

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

Friday, May 22, 2009

YEAR 20

YEAR 20 SCOREBOARD

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y19
1	Funtastic	117	93	105	+5
2	Crown of licking	114	83	99	+5
2	Justice !	111	87	99	0
4	Emperor	115	70	93	-5
4	Hey Sup	114	71	93	-7
6	Klassic Kicks	114	70	92	-1
7	Alianza Lima	112	67	90	-3
8	GQ Footwear	114	59	87	-4
9	Bullish Boots	102	55	79	+9
10	Dynamic Athletics	101	51	76	+1
11	Laces	96	51	74	+2
12	I (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	Funtastic	116	84	100	+3
2	Justice !	110	88	99	-4
3	Crown of licking	113	78	96	+2
4	Alianza Lima	112	74	93	-2
5	Hey Sup	110	65	88	-1
5	Emperor	109	66	88	-2
7	Klassic Kicks	107	63	85	+3
8	GQ Footwear	98	56	77	+1
9	Dynamic Athletics	97	52	75	+2
10	Laces	89	50	70	+4
11	Bullish Boots	82	47	65	+8
12	I (deleted)	0	0	0	0

Investor Expectation Score (I.E-I) — 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	2.22	3.82	3.45	3.18	6.34	8.49	7.41	9.73	10.63	9.83	6.38	24	10	24	13	A
B	0.28	0.20	-0.64	-3.64	1.88	2.37	0.86	2.07	2.73	3.69	1.24	17	4	7	2	B
C	3.38	4.25	2.54	-0.46	2.99	6.12	6.92	9.05	10.80	15.58	6.11	24	16	24	12	C
D	2.20	3.05	0.70	1.47	2.47	4.27	1.39	3.50	3.83	4.00	2.59	18	4	15	5	D
E	4.43	1.43	-2.30	-0.57	2.53	3.22	4.34	5.96	7.75	8.57	3.79	24	9	21	8	E
F	2.78	3.67	1.41	0.55	3.08	5.16	5.14	9.36	12.80	16.40	5.76	24	16	24	11	F
G	2.95	3.00	1.29	-2.63	-1.32	4.79	2.52	2.40	5.83	5.89	2.47	23	6	14	5	G
H	1.39	4.38	0.05	-0.69	-0.52	3.63	4.25	8.31	9.93	9.43	3.78	24	9	21	8	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	5.79	7.45	5.76	4.55	3.98	11.60	11.47	14.80	15.30	19.89	10.06	24	20	24	20	J
K	2.28	2.47	1.72	1.03	0.30	1.86	1.45	5.42	8.31	10.31	3.51	24	10	20	7	K
L	0.28	2.44	-0.01	1.36	1.42	2.56	2.27	3.28	3.24	3.49	2.08	16	4	12	4	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	13.8	22.1	18.4	20.3	32.2	35.0	27.0	29.4	28.0	25.1	27.0	24	16	24	20	A
B	1.8	1.3	-4.2	-27.6	20.2	19.8	6.4	12.7	15.2	18.5	8.7	22	12	12	6	B
C	21.9	32.8	15.9	-2.7	16.4	26.9	23.7	24.4	23.0	25.9	23.0	24	17	24	17	C
D	14.0	17.5	3.8	8.0	11.1	20.1	5.9	13.1	13.8	13.7	12.5	18	9	17	9	D
E	27.1	8.1	-12.8	-4.1	14.7	16.1	18.3	21.1	23.1	24.0	16.9	24	16	21	13	E
F	16.8	18.9	7.8	3.0	15.4	21.6	17.9	27.1	31.1	30.9	22.4	24	20	24	17	F
G	17.7	15.3	5.9	-12.5	-6.9	22.9	10.3	8.9	18.8	15.9	10.7	21	10	14	8	G
H	9.0	23.9	0.2	-3.2	-3.1	20.2	20.1	32.3	32.1	28.0	18.2	24	18	22	13	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	35.2	45.7	25.4	16.5	12.6	29.6	22.8	23.4	19.9	25.3	24.4	24	16	24	18	J
K	14.6	15.8	9.8	5.4	1.5	9.1	6.5	21.2	25.7	25.1	15.9	24	16	21	12	K
L	1.9	16.6	-0.1	8.0	7.8	12.7	10.7	15.0	15.0	14.6	11.1	19	9	15	8	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	22.73	48.59	37.25	39.89	95.81	170.79	144.80	165.48	191.78	172.97	24	9	24	9	A
B	16.28	9.50	6.24	4.85	17.75	28.58	15.82	25.69	34.48	51.06	19	3	19	3	B
C	40.61	55.52	27.28	15.57	29.78	86.41	101.27	158.84	178.21	296.47	24	16	24	16	C
D	24.24	38.47	21.17	15.11	27.30	67.03	31.72	45.62	49.27	64.35	22	3	22	3	D
E	95.71	39.66	21.56	12.19	24.88	43.73	74.56	113.51	159.85	150.72	24	8	24	8	E
F	33.40	44.16	23.32	13.37	31.90	75.08	71.08	182.59	249.66	369.04	24	20	24	20	F
G	39.33	31.68	17.34	10.51	6.35	33.99	32.26	30.54	78.11	83.39	24	5	24	5	G
H	16.88	62.11	30.18	16.66	9.71	49.81	61.98	154.20	214.26	189.18	24	10	24	10	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	87.46	119.32	81.14	54.74	45.73	149.14	223.96	289.24	260.77	358.42	24	19	24	19	J
K	24.13	23.79	15.98	10.07	6.64	18.41	14.72	72.78	154.48	190.92	24	10	24	10	K
L	17.04	26.61	15.55	19.96	14.24	45.79	33.81	56.18	40.82	48.69	18	3	18	3	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-	B-	C	C	B	B+	A-	A-	A	A+	Low	24	20	24	20	A
B	C-	C-	C-	C-	C+	C+	B	A-	A	A+	Low	24	20	24	20	B
C	B-	C	C-	C-	C-	B-	B+	A	A+	A+	Low	24	20	24	20	C
D	B-	A-	B	A+	A+	A	B+	A	A	A+	Low	24	20	24	20	D
E	B-	C-	C-	C-	B	A-	A	A+	A+	B+	High	20	17	20	17	E
F	B+	B-	C	C-	B-	B+	B+	A	A	A+	Low	24	20	24	20	F
G	B+	B-	C	C-	C-	B+	A	A+	A+	A+	Low	24	20	24	20	G
H	B-	B	C-	C-	C-	A-	A	A+	A+	A	Medium	23	19	23	19	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	A-	A-	B+	A-	A-	A+	A+	A+	A+	B+	N/A	20	17	20	17	J
K	C+	C	B-	C	C	C+	C	B	A+	A+	Low	24	20	24	20	K
L	C	B	C	A-	A-	A-	A	A	A	A+	Low	24	20	24	20	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	73	79	76	58	56	52	53	59	54	55	56	16	12	16	12	A
B	83	88	89	88	78	74	71	69	73	73	72	20	16	20	16	B
C	57	78	78	73	58	62	63	60	58	62	60	18	14	17	13	C
D	70	62	68	64	68	68	70	69	69	66	68	19	15	19	15	D
E	98	99	89	89	96	91	93	92	95	90	92	23	20	23	20	E
F	74	70	66	65	68	71	69	77	64	78	73	21	17	20	16	F
G	95	87	87	93	87	83	84	80	85	81	82	22	18	22	18	G
H	63	68	60	52	74	69	68	74	72	68	71	19	15	20	15	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	59	67	65	68	86	63	64	61	61	68	63	19	15	18	14	J
K	70	72	78	74	73	76	67	67	61	62	63	18	14	18	14	K
L	86	94	85	75	67	72	66	70	69	67	69	19	15	20	15	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

	Industry 8 Expenditures for Corporate Social Responsibility and Citizenship						Image Rating Points Generated from CSRC Expenditures		
	Total (\$000s)			Per Pair Sold (\$ / pair)			High	Avg.	Low
	High	Avg.	Low	High	Avg.	Low			
Year 11	11957	4451	0	2.64	0.81	0.00	4	2	0
Year 12	12050	4597	0	2.07	0.82	0.00	8	4	0
Year 13	13050	5031	0	2.22	0.79	0.00	11	5	0
Year 14	16000	4353	0	2.46	0.65	0.00	14	6	0
Year 15	12054	3827	0	2.67	0.67	0.00	17	7	0
Year 16	17155	5328	0	2.68	0.76	0.00	18	7	0
Year 17	16404	4767	0	2.75	0.67	0.00	19	7	0
Year 18	17059	7673	0	2.77	0.96	0.00	20	7	0
Year 19	16698	6863	0	2.66	0.81	0.00	20	7	0
Year 20	21737	9013	0	2.75	0.94	0.00	20	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	Dynamic Athletics	Klassic Kicks
Y15	Dynamic Athletics	I Do It
Y16	Dynamic Athletics	C Company
Y17	Dynamic Athletics	I Do It
Y18	Dynamic Athletics	Laces
Y19	Dynamic Athletics	Laces
Y20	Dynamic Athletics	Laces

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	23,472	5,400	81,213	8,400	118,485
- Pairs Rejected	885	156	3,980	447	5,468
Net Y20 Production (after rejects)	22,587	5,244	77,233	7,953	113,017
Superior Materials Usage	40.9%	75.6%	27.8%	25.7%	32.5%
Capacity Utilization (branded + P-L prod.)	109.7%	120.0%	112.8%	120.0%	113.0%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 2.28	+ 0.19	8.97
Superior Materials	14.00	- 1.23	+ 0.42	13.19

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	1,774	1,714	1,812	1,575	6,875
- Pairs Cleared (inventory clearance)	155	105	200	88	548
Beginning Y20 Inventories	1,619	1,609	1,612	1,487	6,327
+ New Production (shipped from plants)	23,312	24,646	23,916	22,859	94,733
Pairs Available for Sale in Y20	24,931	26,255	25,528	24,346	101,060

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)	24,459	24,264	23,836	22,779	95,338
Actual Year 20 Demand	24,519	23,994	23,830	22,950	95,293
Branded Pairs Sold	23,164	23,895	23,271	22,361	92,691
Required Y20 Ending Inventories	1,767	1,712	1,953	1,633	7,065
Inventory Surplus (Shortfall)	-1,612	328	-424	-433	-2,141

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.6%
- Available for shipment to warehouses
- % usage down by 3.4 points from Y19
- % utilization down by 7.0 points from Y19

Lower than normal (32.5% industrywide) superior materials usage led to superior materials prices that were 8.8% below the base and standard materials prices that were 35.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 3.0% from the base.

- Average inventory clearance of 8.0%
- 6.1% higher than Y20 demand
- Actual demand in Year 20 was 0.0% less than expected.
- Needed to achieve delivery times
- { Low in N.A. Okay 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 — North America	25,500	26,520	27,581	28,684
(internet + wholesale) Europe-Africa	24,954	25,952	26,990	28,070
Asia-Pacific	25,259	26,775	28,382	30,085
Latin America	24,327	25,787	27,334	28,974
Total	100,040	105,034	110,287	115,813
Private-Label — North America	5,170	5,170	5,170	5,170
Europe-Africa	5,126	5,126	5,126	5,126
Asia-Pacific	5,170	5,170	5,170	5,170
Latin America	5,192	5,192	5,192	5,192
Total	20,658	20,658	20,658	20,658

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	8,369
Potential Production (at max OT)	126,840
Potential Global Supply	135,209
Demand — Branded Sales Forecast (000s)	100,040
Private-Label Sales Forecast	20,658
Expected Global Demand	120,698
Conclusion:	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	6,100	0	0	0	0	0	0	0	6,100	0	6,100	0	A
B	0	0	7,300	0	0	0	0	0	0	0	7,300	0	7,300	0	B
C	0	0	6,800	0	0	0	4,500	0	0	0	11,300	0	11,300	0	C
D	1,000	0	4,500	0	0	0	0	0	1,000	0	4,500	0	5,500	0	D
E	2,500	3,500	7,000	0	0	0	0	0	2,500	3,500	7,000	0	13,000	0	E
F	0	0	6,500	4,000	3,000	0	0	0	3,000	0	6,500	4,000	13,500	0	F
G	3,000	0	5,200	0	0	0	0	0	3,000	0	5,200	0	8,200	800	G
H	1,000	1,000	3,000	1,000	2,000	0	0	0	3,000	1,000	3,000	1,000	8,000	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	J
K	2,400	0	5,100	0	2,000	0	0	0	4,400	0	5,100	0	9,500	0	K
L	4,500	0	4,000	2,000	0	0	0	0	4,500	0	4,000	2,000	10,500	0	L
Total	14,400	4,500	67,500	7,000	7,000	0	4,500	0	21,400	4,500	72,000	7,000	104,900	800	

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	377,451	187,356	22,302	48,738	9,421	109,634	4,339	31,589	73,706	68,250	7,500	A
B	444,022	232,739	34,505	87,190	10,620	78,968	4,704	22,279	51,985	0	14,100	B
C	602,182	269,239	47,131	104,790	13,718	167,304	375	50,079	116,850	675	7,500	C
D	319,635	214,954	25,699	25,461	8,169	45,352	2,544	12,842	29,966	15,000	7,500	D
E	679,878	343,465	34,959	98,281	15,668	187,505	105	56,220	131,180	153,000	15,300	E
F	734,253	374,091	41,516	114,828	17,118	186,700	11,011	52,707	122,982	37,500	7,500	F
G	502,128	265,011	38,919	102,865	11,669	83,664	-531	25,259	58,936	0	10,000	G
H	382,262	198,272	26,704	46,672	10,419	100,195	-831	30,308	70,718	67,500	7,500	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	686,094	318,134	47,841	95,371	15,318	209,430	-3,684	63,934	149,180	225,000	7,500	J
K	505,191	273,117	25,786	62,698	11,919	131,671	704	39,290	91,677	890	8,895	K
L	617,311	378,087	41,876	103,270	12,918	81,160	6,700	21,851	50,986	16,352	14,600	L
	531,855	277,679	35,203	80,924	12,451	125,598	2,312	36,942	86,197	53,106	9,809	

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	30,967	155,354	367,365	23,001	48,000	290,908	0	5,456	296,364	9.10	5 / 5	A
B	52,825	175,592	355,290	39,444	9,000	254,862	0	51,984	306,846	0.00	1 / 2	B
C	2,090	183,351	582,070	27,673	45,800	392,419	0	116,178	508,597	0.09	8 / 2	C
D	21,860	116,326	292,027	29,155	36,000	211,906	0	14,966	226,872	2.00	1 / 1	D
E	85,008	258,559	595,408	59,365	0	557,861	0	-21,818	536,043	10.00	7 / 2	E
F	21,818	230,242	677,504	53,953	182,700	355,368	0	85,483	440,851	5.00	9 / 1	F
G	42,110	213,847	424,498	25,422	0	340,140	0	58,936	399,076	0.00	0 / 1	G
H	0	98,838	299,344	28,366	17,000	250,761	0	3,217	253,978	9.00	8 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	22,587	222,795	577,912	25,470	0	628,260	0	-75,818	552,442	30.00	9 / 1	J
K	19,087	152,191	432,221	29,259	0	328,587	-16,412	90,787	402,962	0.10	2 / 3	K
L	18,540	208,359	484,878	43,707	96,000	354,158	-43,620	34,633	345,171	1.12	7 / 2	L
	28,808	183,223	462,592	34,983	39,500	360,475	-5,457	33,091	388,109	6.04	5 / 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	49.6 %	5.9 %	12.9 %	2.5 %	29.0 %	19.5 %	6.75	59	25.27	0.15	3.42	Low	A
B	52.4	7.8	19.6	2.4	17.8	11.7	4.45	18	16.79	0.08	3.92	Low	B
C	44.7	7.8	17.4	2.3	27.8	19.4	6.63	44	446.14	0.09	27.97	Low	C
D	67.2	8.0	8.0	2.6	14.2	9.4	3.99	26	17.83	0.15	3.84	Low	D
E	50.5	5.1	14.5	2.3	27.6	19.3	4.36	5	1785.76	0.04	0.42	High	E
F	50.9	5.7	15.6	2.3	25.4	16.7	4.27	35	16.96	0.30	5.34	Low	F
G	52.8	7.8	20.5	2.3	16.7	11.7	8.41	62	100.00	0.00	10.00	Low	G
H	51.9	7.0	12.2	2.7	26.2	18.5	3.48	7	100.00	0.08	2.50	Medium	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	46.4	7.0	13.9	2.2	30.5	21.7	8.75	37	100.00	0.00	0.00	N/A	J
K	54.1	5.1	12.4	2.4	26.1	18.1	5.20	15	187.03	0.02	14.14	Low	K
L	61.2	6.8	16.7	2.1	13.1	8.3	4.77	41	12.11	0.22	5.22	Low	L
	52.2 %	6.6 %	15.2 %	2.3 %	23.6 %	16.2 %	5.24	32	255.26	0.10	6.98	Low	

Bold = best in industry **Yellow** = 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		7.92	7.95	10.51	9.98	14.71	13.48
	Private-Label Footwear		8.16	8.17	9.58	8.90	11.57	11.22
Labor — North America	Total Compensation (\$/year)		17,467	17,301	20,729	23,867	26,956	27,681
	Productivity (pairs/worker/year)		4,050	4,215	4,764	5,923	6,143	6,388
	Labor Cost (\$/pair produced)		3.71	3.23	4.76	5.22	5.58	5.49
Europe Africa	Total Compensation (\$/year)		17,884	19,833	19,466	20,664	21,048	21,494
	Productivity (pairs/worker/year)		5,587	6,144	5,783	6,858	5,978	7,572
	Labor Cost (\$/pair produced)		3.52	2.90	3.66	3.34	3.79	3.77
Asia Pacific	Total Compensation (\$/year)		6,306	6,369	7,602	7,661	8,842	8,648
	Productivity (pairs/worker/year)		2,470	2,511	3,017	3,058	3,834	3,920
	Labor Cost (\$/pair produced)		2.13	1.99	2.80	2.77	3.29	3.31
Latin America	Total Compensation (\$/year)		7,239	7,256	11,001	11,107	8,457	8,589
	Productivity (pairs/worker/year)		2,956	3,014	4,598	4,659	3,516	3,567
	Labor Cost (\$/pair produced)		2.19	2.16	4.28	4.25	3.24	3.26
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	1.11	0.96	2.50	2.50
	Cumulative		0.56	0.56	1.25	1.17	2.32	2.34
Reject Rates	Branded Production		2.1%	2.1%	4.6%	4.6%	7.1%	7.5%
	Private-Label Production		2.6%	2.2%	3.8%	3.7%	5.6%	6.8%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	21.98	22.44	29.42	28.46	38.85	39.16
		E-A	24.32	22.86	24.49	22.98	24.66	23.10
		A-P	18.39	18.39	23.18	22.69	27.43	27.06
		L.A.	21.51	21.22	22.18	21.55	22.84	21.88
	Private-Label	N.A.	23.15	20.53	25.99	22.80	29.61	26.87
		E-A	22.21	21.18	22.21	21.18	22.21	21.18
		A-P	18.49	20.42	23.58	21.64	34.51	24.63
		L.A.	21.21	19.41	21.21	20.21	21.21	21.00

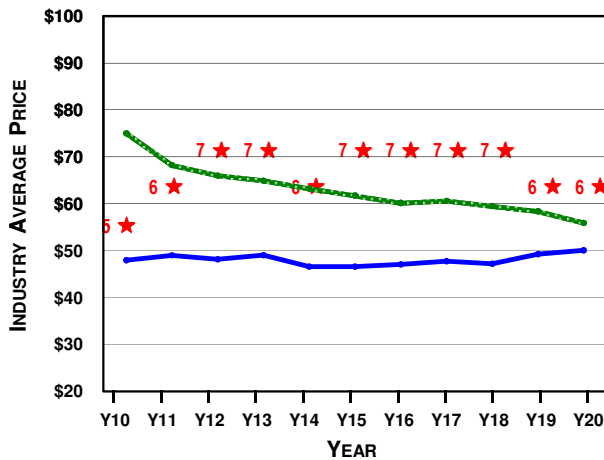
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.88	22.50	27.16	26.56	32.20	30.96
		E-A	26.46	25.19	32.42	31.88	39.49	38.91
		A-P	19.75	20.13	24.50	24.41	28.70	28.55
		L.A.	23.08	22.75	29.34	30.43	37.33	40.22
Warehouse Expenses - Internet (\$ per pair sold)	Internet		10.47	12.41	10.64	12.60	10.88	12.91
	Wholesale		2.17	2.11	2.44	2.38	2.74	2.77
Marketing Expenses — Internet (\$ per pair sold)	Internet		6.88	6.60	12.39	12.28	17.91	19.93
	Wholesale		5.39	3.26	9.39	9.00	12.33	11.77
Administrative Expenses (\$/pair sold)		1.09	1.26	1.36	1.50	1.88	2.05	
Operating Profit (\$ per pair sold)	Internet	N.A.	5.68	4.81	15.23	13.41	27.62	20.62
		E-A	3.60	2.45	14.34	12.16	23.95	26.07
		A-P	7.76	8.47	18.75	16.77	30.28	24.36
		L.A.	6.82	-3.17	20.64	11.96	30.80	23.96
Wholesale	N.A.	0.98	4.14	7.43	9.61	17.19	16.45	
	E-A	6.19	7.61	12.53	14.61	19.03	20.33	
	A-P	6.10	8.20	11.54	13.39	18.63	16.52	
	L.A.	9.44	4.31	16.91	13.42	24.54	20.75	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.21	22.50	23.49	23.38	25.37	24.59
		E-A	24.76	22.68	30.74	29.07	36.72	31.38
		A-P	19.99	21.92	25.08	23.47	36.02	26.13
		L.A.	22.71	20.91	24.97	26.67	26.88	30.94
Warehouse Expenses (\$ per pair sold)		1.00	1.00	1.00	1.03	1.00	1.20	
Margin Over Direct Costs (\$ per pair sold)		N.A.	9.79	0.53	13.83	7.28	16.08	12.40
		E-A	0.93	6.62	7.50	9.61	14.06	16.36
		A-P	2.39	13.68	11.83	16.54	18.77	19.77
		L.A.	6.03	4.14	13.28	10.03	20.15	20.11

CELEBRITY ENDORSEMENTS

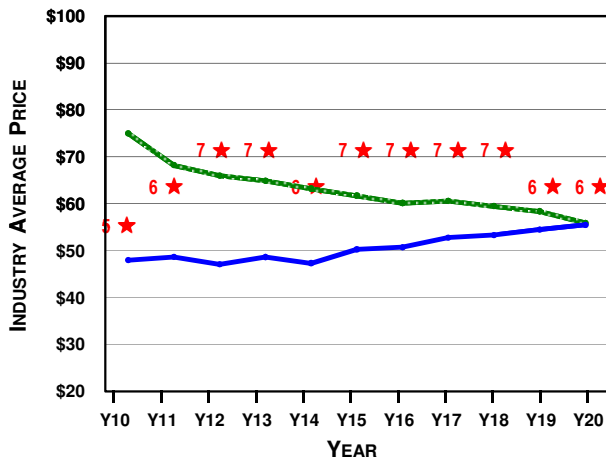
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company G	17,000	Y19	2 years	6	17,000	15,333	9,948	2,001
Oprah Letterman	100	70	65	75	Company L	18,000	Y20	3 years	3	18,000	12,345	13,448	10,000
Fifa Beckham	70	100	70	55	Company B	22,000	Y16	5 years	8	22,000	17,089	12,508	600
Tiger Green	95	80	85	75	Company E	12,345	Y20	2 years	2	12,345	10,000	11,173	10,000
José Montaña	60	50	60	95	Company E	12,345	Y18	3 years	4	17,098	12,345	9,863	5,000
Kobioshi Jones	55	60	95	90	Company E	12,345	Y20	4 years	2	12,345	10,000	11,173	10,000
Ace Federar	50	90	50	85	Company L	13,000	Y20	1 year	3	13,000	12,345	11,782	10,000
Danica Andretti	70	65	55	60	Company G	15,000	Y19	3 years	6	15,000	13,666	10,838	6,009
LaBron Game	75	80	95	50	Company G	15,000	Y17	4 years	5	19,098	15,416	12,492	600
Lorena Lopez	45	85	60	100	Company F	16,418	Y19	2 years	5	16,418	12,345	9,381	2,002
Lance deFrance	80	85	75	70	Company E	12,345	Y20	3 years	2	12,345	10,000	11,173	10,000
Yao KungPao	60	35	100	50	Company E	12,345	Y18	4 years	4	18,098	12,345	10,113	5,000

BRANDED PRICE AND S/Q RATING TRENDS

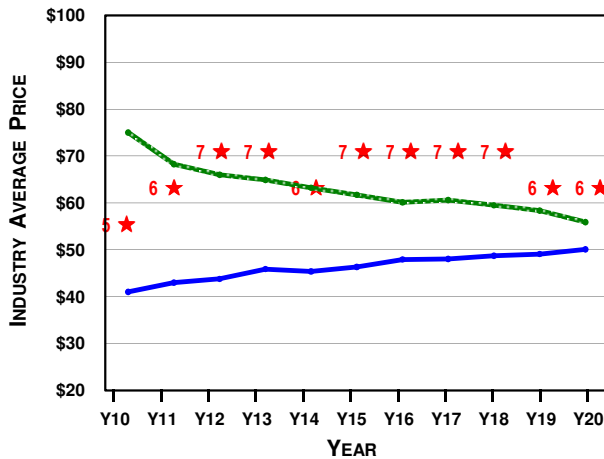
NORTH AMERICA



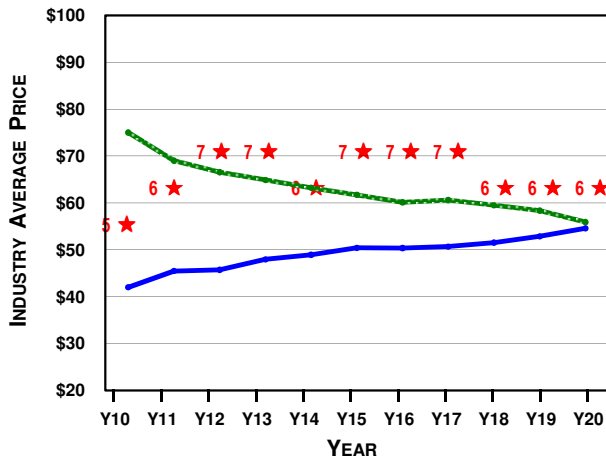
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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