

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

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
CLB Footwear	117	+4
Frostwolf	113	+20
ICompany	112	-2
Jekyll and Hyde Inc.	111	0
Emperor	111	-1
ALPHA Footwear	107	+3
Debut Footwear	106	-3
Grazors	98	+17
K Olympia	95	+19
Ballin Outta Control	60	+37
H Atlas Footwear	22	-1

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Jekyll and Hyde Inc.	103	+1
ICompany	83	+4
Debut Footwear	81	+2
ALPHA Footwear	81	+3
Emperor	81	+3
CLB Footwear	76	+4
Frostwolf	71	+5
Grazors	61	+4
K Olympia	51	+5
Ballin Outta Control	33	+3
H Atlas Footwear	27	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
ICompany	93	+13
Jekyll and Hyde Inc.	75	-10
CLB Footwear	73	-1
Debut Footwear	63	-10
ALPHA Footwear	60	-4
Frostwolf	59	+3
Emperor	58	-20
K Olympia	52	+9
Grazors	49	-3
Ballin Outta Control	35	+19
H Atlas Footwear	15	-1

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Jekyll and Hyde Inc.	89	-2
ICompany	78	+5
CLB Footwear	75	+6
Emperor	63	-4
ALPHA Footwear	61	-1
Debut Footwear	61	-5
Frostwolf	59	+4
Grazors	48	-1
K Olympia	39	+11
Ballin Outta Control	24	+7
H Atlas Footwear	15	-1

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	2.78	1.90	0.52	1.34	1.82	2.25	2.58	2.68	4.17	6.17	2.50	8	9	A
B	1.84	0.38	-1.23	-1.32	-1.15	-0.94	0.06	-1.35	-0.72	0.85	-0.46	1	0	B
C	2.10	2.48	1.64	0.68	-1.15	3.00	3.33	4.87	5.68	9.42	3.25	12	11	C
D	3.87	2.18	0.73	0.31	1.07	1.68	2.17	4.24	4.38	5.22	2.39	7	8	D
E	2.41	1.16	0.57	1.28	1.28	2.98	3.79	4.55	5.39	5.14	2.66	7	9	E
F	2.63	0.90	1.52	1.33	1.17	1.65	1.27	2.54	3.58	6.61	2.23	8	8	F
G	2.26	1.32	1.68	1.32	0.36	0.34	-2.10	1.29	1.88	3.33	1.26	4	4	G
H	1.09	0.45	-0.20	-2.12	-2.52	-2.98	-3.91	-5.02	-5.37	-4.87	-2.81	0	0	H
I	2.67	3.22	3.47	2.07	1.12	0.31	1.53	3.40	6.17	15.57	3.43	20	12	I
J	4.89	3.47	3.98	3.33	2.71	5.80	7.44	7.75	7.66	10.48	5.69	13	20	J
K	1.84	1.13	0.21	-0.15	-3.83	-2.16	1.51	3.11	3.28	7.29	1.14	9	4	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	17.3	10.8	2.9	7.4	9.8	11.3	12.4	12.3	19.0	31.9	13.2	13	13	A
B	11.8	2.4	-11.3	-15.0	-16.6	-17.1	1.2	-29.6	-22.0	23.6	-7.5	10	0	B
C	13.4	14.7	9.0	3.8	-6.4	16.1	15.7	18.6	17.4	24.8	14.0	10	14	C
D	23.7	13.8	4.4	2.3	6.7	10.3	13.0	28.3	30.9	48.2	16.0	20	15	D
E	14.7	6.4	3.0	6.4	6.2	14.8	18.3	23.4	32.0	26.9	14.0	11	14	E
F	15.9	4.9	8.0	7.8	6.0	8.0	5.8	10.6	12.7	22.5	10.2	9	10	F
G	14.5	6.8	8.7	6.3	1.6	1.6	-10.3	8.8	11.3	17.5	6.6	7	6	G
H	7.4	2.4	-1.1	-16.4	-22.4	-35.0	-77.1	-834.0	0.0	0.0	-50.2	0	0	H
I	16.3	15.6	15.1	7.8	3.8	1.0	4.9	10.1	15.4	45.9	12.0	19	12	I
J	32.1	18.8	12.9	12.8	9.6	20.4	24.4	27.6	24.7	31.4	20.7	13	20	J
K	11.5	6.8	1.3	-0.9	-26.3	-18.7	13.4	22.9	20.4	38.9	7.5	16	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	36.97	20.16	12.03	12.41	20.19	30.48	36.44	36.25	71.42	114.61	+14 %	11	11	A
B	19.31	11.81	7.58	4.85	5.12	4.75	5.49	4.65	5.47	9.22	-11	1	1	B
C	22.67	25.14	14.55	9.43	6.13	32.99	40.40	75.60	78.00	160.81	+18	15	15	C
D	76.43	34.59	19.03	11.78	9.29	24.38	29.88	65.72	60.35	86.69	+11	8	8	D
E	24.96	14.85	8.77	10.56	14.25	39.99	53.94	64.56	81.20	87.85	+11	8	8	E
F	29.19	16.91	12.98	12.38	11.52	16.85	13.09	33.38	49.44	105.83	+13	10	10	F
G	25.55	14.22	15.24	12.36	7.93	5.64	4.70	12.57	29.73	46.35	+4	4	4	G
H	16.53	10.37	6.39	4.85	5.57	4.75	4.84	4.87	5.12	4.55	-17	0	0	H
I	31.59	39.45	41.86	22.38	13.18	8.04	14.97	45.35	99.05	208.19	+21	20	20	I
J	100.51	43.76	48.02	31.95	30.13	101.95	142.13	155.92	122.80	200.06	+21	19	19	J
K	16.30	10.16	6.16	4.85	5.02	4.75	14.20	36.82	37.94	91.86	+12 %	9	9	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	B	B-	C	B	A-	A-	A	A	A-	B+	Medium	17	17	A
B	B	C	C-	C-	C-	C-	C-	C-	C-	C+	High	8	8	B
C	C+	C+	C-	C-	C-	C+	B-	A+	A+	A+	Low	20	20	C
D	B+	C+	C-	C-	B	A	B+	A	A-	B	Medium	14	14	D
E	B-	C	C-	C	B+	B+	A+	A+	A	A+	Low	20	20	E
F	B+	C-	C	C+	B	B+	A	A+	A+	A+	Low	20	20	F
G	A-	B	B	B-	C	C	C-	B+	A+	A+	Low	20	20	G
H	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	H
I	B+	B	B-	C+	C	C+	B	A-	A-	B	Medium	14	14	I
J	B-	A-	B+	B-	B-	A	A-	A	A	A	Medium	19	19	J
K	C+	C-	C-	C-	C-	C-	C-	C-	C-	C	High	4	4	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	88	83	77	85	64	58	59	59	54	54	56	11	11	A
B	63	53	71	80	82	80	75	77	77	77	77	15	15	B
C	69	68	68	53	56	76	70	68	73	80	74	16	15	C
D	90	78	84	85	65	72	72	86	77	72	78	14	16	D
E	85	85	81	86	58	59	61	61	62	61	61	12	12	E
F	68	64	68	71	68	62	52	56	57	58	57	12	11	F
G	78	84	82	87	77	79	71	70	75	71	72	14	14	G
H	61	67	66	69	77	71	74	76	75	73	75	15	15	H
I	69	79	100	94	92	92	90	100	100	100	100	20	20	I
J	73	75	72	82	61	55	56	58	55	56	56	11	11	J
K	74	85	83	65	73	73	74	80	74	68	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	103	73	39	62	73	80	86	84	104			
B	76	32	24	23	24	23	25	23	23	60	33	Subpar	B
C	76	79	50	29	19	81	86	111	113	117	76	Fair	C
D	115	82	43	33	54	77	81	113	109	106	81	Good	D
E	88	52	35	48	59	91	105	109	112	111	81	Good	E
F	98	41	51	52	55	66	59	81	93	113	71	Fair	F
G	95	64	69	56	33	32	22	63	81	98	61	Subpar	G
H	53	31	22	22	24	22	23	23	23	22	27	Subpar	H
I	101	100	98	65	44	38	60	95	114	112	83	Good	I
J	104	111	103	87	72	111	110	112	111	111	103	Excellent	J
K	68	45	28	21	22	22	53	75	76	95	51	Subpar	K

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	30,640	16,200	52,193	14,433	113,466
– Pairs Rejected	1,467	925	2,611	819	5,822
Net Y20 Production (after rejects)	29,173	15,275	49,582	13,614	107,644
Superior Materials Usage	24.8%	29.1%	27.5%	34.0%	27.8%
Capacity Utilization (branded + P-L prod.)	113.5%	120.0%	113.7%	111.0%	114.2%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 2.66	+ 0.25	8.91
Superior Materials	15.00	- 1.67	+ 0.63	13.96

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,599	1,412	1,388	2,447	6,846
– Pairs Cleared (inventory clearance)	289	165	258	446	1,158
Beginning Y20 Inventories	1,310	1,247	1,130	2,001	5,688
+ New Production (shipped from plants)	22,345	21,689	21,687	23,630	89,351
Pairs Available for Sale in Y20	23,655	22,936	22,817	25,631	95,039

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)	24,138	24,299	23,005	22,854	94,296
Actual Year 20 Demand	24,409	24,354	23,661	23,474	95,898
Branded Pairs Sold	21,977	21,410	20,468	22,983	86,838
Required Y20 Ending Inventories	1,049	1,057	1,463	1,008	4,577
Inventory Surplus (Shortfall)	-3,814	-3,313	-2,988	705	-9,410

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.1%
- Available for shipment to warehouses
- % usage up by 1.0 points over Y19
- % utilization down by 3.0 points from Y19

Lower than normal (27.8% industrywide) superior materials usage led to superior materials prices that were 11.1% below the base and standard materials prices that were 44.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 4.2% from the base.

- Average inventory clearance of 16.9%
- 0.9% lower than Y20 demand
- Overall Y20 demand was 1.7% 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 (internet + wholesale)	25,385	26,400	27,456	28,554
Europe-Africa	25,328	26,341	27,395	28,491
Asia-Pacific	25,081	26,586	28,181	29,872
Latin America	24,882	26,375	27,958	29,635
Total	100,676	105,702	110,990	116,552
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)	5,282
Potential Production (at max OT)	119,280
Potential Global Supply	124,562
Demand — Branded Sales Forecast (000s)	100,676
Private-Label Sales Forecast	20,680
Expected Global Demand	121,356
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	0	0	6,000	0	0	0	-500	0	0	0	5,500	0	5,500	0	A
B	3,000	0	4,000	1,000	0	0	0	0	3,000	0	4,000	1,000	8,000	0	B
C	0	1,000	5,300	2,500	0	0	0	0	0	1,000	5,300	2,500	8,800	0	C
D	0	1,000	4,300	1,000	0	0	0	0	0	1,000	4,300	1,000	6,300	0	D
E	0	0	3,600	1,200	0	0	500	0	0	0	4,100	1,200	5,300	0	E
F	2,000	1,000	2,100	1,500	0	0	0	0	2,000	1,000	2,100	1,500	6,600	0	F
G	2,000	1,700	4,000	1,700	0	0	0	0	2,000	1,700	4,000	1,700	9,400	0	G
H	2,000	1,000	4,000	1,000	0	0	0	0	2,000	1,000	4,000	1,000	8,000	0	H
I	7,500	2,500	9,300	1,300	3,500	0	0	0	11,000	2,500	9,300	1,300	24,100	0	I
J	0	2,000	3,300	1,800	0	0	0	0	0	2,000	3,300	1,800	7,100	0	J
K	7,000	3,300	0	0	0	0	0	0	7,000	3,300	0	0	10,300	0	K
Total	23,500	13,500	45,900	13,000	3,500	0	0	0	27,000	13,500	45,900	13,000	99,400	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	322,817	156,228	27,578	60,375	7,920	70,716	4,629	66,087	19,826	46,261	40,500	A
B	414,602	267,861	37,606	47,244	10,418	51,473	17,482	33,991	0	33,991	0	B
C	461,063	239,012	44,946	53,413	11,220	112,472	2,163	110,309	33,093	77,216	0	C
D	231,607	119,564	15,086	11,010	8,719	77,228	10,156	67,072	20,122	46,950	38,657	D
E	241,369	137,318	18,041	20,206	7,719	58,085	3,049	55,036	16,511	38,525	30,000	E
F	387,905	237,995	30,147	17,922	9,021	92,820	1,751	91,069	27,321	63,748	0	F
G	378,536	224,139	27,603	38,867	11,821	76,106	2,894	73,212	21,964	51,248	0	G
H	379,944	324,537	37,243	40,591	10,419	-32,846	57,243	-90,089	0	-90,089	0	H
I	1,045,674	639,412	69,285	116,751	26,519	193,707	26,851	166,856	50,057	116,799	675	I
J	361,918	178,585	37,080	20,235	9,519	116,499	4,167	112,332	33,700	78,632	61,875	J
K	415,170	243,822	29,616	23,263	12,719	105,750	27,632	78,118	23,435	54,683	0	K
	421,873	251,679	34,021	40,898	11,456	83,819	14,365	69,454	22,366	47,088	15,610	

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	1,625	98,620	218,269	27,514	55,700	154,677	-25,384	5,762	135,055	5.40	6 / 1	A
B	0	107,455	274,315	113,040	0	127,284	0	33,991	161,275	0.00	0 / 1	B
C	20,149	140,296	373,835	34,670	30,000	314,635	-82,688	77,218	309,165	0.00	2 / 2	C
D	18,852	158,453	315,595	37,080	177,000	93,222	0	8,293	101,515	4.30	7 / 2	D
E	0	67,465	205,836	15,879	42,300	139,134	0	8,524	147,657	4.00	4 / 3	E
F	54,030	164,334	338,207	27,588	30,000	286,670	-69,800	63,749	280,619	0.00	0 / 1	F
G	2,122	102,443	316,022	20,714	0	289,458	-45,402	51,252	295,308	0.00	1 / 4	G
H	0	105,104	272,817	497,523	0	-134,591	0	-90,115	-224,706	0.00	0 / 1	H
I	23,089	318,537	945,944	175,208	623,500	361,289	-330,175	116,123	147,236	0.09	9 / 1	I
J	0	106,020	313,858	29,804	25,000	242,300	0	16,754	259,054	8.25	8 / 2	J
K	9,620	151,207	400,635	232,897	0	113,053	0	54,685	167,738	0.00	0 / 1	K
	11,771	138,176	361,394	110,174	89,409	180,648	-50,314	31,476	161,811	2.00	3 / 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	48.4 %	8.5 %	18.7 %	2.5 %	21.9 %	14.3 %	3.58	7,500	15.28	0.32	1.29	Medium	A
B	64.6	9.1	11.4	2.5	12.4	8.2	0.95	40,000	2.94	0.31	0.62	High	B
C	51.8	9.7	11.6	2.4	24.4	16.7	4.05	8,200	52.00	0.11	9.80	Low	C
D	51.6	6.5	4.8	3.8	33.3	20.3	4.27	8,990	7.60	0.63	1.11	Medium	D
E	56.9	7.5	8.4	3.2	24.1	16.0	4.25	7,500	19.05	0.23	4.67	Low	E
F	61.4	7.8	4.6	2.3	23.9	16.4	5.96	9,650	53.01	0.12	8.06	Low	F
G	59.2	7.3	10.3	3.1	20.1	13.5	4.95	15,400	26.30	0.00	10.00	Low	G
H	85.4	9.8	10.7	2.7	-8.6	-23.7	0.21	18,500	-0.57	1.71	0.00	N/A	H
I	61.1	6.6	11.2	2.5	18.5	11.2	1.82	7,500	7.21	0.78	1.43	Medium	I
J	49.3	10.2	5.6	2.6	32.2	21.7	3.56	7,500	27.96	0.12	2.66	Medium	J
K	58.7	7.1	5.6	3.1	25.5	13.2	0.65	7,500	3.83	0.52	0.37	High	K
	59.7 %	8.1 %	9.7 %	2.7 %	19.9 %	11.2 %	1.25	12,567	19.51	0.44	3.64	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		8.77	8.60	10.29	10.12	14.37	14.00
	Private-Label Footwear		7.89	7.73	9.04	8.78	10.76	10.44
Labor — North America	Total Compensation (\$/year)		16,391	16,391	19,114	19,598	24,579	26,145
	Productivity (pairs/worker/year)		3,779	4,171	4,362	4,937	4,818	5,563
	Labor Cost (\$/pair produced)		3.95	3.46	4.83	4.25	6.58	6.22
Europe Africa	Total Compensation (\$/year)		17,177	17,165	19,956	19,962	22,017	23,479
	Productivity (pairs/worker/year)		3,548	3,481	5,239	5,271	6,115	6,105
	Labor Cost (\$/pair produced)		3.48	3.50	4.22	4.15	5.57	5.68
Asia Pacific	Total Compensation (\$/year)		3,703	3,686	5,039	5,167	6,219	6,675
	Productivity (pairs/worker/year)		2,423	2,420	3,111	3,195	4,065	4,321
	Labor Cost (\$/pair produced)		1.29	1.50	1.69	1.74	2.21	2.23
Latin America	Total Compensation (\$/year)		3,032	3,032	4,719	4,859	6,250	6,397
	Productivity (pairs/worker/year)		2,106	2,066	3,384	3,451	3,932	4,138
	Labor Cost (\$/pair produced)		1.32	1.38	1.54	1.58	1.87	1.89
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	0.92	0.90	2.00	2.00
	Cumulative		0.50	0.45	1.16	1.13	2.12	2.06
Reject Rates	Branded Production		2.2%	3.5%	5.4%	6.0%	9.8%	10.0%
	Private-Label Production		2.4%	2.6%	3.4%	3.6%	4.7%	5.0%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.41	21.54	28.41	27.01	35.29	32.63
	E-A		22.47	22.16	26.79	27.33	33.28	34.84
	A-P		18.04	19.11	22.44	23.22	28.18	29.54
	L.A.		19.03	18.65	24.41	23.96	30.61	32.95
	Private-Label — N.A.		20.66	18.85	23.15	22.50	25.01	24.08
	E-A		22.07	20.93	22.32	21.87	22.56	22.55
	A-P		16.87	16.55	19.64	18.91	23.68	20.85
	L.A.		18.51	33.45	19.20	33.45	19.88	33.45

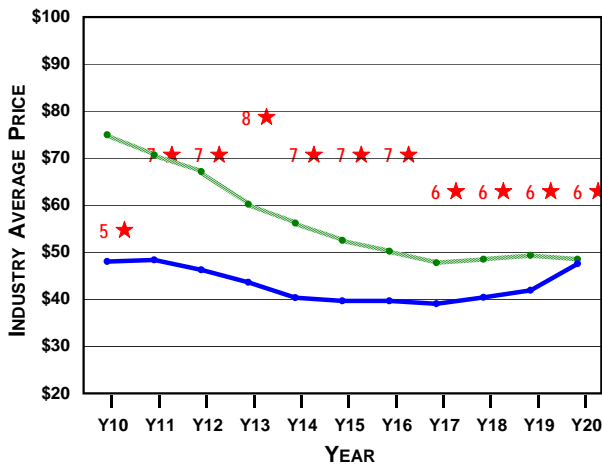
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.93	23.19	27.51	27.57	35.82	34.74
		E-A	24.21	23.94	29.27	30.15	35.03	36.56
		A-P	19.79	20.84	24.16	24.98	29.92	31.29
		L.A.	21.61	21.33	27.98	27.65	34.21	34.11
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		12.77	12.76	13.16	13.24	13.57	14.47
			1.85	1.76	2.46	2.54	3.14	3.80
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		6.03	5.93	11.96	9.83	33.40	22.37
			1.08	1.11	5.01	4.21	11.97	8.54
Administrative Expenses (\$/pair sold)		0.94	1.03	1.48	1.70	2.07	3.68	
Operating Profit (\$ per pair sold)	Internet	N.A.	0.38	3.16	7.61	8.52	14.02	12.61
		E-A	2.63	-3.80	5.69	5.16	10.76	11.07
		A-P	6.05	4.90	11.05	11.62	15.04	14.22
		L.A.	1.76	6.34	5.97	11.69	12.39	19.34
Wholesale	N.A.	-7.65	-7.52	5.32	11.25	11.50	31.05	
	E-A	-5.17	-6.22	4.86	10.78	11.28	32.87	
	A-P	0.03	0.30	8.25	14.12	23.20	42.16	
	L.A.	-5.37	-2.45	7.22	14.10	29.52	26.54	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.07	20.60	22.83	23.35	25.52	24.86
		E-A	23.82	23.89	25.75	25.21	27.73	27.01
		A-P	18.62	18.30	21.39	20.44	25.43	22.60
		L.A.	20.26	21.91	24.88	27.72	29.42	35.20
Warehouse Expenses (\$ per pair sold)		0.74	0.48	1.28	1.03	2.00	1.75	
Margin Over Direct Costs (\$ per pair sold)		N.A.	5.74	5.01	7.54	6.40	9.92	7.16
		E-A	3.01	2.92	5.13	5.44	6.91	8.55
		A-P	5.46	5.34	7.69	6.22	9.10	7.60
		L.A.	0.72	-1.06	6.49	4.27	11.72	7.09

CELEBRITY ENDORSEMENTS

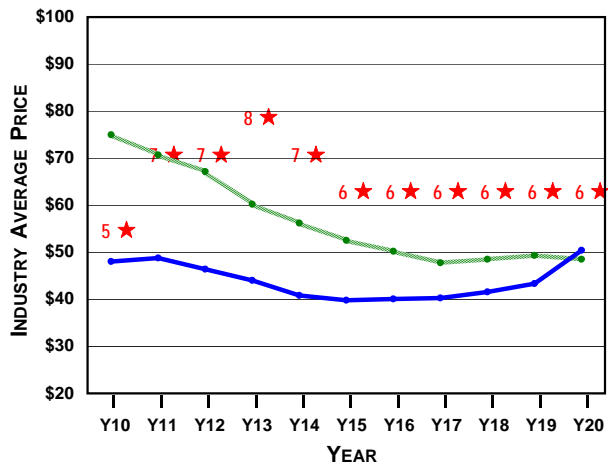
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	[unsigned]	0	N/A	2 years	6	20,000	15,006	9,996	600
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	6	20,000	15,006	12,384	7,777
Annika Stockholm	70	100	70	55	Company A	20,000	Y16	5 years	7	20,000	19,600	10,457	500
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
José Montaña	60	50	60	95	Company I	11,256	Y18	3 years	4	11,256	10,111	5,717	500
Karioki Footsu	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	[unsigned]	0	N/A	3 years	6	20,000	15,006	12,169	7,777
Natalie Kwan	75	80	95	50	[unsigned]	0	N/A	4 years	6	20,000	15,006	12,186	7,777
Sergio Milano	45	85	60	100	[unsigned]	0	N/A	2 years	6	20,000	15,006	10,416	600
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	6	20,000	15,006	10,286	600
Yao KungPao	60	35	100	50	[unsigned]	0	N/A	4 years	0	0	0	0	0

BRANDED PRICE AND S/Q RATING TRENDS

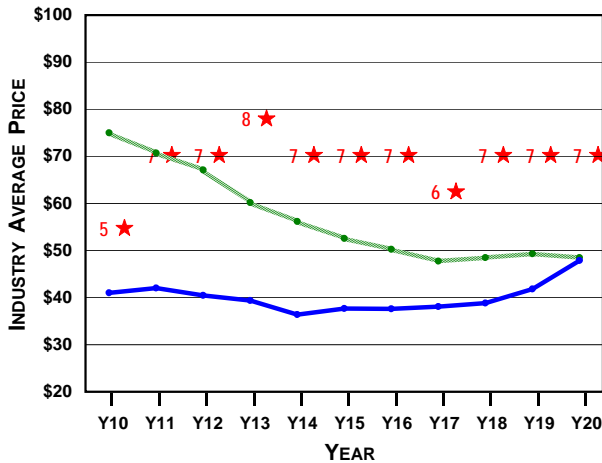
NORTH AMERICA



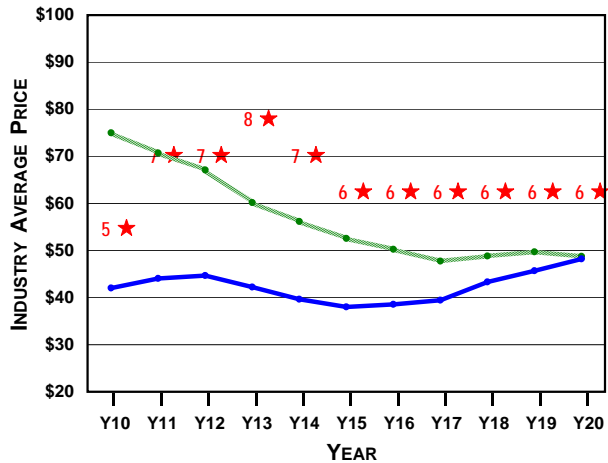
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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