

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

Friday, May 23, 2008

YEAR 20

COMPANY SCORES : INVESTOR EXPECTATIONS STANDARD

Investors and company boards of directors have established annual targets for five key performance measures and the importance weighting of each: EPS (20 points), ROE (20 points), Stock Price (20 points), Credit Rating (20 points), and Image Rating (20 points). The score on a performance measure is equal to the percentage of the target that was achieved. Achieving higher than targeted performance results in bonus awards of 0.5% for each 1% overachieved (capped at 40% over the target). Thus, the Investor Confidence Index ranges from 0 to a max of 120 (if all targets are exceeded by 40% or more).

YEAR 20 INVESTOR CONFIDENCE INDEX

Company Name	Year 20 Index	Change from Y19
Lacrimosa	120	0
KIMCHI	119	+1
Ecureuil	119	+4
Best Footwear	117	+2
Footwear Inc	117	0
HE-VOLVE	116	0
Itis Footwear	116	-3
Globe corp.	62	-28
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
J (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Lacrimosa	115	+1
Itis Footwear	113	+1
KIMCHI	106	+1
Best Footwear	100	+2
Ecureuil	93	+3
HE-VOLVE	89	+3
Footwear Inc	79	+4
Globe corp.	51	+2
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
J (deleted)	0	0

COMPANY SCORES : BEST-IN-INDUSTRY PERFORMANCE STANDARD

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

YEAR 20 PERFORMANCE RANKINGS

Company Name	Year 20 Score	Change from Y19
KIMCHI	96	+3
Itis Footwear	91	-3
Lacrimosa	78	-14
Best Footwear	74	-8
Ecureuil	67	+1
HE-VOLVE	66	-1
Footwear Inc	61	-4
Globe corp.	39	-13
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
J (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Itis Footwear	95	+4
KIMCHI	95	+6
Lacrimosa	91	-9
Best Footwear	77	-3
HE-VOLVE	68	0
Ecureuil	66	+1
Footwear Inc	59	0
Globe corp.	38	-3
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
J (deleted)	0	0

EARNINGS PER SHARE (\$)

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(2.67)	(2.85)	(3.05)	(3.26)	(3.49)	(3.66)	(3.84)	(4.03)	(4.23)	(4.44)	(3.55)	Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	A
B	3.01	2.23	3.70	2.98	3.81	5.81	7.00	6.31	12.05	14.06	5.70	14	15	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	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	D
E	2.59	2.18	3.19	2.41	2.40	2.55	2.88	3.00	6.35	8.29	3.42	8	9	E
F	2.54	1.14	1.94	0.48	0.63	1.85	3.04	3.14	6.10	7.45	2.71	7	7	F
G	2.88	0.81	1.24	-0.57	-1.96	-1.49	0.42	-1.41	2.49	1.03	0.34	1	1	G
H	3.10	1.35	2.92	3.34	3.54	2.45	3.68	4.65	7.69	9.48	4.14	9	11	H
I	4.25	4.48	5.30	4.50	4.20	4.57	6.48	5.92	14.27	18.06	6.97	17	18	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	2.58	3.24	3.97	4.05	5.45	5.88	7.86	7.21	15.32	20.69	7.16	20	19	K
L	3.65	5.38	6.32	5.80	5.94	6.31	8.11	9.76	12.74	13.26	7.69	13	20	L

RETURN ON EQUITY (%)

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	Year 20	Overall	
A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	A
B	18.1	11.5	16.6	11.6	12.7	17.4	19.4	15.7	24.5	22.6	16.7	13	14	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	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	D
E	15.9	10.9	13.6	9.6	8.0	8.8	8.9	8.2	17.2	21.2	11.9	12	10	E
F	15.5	6.3	9.6	2.3	3.0	8.3	11.9	11.2	19.4	19.4	11.0	11	9	F
G	17.3	4.5	6.6	-3.0	-11.0	-9.3	2.7	-9.3	16.1	6.5	2.0	4	2	G
H	18.6	7.6	21.1	21.4	15.7	9.8	12.0	13.1	20.4	24.3	15.8	14	14	H
I	25.3	25.3	29.3	22.1	17.9	17.0	20.1	15.7	30.8	34.8	23.3	20	20	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	15.7	16.8	17.5	16.3	23.2	20.5	22.3	17.0	28.8	33.8	21.3	19	18	K
L	22.4	35.2	35.4	24.7	20.7	18.7	20.6	21.0	22.8	20.3	21.1	12	18	L

STOCK PRICE (\$ per share)

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Avg Annual Change	Best-In-Ind. Score		
	(32.00)	(34.25)	(36.75)	(39.25)	(42.00)	(44.25)	(46.25)	(48.75)	(51.25)	(53.50)		Year 20	Overall	
A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	A
B	35.76	21.24	43.32	33.02	45.00	73.60	101.57	82.38	198.64	246.26	+23	12	12	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	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	D
E	30.61	22.06	37.73	25.08	26.01	25.10	30.50	34.59	114.43	162.03	+18	8	8	E
F	27.83	15.41	17.36	10.46	6.52	19.17	42.29	42.62	89.33	112.46	+14	6	6	F
G	38.91	21.16	12.73	7.41	4.96	5.90	4.70	5.15	27.14	15.19	-7	1	1	G
H	35.82	19.12	32.81	42.19	44.27	25.98	40.41	55.47	123.77	165.92	+19	8	8	H
I	87.83	83.53	90.79	51.83	47.00	51.10	97.80	83.82	202.13	404.76	+30	20	20	I
J	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	29.03	38.49	54.40	54.13	84.99	71.10	100.51	85.07	196.61	393.57	+29	19	19	K
L	52.06	91.58	104.43	90.31	79.68	86.60	142.38	185.84	242.08	258.64	+24 %	13	13	L

CREDIT RATING

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

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

IMAGE RATING

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Overall	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	63	65	62	78	71	71	84	87	79	82	83	16	17	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	84	85	100	100	100	100	100	100	100	100	100	20	20	E
F	68	64	74	68	89	90	88	89	85	84	86	17	17	F
G	91	79	79	96	90	92	83	88	86	81	85	16	17	G
H	63	87	88	77	77	83	81	78	77	80	78	16	16	H
I	63	62	67	70	77	82	85	89	88	71	83	14	17	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	70	89	100	100	94	93	100	100	100	96	99	19	20	K
L	79	91	87	100	92	93	93	100	100	98	99	20	20	L

INVESTOR CONFIDENCE INDEX

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

	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20	Average Index	Overall Confidence	
	A	0	0	0	0	0	0	0	0	0			
B	102	70	99	87	91	102	109	106	115	117	100	Excellent	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	103	87	105	85	81	73	80	84	115	119	93	Very Good	E
F	95	51	68	38	42	73	97	95	117	117	79	Fair	F
G	110	49	57	28	25	26	34	25	90	62	51	Subpar	G
H	99	52	84	90	86	68	82	97	116	116	89	Good	H
I	112	112	111	111	108	109	116	114	119	116	113	Superior	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	93	98	105	95	107	107	112	109	118	119	106	Excellent	K
L	109	107	110	112	117	115	118	120	120	120	115	Superior	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	21,340	7,080	46,160	31,158	105,738
– Pairs Rejected	619	332	2,175	2,085	5,211
Net Y20 Production (after rejects)	20,721	6,748	43,985	29,073	100,527
Superior Materials Usage	43.4%	31.7%	48.2%	37.6%	43.0%
Capacity Utilization (branded + P-L prod.)	112.9%	120.0%	113.7%	119.4%	115.6%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 0.84	+ 0.34	7.18
Superior Materials	12.00	- 0.42	+ 0.67	12.25

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,433	1,451	1,337	1,275	5,496
– Pairs Cleared (inventory clearance)	652	729	635	631	2,647
Beginning Y20 Inventories	781	722	702	644	2,849
+ New Production (shipped from plants)	23,265	22,674	21,169	20,280	87,388
Pairs Available for Sale in Y20	24,046	23,396	21,871	20,924	90,237

BRANDED DEMAND & SALES (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected Y20 Demand (see Y19 FIR)	22,680	22,065	20,165	20,009	84,919
Actual Year 20 Demand	22,432	21,880	20,584	19,998	84,894
Branded Pairs Sold	22,400	21,793	20,343	19,579	84,115
Required Y20 Ending Inventories	1,483	1,513	1,459	1,345	5,800
Inventory Surplus (Shortfall)	-132	-238	-401	-672	-1,443

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.9%
- Available for shipment to warehouses
- % usage down by 3.9 points from Y19
- % utilization down by 0.4 points from Y19

Lower than normal (43.0% industrywide) superior materials usage led to superior materials prices that were 3.5% below the base and standard materials prices that were 14.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.6% from the base.

- Average inventory clearance of 48.2%
- 6.3% higher than Y20 demand
- Actual demand in Year 20 was 0.0% less than expected.
- Needed to achieve delivery times
- { Low in N.A. Low 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	23,329	24,262	25,232	26,241
(internet + wholesale) Europe-Africa	22,755	23,665	24,612	25,596
Asia-Pacific	21,819	23,128	24,516	25,987
Latin America	21,198	22,470	23,818	25,247
Total	89,101	93,525	98,178	103,071
Private-Label — North America	3,720	3,720	3,720	3,720
Europe-Africa	3,760	3,760	3,760	3,760
Asia-Pacific	3,736	3,736	3,736	3,736
Latin America	3,744	3,744	3,744	3,744
Total	14,960	14,960	14,960	14,960

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	6,122
Potential Production (at max OT)	114,840
Potential Global Supply	120,962
Demand — Branded Sales Forecast (000s)	89,101
Private-Label Sales Forecast	14,960
Expected Global Demand	104,061
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	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	2,000	5,500	5,500	0	0	0	0	0	2,000	5,500	5,500	13,000	3,000	3,000	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	3,000	0	5,000	2,000	0	0	0	0	3,000	0	5,000	2,000	10,000	0	0	E
F	2,300	0	4,500	0	200	0	0	0	2,500	0	4,500	0	7,000	0	0	F
G	1,800	1,000	2,800	0	0	0	0	0	1,800	1,000	2,800	0	5,600	1,200	1,200	G
H	0	2,900	6,300	3,300	0	0	0	0	0	2,900	6,300	3,300	12,500	0	0	H
I	5,500	0	4,400	2,000	0	0	0	0	5,500	0	4,400	2,000	11,900	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	0	6,600	9,000	0	0	0	0	0	0	6,600	9,000	15,600	0	0	K
L	3,300	0	5,500	4,300	2,800	0	0	0	6,100	0	5,500	4,300	15,900	0	0	L
Total	15,900	5,900	40,600	26,100	3,000	0	0	0	18,900	5,900	40,600	26,100	91,500	4,200	4,200	

INCOME STATEMENT DATA (\$000s)

	Net Sales Revenues	Cost of Pairs Sold	Warehse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Income Taxes	Net Profit	Total Dividend Payment (\$000s)	Shares of Stock (000s of shares outstanding)	
A	0	0	0	0	0	0	0	0	0	0	0	A
B	674,716	332,875	38,116	124,805	15,417	163,503	12,836	45,200	105,467	1,875	7,500	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	500,001	276,694	32,551	84,122	12,419	94,215	5,415	26,640	62,160	37,500	7,500	E
F	421,616	200,183	27,044	105,142	9,419	79,828	38	23,937	55,853	0	7,500	F
G	258,678	177,067	19,036	42,032	8,018	12,525	-488	2,678	10,335	25,000	10,000	G
H	597,917	347,848	38,824	67,811	14,921	128,513	13,051	34,639	80,823	5,118	8,530	H
I	649,148	282,889	47,365	107,800	14,321	196,773	3,310	58,039	135,424	112,500	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	933,945	432,337	57,686	177,931	18,020	247,971	26,325	66,494	155,152	51,750	7,500	K
L	725,323	374,428	42,750	143,598	18,322	146,225	4,167	42,617	99,441	37,500	7,500	L
	595,168	303,040	37,922	106,655	13,857	133,694	8,082	37,531	88,082	33,905	7,941	

SELECTED BALANCE SHEET DATA (\$000s)

DIVIDEND DATA

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Shareholder Equity			Year 20 Dividend (\$ / share)	No. of Changes (+ / -)		
						Beginning Equity	Stock Sales (Purchases)	Earnings Retained				Ending Equity
A	0	0	0	0	0	0	0	0	0.00	0 / 0	A	
B	17,334	215,992	725,533	59,907	147,550	414,487	0	103,590	518,076	0.25	3 / 2	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	17,223	146,091	379,130	42,917	30,000	281,554	0	24,659	306,213	5.00	2 / 1	E
F	115,480	225,309	351,230	24,307	11,800	259,272	0	55,851	315,123	0.00	3 / 4	F
G	0	76,444	195,031	16,825	27,000	165,872	0	-14,666	151,206	2.50	3 / 2	G
H	2,682	182,038	551,146	53,659	225,000	393,582	-196,801	75,706	272,487	0.60	9 / 1	H
I	26,720	222,095	466,196	36,146	39,300	388,307	-20,483	22,927	390,750	15.00	5 / 1	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	11,625	282,604	754,763	76,299	168,000	407,060	0	103,404	510,464	6.90	4 / 2	K
L	13,682	198,625	620,435	42,030	57,600	458,860	0	61,944	520,805	5.00	9 / 1	L
	25,593	193,650	505,433	44,011	88,281	346,124	-27,161	54,177	373,141	4.41	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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	A
B	49.3	5.6	18.5	2.3	24.2	15.6	3.61	34	12.74	0.24	5.01	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	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	55.3	6.5	16.8	2.5	18.8	12.4	3.40	6	17.40	0.12	3.31	Low	E
F	47.5	6.4	24.9	2.2	18.9	13.2	9.27	8	2100.74	0.05	12.07	Low	F
G	68.5	7.4	16.2	3.1	4.8	4.0	4.54	24	100.00	0.16	0.00	N/A	G
H	58.2	6.5	11.3	2.5	21.5	13.5	3.39	43	9.85	0.45	4.34	Low	H
I	43.6	7.3	16.6	2.2	30.3	20.9	6.14	43	59.45	0.12	3.18	Low	I
J	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	46.3	6.2	19.1	1.9	26.6	16.6	3.70	35	9.42	0.27	3.66	Low	K
L	51.6	5.9	19.8	2.5	20.2	13.7	4.73	6	35.09	0.10	13.62	Low	L
	50.9 %	6.4 %	17.9 %	2.3 %	22.5 %	14.8 %	4.40	25	293.09	0.19	5.65	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		7.27	6.50	9.06	8.99	11.25	10.87
	Private-Label Footwear		5.53	6.45	7.11	7.53	9.11	9.28
Labor — North America	Total Compensation (\$/year)		20,192	20,247	23,426	23,763	26,025	25,770
	Productivity (pairs/worker/year)		5,784	5,806	6,012	6,127	6,291	6,521
	Labor Cost (\$/pair produced)		3.27	3.37	3.91	3.97	4.60	4.47
Europe Africa	Total Compensation (\$/year)		15,766	15,766	20,465	20,966	23,551	24,854
	Productivity (pairs/worker/year)		4,156	4,216	4,334	4,412	4,591	4,742
	Labor Cost (\$/pair produced)		4.65	4.59	5.23	5.24	5.78	5.79
Asia Pacific	Total Compensation (\$/year)		3,936	4,022	5,452	5,645	8,021	8,484
	Productivity (pairs/worker/year)		2,491	2,452	3,164	3,226	4,177	4,343
	Labor Cost (\$/pair produced)		1.34	1.47	1.78	1.82	2.44	2.54
Latin America	Total Compensation (\$/year)		3,959	3,653	5,406	5,196	8,034	8,453
	Productivity (pairs/worker/year)		2,528	2,540	3,398	3,462	4,215	4,396
	Labor Cost (\$/pair produced)		1.36	1.42	1.61	1.64	1.87	1.87
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.44	0.28	1.50	1.42	2.50	2.40
	Cumulative		0.53	0.50	1.29	1.30	2.44	2.41
Reject Rates	Branded Production		1.0%	0.9%	4.6%	4.6%	9.7%	9.5%
	Private-Label Production		1.5%	2.5%	2.5%	3.4%	4.9%	4.8%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		19.22	19.05	25.50	26.51	39.41	46.51
	E-A		24.85	25.17	30.67	30.63	36.48	36.09
	A-P		17.92	17.57	22.32	22.01	32.47	32.22
	L.A.		16.88	20.07	20.68	21.18	24.29	24.97
	Private-Label — N.A.		17.63	18.31	20.23	18.31	21.83	18.31
	E-A		17.52	17.64	17.52	17.64	17.52	17.64
	A-P		16.83	16.11	21.75	17.30	36.34	18.48
	L.A.		16.20	13.89	18.62	17.18	22.48	19.09

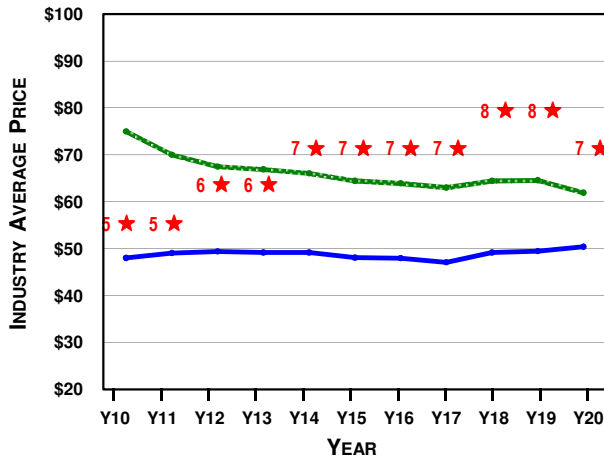
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.49	21.25	25.56	25.54	36.62	36.26
		E-A	24.88	25.37	28.64	28.72	38.48	38.11
		A-P	19.92	19.57	24.33	24.04	34.47	34.24
		L.A.	20.44	22.19	26.18	27.39	42.40	50.14
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.31	10.29	10.50	10.47	10.98	10.93
			1.92	1.90	2.27	2.21	2.98	2.92
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	6.84	6.63	11.32	10.67	14.35	13.60
			5.82	6.85	10.55	10.10	16.03	13.99
Administrative Expenses	(\$/pair sold)		1.13	1.12	1.39	1.38	1.88	1.79
Operating Profit (\$ per pair sold)	Internet	N.A.	8.67	9.26	23.12	21.15	33.11	28.19
		E-A	10.18	10.12	22.84	19.82	32.19	28.57
		A-P	12.63	13.59	26.26	24.81	35.73	32.08
		L.A.	2.67	-6.07	23.59	19.31	34.05	31.13
Wholesale		N.A.	5.07	7.59	9.48	11.00	13.02	15.91
		E-A	5.25	6.40	9.11	10.22	11.72	13.36
		A-P	2.26	4.17	7.58	9.91	11.63	14.53
		L.A.	-2.32	-10.81	7.74	7.46	14.72	15.92
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.20	16.57	24.50	18.44	40.26	20.31
		E-A	19.52	19.64	21.47	22.29	23.42	24.93
		A-P	18.83	18.11	20.10	19.30	21.16	20.48
		L.A.	18.20	15.89	21.28	19.18	25.29	21.09
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.	-14.27	1.32	0.70	1.73	8.16	2.14
		E-A	0.56	0.18	2.09	1.60	3.62	3.01
		A-P	0.74	0.37	1.85	0.77	2.51	1.16
		L.A.	1.65	1.05	2.72	1.32	4.49	1.56

CELEBRITY ENDORSEMENTS

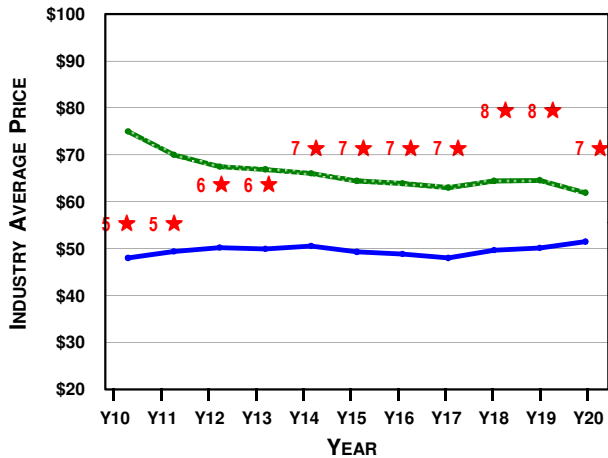
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	13,500	Y19	2 years	5	14,050	13,674	13,186	12,197
Oprah Letterman	100	70	65	75	Company B	15,506	Y20	3 years	3	15,506	15,000	12,502	7,000
Fifa Beckham	70	100	70	55	Company L	12,896	Y16	5 years	7	12,896	12,511	8,745	500
Tiger Green	95	80	85	75	Company E	17,705	Y20	2 years	4	17,705	15,506	13,803	7,000
Jos Montaa	60	50	60	95	Company H	15,011	Y18	3 years	7	15,011	14,129	12,014	5,000
Kobioshi Jones	55	60	95	90	Company G	15,000	Y20	4 years	3	15,000	13,506	11,835	7,000
Ace Federar	50	90	50	85	Company B	14,506	Y20	1 year	3	15,000	14,506	12,169	7,000
Danica Andretti	70	65	55	60	Company K	13,500	Y19	3 years	6	14,050	13,500	12,811	12,056
LaBron Game	75	80	95	50	Company K	13,100	Y17	4 years	6	13,100	13,001	9,585	500
Lorena Lopez	45	85	60	100	Company I	14,210	Y19	2 years	5	14,210	14,050	13,433	12,198
Lance deFrance	80	85	75	70	Company E	17,705	Y20	3 years	4	17,705	15,506	13,803	7,000
Yao KungPao	60	35	100	50	Company K	13,200	Y18	4 years	6	14,900	14,129	12,039	5,000

BRANDED PRICE AND S/Q RATING TRENDS

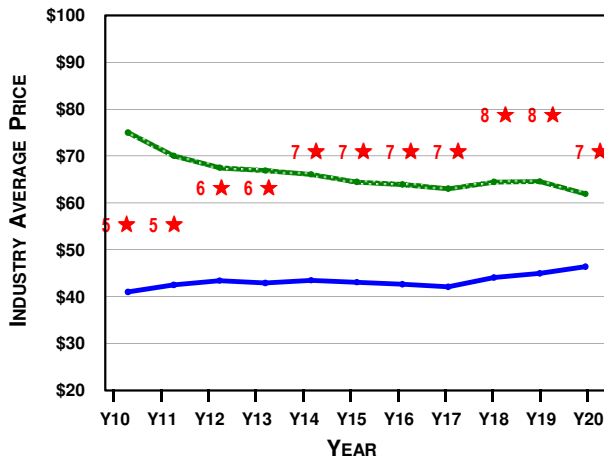
NORTH AMERICA



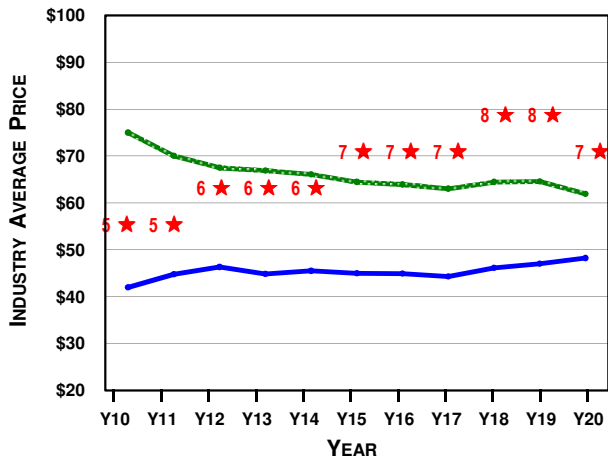
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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