

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 10

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	Caerus Shoes	120	100	110	+3
2	Gorgeous George	120	90	105	-1
3	Diagonal	120	81	101	-1
4	Inertia	116	84	100	-5
5	Jugga Lugs	115	67	91	-5
6	K Company	98	50	74	-10
7	Hell Yeah Kicks	97	45	71	-7
8	Bunyon Boots	87	38	63	-16
9	L Company	65	39	52	-3
10	A XIJ LA SALLE	9	6	8	-1
11	E (deleted)	0	0	0	0
11	F (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	Caerus Shoes	120	97	109	+2
2	Gorgeous George	120	93	107	0
3	Inertia	116	87	102	-2
4	Diagonal	119	81	100	0
5	Jugga Lugs	111	64	88	+2
6	K Company	91	44	68	-6
6	Hell Yeah Kicks	88	47	68	-1
8	Bunyon Boots	79	40	60	-7
9	L Company	48	31	40	+1
10	A XIJ LA SALLE	12	8	10	-3
11	E (deleted)	0	0	0	0
11	F (deleted)	0	0	0	0

Investor Expectation Score (I.E.) — Investors and company boards of directors have established annual targets for five key performance measures and the importance weighting of each: EPS (20 points), ROE (20 points), Stock Price (20 points), Credit Rating (20 points), and Image Rating (20 points). Pages 2 and 3 of this report show the investor expectation targets (in parenthesis just under the column heads for each year). The score on a performance measure is equal to the percentage of the target that was achieved. Achieving higher than targeted performance results in bonus awards of 0.5% for each 1% overachieved (capped at 40% over the target). Thus, the Investor Expectation Score ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

Best-In-Industry Score (B-I-I) — This scoring standard is based on how well each company performs relative to the best-performing company in the industry on EPS (20 points max), ROE (20 points max), Stock Price (20 points max), Credit Rating (20 points max), and Image Rating (20 points max). In order to get a score of 100, a company must be the best performing company in the industry on all 5 measures, achieve no lower than the investor expectation on EPS, ROE, Stock Price, and Image Rating, and have an A+ Credit Rating.

Overall Score — This measure is used to determine each company's ranking in the Year 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	2.07	1.46	-4.69	-3.12	-3.80	1.13	-5.33	-3.34	-1.97	-3.14	-2.07	0	0	0	0	A
B	3.95	4.94	0.29	-3.71	1.57	2.53	1.82	3.83	5.03	3.94	2.35	18	4	13	5	B
C	3.84	3.16	3.84	0.96	4.33	6.49	10.51	13.46	15.02	20.52	7.91	24	20	24	17	C
D	2.67	4.81	2.23	1.27	3.18	6.67	9.39	12.52	12.88	15.35	6.82	24	15	24	15	D
E	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	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	0	0	F
G	2.84	5.37	2.87	1.91	4.57	11.65	13.58	15.90	16.79	19.48	9.06	24	19	24	20	G
H	1.39	1.86	-0.21	-1.42	0.79	4.18	3.44	4.06	4.92	4.34	2.30	20	4	13	5	H
I	2.37	8.78	7.22	1.01	1.32	9.28	11.03	15.03	18.02	19.03	9.09	24	19	24	20	I
J	3.37	4.00	1.42	-0.05	####	10.69	8.43	8.23	10.99	11.14	4.13	24	11	22	9	J
K	1.39	3.56	0.02	-4.58	-1.90	5.18	4.33	5.36	6.05	6.05	2.76	24	6	16	6	K
L	1.31	0.66	-3.45	-0.54	-2.01	0.70	0.47	0.92	1.00	1.18	0.30	5	1	2	1	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	13.4	9.5	-36.8	-36.9	-87.5	44.1	-1149.9	0.0	0.0	0.0	-68.8	0	0	0	0	A
B	23.2	24.5	1.4	-23.0	10.8	14.5	9.7	25.6	26.7	17.5	13.7	22	10	18	10	B
C	23.2	16.7	19.7	6.9	25.8	30.9	34.9	33.6	28.7	33.1	28.8	24	20	24	20	C
D	16.2	24.7	9.7	4.8	12.5	22.0	24.5	26.1	22.7	24.1	20.7	24	14	24	14	D
E	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	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	0	0	F
G	17.1	27.4	13.9	7.7	15.2	32.3	28.5	26.3	22.6	22.2	23.0	24	13	24	16	G
H	9.1	10.3	-1.4	-9.9	5.6	25.4	17.0	17.0	17.4	13.2	12.3	18	8	16	9	H
I	14.5	39.7	29.4	3.5	4.5	26.5	24.5	25.9	24.2	23.3	22.9	24	14	24	16	I
J	20.0	18.9	5.6	-0.2	-72.3	68.2	33.4	23.1	21.8	19.4	14.8	23	12	20	10	J
K	9.1	18.9	0.1	-31.5	-23.7	45.8	28.5	30.2	28.9	33.5	18.9	24	20	23	13	K
L	8.5	4.0	-39.8	-8.2	-47.3	22.8	12.1	17.5	16.1	18.7	4.9	22	11	7	3	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	25.07	14.55	8.67	5.70	4.80	11.07	7.00	4.65	5.02	4.55	2	0	2	0	A
B	70.05	89.14	38.88	21.31	13.87	30.76	21.42	51.38	70.51	50.02	19	2	19	2	B
C	71.61	40.36	54.08	27.78	51.31	86.61	195.30	269.56	285.86	441.43	24	20	24	20	C
D	32.06	77.79	35.25	19.56	31.59	96.94	159.93	250.99	244.77	292.00	24	13	24	13	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	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	0	F
G	37.03	80.58	36.23	20.17	59.93	174.15	298.96	342.59	310.71	390.21	24	18	24	18	G
H	16.53	15.71	9.89	6.57	6.75	36.06	45.47	54.92	57.08	51.62	19	2	19	2	H
I	24.95	112.48	120.06	48.15	24.67	111.68	198.94	300.96	333.41	380.81	24	17	24	17	I
J	52.88	55.32	27.25	15.69	9.32	49.01	118.24	136.11	160.13	189.56	24	9	24	9	J
K	16.79	41.87	22.70	13.67	8.82	47.00	56.76	83.44	77.60	75.76	24	3	24	3	K
L	16.84	10.58	6.62	4.85	5.23	7.21	4.75	11.99	11.60	15.45	6	1	6	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	B-	C+	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	1	0	1	A
B	A-	A-	C-	C-	C	B	C	C+	B	B-	Medium	12	11	12	11	B
C	B+	C+	C	C-	C+	B	A-	A	A+	A+	Low	24	20	24	20	C
D	B-	B-	C-	C-	C	B+	A	A	A+	A+	Low	24	20	24	20	D
E	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	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	0	0	F
G	A	A-	B	A-	A	A+	A+	A+	A+	A+	Low	24	20	24	20	G
H	B-	C	C-	C-	C-	B+	A-	B+	A	A	Low	23	19	23	19	H
I	B	B	B-	C-	C-	B	A-	A	A+	A	Medium	23	19	23	19	I
J	B+	B	C	C-	C-	C-	B-	B+	A	A	Low	23	19	23	19	J
K	B-	B-	C-	C-	C-	C+	B-	B	B+	B-	Medium	12	11	12	11	K
L	C+	C-	C-	C-	C-	C-	C	A	A+	B+	N/A	20	17	20	17	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	78	68	61	58	49	70	55	54	28	23	35	7	5	10	7	A
B	73	75	61	70	69	70	54	60	59	56	58	16	11	17	12	B
C	85	82	88	77	89	99	99	100	100	99	100	24	20	24	20	C
D	72	87	77	77	73	74	87	89	95	97	94	24	19	23	19	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	80	71	78	82	92	89	93	91	94	100	95	24	20	24	19	G
H	61	60	67	63	51	59	59	60	59	58	59	17	12	17	12	H
I	74	69	71	70	72	68	76	76	76	74	75	21	15	21	15	I
J	77	83	91	71	86	81	83	86	92	80	86	21	16	22	17	J
K	61	65	73	67	61	59	63	59	56	50	55	14	10	16	11	K
L	60	46	23	71	38	52	50	44	45	43	44	12	9	13	9	L

CORPORATE SOCIAL RESPONSIBILITY AND CITIZENSHIP

Industry 10 Expenditures for Corporate Social Responsibility and Citizenship

	Total (\$000s)			Per Pair Sold (\$ / pair)		
	High	Avg.	Low	High	Avg.	Low
	Year 11	17477	2982	0	2.95	0.50
Year 12	17362	4967	0	3.42	0.96	0.00
Year 13	14176	3880	0	4.58	0.81	0.00
Year 14	6308	1054	0	1.39	0.20	0.00
Year 15	6906	1509	0	0.92	0.25	0.00
Year 16	8850	2542	0	2.04	0.41	0.00
Year 17	16100	5160	0	2.07	0.69	0.00
Year 18	17100	5976	0	2.01	0.80	0.00
Year 19	17100	5847	0	2.00	0.63	0.00
Year 20	28298	14412	0	2.02	1.13	0.00

Image Rating Points Generated from CSRC Expenditures

	High	Avg.	Low
	Year 11	5	1
Year 12	10	3	0
Year 13	14	4	0
Year 14	14	5	0
Year 15	15	6	0
Year 16	11	5	0
Year 17	10	5	0
Year 18	11	5	0
Year 19	12	5	0
Year 20	14	7	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	E Botines Corp.	A XIJ LA SALLE
Y15	E Botines Corp.	Jugga Lugs
Y16	Hell Yeah Kicks	Bunyon Boots
Y17	Bunyon Boots	Hell Yeah Kicks
Y18	Hell Yeah Kicks	Bunyon Boots
Y19	Hell Yeah Kicks	Bunyon Boots
Y20	Jugga Lugs	Bunyon Boots

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plants	E-A Plants	A-P Plants	L.A. Plants	All Plants
Total Year 20 Production	28,669	7,200	66,273	13,080	115,222
- Pairs Rejected	1,654	122	3,277	414	5,467
Net Y20 Production (after rejects)	27,015	7,078	62,996	12,666	109,755
Superior Materials Usage	28.5%	67.0%	35.3%	39.3%	36.1%
Capacity Utilization (branded + P-L prod.)	113.3%	120.0%	114.5%	120.0%	115.1%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 1.81	+ 0.33	8.64
Superior Materials	14.00	- 0.97	+ 0.71	13.74

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Worldwide
Ending Y19 Inventories	1,780	1,989	2,088	2,549	8,406
- Pairs Cleared (inventory clearance)	285	257	184	202	928
Beginning Y20 Inventories	1,495	1,732	1,904	2,347	7,478
+ New Production (shipped from plants)	23,936	23,619	22,893	23,637	94,085
Pairs Available for Sale in Y20	25,431	25,351	24,797	25,984	101,563

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)	24,669	24,006	23,025	23,435	95,135
Actual Year 20 Demand	24,620	24,148	23,281	23,641	95,690
Branded Pairs Sold	24,016	23,931	23,263	23,621	94,831
Required Y20 Ending Inventories	1,351	1,275	1,297	1,323	5,246
Inventory Surplus (Shortfall)	-932	-554	-342	778	-1,050

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.7%
- Available for shipment to warehouses
- % usage down by 7.5 points from Y19
- % utilization up by 0.1 points over Y19

Lower than normal (36.1% industrywide) superior materials usage led to superior materials prices that were 7.0% below the base and standard materials prices that were 27.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.1% from the base.

- Average inventory clearance of 11.0%
- 6.1% higher than Y20 demand
- Actual demand in Year 20 was 0.6% greater than expected.
- Needed to achieve delivery times
- { Low in N.A. Low in E-A
Low in A-P Okay in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America	25,605	26,629	27,694	28,802
(internet + wholesale) Europe-Africa	25,114	26,119	27,164	28,251
Asia-Pacific	24,677	26,158	27,727	29,391
Latin America	25,060	26,564	28,158	29,847
Total	100,456	105,470	110,743	116,291
Private-Label — North America	4,710	4,710	4,710	4,710
Europe-Africa	4,760	4,760	4,760	4,760
Asia-Pacific	4,640	4,640	4,640	4,640
Latin America	4,710	4,710	4,710	4,710
Total	18,820	18,820	18,820	18,820

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	6,732
Potential Production (at max OT)	120,120
Potential Global Supply	126,852
Demand — Branded Sales Forecast (000s)	100,456
Private-Label Sales Forecast	18,820
Expected Global Demand	119,276
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	1,000	0	2,500	0	0	0	0	0	1,000	0	2,500	0	3,500	0	A
B	3,900	0	4,400	0	0	0	0	0	3,900	0	4,400	0	8,300	0	B
C	2,100	2,500	6,500	2,500	0	0	0	0	2,100	2,500	6,500	2,500	13,600	0	C
D	1,000	0	10,000	3,000	0	0	0	0	1,000	0	10,000	3,000	14,000	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	5,900	3,500	4,000	0	0	0	0	0	5,900	3,500	4,000	0	13,400	0	G
H	0	0	1,800	2,000	0	0	0	0	0	0	1,800	2,000	3,800	0	H
I	8,000	0	10,000	0	0	0	0	0	8,000	0	10,000	0	18,000	0	I
J	0	0	9,100	3,400	0	0	0	0	0	0	9,100	3,400	12,500	0	J
K	2,000	0	6,400	0	0	0	0	0	2,000	0	6,400	0	8,400	0	K
L	1,400	0	3,200	0	0	0	0	0	1,400	0	3,200	0	4,600	0	L
Total	25,300	6,000	57,900	10,900	0	0	0	0	25,300	6,000	57,900	10,900	100,100	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	20,662	29,138	1,608	0	0	-10,084	20,869	0	-30,953	0	9,863	A
B	489,228	277,519	31,531	109,942	10,719	59,517	17,339	12,653	29,525	4,125	7,500	B
C	795,425	390,076	39,370	124,019	16,769	225,191	5,355	65,951	153,885	61,500	7,500	C
D	780,117	449,903	53,879	80,496	17,620	178,219	11,980	49,337	115,120	12,000	7,500	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	806,751	399,834	56,497	124,489	17,021	208,910	242	62,600	146,068	48,750	7,500	G
H	260,209	129,414	24,104	47,385	7,270	52,036	5,575	13,938	32,523	525	7,500	H
I	911,029	483,557	59,990	133,473	21,468	212,541	8,670	61,161	142,710	165,000	7,500	I
J	799,520	431,559	53,619	164,538	15,969	133,835	14,507	35,798	83,530	26,250	7,500	J
K	530,959	260,110	40,302	128,175	10,818	91,554	16,674	22,464	52,416	433	8,665	K
L	201,425	136,278	14,798	9,416	7,020	33,913	-656	10,371	24,198	41,000	20,500	L
	559,533	298,739	37,570	92,193	12,467	118,563	10,056	33,427	74,902	35,958	9,153	

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	19,036	65,408	152,603	39,211	-84,709	0	-41,697	-126,406	0.00	2 / 2	A
B	16,812	153,229	362,616	62,665	118,500	156,050	0	25,401	181,451	0.55	7 / 2	B
C	0	206,407	568,890	50,201	52,000	463,489	-89,187	92,387	466,689	8.20	7 / 1	C
D	23,182	237,177	677,419	55,374	153,000	485,424	-119,499	103,120	469,045	1.60	4 / 2	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	113,031	328,047	749,523	41,451	0	610,752	0	97,320	708,072	6.50	6 / 2	G
H	121,112	197,630	347,701	18,506	66,500	230,696	0	31,999	262,695	0.07	4 / 2	H
I	10,680	287,435	761,826	56,146	103,500	624,470	0	-22,290	602,180	22.00	8 / 2	I
J	41,695	259,055	624,116	58,543	207,000	503,316	-201,982	57,238	358,573	3.50	8 / 2	J
K	20,415	196,709	399,183	90,282	219,000	223,285	-185,367	51,983	89,901	0.05	7 / 2	K
L	20,618	73,342	134,042	13,032	0	137,813	0	-16,803	121,010	2.00	1 / 1	L
	36,754	195,807	469,072	59,880	95,871	335,059	-59,604	37,866	313,321	4.45	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	141.0 %	7.8 %	0.0 %	0.0 %	-48.8 %	-149.8 %	0.12	0	-0.48	2.91	0.00	N/A	A
B	56.7	6.4	22.5	2.2	12.2	6.0	2.45	22	3.43	0.42	1.36	Medium	B
C	49.0	4.9	15.6	2.1	28.3	19.3	4.11	11	42.05	0.11	10.79	Low	C
D	57.7	6.9	10.3	2.3	22.8	14.8	4.28	20	14.88	0.25	8.08	Low	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	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	49.6	7.0	15.4	2.1	25.9	18.1	7.91	14	863.26	0.00	10.00	Low	G
H	49.7	9.3	18.2	2.8	20.0	12.5	10.68	35	9.33	0.22	4.64	Low	H
I	53.1	6.6	14.7	2.4	23.3	15.7	5.12	40	24.51	0.15	1.76	Medium	I
J	54.0	6.7	20.6	2.0	16.7	10.4	4.43	15	9.23	0.37	3.91	Low	J
K	49.0	7.6	24.1	2.0	17.2	9.9	2.18	61	5.49	0.71	1.11	Medium	K
L	67.7	7.3	4.7	3.5	16.8	12.0	5.63	9	100.00	0.00	0.00	N/A	L
	53.4 %	6.7 %	16.5 %	2.2 %	21.2 %	13.4 %	3.27	23	107.17	0.51	4.17	Low	

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		7.67	8.22	9.88	10.06	12.47	12.10
	Private-Label Footwear		7.18	7.47	9.36	9.77	12.43	12.54
Labor — North America	Total Compensation (\$/year)		16,406	16,570	22,268	22,342	22,585	22,651
	Productivity (pairs/worker/year)		3,490	3,566	5,656	5,767	6,107	6,218
	Labor Cost (\$/pair produced)		3.71	3.70	5.28	5.21	5.67	5.53
Europe Africa	Total Compensation (\$/year)		20,193	19,543	21,287	21,082	22,380	22,621
	Productivity (pairs/worker/year)		5,908	6,056	6,735	6,864	7,562	7,671
	Labor Cost (\$/pair produced)		3.11	3.10	3.40	3.33	3.69	3.56
Asia Pacific	Total Compensation (\$/year)		6,306	6,369	8,805	8,823	9,670	10,310
	Productivity (pairs/worker/year)		2,154	2,125	3,307	3,354	3,906	4,035
	Labor Cost (\$/pair produced)		2.10	2.08	3.40	3.38	4.04	4.11
Latin America	Total Compensation (\$/year)		7,460	7,473	8,213	8,188	9,192	9,639
	Productivity (pairs/worker/year)		3,056	3,002	3,321	3,385	3,843	3,971
	Labor Cost (\$/pair produced)		2.14	2.11	2.67	2.64	3.00	3.02
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	1.28	1.20	2.50	2.50
	Cumulative		0.24	0.21	1.24	1.24	1.96	1.95
Reject Rates	Branded Production		1.3%	1.4%	4.6%	4.5%	10.0%	10.6%
	Private-Label Production		1.7%	1.7%	3.5%	3.6%	5.7%	6.2%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	21.49	22.89	24.19	24.95	28.75	29.81
		E-A	22.67	22.59	23.39	23.42	24.11	24.25
		A-P	18.27	19.82	22.42	22.41	26.42	25.58
		L.A.	21.17	21.17	26.73	24.23	32.70	27.25
	Private-Label	N.A.	20.47	21.66	25.42	26.93	29.92	39.17
		E-A	21.84	22.96	21.84	22.96	21.84	22.96
		A-P	17.65	17.35	24.44	28.62	38.34	64.02
		L.A.	18.48	20.03	18.74	20.51	18.99	20.99

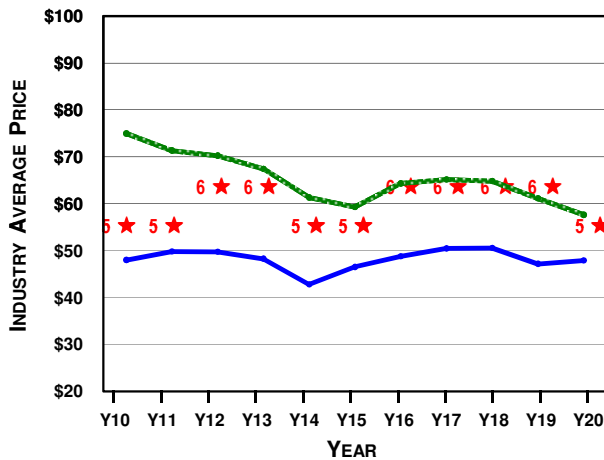
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.83	24.25	26.28	26.40	30.14	30.41
		E-A	24.13	24.09	31.17	31.21	35.86	35.65
		A-P	19.66	21.16	23.97	24.21	28.03	28.86
		L.A.	22.74	23.27	27.01	27.74	33.25	32.30
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.30	12.29	10.67	12.65	11.42	13.45
			1.81	1.83	2.36	2.32	3.24	3.13
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	8.14	8.37	11.95	11.89	16.49	17.35
			2.14	2.12	9.68	9.38	14.25	13.82
Administrative Expenses	(\$/pair sold)		1.04	0.98	1.40	1.42	2.05	1.99
Operating Profit (\$ per pair sold)	Internet	N.A.	9.24	6.88	20.56	16.97	30.92	27.30
		E-A	9.07	7.83	19.05	15.68	28.78	29.30
		A-P	14.78	16.94	25.14	21.97	33.76	33.89
		L.A.	17.07	6.11	26.28	16.70	35.37	31.85
Wholesale		N.A.	4.22	3.63	6.89	7.90	11.10	11.78
		E-A	8.13	9.10	17.39	18.42	59.24	60.32
		A-P	3.06	6.22	11.82	13.15	27.43	27.10
		L.A.	9.10	3.87	11.95	8.23	16.38	12.99
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.97	22.28	25.25	25.59	31.42	29.53
		E-A	24.42	25.85	33.89	38.38	47.97	72.85
		A-P	19.15	18.85	23.63	24.22	27.51	27.95
		L.A.	19.98	21.53	26.58	29.10	32.06	38.98
Warehouse Expenses	(\$ per pair sold)		1.00	1.00	1.05	1.05	1.20	1.20
Margin Over Direct Costs (\$ per pair sold)		N.A.	2.49	1.32	6.30	6.18	11.93	10.20
		E-A	2.18	-22.39	6.18	1.98	11.24	12.98
		A-P	0.52	0.88	3.29	2.81	6.63	6.46
		L.A.	1.48	-3.38	4.99	2.65	9.47	8.20

CELEBRITY ENDORSEMENTS

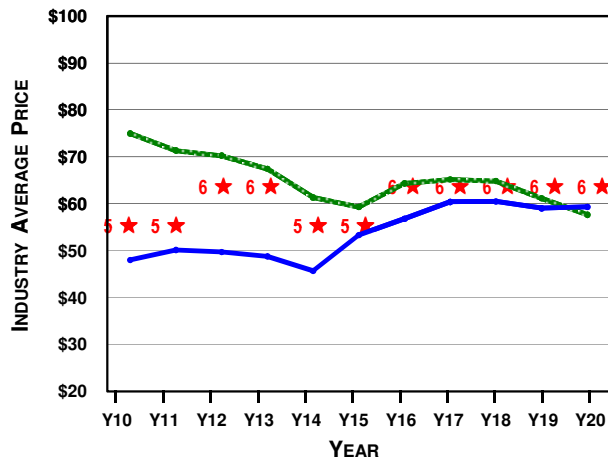
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company J	9,000	Y19	2 years	3	9,000	6,607	7,014	5,436
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	0	0	0	0	0
Fifa Beckham	70	100	70	55	Company D	9,079	Y16	5 years	6	9,079	9,003	7,710	4,672
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	3	11,000	6,478	7,015	3,568
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 J	9,000	Y19	3 years	3	9,000	7,607	7,318	5,348
LaBron Game	75	80	95	50	Company K	25,003	Y17	4 years	6	25,003	10,456	10,591	4,007
Lorena Lopez	45	85	60	100	Company J	9,000	Y19	2 years	3	9,000	8,607	7,905	6,107
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	Company J	11,000	Y18	4 years	3	11,000	5,439	6,669	3,568

BRANDED PRICE AND S/Q RATING TRENDS

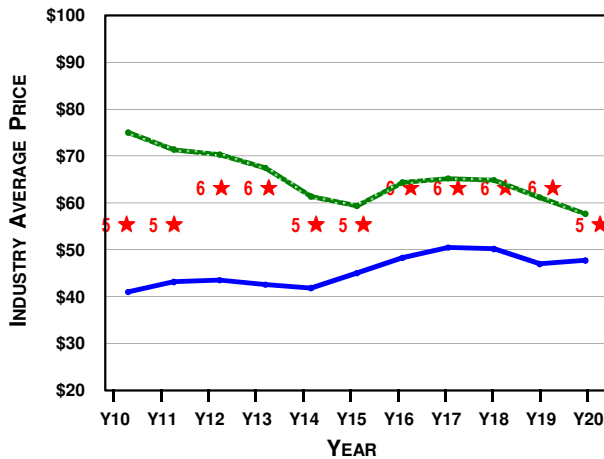
NORTH AMERICA



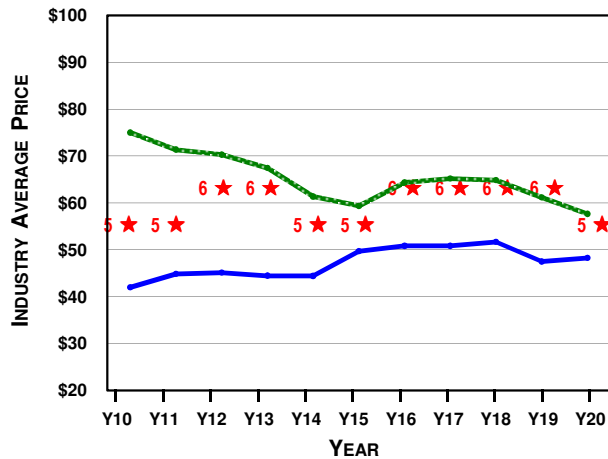
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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