year 20 Demand	19,950	20,500	19,226	18,692	78,369
Branded Pairs Sold	19,523	20,373	19,158	18,603	77,657
Required Y20 Ending Inventories	1,782	1,852	1,660	1,622	6,916
Inventory Surplus (Shortfall)	1,033	639	1,935	278	3,885

**COMMENTARY**

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage down by 0.6 points from Y19
- % utilization up by 3.4 points over Y19

Lower than normal (40.8% industrywide) superior materials usage led to superior materials prices that were 4.6% below the base and standard materials prices that were 18.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 2.6% from the base.

- Average inventory clearance of 1.8%
- 14.8% higher than Y20 demand

Actual demand in Year 20 was 4.8% less than expected due to increases in industry average prices.

- Needed to achieve delivery times

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

**DEMAND FORECAST** (000s of pair)

	Year 21	Year 22	Year 23	Year 24
<b>Branded</b> — North America (internet + wholesale)	20,748	21,578	22,441	23,339
Europe-Africa	21,320	22,173	23,060	23,982
Asia-Pacific	20,380	21,603	22,899	24,273
Latin America	19,814	21,003	22,263	23,599
<b>Total</b>	82,262	86,357	90,663	95,193
<b>Private-Label</b> — North America	3,760	3,760	3,760	3,760
Europe-Africa	3,784	3,784	3,784	3,784
Asia-Pacific	3,728	3,728	3,728	3,728
Latin America	3,768	3,768	3,768	3,768
<b>Total</b>	15,040	15,040	15,040	15,040

**GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21**

<b>Supply</b> — Beginning Year 21 Inventory (000s)	12,333
Potential Production (at max OT)	101,760
<b>Potential Global Supply</b>	114,093
<b>Demand</b> — Branded Sales Forecast (000s)	82,262
Private-Label Sales Forecast	15,040
<b>Expected Global Demand</b>	97,302
<b>Conclusion:</b>	Currently, there is a good balance between supply and demand, given available capacity w/OT. However, growth-minded companies should consider construction of new capacity now to meet future demand.

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

	Capacity at Beginning of Year 20				Capacity Purchased (Sold)				Capacity Available for Y20 Production					Construction Initiated in Year 20		
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	Total			
A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	6,100	0	0	0	0	0	0	0	6,100	0	6,100	0	0	B
C	3,000	0	3,000	0	200	0	0	0	3,200	0	3,000	0	6,200	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	1,500	1,000	2,600	1,000	0	0	0	0	1,500	1,000	2,600	1,000	6,100	0	0	E
F	0	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	0	G
H	0	0	12,000	8,800	0	0	0	0	0	0	12,000	8,800	20,800	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	6,800	2,700	0	0	0	0	0	0	6,800	2,700	9,500	0	0	J
K	4,000	0	5,000	0	0	0	0	0	4,000	0	5,000	0	9,000	0	0	K
L	1,800	1,400	9,500	2,400	0	0	0	0	1,800	1,400	9,500	2,400	15,100	0	0	L
<b>Total</b>	10,300	2,400	57,000	14,900	200	0	0	0	10,500	2,400	57,000	14,900	84,800	0	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	0	0	0	0	0	0	0	0	0	0	0	A
B	449,441	175,715	27,474	124,499	8,522	113,231	-2,223	34,636	80,818	161,250	7,500	B
C	414,429	233,573	26,074	54,336	8,621	91,825	-275	27,630	64,470	69,000	7,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	366,712	208,897	27,074	79,797	8,519	42,425	44,286	0	-1,861	0	20,000	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	739,309	313,835	50,207	185,578	14,418	175,271	41,246	40,208	93,817	9,021	8,276	G
H	969,965	520,639	56,898	235,876	23,219	133,333	215,001	0	-81,668	0	10,000	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	565,326	278,392	34,327	83,155	11,920	157,532	5,675	45,557	106,300	58,125	7,500	J
K	543,245	308,429	27,745	143,090	11,419	52,562	3,740	14,647	34,175	875	8,750	K
L	566,120	299,564	36,825	242,457	17,520	-30,246	152,778	0	-183,024	0	39,950	L
	576,818	292,381	35,828	143,599	13,020	91,992	57,529	20,335	14,128	37,284	13,685	

**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	0	0	0	0	0	0	0	0	0	0.00	0 / 0	A
B	12,050	133,071	286,160	17,440	0	349,150	0	-80,430	268,720	21.50	7 / 2	B
C	9,862	143,586	266,645	21,085	0	250,087	0	-4,527	245,560	9.20	4 / 1	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	0	101,547	264,505	354,534	13,400	-101,569	0	-1,860	-103,429	0.00	0 / 2	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	21,100	244,663	567,280	119,296	343,500	118,163	-98,473	84,794	104,484	1.09	9 / 0	G
H	0	281,867	841,665	1,736,445	25,000	-838,113	0	-81,667	-919,780	0.00	2 / 2	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	4,424	173,239	434,192	44,307	0	341,707	0	48,178	389,885	7.75	4 / 4	J
K	0	166,543	356,697	47,486	15,000	312,224	-51,313	33,299	294,211	0.10	1 / 1	K
L	0	275,754	703,382	1,293,137	25,000	-431,735	0	-183,020	-614,755	0.00	1 / 2	L
	5,929	190,034	465,066	454,216	52,738	-11	-18,723	-23,154	-41,888	4.96	4 / 2	

**SELECTED FINANCIAL AND OPERATING STATISTICS**

**CREDIT RATING DATA**

	Costs and Profits as a % of Net Revenues						Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Prs. Sold	Whse. Expenses	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A
B	39.1	6.1	27.7	1.9	25.2	18.0	7.63	18	100.00	0.00	0.00	N/A	B
C	56.4	6.3	13.1	2.1	22.2	15.6	6.81	47	100.00	0.00	10.00	Low	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	57.0	7.4	21.8	2.3	11.6	-0.5	0.29	17	0.96	1.31	0.04	High	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	42.4	6.8	25.1	2.0	23.7	12.7	2.05	45	4.25	0.77	1.19	Medium	G
H	53.7	5.9	24.3	2.4	13.7	-8.4	0.16	44	0.62	2.04	0.00	N/A	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	I
J	49.2	6.1	14.7	2.1	27.9	18.8	3.91	36	27.76	0.05	3.61	Low	J
K	56.8	5.1	26.3	2.1	9.7	6.3	3.51	38	14.05	0.11	2.11	Medium	K
L	52.9	6.5	42.8	3.1	-5.3	###	0.21	203	-0.20	1.84	0.00	N/A	L
	50.7 %	6.2 %	24.9 %	2.3 %	15.9 %	2.4 %	0.42	56	30.93	0.77	2.12	Medium	

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

PLANT AND PRODUCTION BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Materials Costs (\$ per pair produced)	Branded Footwear		6.65	<b>6.86</b>	9.11	<b>9.28</b>	12.01	<b>12.24</b>
	Private-Label Footwear		6.89	<b>7.12</b>	8.77	<b>7.62</b>	10.53	<b>8.51</b>
Labor — North America	Total Compensation (\$/year)		16,406	<b>16,570</b>	21,596	<b>22,544</b>	27,953	<b>28,804</b>
	Productivity (pairs/worker/year)		3,393	<b>3,478</b>	4,003	<b>4,162</b>	4,613	<b>4,750</b>
	Labor Cost (\$/pair produced)		4.50	<b>4.16</b>	5.45	<b>5.26</b>	6.35	<b>6.34</b>
Europe Africa	Total Compensation (\$/year)		15,000	<b>15,000</b>	16,211	<b>16,182</b>	17,422	<b>17,364</b>
	Productivity (pairs/worker/year)		3,166	<b>3,086</b>	3,559	<b>3,523</b>	3,952	<b>3,960</b>
	Labor Cost (\$/pair produced)		3.90	<b>4.65</b>	4.66	<b>5.22</b>	5.42	<b>5.78</b>
Asia Pacific	Total Compensation (\$/year)		3,056	<b>3,087</b>	5,269	<b>5,527</b>	7,984	<b>9,066</b>
	Productivity (pairs/worker/year)		2,047	<b>2,007</b>	2,826	<b>2,904</b>	3,379	<b>3,485</b>
	Labor Cost (\$/pair produced)		1.52	<b>1.52</b>	1.92	<b>1.97</b>	2.98	<b>3.07</b>
Latin America	Total Compensation (\$/year)		2,800	<b>2,800</b>	3,610	<b>4,004</b>	4,570	<b>4,629</b>
	Productivity (pairs/worker/year)		1,898	<b>1,851</b>	2,693	<b>2,703</b>	3,494	<b>3,532</b>
	Labor Cost (\$/pair produced)		1.42	<b>1.31</b>	1.58	<b>1.56</b>	1.69	<b>1.80</b>
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.60	<b>0.60</b>	1.58	<b>1.54</b>	2.50	<b>2.50</b>
	Cumulative		0.60	<b>0.60</b>	1.39	<b>1.41</b>	2.45	<b>2.46</b>
Reject Rates	Branded Production		1.5%	<b>1.5%</b>	5.4%	<b>5.1%</b>	8.3%	<b>8.3%</b>
	Private-Label Production		1.4%	<b>1.5%</b>	4.2%	<b>2.1%</b>	8.6%	<b>3.1%</b>
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		24.75	<b>22.76</b>	29.19	<b>28.29</b>	31.26	<b>30.75</b>
	E-A		21.63	<b>23.19</b>	23.87	<b>24.25</b>	26.11	<b>25.30</b>
	A-P		17.47	<b>17.39</b>	22.54	<b>22.30</b>	26.68	<b>27.07</b>
	L.A.		18.49	<b>17.26</b>	23.05	<b>21.58</b>	26.62	<b>25.29</b>
	Private-Label — N.A.		26.63	<b>19.62</b>	26.63	<b>20.58</b>	26.63	<b>21.54</b>
	E-A		22.34	<b>0.00</b>	29.03	<b>0.00</b>	35.72	<b>0.00</b>
	A-P		16.77	<b>18.11</b>	22.01	<b>20.99</b>	28.67	<b>23.87</b>
	L.A.		15.24	<b>15.82</b>	22.57	<b>17.12</b>	29.89	<b>18.42</b>

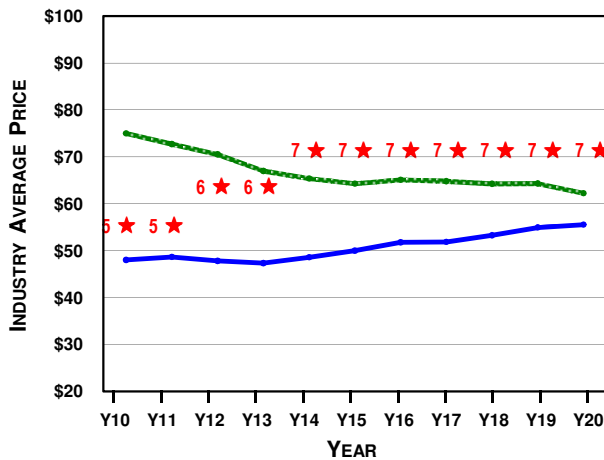
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.92	<b>20.94</b>	27.08	<b>26.61</b>	33.26	<b>32.74</b>
		E-A	24.05	<b>24.24</b>	29.18	<b>28.80</b>	35.04	<b>33.99</b>
		A-P	19.47	<b>19.40</b>	25.00	<b>24.93</b>	32.82	<b>32.56</b>
		L.A.	23.83	<b>22.55</b>	30.37	<b>29.00</b>	36.35	<b>34.39</b>
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.38	<b>10.34</b>	10.67	<b>10.55</b>	11.10	<b>10.94</b>
			2.06	<b>2.00</b>	2.48	<b>2.32</b>	3.10	<b>2.73</b>
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	11.10	<b>10.75</b>	15.20	<b>15.61</b>	21.77	<b>24.25</b>
			9.39	<b>6.83</b>	14.16	<b>14.44</b>	22.63	<b>25.13</b>
Administrative Expenses	(\$/pair sold)		1.13	<b>1.06</b>	1.41	<b>1.33</b>	1.83	<b>1.81</b>
Operating Profit (\$ per pair sold)	Internet	N.A.	10.98	<b>8.55</b>	17.45	<b>16.17</b>	25.62	<b>23.79</b>
		E-A	11.43	<b>9.22</b>	18.74	<b>16.66</b>	25.24	<b>23.50</b>
		A-P	10.48	<b>13.38</b>	21.74	<b>21.27</b>	27.88	<b>30.20</b>
		L.A.	6.50	<b>6.79</b>	14.70	<b>13.46</b>	22.70	<b>24.54</b>
Wholesale		N.A.	-2.73	<b>-3.40</b>	9.23	<b>9.89</b>	16.06	<b>18.03</b>
		E-A	3.59	<b>-2.30</b>	10.76	<b>10.00</b>	16.83	<b>16.57</b>
		A-P	-6.77	<b>-8.67</b>	7.49	<b>7.75</b>	13.50	<b>15.82</b>
		L.A.	-0.76	<b>-2.49</b>	4.69	<b>4.90</b>	9.94	<b>11.64</b>
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	18.24	<b>21.62</b>	26.04	<b>24.01</b>	33.83	<b>26.39</b>
		E-A	21.48	<b>21.86</b>	26.82	<b>21.86</b>	35.28	<b>21.86</b>
		A-P	18.77	<b>20.11</b>	25.90	<b>22.99</b>	38.25	<b>25.87</b>
		L.A.	17.24	<b>17.82</b>	17.24	<b>21.12</b>	17.24	<b>24.41</b>
Warehouse Expenses	(\$ per pair sold)		1.00	<b>1.00</b>	1.00	<b>1.00</b>	1.00	<b>1.00</b>
Margin Over Direct Costs (\$ per pair sold)		N.A.	-14.83	<b>-1.40</b>	-6.99	<b>0.99</b>	0.86	<b>3.38</b>
		E-A	-15.28	<b>-0.38</b>	-2.74	<b>-0.38</b>	2.38	<b>0.00</b>
		A-P	-18.75	<b>-1.09</b>	-4.20	<b>0.76</b>	2.48	<b>2.61</b>
		L.A.	1.14	<b>0.24</b>	1.14	<b>2.07</b>	1.14	<b>3.89</b>

**CELEBRITY ENDORSEMENTS**

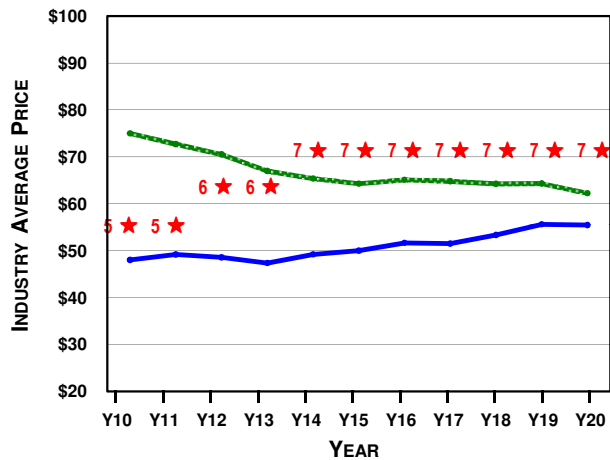
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	22,750	Y19	2 years	4	31,111	22,750	20,265	11,999
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	0	0	0	0	0
Fifa Beckham	70	100	70	55	Company H	31,433	Y16	5 years	5	31,433	31,000	20,826	6,599
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
Jos Montaa	60	50	60	95	Company L	50,000	Y18	3 years	4	50,000	31,000	26,500	8,999
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	0	0	0	0	0
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	0	0	0	0	0
Danica Andretti	70	65	55	60	Company G	31,111	Y19	3 years	4	31,111	22,750	20,265	11,999
LaBron Game	75	80	95	50	Company G	31,000	Y17	4 years	3	31,000	15,100	19,366	11,999
Lorena Lopez	45	85	60	100	Company H	50,000	Y19	2 years	5	50,000	31,111	26,212	11,999
Lance deFrance	80	85	75	70	Company H	50,000	Y19	3 years	5	50,000	31,111	26,212	11,999
Yao KungPao	60	35	100	50	Company L	50,000	Y18	4 years	3	50,000	31,000	30,000	8,999

**BRANDED PRICE AND S/Q RATING TRENDS**

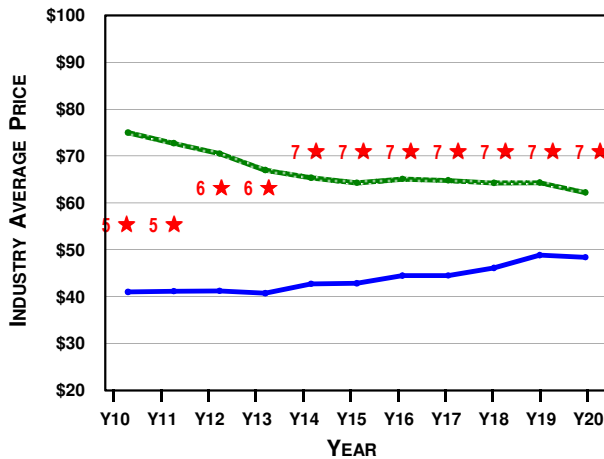
**NORTH AMERICA**



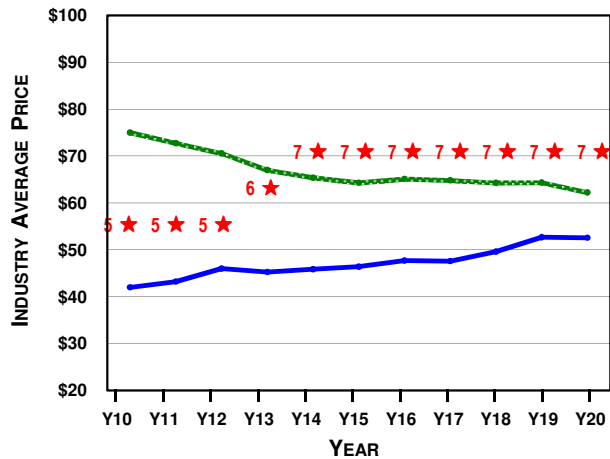
**EUROPE-AFRICA**



**ASIA-PACIFIC**



**LATIN AMERICA**



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