

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

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	Ccaptain	105	87	96	+66
2	Grandpas Loafers	104	86	95	+1
3	Epiphany	103	83	93	+17
4	Big Foot Athletics	91	73	82	-1
5	Admiration	67	54	61	-15
6	J Company	47	38	43	-13
7	F Company	20	15	18	0
8	Ilmpala Shoes	14	11	13	0
9	D Company	0	0	0	0
9	H (deleted)	0	0	0	0
9	K (deleted)	0	0	0	0
9	L Company	0	0	0	0

GAME-TO-DATE SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Grandpas Loafers	115	96	106	+5
2	Big Foot Athletics	102	85	94	+2
3	Epiphany	103	79	91	+10
4	Ccaptain	101	74	88	+27
5	Admiration	81	60	71	-8
6	J Company	45	34	40	-10
7	F Company	20	16	18	0
8	Ilmpala Shoes	15	12	14	0
9	D Company	0	0	0	0
9	H (deleted)	0	0	0	0
9	K (deleted)	0	0	0	0
9	L Company	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	3.11	1.05	1.93	3.49	4.93	9.96	16.60	-3.33	4.63	4.02	4.42	18	12	22	13	A
B	2.01	0.73	3.28	4.94	12.03	15.33	13.16	7.10	6.11	6.10	7.00	24	18	24	20	B
C	3.53	2.12	2.01	2.85	4.41	5.29	9.25	2.23	-0.14	6.34	3.74	24	18	21	11	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	D
E	2.90	2.02	1.84	3.00	5.21	6.41	7.48	3.20	4.10	6.00	4.21	24	17	22	12	E
F	2.68	0.02	0.99	0.61	0.75	1.37	1.27	####	-7.92	####	-2.76	0	0	0	0	F
G	3.27	3.30	4.46	6.49	8.15	11.88	13.55	6.53	6.07	6.88	7.01	24	20	24	20	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	H
I	2.13	-0.20	-1.77	-2.92	-5.63	-1.13	-2.12	-3.26	-3.06	-1.33	-1.93	0	0	0	0	I
J	2.77	-0.07	-3.61	-0.90	3.44	4.61	6.71	-3.85	2.40	2.08	1.15	9	6	6	3	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	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	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	18.5	5.6	9.9	13.6	17.8	33.4	43.0	-8.2	11.2	7.1	15.0	9	9	20	14	A
B	12.8	4.4	26.1	29.2	46.9	38.5	22.3	11.2	9.7	8.9	19.2	12	11	23	19	B
C	21.6	11.8	10.0	14.5	22.5	21.2	25.4	6.2	-0.4	16.1	14.7	21	20	20	14	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	D
E	17.4	10.5	8.7	12.7	18.8	19.2	18.5	7.0	8.3	11.2	13.0	15	14	17	13	E
F	16.8	0.1	5.7	3.4	4.0	7.1	6.5	-102.1	-324.6	0.0	-22.0	0	0	0	0	F
G	20.0	21.9	29.3	32.2	30.3	32.8	28.6	11.8	10.4	11.5	20.7	15	14	24	20	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	H
I	13.6	-1.3	-13.3	-28.6	-95.2	-44.6	-234.4	0.0	0.0	0.0	-45.2	0	0	0	0	I
J	17.0	-0.5	-50.5	-22.4	65.4	49.6	45.7	-17.6	7.0	5.3	6.7	7	7	9	6	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	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	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	42.03	22.85	17.59	40.07	67.51	182.56	324.21	129.77	52.52	35.51	13	9	13	9	A
B	22.15	13.02	47.82	69.26	187.06	253.74	217.52	87.83	60.35	64.89	22	16	22	16	B
C	67.49	32.35	22.57	31.63	68.91	74.30	162.10	65.80	31.00	69.06	23	17	23	17	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	37.06	20.30	18.31	35.35	83.63	105.99	116.24	47.22	42.67	71.44	23	18	23	18	E
F	34.47	19.20	11.90	7.80	8.01	17.42	15.21	9.12	6.10	4.55	2	1	2	1	F
G	44.24	37.69	59.90	114.31	159.39	250.15	278.57	111.78	71.62	80.84	24	20	24	20	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	24.54	14.16	8.96	5.35	4.80	5.31	4.70	5.57	4.60	4.89	2	1	2	1	I
J	34.91	19.70	11.35	7.16	36.13	64.01	114.46	46.07	25.12	20.30	8	5	8	5	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	L

CREDIT RATING

Scores are based on a 20% or 20-point weighting. Bolded credit ratings indicate meeting or beating the B+ investor-expectation. For the Best-In-Industry scoring, companies with an A+ credit rating earn a score of 20 points and lesser credit ratings earn lower scores. Game-To-Date scores are based solely on the most recent year's credit rating.

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Default Risk	Y20 Score		G-T-D Score		
	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)	(B+)		I. E.	B-I-I	I. E.	B-I-I	
A	B+	C	C	B-	C+	C+	B	C-	C	C	High	4	4	4	4	A
B	C	C-	C-	C-	C	B	B+	B-	C+	B-	Medium	12	11	12	11	B
C	B+	B-	C+	C+	C+	B+	A-	C+	C-	B	Medium	16	14	16	14	C
D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	D
E	B+	C+	C+	B	B+	B+	B+	B-	B	B+	Medium	20	17	20	17	E
F	B	C-	C+	C	B-	B	C	C-	C-	C-	N/A	0	0	0	0	F
G	B	C	B	B+	A-	A	A	B+	B	A-	Medium	22	18	22	18	G
H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	H
I	B	C-	C-	C-	C-	C-	C-	C-	C-	C-	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	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	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	79	76	75	91	92	83	91	73	88	90	84	23	20	22	20	A
B	76	76	87	74	73	79	82	83	81	77	80	21	17	21	19	B
C	78	67	71	69	70	73	78	72	77	79	76	21	18	21	18	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	68	85	74	72	66	73	76	85	77	75	79	21	17	21	19	E
F	70	70	65	63	63	59	62	64	60	64	63	18	14	18	15	F
G	68	66	64	68	73	67	70	84	82	65	77	19	14	21	18	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	81	76	69	53	68	53	49	50	42	43	45	12	10	13	11	I
J	66	81	64	97	95	92	93	81	84	90	85	23	20	22	20	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 8 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	10892	2302	0	0.00	0.37
Year 12	7980	2763	0	0.00	0.75	0.00
Year 13	11204	3362	0	0.00	0.82	0.00
Year 14	12300	3903	0	1.77	0.53	0.00
Year 15	14064	5706	0	1.52	0.62	0.00
Year 16	17252	6527	0	1.53	0.62	0.00
Year 17	24898	8412	0	1.57	0.64	0.00
Year 18	26604	7447	0	2.43	0.63	0.00
Year 19	30211	12171	0	1.56	0.83	0.00
Year 20	29520	5845	0	1.48	0.36	0.00

Image Rating Points Generated from CSRC Expenditures

High	Avg.	Low
4	1	0
8	2	0
11	3	0
10	3	0
10	4	0
10	4	0
12	6	0
14	6	0
15	8	0
16	8	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	Captain	Admiration
Y15	Admiration	Epiphany
Y16	Captain	Epiphany
Y17	Captain	Admiration
Y18	Admiration	K-UIC-ROMA
Y19	Admiration	J Company
Y20	Admiration	Ccaptain

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	9,080	0	80,269	27,778	117,127
- Pairs Rejected	571	0	4,201	1,469	6,241
Net Y20 Production (after rejects)	8,509	0	76,068	26,309	110,886
Superior Materials Usage	77.5%	0.0%	47.8%	32.5%	46.5%
Capacity Utilization (branded + P-L prod.)	102.0%	0.0%	106.3%	97.5%	103.7%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 0.49	0.00	7.49
Superior Materials	15.00	- 0.26	0.00	14.74

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	6,430	6,024	5,384	8,227	26,065
- Pairs Cleared (inventory clearance)	714	1,009	1,695	1,095	4,513
Beginning Y20 Inventories	5,716	5,015	3,689	7,132	21,552
+ New Production (shipped from plants)	25,553	27,763	26,612	16,541	96,469
Pairs Available for Sale in Y20	31,269	32,778	30,301	23,673	118,021

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)	25,200	25,183	23,396	21,658	95,437
Actual Year 20 Demand	25,056	25,064	23,880	21,878	95,878
Branded Pairs Sold	25,024	25,064	23,877	20,625	94,590
Required Y20 Ending Inventories	2,946	2,985	2,826	2,540	11,297
Inventory Surplus (Shortfall)	2,839	4,729	3,598	-1,766	9,400

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.3%
- Available for shipment to warehouses
- % usage up by 15.5 points over Y19
- % utilization unchanged from Y19

Lower than normal (46.5% industrywide) superior materials usage led to superior materials prices that were 1.8% below the base and standard materials prices that were 7.0% above the base.

- Average inventory clearance of 17.3%
- 23.1% higher than Y20 demand
- Actual demand in Year 20 was 0.5% greater than expected.
- Needed to achieve delivery times
- { High in N.A. High in E-A
High in A-P Low in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	26,058	27,100	28,184	29,311
(internet + wholesale) Europe-Africa	26,067	27,110	28,194	29,322
Asia-Pacific	25,313	26,832	28,442	30,149
Latin America	23,190	24,581	26,056	27,619
Total	100,628	105,623	110,876	116,401
Private-Label — North America	3,760	3,760	3,760	3,760
Europe-Africa	3,760	3,760	3,760	3,760
Asia-Pacific	3,784	3,784	3,784	3,784
Latin America	3,752	3,752	3,752	3,752
Total	15,056	15,056	15,056	15,056

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory	23,431
(000s) Potential Production (at max OT)	135,480
Potential Global Supply	158,911
Demand — Branded Sales Forecast	100,628
(000s) Private-Label Sales Forecast	15,056
Expected Global Demand	115,684
Conclusion:	Excess supply of 37.4% is likely to produce fierce competition and hurt industry profitability for the next several years. It may be wise for some companies to sell unneeded 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	13,000	7,000	0	0	0	0	0	0	13,000	7,000	20,000	0	A
B	0	0	10,000	8,900	0	0	0	0	0	0	10,000	8,900	18,900	0	B
C	3,000	0	7,100	3,800	-3,000	0	0	0	0	0	7,100	3,800	10,900	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	0	0	12,000	5,800	0	0	0	0	0	0	12,000	5,800	17,800	0	E
F	4,900	0	7,300	0	0	0	0	0	4,900	0	7,300	0	12,200	0	F
G	0	0	12,000	3,000	0	0	0	0	0	0	12,000	3,000	15,000	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	4,000	0	2,100	0	0	0	0	0	4,000	0	2,100	0	6,100	0	I
J	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	11,900	0	75,500	28,500	-3,000	0	0	0	8,900	0	75,500	28,500	112,900	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	802,733	464,428	61,125	164,309	23,470	89,401	41,840	12,927	30,164	1,500	7,500	A
B	765,591	442,073	64,067	143,904	21,318	94,229	28,860	19,611	45,758	7,500	7,500	B
C	647,252	338,355	47,569	157,659	14,370	89,299	21,936	19,849	47,514	11,250	7,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	867,157	494,990	62,392	178,402	20,219	111,154	25,463	25,707	59,984	10,000	10,000	E
F	499,664	372,313	34,089	155,333	14,621	-76,692	63,505	0	-140,197	0	10,000	F
G	526,879	270,754	40,310	104,228	25,595	85,992	12,272	22,116	51,604	45,000	7,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	283,494	204,719	22,102	27,421	8,520	20,732	34,039	0	-13,307	0	10,000	I
J	729,410	464,188	52,782	163,485	15,317	33,638	14,637	0	15,637	56,250	7,500	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	640,273	381,478	48,055	136,843	17,929	55,969	30,319	12,526	12,145	16,438	8,438	

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	266,608	938,256	130,930	411,000	451,320	-83,660	28,666	396,326	0.20	2 / 4	A
B	0	255,800	843,792	113,807	195,000	496,731	0	38,254	534,985	1.00	9 / 1	B
C	0	221,647	535,033	69,248	169,500	295,151	-35,130	36,264	296,285	1.50	9 / 1	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	35,721	317,187	856,078	90,175	204,000	511,939	0	49,964	561,903	1.00	9 / 1	E
F	0	435,824	753,050	708,452	200,000	-15,208	0	-140,194	-155,402	0.00	1 / 3	F
G	0	171,434	590,434	41,455	96,000	446,378	0	6,601	452,979	6.00	9 / 1	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	0	99,646	230,965	298,992	10,000	-64,724	0	-13,303	-78,027	0.00	3 / 1	I
J	0	250,761	580,145	143,713	250,000	407,901	-180,855	-40,614	186,432	7.50	5 / 2	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	4,465	252,363	665,969	199,596	191,938	316,186	-37,456	-4,295	274,435	2.15	6 / 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	57.9 %	7.6 %	20.5 %	2.9 %	11.1 %	3.8 %	2.04	69	2.14	0.53	0.90	High	A
B	57.7	8.4	18.8	2.8	12.3	6.0	2.25	82	3.27	0.32	1.10	Medium	B
C	52.3	7.3	24.4	2.2	13.8	7.3	3.20	70	4.07	0.39	1.57	Medium	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	57.1	7.2	20.6	2.3	12.8	6.9	3.52	48	4.37	0.30	1.69	Medium	E
F	74.5	6.8	31.1	2.9	-15.3	-28.1	0.62	329	-1.21	1.14	0.00	N/A	F
G	51.4	7.7	19.8	4.9	16.3	9.8	4.14	54	7.01	0.20	1.92	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	72.2	7.8	9.7	3.0	7.3	-4.7	0.33	59	0.61	1.29	0.00	N/A	I
J	63.6	7.2	22.4	2.1	4.6	2.1	1.74	65	2.30	0.60	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	59.6 %	7.5 %	21.4 %	2.8 %	8.7 %	1.9 %	1.26	97	2.82	0.60	0.90	High	

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		8.81	7.28	10.23	10.19	11.45	14.94
	Private-Label Footwear		8.28	6.50	8.99	7.16	10.31	7.82
Labor — North America	Total Compensation (\$/year)		17,458	17,585	20,276	19,140	22,621	20,694
	Productivity (pairs/worker/year)		3,675	3,543	4,340	3,700	5,335	3,857
	Labor Cost (\$/pair produced)		4.68	5.20	5.12	5.59	5.69	5.97
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)		3,507	3,543	5,173	5,607	8,305	8,539
	Productivity (pairs/worker/year)		2,373	2,400	3,235	3,351	4,013	4,120
	Labor Cost (\$/pair produced)		1.38	1.47	1.66	1.74	2.02	2.33
Latin America	Total Compensation (\$/year)		4,104	4,665	4,631	4,761	5,004	4,979
	Productivity (pairs/worker/year)		2,952	2,987	3,188	3,132	3,351	3,304
	Labor Cost (\$/pair produced)		1.44	1.54	1.64	1.65	1.80	1.71
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.20	0.00	1.35	1.39	2.50	2.50
	Cumulative		0.50	0.50	1.31	1.32	2.42	2.44
Reject Rates	Branded Production		3.2%	3.2%	5.4%	5.3%	8.8%	8.8%
	Private-Label Production		2.9%	2.8%	4.5%	3.8%	5.7%	4.8%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	28.05	32.45	31.72	35.20	36.75	37.95
		E-A	0.00	0.00	0.00	0.00	0.00	0.00
		A-P	20.46	20.33	24.39	25.50	36.72	40.21
		L.A.	22.18	21.68	23.76	23.84	25.33	26.46
	Private-Label	N.A.	0.00	0.00	0.00	0.00	0.00	0.00
		E-A	0.00	0.00	0.00	0.00	0.00	0.00
		A-P	17.71	16.33	18.95	31.17	20.18	46.00
		L.A.	17.97	16.38	20.21	19.17	22.76	21.95

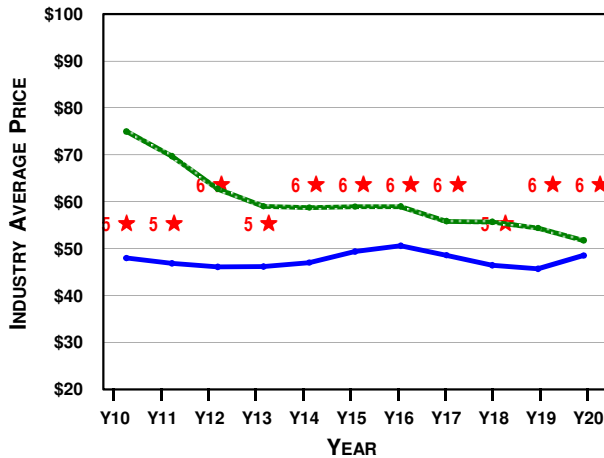
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.14	23.24	27.55	28.24	35.17	34.62
		E-A	25.00	25.73	29.21	29.96	35.60	36.56
		A-P	21.44	21.73	25.43	26.72	36.56	41.46
		L.A.	23.87	24.07	28.99	31.58	33.75	44.77
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		12.38	12.33	12.65	12.67	13.22	13.22
			1.88	1.75	2.37	2.36	3.21	3.13
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		10.97	9.13	17.42	15.33	32.15	23.15
			8.50	3.58	11.64	10.91	15.27	15.69
Administrative Expenses (\$/pair sold)		1.02	0.98	1.71	1.60	2.96	2.49	
Operating Profit (\$ per pair sold)	Internet	N.A.	-5.91	-3.07	5.26	4.24	17.23	12.30
		E-A	-5.90	-2.63	6.40	4.80	17.57	12.06
		A-P	-7.51	-5.07	10.19	11.07	21.48	19.11
		L.A.	-0.27	-14.18	9.49	-2.52	22.92	6.77
Wholesale	N.A.	-5.70	-7.80	1.82	4.98	6.36	9.46	
	E-A	-4.13	-5.94	2.63	4.80	8.17	10.00	
	A-P	-3.24	3.40	4.36	8.42	12.68	11.40	
	L.A.	-3.89	-17.42	6.98	-0.16	13.95	6.51	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.99	17.17	24.19	19.67	27.35	22.17
		E-A	23.10	19.73	24.87	21.02	26.08	22.31
		A-P	18.96	17.58	18.96	32.42	18.96	47.25
		L.A.	19.22	17.63	21.62	20.41	24.01	23.19
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.	-3.36	-2.18	-1.40	-0.20	1.32	1.79
		E-A	-1.18	-0.01	-0.85	0.10	0.00	0.21
		A-P	1.30	-27.27	1.30	-12.49	1.30	2.30
		L.A.	-1.86	-2.54	-0.20	-2.09	1.46	0.00

CELEBRITY ENDORSEMENTS

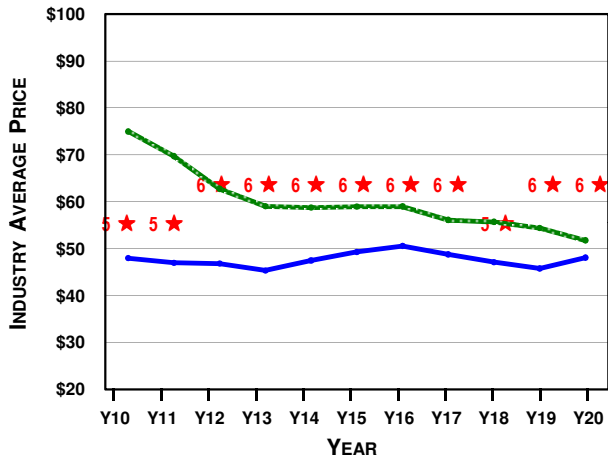
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	15,000	Y19	2 years	4	15,000	12,003	11,279	7,000
Oprah Letterman	100	70	65	75	Company C	16,668	Y20	3 years	1	16,668	0	16,668	16,668
Fifa Beckham	70	100	70	55	Company C	17,788	Y20	5 years	1	17,788	0	17,788	17,788
Tiger Green	95	80	85	75	Company C	17,788	Y20	2 years	1	17,788	0	17,788	17,788
José Montaña	60	50	60	95	Company A	20,002	Y18	3 years	3	20,002	15,555	15,452	10,800
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	1	16,668	0	16,668	16,668
Ace Federar	50	90	50	85	[unsigned]	0	N/A	1 year	1	15,002	0	15,002	15,002
Danica Andretti	70	65	55	60	Company C	15,002	Y19	3 years	4	15,002	15,000	12,028	7,000
LaBron Game	75	80	95	50	Company F	20,000	Y17	4 years	5	20,000	20,000	15,114	7,568
Lorena Lopez	45	85	60	100	Company C	16,666	Y19	2 years	4	16,666	15,000	12,444	7,000
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	1	15,002	0	15,002	15,002
Yao KungPao	60	35	100	50	Company A	20,002	Y18	4 years	3	20,002	15,555	14,879	9,080

BRANDED PRICE AND S/Q RATING TRENDS

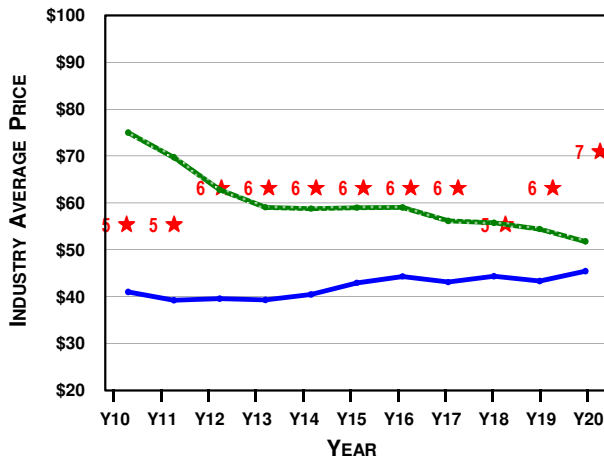
NORTH AMERICA



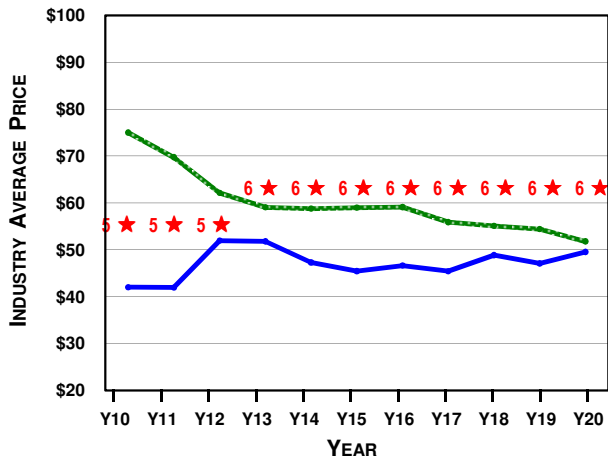
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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