

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

Friday, December 19, 2008

YEAR 20

YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	B Company	112	95	104	+3
2	From Italy with Hate	114	89	102	+3
3	Divad	85	56	71	-21
4	A Company	75	45	60	-39
5	H onorable Shoes	30	24	27	-9
6	L Company	23	20	22	+5
7	E Company	19	15	17	+2
7	G Company	19	15	17	+6
9	J Company	14	11	13	+2
10	C Company	0	0	0	0
10	I (deleted)	0	0	0	0
10	K (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	115	95	105	+1
2	From Italy with Hate	116	87	102	+1
3	Divad	87	58	73	-6
4	A Company	89	53	71	-21
5	H onorable Shoes	29	23	26	-1
6	L Company	22	19	21	+3
7	E Company	19	15	17	+1
8	G Company	16	12	14	+1
9	J Company	14	11	13	+1
10	C Company	0	0	0	0
10	I (deleted)	0	0	0	0
10	K (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	2.70	2.11	2.70	2.47	4.21	3.67	9.51	4.69	14.44	3.99	4.44	18	7	23	12	A
B	2.01	1.18	4.19	5.08	5.49	10.47	13.33	10.24	14.10	11.91	7.61	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	0.00	0	0	0	0	C
D	2.49	0.59	0.10	1.10	2.30	4.08	3.77	-0.17	5.83	3.45	2.30	16	6	13	6	D
E	2.12	-1.52	0.57	-0.92	0.64	1.66	0.33	-2.86	-1.42	-2.87	-0.44	0	0	0	0	E
F	5.15	-2.10	0.91	2.81	6.16	8.23	10.62	4.29	12.56	9.40	5.80	24	16	24	15	F
G	1.90	-1.65	-0.66	-2.16	-2.56	-1.17	-1.26	-4.24	-3.82	-3.02	-1.93	0	0	0	0	G
H	2.65	-0.70	0.37	-0.32	1.17	2.55	1.41	-5.43	1.42	0.44	0.40	2	1	2	1	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	0	0	I
J	2.81	-0.89	-0.48	-5.96	-4.96	-3.47	-2.74	-4.23	-1.76	-1.33	-2.29	0	0	0	0	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	K
L	2.43	-0.21	0.68	-0.94	0.82	1.50	0.40	-1.40	-5.30	-4.57	-0.70	0	0	0	0	L

RETURN ON EQUITY (%)

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Wgt. Avg.	Y20 Score		G-T-D Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	I. E.	B-I-I	I. E.	B-I-I	
A	16.5	11.2	11.7	10.1	14.0	13.1	25.5	17.0	33.9	8.9	16.5	12	11	21	14	A
B	12.4	6.0	22.7	22.0	19.4	28.9	27.7	17.1	19.6	15.1	19.9	20	18	23	17	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	16.0	3.5	0.5	5.3	10.2	15.6	13.0	-0.6	19.2	9.6	9.6	13	11	13	8	D
E	13.3	-9.5	4.3	-6.7	4.7	11.3	2.2	-20.6	-12.1	-29.8	-3.4	0	0	0	0	E
F	30.5	-18.2	11.7	29.2	43.7	38.7	34.6	11.2	27.0	16.9	24.0	21	20	24	20	F
G	12.3	-11.1	-5.6	-19.4	-29.3	-17.0	-22.3	-148.1	0.0	0.0	-31.0	0	0	0	0	G
H	16.0	-4.0	2.2	-1.9	6.8	13.4	6.6	-31.3	9.4	3.7	2.5	5	4	3	2	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	0	0	I
J	17.0	-5.3	-3.0	-46.1	-66.4	-106.9	-1947.1	0.0	0.0	0.0	-48.2	0	0	0	0	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	K
L	15.3	-1.3	5.3	-9.3	7.6	13.1	3.3	-16.4	-128.3	0.0	-7.6	0	0	0	0	L

STOCK PRICE (\$ per share)

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y20 Score		G-T-D Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)	I. E.	B-I-I	I. E.	B-I-I	
A	32.37	20.86	27.74	30.35	69.53	43.31	151.95	61.34	172.03	69.66	23	7	23	7	A
B	17.29	10.75	52.76	76.84	77.53	194.71	247.41	163.89	226.19	191.05	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	28.22	16.08	9.69	10.49	29.06	54.94	47.17	25.05	96.31	39.57	15	4	15	4	D
E	22.42	12.98	8.17	5.30	6.46	20.00	11.81	7.10	4.60	4.61	2	0	2	0	E
F	88.32	38.89	20.94	29.20	93.28	148.71	196.98	79.55	188.62	132.00	24	14	24	14	F
G	19.21	11.38	6.90	5.03	4.80	5.64	4.70	4.75	5.22	4.55	2	0	2	0	G
H	29.93	16.72	9.73	6.48	13.44	30.96	17.69	10.82	14.42	9.06	3	1	3	1	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	0	I
J	34.24	18.74	11.34	6.59	4.80	5.09	4.70	5.61	4.60	4.96	2	1	2	1	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	K
L	28.46	16.17	9.97	6.78	8.15	17.90	10.95	6.39	4.60	5.01	2	1	2	1	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	A-	B	B+	A	A	A	B+	B	A-	C	High	4	4	4	4	A
B	C+	C-	C	C+	B-	B+	B+	A-	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	B+	C	C-	B-	B+	A	A-	C	A	A+	Low	24	20	24	20	D
E	B+	C-	C-	C-	C+	A-	C	C-	C-	C-	N/A	0	0	0	0	E
F	B+	C-	C-	C-	C+	B+	A-	B	A	A	Low	23	19	23	19	F
G	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	0	0	G
H	B+	C-	C-	C-	B-	B+	C	C-	C	C	High	4	4	4	4	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	0	0	I
J	B+	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	0	0	J
K	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	K
L	B-	C-	C-	C-	C-	C	C-	C-	C-	C-	N/A	0	0	0	0	L

IMAGE RATING

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Y18-Y20 Average	Y20 Score		G-T-D Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		I. E.	B-I-I	I. E.	B-I-I	
A	63	60	59	66	65	68	64	65	63	64	64	18	16	18	16	A
B	70	88	65	61	59	70	70	78	69	70	72	20	17	20	18	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	94	91	100	100	100	91	84	87	94	61	81	17	15	22	20	D
E	73	62	65	64	64	62	59	60	57	60	59	17	15	17	15	E
F	72	60	68	79	70	72	72	75	70	82	76	22	20	21	19	F
G	62	78	71	69	70	63	57	42	41	60	48	17	15	14	12	G
H	66	61	67	62	62	67	62	60	59	57	59	16	14	17	15	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	66	58	53	46	54	45	43	44	41	42	42	12	10	12	10	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	79	78	79	73	63	67	68	71	66	76	71	21	19	20	18	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	17870	5500	0	3.07	0.92
Year 12	20315	4681	0	5.17	0.96	0.00
Year 13	13246	2726	0	1.37	0.41	0.00
Year 14	15150	3356	0	2.95	0.60	0.00
Year 15	11400	2537	0	1.93	0.43	0.00
Year 16	13550	2880	0	1.66	0.45	0.00
Year 17	13850	3824	0	1.52	0.50	0.00
Year 18	25929	4685	0	2.06	0.50	0.00
Year 19	34304	7494	0	1.92	0.68	0.00
Year 20	20200	6233	0	1.24	0.54	0.00

Image Rating Points Generated from CSRC Expenditures

	Image Rating Points Generated from CSRC Expenditures		
	High	Avg.	Low
Year 11	5	2	0
Year 12	9	3	0
Year 13	10	4	0
Year 14	12	5	0
Year 15	12	5	0
Year 16	14	5	0
Year 17	10	3	0
Year 18	12	4	0
Year 19	13	5	0
Year 20	14	5	0

★ GOLD STAR AWARD ★

for Corporate Citizenship

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

	Award Winner	2nd Place
Y14	C Company	From Russia with H8
Y15	C Company	From Russia with H8
Y16	C Company	Honorable Shoes
Y17	From Russia with H8	Honorable Shoes
Y18	G Company	Im Enron
Y19	I Company	F Company
Y20	B Company	From Italy with Hate

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	33,377	0	59,360	22,628	115,365
- Pairs Rejected	1,497	0	3,540	1,316	6,353
Net Y20 Production (after rejects)	31,880	0	55,820	21,312	109,012
Superior Materials Usage	26.2%	0.0%	18.8%	17.6%	20.7%
Capacity Utilization (branded + P-L prod.)	118.8%	0.0%	119.9%	118.5%	119.3%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 4.10	+ 0.65	11.75
Superior Materials	15.00	- 2.20	+ 1.40	14.20

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	1,973	2,517	2,493	1,987	8,970
- Pairs Cleared (inventory clearance)	741	983	706	444	2,874
Beginning Y20 Inventories	1,232	1,534	1,787	1,543	6,096
+ New Production (shipped from plants)	25,987	27,758	23,579	20,267	97,591
Pairs Available for Sale in Y20	27,219	29,292	25,366	21,810	103,687

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)	24,658	24,492	22,639	22,587	94,376
Actual Year 20 Demand	24,390	24,453	23,229	23,175	95,248
Branded Pairs Sold	24,357	24,456	23,143	20,242	92,198
Required Y20 Ending Inventories	1,831	1,808	1,709	1,568	6,916
Inventory Surplus (Shortfall)	229	3,028	-103	-3,012	142

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.5%
- Available for shipment to warehouses
- % usage down by 12.7 points from Y19
- % utilization up by 14.9 points over Y19

Lower than normal (20.7% industrywide) superior materials usage led to superior materials prices that were 14.7% below the base and standard materials prices that were 58.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 9.3% from the base.

- Average inventory clearance of 32.0%
- 8.9% higher than Y20 demand
- Actual demand in Year 20 was 0.9% greater than expected.
- Needed to achieve delivery times
- { Okay in N.A. High in E-A
Low in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded (internet + wholesale)				
North America	25,366	26,381	27,436	28,533
Europe-Africa	25,432	26,449	27,507	28,607
Asia-Pacific	24,623	26,100	27,666	29,326
Latin America	24,566	26,040	27,602	29,258
Total	99,987	104,970	110,211	115,724
Private-Label				
North America	4,239	4,239	4,239	4,239
Europe-Africa	4,221	4,221	4,221	4,221
Asia-Pacific	4,230	4,230	4,230	4,230
Latin America	4,248	4,248	4,248	4,248
Total	16,938	16,938	16,938	16,938

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply (000s)	Beginning Year 21 Inventory	11,489
	Potential Production (at max OT)	116,040
	Potential Global Supply	127,529
Demand (000s)	Branded Sales Forecast	99,987
	Private-Label Sales Forecast	16,938
	Expected Global Demand	116,925
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	0	0	8,300	9,100	0	0	0	0	0	0	8,300	9,100	17,400	0	A
B	0	0	12,000	4,200	0	0	0	0	0	0	12,000	4,200	16,200	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	4,700	0	9,000	0	0	0	0	0	4,700	0	9,000	0	13,700	0	D
E	2,100	0	2,000	1,000	-900	0	-300	0	1,200	0	1,700	1,000	3,900	0	E
F	9,300	0	3,000	0	0	0	0	0	9,300	0	3,000	0	12,300	0	F
G	2,000	0	4,000	1,000	0	0	0	0	2,000	0	4,000	1,000	7,000	0	G
H	1,000	1,000	4,500	0	0	-1,000	0	0	1,000	0	4,500	0	5,500	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	1,500	0	2,000	1,000	0	0	0	0	1,500	0	2,000	1,000	4,500	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	8,400	0	5,000	2,800	0	0	0	0	8,400	0	5,000	2,800	16,200	0	L
Total	29,000	1,000	49,800	19,100	-900	-1,000	-300	0	28,100	0	49,500	19,100	96,700	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	778,505	441,913	44,063	192,366	19,819	80,344	37,640	12,811	29,893	0	7,500	A
B	763,568	405,151	69,581	135,432	18,621	134,783	7,144	38,292	89,347	90,000	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	646,201	371,547	51,405	111,338	16,119	95,792	11,935	22,157	51,700	150	15,000	D
E	228,756	148,116	21,156	74,890	6,319	-21,725	10,383	0	-32,108	0	11,200	E
F	646,931	364,977	44,847	103,831	15,769	117,507	16,782	30,218	70,507	26,250	7,500	F
G	319,161	256,659	27,289	35,996	9,422	-10,205	26,083	0	-36,288	0	12,000	G
H	247,386	187,393	23,181	10,857	7,921	18,034	11,741	0	6,113	0	14,000	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	237,469	175,413	23,082	19,490	6,919	12,565	26,637	0	-14,072	0	10,600	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	713,367	475,906	46,892	143,950	18,618	28,001	72,832	0	-44,831	0	9,800	L
	509,038	314,119	39,055	92,017	13,281	50,566	24,575	11,498	13,362	12,933	10,567	

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	247,408	785,770	133,149	300,290	322,439	0	29,892	352,331	0.00	5 / 5	A
B	47,728	271,947	747,247	58,346	99,000	590,554	0	-653	589,901	12.00	9 / 1	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	15,545	234,611	602,435	40,241	0	510,644	0	51,550	562,194	0.01	3 / 4	D
E	0	65,257	178,893	55,747	31,500	123,755	0	-32,108	91,647	0.00	3 / 4	E
F	9,109	202,917	618,096	52,150	126,000	395,687	0	44,259	439,946	3.50	6 / 2	F
G	0	85,874	190,482	260,837	4,500	-38,568	0	-36,287	-74,855	0.00	1 / 3	G
H	26,848	113,997	259,245	46,635	20,000	140,145	46,350	6,115	192,610	0.00	1 / 3	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	25,199	132,863	198,289	277,509	0	-69,317	4,170	-14,073	-79,220	0.00	0 / 2	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	0	224,515	708,318	573,132	160,400	19,618	0	-44,832	-25,214	0.00	2 / 4	L
	13,825	175,488	476,530	166,416	82,410	221,662	5,613	429	227,704	1.72	3 / 3	

SELECTED FINANCIAL AND OPERATING STATISTICS

CREDIT RATING DATA

	Costs and Profits as a % of Net Revenues						Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Prs. Sold	Whse. Expenses	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	56.8 %	5.7 %	24.7 %	2.5 %	10.3 %	3.8 %	1.86	43	2.13	0.48	0.92	High	A
B	53.1	9.1	17.7	2.4	17.7	11.7	4.66	31	18.87	0.15	3.56	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	57.5	8.0	17.2	2.5	14.8	8.0	5.83	65	8.03	0.00	10.00	Low	D
E	64.7	9.2	32.7	2.8	-9.5	-14.0	1.17	21	-2.09	0.41	0.00	N/A	E
F	56.4	6.9	16.0	2.4	18.2	10.9	3.89	41	7.00	0.23	5.26	Low	F
G	80.4	8.6	11.3	3.0	-3.2	-11.4	0.33	20	-0.39	1.25	0.00	N/A	G
H	75.7	9.4	4.4	3.2	7.3	2.5	2.44	53	1.54	0.17	0.72	High	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	73.9	9.7	8.2	2.9	5.3	-5.9	0.48	117	0.47	1.31	0.00	N/A	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	K
L	66.7	6.6	20.2	2.6	3.9	-6.3	0.39	41	0.38	0.95	0.00	N/A	L
	61.7 %	7.7 %	18.1 %	2.6 %	9.9 %	2.6 %	1.05	48	3.99	0.55	2.27	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		8.32	10.39	11.42	12.59	13.80	14.89
	Private-Label Footwear		8.83	10.70	8.83	12.00	8.83	13.27
Labor — North America	Total Compensation (\$/year)		16,923	17,161	19,936	20,674	24,004	25,821
	Productivity (pairs/worker/year)		3,732	3,732	4,469	4,552	5,321	5,348
	Labor Cost (\$/pair produced)		4.22	4.53	4.79	5.00	5.52	5.90
Europe Africa	Total Compensation (\$/year)		0	0	0	0	0	0
	Productivity (pairs/worker/year)		0	0	0	0	0	0
	Labor Cost (\$/pair produced)		0.00	0.00	0.00	0.00	0.00	0.00
Asia Pacific	Total Compensation (\$/year)		3,056	3,626	4,181	4,414	5,418	5,411
	Productivity (pairs/worker/year)		2,335	2,295	2,726	2,695	3,311	3,305
	Labor Cost (\$/pair produced)		1.48	1.49	1.71	1.78	1.98	2.00
Latin America	Total Compensation (\$/year)		3,540	3,062	4,144	3,948	5,255	5,238
	Productivity (pairs/worker/year)		2,407	2,400	2,776	2,694	3,273	3,278
	Labor Cost (\$/pair produced)		1.53	1.56	1.60	1.68	1.80	1.95
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	0.00	1.49	1.08	2.50	2.50
	Cumulative		0.35	0.35	1.19	1.17	2.11	1.97
Reject Rates	Branded Production		2.7%	2.6%	5.7%	5.6%	9.3%	9.6%
	Private-Label Production		3.7%	2.0%	3.7%	3.5%	3.7%	5.7%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.27	22.59	31.66	31.89	40.48	41.27
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		18.02	19.39	24.95	24.34	33.13	30.46
	L.A.		18.14	19.75	30.63	27.14	52.49	35.43
	Private-Label — N.A.		0.00	24.06	0.00	26.22	0.00	28.57
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		18.76	23.16	18.76	23.67	18.76	24.18
	L.A.		19.68	21.16	19.68	23.24	19.68	25.31

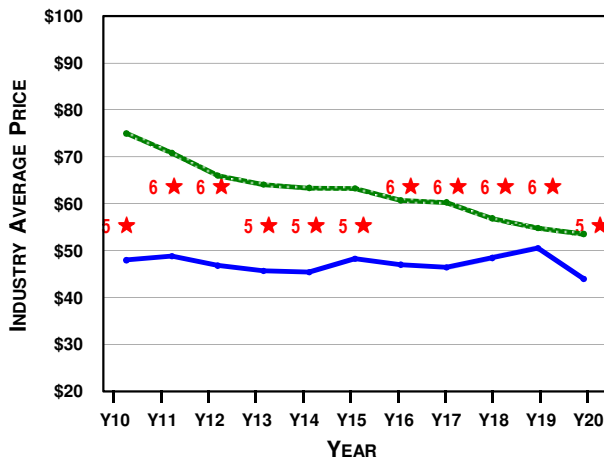
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.35	20.36	32.86	29.81	59.81	42.35
		E-A	23.40	25.12	32.96	30.26	58.14	35.92
		A-P	19.26	20.54	31.07	26.06	65.49	34.36
		L.A.	19.39	20.88	31.54	31.13	53.74	40.43
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	12.30	12.27	13.14	12.73	17.13	13.61
			1.82	1.71	2.55	2.50	3.87	3.60
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	10.26	5.89	35.40	12.28	207.06	22.00
			3.17	1.37	10.14	8.60	16.87	18.99
Administrative Expenses	(\$/pair sold)		1.04	1.03	3.99	1.52	21.73	2.94
Operating Profit (\$ per pair sold)	— Internet	N.A.	#####	-17.74	-19.80	6.10	26.71	27.18
		E-A	#####	-12.79	-15.60	8.45	28.72	22.92
		A-P	#####	-3.22	-14.86	16.32	31.53	30.50
		L.A.	#####	-24.68	-11.88	0.59	36.18	19.24
Wholesale	—	N.A.	-16.74	-13.68	-0.27	0.99	7.83	5.25
		E-A	-9.16	-6.31	3.68	1.71	11.47	6.37
		A-P	-6.43	3.29	3.77	7.78	9.90	11.78
		L.A.	-7.95	-11.80	5.77	-1.93	14.19	13.19
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.08	21.46	22.08	25.97	22.08	29.82
		E-A	24.09	23.60	24.09	27.44	24.09	29.55
		A-P	21.69	24.41	21.69	28.24	21.69	32.06
		L.A.	20.93	22.42	20.93	26.66	20.93	29.12
Warehouse Expenses	(\$ per pair sold)		1.20	1.00	1.20	1.05	1.20	1.20
Margin Over Direct Costs (\$ per pair sold)	—	N.A.	-3.28	-1.02	-3.28	5.46	0.00	14.51
		E-A	-4.01	-1.12	-4.01	5.71	0.00	14.34
		A-P	-2.02	5.64	-2.02	6.61	0.00	7.57
		L.A.	-0.29	-2.77	-0.29	2.72	0.00	9.71

CELEBRITY ENDORSEMENTS

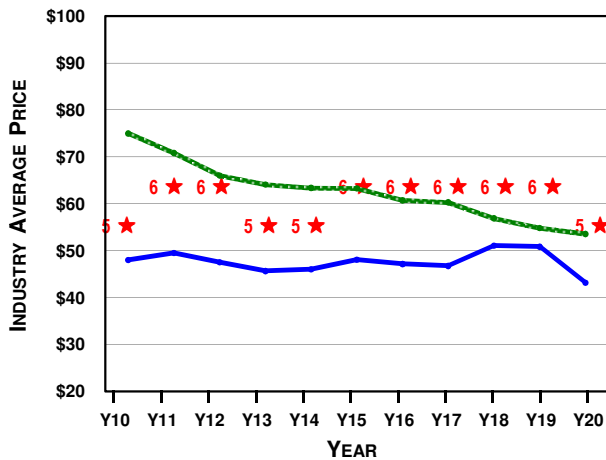
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	[unsigned]	0	N/A	2 years	6	25,430	13,339	10,045	500
Oprah Letterman	100	70	65	75	Company D	18,000	Y20	3 years	1	18,000	0	18,000	18,000
Fifa Beckham	70	100	70	55	[unsigned]	0	N/A	5 years	6	16,630	13,000	9,403	1,000
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
José Montaña	60	50	60	95	[unsigned]	0	N/A	3 years	5	20,330	12,111	10,086	1,300
Kobioshi Jones	55	60	95	90	Company D	20,000	Y20	4 years	1	20,000	0	20,000	20,000
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	0	0	0	0	0
Danica Andretti	70	65	55	60	[unsigned]	0	N/A	3 years	5	25,430	14,333	11,386	500
LaBron Game	75	80	95	50	[unsigned]	0	N/A	4 years	5	14,330	14,000	12,243	8,888
Lorena Lopez	45	85	60	100	[unsigned]	0	N/A	2 years	6	25,430	11,111	9,135	500
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	[unsigned]	0	N/A	4 years	5	20,330	12,111	10,046	1,100

BRANDED PRICE AND S/Q RATING TRENDS

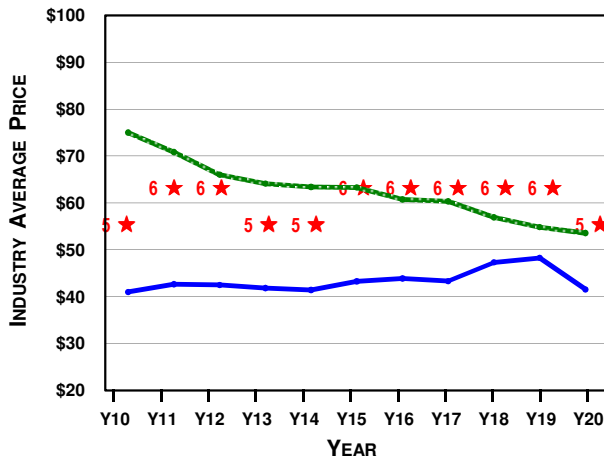
NORTH AMERICA



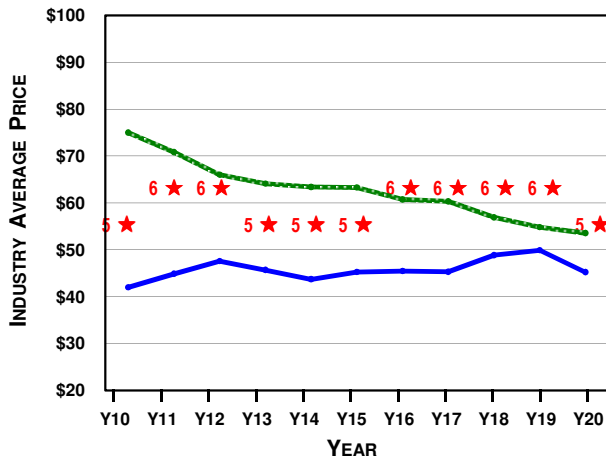
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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