

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 2

Friday, April 29, 2005

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
Ace Footwear	120	0
Demonbreun	119	+1
Fallen	119	+7
E Company	119	0
Graceful Stompers	118	0
KKeyi	114	+27
Janus Footwear	108	+1
Hosedown Footwear	108	+13
C The Phoenix	93	+31
INTROS	71	+23
B THE FIRM	56	-40

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Graceful Stompers	115	+1
Ace Footwear	113	+1
Demonbreun	110	+1
Fallen	110	+1
E Company	107	+1
KKeyi	107	+1
Hosedown Footwear	97	+2
Janus Footwear	84	+3
B THE FIRM	80	-3
C The Phoenix	69	+2
INTROS	68	+1

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
Ace Footwear	91	+9
Demonbreun	86	-2
Graceful Stompers	85	-7
E Company	73	-1
Fallen	65	+12
Hosedown Footwear	56	+16
KKeyi	52	+9
Janus Footwear	50	+2
C The Phoenix	42	+8
INTROS	42	+8
B THE FIRM	28	-16

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Ace Footwear	90	+1
Demonbreun	89	-2
Graceful Stompers	89	-7
E Company	71	0
Fallen	69	+7
KKeyi	55	+2
Hosedown Footwear	52	+5
Janus Footwear	48	-2
INTROS	41	+2
C The Phoenix	39	0
B THE FIRM	35	-8

EARNINGS PER SHARE (\$)

Bold numbers indicate achievement of the investor expectation for EPS 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 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	3.71	5.33	7.92	8.01	7.06	7.19	11.40	12.80	15.14	22.58	9.78	20	19	A
B	2.10	2.63	2.18	2.54	3.01	2.42	1.47	1.94	3.65	1.70	2.33	1	4	B
C	2.64	1.27	1.65	1.92	0.98	1.50	1.49	1.93	1.46	3.06	1.79	3	3	C
D	3.01	4.58	4.35	4.62	5.31	10.52	12.79	18.60	19.81	22.71	10.42	20	20	D
E	2.52	1.27	3.45	4.00	5.04	7.13	9.39	4.06	12.10	13.60	6.19	12	12	E
F	2.41	2.78	6.13	5.50	7.60	11.33	5.32	4.05	6.94	9.65	6.08	8	12	F
G	4.94	4.08	6.57	8.75	9.10	8.70	9.61	10.96	14.50	15.75	9.26	14	18	G
H	4.35	2.09	0.95	2.41	2.16	4.99	7.38	6.44	4.92	8.64	4.16	8	8	H
I	2.40	1.77	1.55	-1.13	1.74	1.59	3.54	0.48	-3.94	1.63	0.96	1	2	I
J	0.92	1.47	1.65	2.81	2.44	1.00	4.47	4.74	4.51	6.31	3.10	6	6	J
K	3.50	2.83	3.86	4.24	4.96	5.55	2.94	6.23	3.34	6.40	4.32	6	8	K

RETURN ON EQUITY (%)

Bold numbers indicate achievement of the investor expectation for ROE 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 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	21.8	28.9	41.2	29.4	20.3	17.2	22.2	21.7	23.1	30.8	23.3	11	11	A
B	13.4	16.5	12.0	11.8	13.3	9.8	6.7	7.6	13.4	6.3	9.4	2	5	B
C	16.9	8.0	10.6	12.1	6.1	9.4	9.6	11.9	8.7	18.1	11.1	7	5	C
D	18.7	28.4	30.8	26.8	25.3	36.4	31.6	33.1	26.3	23.8	25.0	9	12	D
E	15.8	7.5	18.9	19.0	19.2	22.7	26.0	10.6	28.3	30.8	20.5	11	10	E
F	15.0	17.0	29.9	22.0	25.7	32.2	16.0	13.0	21.8	29.7	22.3	11	11	F
G	30.8	29.8	40.3	44.6	41.7	37.7	39.0	41.9	52.2	54.3	41.7	20	20	G
H	26.5	13.2	6.3	12.5	9.7	19.8	26.2	22.0	16.3	33.1	18.5	12	9	H
I	14.6	9.7	7.9	-5.7	9.4	7.9	15.9	2.1	-19.7	8.8	4.9	3	2	I
J	6.6	17.5	15.4	21.6	16.8	6.4	26.4	25.9	23.2	31.5	20.1	12	10	J
K	20.7	13.8	16.3	15.4	14.9	15.8	8.2	16.5	8.6	17.7	14.2	7	7	K

STOCK PRICE (\$ per share)

Bold numbers indicate achievement of the investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (which equals a 20% weighting in 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	61.33	90.79	143.08	128.86	86.64	79.81	165.61	205.04	303.21	497.73	+32 %	20	20	A
B	22.18	31.41	23.34	30.44	38.45	30.96	16.94	21.81	51.61	26.73	-1	1	1	B
C	37.91	21.08	16.65	19.27	11.28	15.37	14.25	23.27	16.58	51.19	+6	2	2	C
D	39.14	80.89	66.00	62.45	61.98	174.09	211.62	354.30	317.15	454.89	+31	18	18	D
E	30.00	17.15	44.53	64.42	80.69	143.13	193.45	77.83	195.34	279.20	+25	11	11	E
F	24.11	30.06	113.70	93.76	141.10	215.49	86.50	43.74	79.91	193.36	+21	8	8	F
G	104.18	69.97	128.96	188.49	187.05	157.06	159.34	181.31	304.69	315.33	+27	13	13	G
H	87.27	38.39	20.76	24.05	21.97	75.46	140.96	109.84	54.53	134.38	+16	5	5	H
I	25.40	17.29	14.38	9.21	17.92	18.58	62.29	29.93	16.77	17.14	-5	1	1	I
J	16.31	14.07	15.49	45.94	31.38	17.69	76.04	80.65	79.77	101.04	+13	4	4	J
K	61.71	33.52	51.01	54.96	70.22	89.61	38.97	94.00	39.84	122.25	+15 %	5	5	K

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	A-	C+	B-	B-	B-	B	A	A+	A+	A+	Low	20	20	A
B	B	A-	A-	A	A+	A	A+	A+	A	B	High	14	14	B
C	B+	C+	B	B+	B+	B	B	A+	A+	A+	Low	20	20	C
D	B	B	B-	C+	C+	B	B	A-	A-	A	Low	19	19	D
E	B+	B-	A-	A+	A+	A+	A+	A	A+	A+	Low	20	20	E
F	B	B	A	A	A	A	B+	B+	B	A	Medium	19	19	F
G	B+	B-	B	B+	B	B+	B+	A-	A	A	Low	19	19	G
H	B+	C+	C	A-	B+	A-	A-	B+	C+	B-	Medium	11	11	H
I	B	B-	C+	C-	B	A	A+	A+	B+	A+	Low	20	20	I
J	C-	C	C+	B-	B-	C+	B+	B+	A-	B+	High	17	17	J
K	A	A	A	A+	A+	A+	A-	A+	A+	A+	Low	20	20	K

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	83	100	100	100	100	100	98	100	95	100	98	20	20	A
B	62	61	57	58	59	52	50	52	63	50	55	10	11	B
C	69	56	54	54	53	52	45	43	44	50	46	10	9	C
D	66	74	91	94	85	93	100	100	100	100	100	20	20	D
E	69	57	66	80	88	93	93	84	94	93	90	19	18	E
F	69	74	86	78	100	100	93	96	95	95	95	19	19	F
G	95	95	98	95	88	91	94	93	94	94	94	19	19	G
H	74	74	70	88	89	97	99	100	91	98	96	20	19	H
I	76	77	84	80	83	84	89	83	80	84	82	17	16	I
J	73	81	71	70	69	77	58	58	57	56	57	11	11	J
K	85	77	76	85	82	79	62	82	71	69	74	14	15	K

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	116	104	108	108	108	109	119	120	120			
B	82	96	81	88	94	78	62	68	96	56	80	Good	B
C	103	56	65	73	54	59	56	72	62	93	69	Subpar	C
D	100	109	107	103	102	111	112	118	118	119	110	Superior	D
E	99	57	107	114	118	119	119	103	119	119	107	Excellent	E
F	89	96	117	116	119	119	112	99	112	119	110	Superior	F
G	116	108	112	116	111	115	115	117	118	118	115	Superior	G
H	113	83	49	89	78	117	118	116	95	108	97	Very Good	H
I	90	68	59	26	70	73	109	63	48	71	68	Subpar	I
J	46	66	67	95	82	51	107	107	107	108	84	Good	J
K	116	102	112	113	114	114	83	115	87	114	107	Excellent	K

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	31,610	1,200	79,249	13,184	125,243
– Pairs Rejected	1,247	64	3,918	469	5,698
Net Y20 Production (after rejects)	30,363	1,136	75,331	12,715	119,545
Superior Materials Usage	38.6%	40.0%	53.5%	30.4%	47.2%
Capacity Utilization (branded + P-L prod.)	114.1%	120.0%	117.6%	113.7%	116.3%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 0.39	+ 0.44	7.83
Superior Materials	14.00	- 0.20	+ 0.88	14.68

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	7,245	2,385	3,685	2,460	15,775
– Pairs Cleared (inventory clearance)	485	721	606	460	2,272
Beginning Y20 Inventories	6,760	1,664	3,079	2,000	13,503
+ New Production (shipped from plants)	25,908	25,470	24,470	24,147	99,995
Pairs Available for Sale in Y20	32,668	27,134	27,549	26,147	113,498

BRANDED DEMAND & SALES (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected 20 Demand (see Y19 FIR)	24,207	24,424	23,168	22,655	94,454
Actual Year 20 Demand	24,057	24,365	23,397	23,331	95,150
Branded Pairs Sold	23,857	23,799	23,111	22,752	93,519
Required Y20 Ending Inventories	2,029	2,050	2,028	1,776	7,883
Inventory Surplus (Shortfall)	6,074	462	1,633	591	8,760

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.5%
- Available for shipment to warehouses
- % usage up by 4.3 points over Y19
- % utilization up by 8.6 points over Y19

Lower than normal (47.2% industrywide) superior materials usage led to superior materials prices that were 1.4% below the base and standard materials prices that were 5.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.3% from the base.

- Average inventory clearance of 14.4%
- 19.3% higher than Y20 demand
- Overall Y20 demand was 0.7% greater than expected.
- Needed to achieve delivery times
- { Very high in N.A. Okay in E-A
Okay in A-P Okay in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America (internet + wholesale)	25,019	26,020	27,061	28,143
Europe-Africa	25,340	26,354	27,408	28,504
Asia-Pacific	24,801	26,289	27,866	29,538
Latin America	24,731	26,215	27,788	29,455
Total	99,891	104,878	110,123	115,640
Private-Label — North America	5,170	5,170	5,170	5,170
Europe-Africa	5,170	5,170	5,170	5,170
Asia-Pacific	5,170	5,170	5,170	5,170
Latin America	5,170	5,170	5,170	5,170
Total	20,680	20,680	20,680	20,680

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	16,643
Potential Production (at max OT)	129,240
Potential Global Supply	145,883
Demand — Branded Sales Forecast (000s)	99,891
Private-Label Sales Forecast	20,680
Expected Global Demand	120,571
Conclusion:	Excess supply of 21.0% is likely to intensify competition in Year 21 until market growth absorbs the excess.

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	7,000	0	8,000	0	0	0	0	0	7,000	0	8,000	0	15,000	0	A
B	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	B
C	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	C
D	0	0	12,000	10,000	0	0	0	0	0	0	12,000	10,000	22,000	0	D
E	5,000	0	5,500	0	0	0	0	0	5,000	0	5,500	0	10,500	0	E
F	3,100	0	4,600	1,600	0	0	0	0	3,100	0	4,600	1,600	9,300	0	F
G	2,000	0	6,000	0	0	0	0	0	2,000	0	6,000	0	8,000	0	G
H	0	0	12,000	0	0	0	0	0	0	0	12,000	0	12,000	0	H
I	2,100	0	4,100	0	0	0	0	0	2,100	0	4,100	0	6,200	0	I
J	2,200	1,000	3,000	0	0	0	0	0	2,200	1,000	3,000	0	6,200	0	J
K	2,300	0	4,200	0	0	0	0	0	2,300	0	4,200	0	6,500	0	K
Total	27,700	1,000	67,400	11,600	0	0	0	0	27,700	1,000	67,400	11,600	107,700	0	

INCOME STATEMENT DATA (\$000s)

	Net Sales Revenues	Cost of Pairs Sold	Warehse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Pre-Tax Profit	Income Taxes	Net Profit	Dividends Paid	
A	886,137	473,728	56,040	91,032	17,420	247,917	5,937	241,980	72,594	169,386	150,000	A
B	300,513	151,269	31,846	43,284	8,420	65,694	5,018	60,676	18,203	42,473	50,000	B
C	244,400	137,245	18,980	37,128	8,420	42,627	-1,080	43,707	13,112	30,595	25,500	C
D	1,122,960	606,634	66,341	152,853	24,419	272,713	29,421	243,292	72,988	170,304	21,150	D
E	571,171	310,858	25,396	38,148	12,919	183,850	-708	184,558	55,367	129,191	133,000	E
F	490,598	297,421	29,250	42,231	11,720	109,976	6,625	103,351	31,005	72,346	46,875	F
G	511,570	270,257	39,681	14,770	10,419	176,443	7,678	168,765	50,630	118,135	111,750	G
H	747,697	401,334	45,633	167,179	14,418	119,133	26,592	92,541	27,762	64,779	46,875	H
I	370,677	235,631	25,090	84,936	8,620	16,400	-533	16,933	0	16,933	10,400	I
J	393,972	195,492	25,694	70,989	8,619	93,178	3,000	90,178	27,053	63,125	60,000	J
K	471,693	226,630	31,719	135,988	8,918	68,438	-148	68,586	20,576	48,010	30,000	K
	555,581	300,591	35,970	79,867	12,210	126,943	7,437	119,506	35,390	84,116	62,323	

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	15,070	278,445	675,031	40,559	74,400	540,682	0	19,390	560,072	20.00	2 / 1	A
B	532,857	900,377	1,018,027	45,762	199,999	573,339	206,450	-7,523	772,266	2.00	2 / 1	B
C	1,746	122,231	190,731	19,450	0	166,184	0	5,097	171,281	2.55	5 / 3	C
D	0	347,889	1,063,536	103,265	171,000	640,116	0	149,155	789,271	2.82	1 / 1	D
E	16,271	165,586	435,837	28,242	9,000	440,259	-37,858	-3,806	398,595	14.00	3 / 1	E
F	23,682	157,850	379,968	44,789	80,000	231,712	-2,005	25,471	255,179	6.25	4 / 2	F
G	9,734	151,814	317,185	31,684	64,800	214,316	0	6,385	220,701	14.90	9 / 1	G
H	0	237,852	580,145	86,352	289,000	186,893	0	17,901	204,793	6.25	5 / 2	H
I	17,477	120,215	217,827	23,824	0	190,887	-3,418	6,534	194,003	1.00	5 / 4	I
J	12,257	115,561	245,735	43,571	0	199,039	0	3,125	202,164	6.00	4 / 2	J
K	20,551	150,447	297,819	19,098	0	263,931	-3,221	18,011	278,721	4.00	3 / 2	K
	59,059	249,842	492,895	44,236	80,745	331,578	14,541	21,795	367,913	7.25	4 / 2	

SELECTED FINANCIAL AND OPERATING STATISTICS

CREDIT RATING DATA

	Costs and Profits as a % of Net Revenues						Current Ratio	Shares of Stock (000s)	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	53.5 %	6.3 %	10.3 %	2.0 %	28.0 %	19.1 %	6.87	7,500	41.76	0.12	6.13	Low	A
B	50.3	10.6	14.4	2.8	21.9	14.1	19.68	25,000	13.09	0.22	0.32	High	B
C	56.2	7.8	15.2	3.4	17.4	12.5	6.28	10,000	100.00	0.00	10.00	Low	C
D	54.0	5.9	13.6	2.2	24.3	15.2	3.37	7,500	9.27	0.21	4.06	Low	D
E	54.4	4.4	6.7	2.3	32.2	22.6	5.86	9,500	100.00	0.02	21.66	Low	E
F	60.6	6.0	8.6	2.4	22.4	14.7	3.52	7,500	16.60	0.26	2.49	Medium	F
G	52.8	7.8	2.9	2.0	34.5	23.1	4.79	7,500	22.98	0.23	3.60	Low	G
H	53.7	6.1	22.4	1.9	15.9	8.7	2.75	7,500	4.48	0.58	1.00	Medium	H
I	63.6	6.8	22.9	2.3	4.4	4.6	5.05	10,400	100.00	0.00	10.00	Low	I
J	49.6	6.5	18.0	2.2	23.7	16.0	2.65	10,000	31.06	0.10	0.83	High	J
K	48.0	6.7	28.8	1.9	14.5	10.2	7.88	7,500	100.00	0.00	10.00	Low	K
	54.1 %	6.5 %	14.4 %	2.2 %	22.8 %	15.1 %	5.65	9,991	49.02	0.16	6.37	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		7.31	7.30	10.40	11.26	13.77	14.93
	Private-Label Footwear		7.10	7.08	7.61	8.87	8.91	13.12
Labor — North America	Total Compensation (\$/year)		20,663	21,192	22,224	23,177	24,208	24,874
	Productivity (pairs/worker/year)		4,040	4,197	4,710	4,956	5,900	6,105
	Labor Cost (\$/pair produced)		4.07	3.92	5.00	4.96	5.81	5.74
Europe Africa	Total Compensation (\$/year)		20,570	20,932	20,570	20,932	20,570	20,932
	Productivity (pairs/worker/year)		5,273	5,315	5,273	5,315	5,273	5,315
	Labor Cost (\$/pair produced)		4.31	4.38	4.31	4.38	4.31	4.38
Asia Pacific	Total Compensation (\$/year)		4,131	4,162	5,255	5,576	7,552	7,603
	Productivity (pairs/worker/year)		2,323	2,323	3,040	3,125	4,151	4,341
	Labor Cost (\$/pair produced)		1.42	1.23	1.83	1.87	2.19	2.28
Latin America	Total Compensation (\$/year)		4,695	4,755	5,381	5,441	6,066	6,126
	Productivity (pairs/worker/year)		2,886	2,946	3,163	3,230	3,440	3,514
	Labor Cost (\$/pair produced)		1.69	1.68	1.77	1.76	1.85	1.83
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	1.40	1.37	2.50	2.50
	Cumulative		0.47	0.49	1.32	1.32	2.39	2.40
Reject Rates	Branded Production		2.7%	2.6%	4.7%	4.6%	7.6%	6.5%
	Private-Label Production		1.8%	1.8%	2.5%	2.7%	3.4%	4.7%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	24.76	25.30	30.73	29.85	45.96	37.10
		E-A	26.32	27.30	26.32	27.30	26.32	27.30
		A-P	20.32	20.83	24.72	24.25	31.27	29.37
		L.A.	22.35	20.55	28.49	29.86	34.63	39.17
	Private-Label	N.A.	19.83	19.84	28.14	36.07	41.84	63.72
		E-A	0.00	0.00	0.00	0.00	0.00	0.00
		A-P	17.53	18.16	24.79	20.97	39.92	30.79
		L.A.	16.58	17.93	18.57	18.96	20.55	19.98

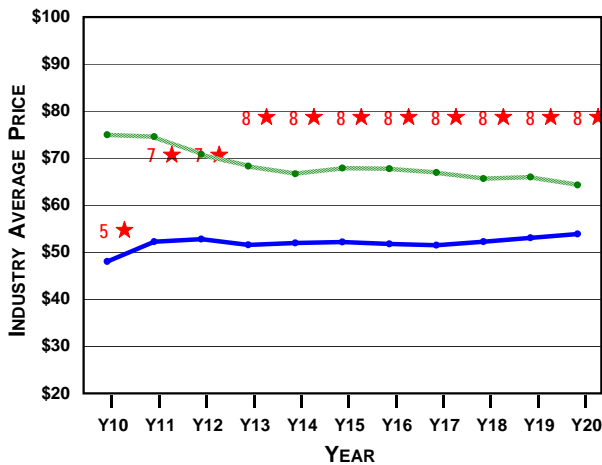
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.67	25.95	31.62	30.37	47.62	39.38
		E-A	27.98	28.85	32.03	31.98	38.29	37.00
		A-P	22.32	22.82	26.76	26.51	33.13	31.42
		L.A.	27.16	22.97	34.07	31.98	42.36	38.84
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		12.81	12.75	13.29	13.27	14.13	14.88
			1.85	1.68	2.60	2.56	3.40	4.33
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		6.82	4.95	13.97	12.65	38.61	23.03
			3.82	1.06	9.87	9.19	19.94	18.77
Administrative Expenses (\$/pair sold)		0.92	1.16	1.62	1.55	2.42	2.42	
Operating Profit (\$ per pair sold)	Internet	N.A.	-13.98	0.51	15.39	15.84	26.57	26.94
		E-A	-5.54	0.83	14.31	13.35	23.24	22.45
		A-P	0.89	7.87	20.52	20.95	30.14	28.40
		L.A.	-7.39	6.71	12.30	18.50	23.20	29.47
Wholesale		N.A.	-15.71	-0.59	6.32	8.88	14.60	19.36
		E-A	-7.38	1.63	7.88	9.94	15.10	16.33
		A-P	-3.28	4.03	8.62	12.42	18.45	25.64
		L.A.	-10.76	3.04	6.11	14.06	16.11	24.18
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.14	21.84	27.03	24.17	43.84	30.52
		E-A	23.28	25.53	26.24	25.99	30.80	26.46
		A-P	19.53	20.20	26.94	24.45	41.92	32.79
		L.A.	18.58	19.93	25.14	35.02	33.86	65.39
Warehouse Expenses (\$ per pair sold)		0.70	0.86	0.98	1.00	1.21	1.16	
Margin Over Direct Costs (\$ per pair sold)		N.A.	1.66	14.41	14.16	15.70	20.50	17.28
		E-A	10.68	4.89	14.34	8.99	17.99	12.27
		A-P	-3.05	6.24	10.31	12.46	19.28	16.91
		L.A.	6.69	-12.48	11.95	7.34	17.33	20.57

CELEBRITY ENDORSEMENTS

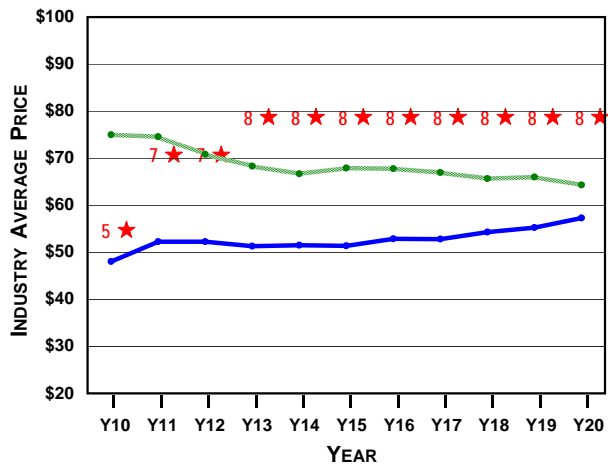
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company D	20,001	Y19	2 years	4	20,001	18,888	13,725	6,009
Oprah Letterman	100	70	65	75	Company B	20,000	Y20	3 years	1	20,000	0	20,000	20,000
Annika Stockholm	70	100	70	55	Company C	18,000	Y20	5 years	1	18,000	0	18,000	18,000
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
José Montaña	60	50	60	95	[unsigned]	0	N/A	3 years	0	0	0	0	0
Karioki Fotsu	55	60	95	90	[unsigned]	0	N/A	4 years	0	0	0	0	0
Jaques LaFeet	50	90	50	85	[unsigned]	0	N/A	1 year	0	0	0	0	0
Serenus Willson	70	65	55	60	Company D	20,001	Y19	3 years	6	20,001	18,005	13,669	6,009
Natalie Kwan	75	80	95	50	Company H	18,003	Y17	4 years	5	18,003	11,001	10,622	7,109
Sergio Milano	45	85	60	100	Company K	23,333	Y19	2 years	4	23,333	20,001	14,836	6,009
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	Company H	23,002	Y18	4 years	4	23,002	19,889	16,474	11,001

BRANDED PRICE AND S/Q RATING TRENDS

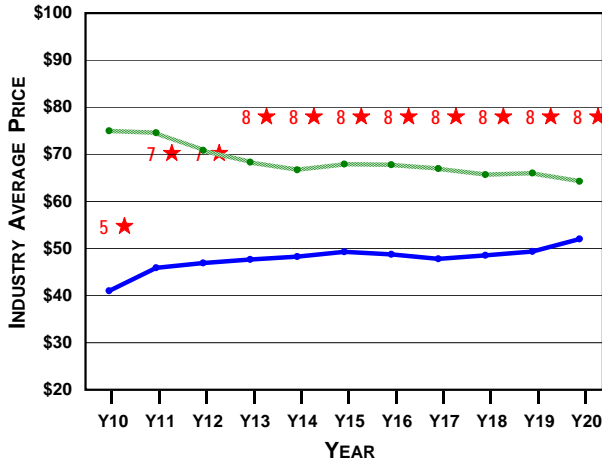
NORTH AMERICA



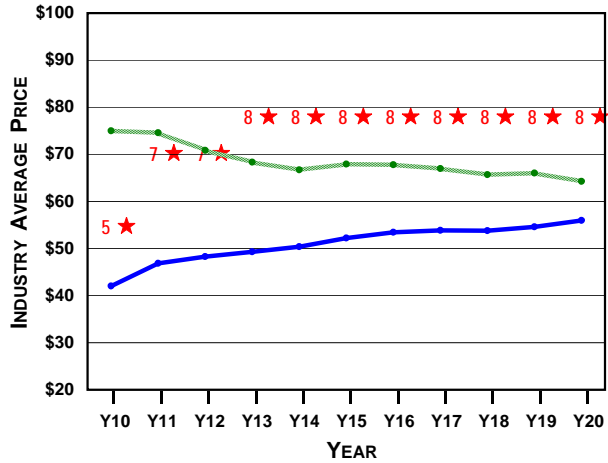
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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