

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

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
H-Donny Vegas	116	+1
Fernando Alonso	116	0
Its Just a Game	112	-3
BS Shoes Inc.	108	+13
Greatnesswillprevail	107	-3
J-Walkers	102	+23
D Company	48	-62
Enron	48	-70
Athletes Foot	36	-21
Capstone Shoes	24	0
Kinetic Footwear	20	-1

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Its Just a Game	113	-1
H-Donny Vegas	110	+1
Fernando Alonso	108	+1
Greatnesswillprevail	108	0
Enron	107	-6
J-Walkers	78	+3
BS Shoes Inc.	75	+4
D Company	66	-2
Athletes Foot	52	-2
Kinetic Footwear	31	-1
Capstone Shoes	25	-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
H-Donny Vegas	97	+1
Fernando Alonso	92	+1
Its Just a Game	80	-4
Greatnesswillprevail	75	-3
BS Shoes Inc.	63	+7
J-Walkers	60	+9
D Company	34	-34
Enron	33	-44
Athletes Foot	26	-11
Capstone Shoes	20	+1
Kinetic Footwear	15	-1

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
H-Donny Vegas	93	+2
Fernando Alonso	90	+2
Its Just a Game	87	-1
Greatnesswillprevail	79	-4
BS Shoes Inc.	57	+4
J-Walkers	55	+3
D Company	52	-9
Enron	35	-42
Athletes Foot	31	-5
Capstone Shoes	20	+1
Kinetic 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	0.13	0.49	1.19	2.67	0.44	1.19	1.99	2.09	1.92	0.86	1.28	1	3	A
B	2.27	-0.14	1.08	2.29	2.78	1.36	2.18	3.04	3.33	5.13	2.33	8	6	B
C	0.10	-4.10	-4.55	-3.88	-3.86	-3.89	-3.23	-2.98	-3.12	-2.27	-3.21	0	0	C
D	1.38	-2.16	0.05	2.65	2.11	5.34	1.56	4.88	4.76	-2.56	1.91	0	5	D
E	2.89	2.78	3.77	4.51	4.69	6.55	6.52	7.26	6.66	-54.03	-0.17	0	0	E
F	4.33	4.16	5.73	2.44	5.89	6.75	8.50	8.66	10.33	11.71	6.76	19	18	F
G	3.89	3.89	6.32	7.98	7.96	8.02	8.46	8.23	8.54	9.13	7.24	15	20	G
H	3.69	2.54	4.69	5.67	6.17	6.96	8.92	10.41	11.12	12.41	7.03	20	19	H
I	6.26	4.89	5.44	6.68	6.65	7.68	8.44	8.92	8.96	9.93	7.34	16	20	I
J	2.95	1.23	2.16	1.26	1.43	1.92	2.96	2.48	2.51	4.54	2.29	7	6	J
K	3.18	0.16	-3.39	-4.20	-5.60	-0.67	-0.96	-0.79	-0.71	-0.50	-1.14	0	0	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	0.9	4.4	9.6	18.6	2.9	7.3	13.2	12.1	10.2	4.5	8.4	4	7	A
B	13.9	-0.8	5.8	11.2	12.1	5.4	8.1	10.3	10.3	14.5	9.1	12	7	B
C	0.7	-43.7	-81.8	-169.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	C
D	9.7	-30.0	0.8	35.4	21.4	39.3	9.1	24.8	18.0	-10.1	12.8	0	10	D
E	17.9	15.2	17.8	17.9	16.0	19.8	18.1	19.7	19.2	-764.1	-0.7	0	0	E
F	26.1	25.4	27.9	10.1	21.3	20.9	23.6	19.7	19.8	19.9	19.7	16	15	F
G	25.1	30.6	34.7	31.7	27.6	25.7	24.9	23.0	23.1	24.6	25.6	20	20	G
H	22.4	15.3	26.8	25.0	20.7	20.8	23.6	24.3	23.3	24.3	21.9	20	17	H
I	34.7	26.0	29.2	30.2	22.8	22.6	20.3	19.2	18.6	19.9	21.7	16	17	I
J	18.3	7.0	11.3	6.0	6.4	8.0	11.0	8.5	7.9	11.8	9.2	10	7	J
K	19.6	0.9	-22.8	-42.9	-185.6	-54.5	-87.7	-100.8	-126.2	-108.0	-34.1	0	0	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	16.51	9.81	9.88	30.71	16.63	13.06	18.65	22.97	20.36	11.69	-9 %	1	1	A
B	23.48	13.59	9.24	23.17	34.17	19.30	23.45	35.07	55.49	87.25	+11	8	8	B
C	17.17	9.96	6.13	4.85	5.46	4.75	5.25	4.65	4.73	4.94	-17	0	0	C
D	16.57	10.10	6.05	32.30	23.75	73.20	34.14	66.90	55.10	27.49	-1	2	2	D
E	39.95	32.44	46.34	60.32	63.38	99.11	87.16	131.34	97.52	40.87	+3	4	4	E
F	74.24	55.83	95.07	39.48	85.67	84.97	148.95	130.31	176.16	211.25	+22	18	18	F
G	51.16	46.94	105.22	156.32	160.04	144.61	148.28	127.91	128.15	124.88	+15	11	11	G
H	70.90	33.45	66.51	80.19	82.70	101.50	165.26	197.95	205.99	230.17	+23	20	20	H
I	100.71	73.40	71.20	87.74	88.96	108.29	131.81	169.80	157.04	169.43	+19	15	15	I
J	43.69	23.48	20.45	12.29	14.40	20.64	40.02	29.81	30.17	58.19	+7	5	5	J
K	58.24	28.62	15.95	9.66	6.44	4.75	5.09	4.65	5.46	4.55	-17 %	0	0	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	C-	C-	C-	B-	C-	C-	C+	B-	C	C-	High	0	0	A
B	B-	C-	C	B-	B+	A-	A+	A+	A+	A+	Low	20	20	B
C	C-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	C
D	C-	C-	C-	C-	C-	C	C-	A-	A+	B+	N/A	17	17	D
E	B	A-	A-	A+	A+	A+	A+	A+	A+	B-	N/A	11	11	E
F	A-	B	B	C	B	B	B+	B+	A	A	Low	19	19	F
G	C+	C	A-	A	A	A	A	A-	B+	B	High	14	14	G
H	B+	C	C	B+	B+	A-	A	A	A-	A	Low	19	19	H
I	B+	B+	B+	A	A+	A+	A+	A+	A+	A+	Low	20	20	I
J	B	B-	B	C+	B	A	A+	A	A+	A+	Low	20	20	J
K	A-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	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 (70)	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	89	92	93	91	91	88	89	87	86	87	87	20	20	A
B	72	77	75	74	71	72	71	69	70	65	68	15	16	B
C	76	67	63	94	100	94	88	85	84	87	85	20	20	C
D	83	78	59	70	68	63	53	81	85	64	77	15	18	D
E	82	90	76	92	93	92	92	90	89	77	85	18	20	E
F	77	73	85	73	89	80	80	86	86	87	86	20	20	F
G	71	58	64	61	62	63	59	61	63	65	63	15	14	G
H	73	76	79	76	70	74	80	79	79	78	79	18	18	H
I	73	73	64	69	62	61	72	69	74	58	67	13	15	I
J	78	69	72	73	77	75	74	72	73	79	75	18	17	J
K	71	61	45	48	41	71	72	69	67	64	67	15	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	35	38	49	89	38	46	67	69	57			
B	83	29	45	74	88	65	76	87	95	108	75	Fair	B
C	34	25	21	25	27	25	25	24	24	24	25	Subpar	C
D	55	27	21	76	66	94	50	114	110	48	66	Subpar	D
E	103	104	110	117	115	118	117	118	118	48	107	Excellent	E
F	115	108	110	72	111	109	113	113	116	116	108	Excellent	F
G	100	93	112	112	113	113	112	111	110	107	108	Excellent	G
H	112	83	97	113	112	115	116	116	115	116	110	Superior	H
I	112	112	110	115	114	113	116	115	115	112	113	Superior	I
J	104	64	76	50	61	74	92	78	79	102	78	Fair	J
K	111	36	22	19	15	22	22	22	21	20	31	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	25,880	3,000	77,062	9,380	115,322
– Pairs Rejected	1,550	114	4,401	478	6,543
Net Y20 Production (after rejects)	24,330	2,886	72,661	8,902	108,779
Superior Materials Usage	28.4%	14.0%	31.6%	29.2%	30.2%
Capacity Utilization (branded + P-L prod.)	113.0%	120.0%	111.5%	99.8%	111.0%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 2.77	+ 0.07	9.84
Superior Materials	14.00	- 1.39	+ 0.14	12.75

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,909	3,595	2,668	1,834	11,006
– Pairs Cleared (inventory clearance)	1,278	1,539	1,445	976	5,238
Beginning Y20 Inventories	1,631	2,056	1,223	858	5,768
+ New Production (shipped from plants)	27,853	25,068	23,952	23,989	100,862
Pairs Available for Sale in Y20	29,484	27,124	25,175	24,847	106,630

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)	24,299	24,344	22,935	22,772	94,350
Actual Year 20 Demand	24,101	24,288	23,331	23,408	95,128
Branded Pairs Sold	23,892	23,940	22,838	22,829	93,499
Required Y20 Ending Inventories	1,481	992	978	1,027	4,478
Inventory Surplus (Shortfall)	-5,595	-10,444	-10,807	-11,154	-38,000

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.7%
- Available for shipment to warehouses
- % usage down by 8.5 points from Y19
- % utilization down by 8.0 points from Y19

Lower than normal (30.2% industrywide) superior materials usage led to superior materials prices that were 9.9% below the base and standard materials prices that were 39.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 1.0% from the base.

- Average inventory clearance of 47.6%
- 12.1% higher than Y20 demand
- Overall Y20 demand was 0.8% greater 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 (internet + wholesale)	25,065	26,068	27,111	28,195
Europe-Africa	25,260	26,270	27,321	28,414
Asia-Pacific	24,731	26,215	27,788	29,455
Latin America	24,812	26,301	27,879	29,552
Total	99,868	104,854	110,099	115,616
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)	4,478
Potential Production (at max OT)	131,280
Potential Global Supply	135,758
Demand — Branded Sales Forecast (000s)	99,868
Private-Label Sales Forecast	20,680
Expected Global Demand	120,548
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	8,000	0	0	0	0	0	0	0	8,000	0	8,000	2,000	A
B	2,400	1,500	3,600	1,400	0	1,000	0	0	2,400	2,500	3,600	1,400	9,900	0	B
C	2,000	0	4,000	1,000	0	0	0	0	2,000	0	4,000	1,000	7,000	0	C
D	2,000	0	4,000	2,000	0	0	0	0	2,000	0	4,000	2,000	8,000	0	D
E	2,200	0	4,800	0	0	0	0	0	2,200	0	4,800	0	7,000	3,500	E
F	6,800	0	9,000	0	0	0	0	0	6,800	0	9,000	0	15,800	0	F
G	0	0	9,100	1,000	0	0	0	0	0	0	9,100	1,000	10,100	0	G
H	3,500	0	8,200	4,000	0	0	0	0	3,500	0	8,200	4,000	15,700	0	H
I	0	0	7,400	1,000	0	0	-1,000	0	0	0	7,400	0	7,400	0	I
J	2,000	0	7,000	0	0	0	0	0	2,000	0	7,000	0	9,000	0	J
K	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	K
Total	22,900	1,500	69,100	10,400	0	1,000	0	-1,000	22,900	2,500	69,100	9,400	103,900	5,500	

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	347,386	216,919	20,295	74,402	10,418	25,352	16,086	9,266	2,780	6,486	7,575	A
B	503,494	286,092	32,351	90,305	12,320	82,426	680	81,746	24,524	57,222	11,150	B
C	425,035	277,148	27,859	117,040	9,419	-6,431	83,476	-89,907	0	-89,907	0	C
D	155,057	136,541	13,011	14,447	10,419	-19,361	-153	-19,208	0	-19,208	7,500	D
E	71	183,198	70,599	142,256	9,420	-405,402	-176	-405,226	0	-405,226	0	E
F	735,029	427,339	38,181	112,288	18,220	139,001	13,509	125,492	37,648	87,844	54,375	F
G	547,519	288,226	44,002	92,570	12,520	110,201	12,400	97,801	29,340	68,461	78,750	G
H	755,573	440,506	57,412	88,602	18,118	150,935	18,023	132,912	39,874	93,038	45,075	H
I	393,619	214,618	32,521	29,767	9,819	106,894	492	106,402	31,921	74,481	60,000	I
J	453,283	270,864	26,513	94,586	11,419	49,901	-472	50,373	15,112	35,261	0	J
K	285,878	217,146	23,113	30,902	8,420	6,297	26,201	-19,904	0	-19,904	0	K
	418,359	268,963	35,078	80,651	11,865	21,801	15,461	6,341	16,473	-10,132	24,039	

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	24,981	123,106	416,226	59,810	214,000	143,507	0	-1,091	142,416	1.01	4 / 2	A
B	29,046	173,786	447,391	28,015	3,000	370,303	0	46,074	416,376	1.00	1 / 1	B
C	0	158,628	267,138	694,962	0	-358,570	20,650	-89,904	-427,824	0.00	0 / 1	C
D	0	49,633	181,108	43,485	0	241,033	-76,704	-26,707	137,623	1.00	1 / 1	D
E	0	28,338	306,409	455,986	0	255,649	0	-405,225	-149,577	0.00	2 / 2	E
F	4,258	228,586	611,590	56,971	97,500	423,651	0	33,468	457,119	7.25	9 / 1	F
G	0	187,945	483,765	62,832	154,500	289,709	-12,986	-10,290	266,433	10.50	7 / 1	G
H	2,633	254,011	654,557	64,218	202,500	376,765	-36,890	47,964	387,839	6.01	8 / 1	H
I	97,138	232,796	413,601	31,817	0	367,303	0	14,481	381,784	8.00	4 / 1	I
J	9,612	143,723	313,059	28,151	0	313,233	-63,584	35,259	284,908	0.00	0 / 1	J
K	25,691	138,167	263,367	243,820	0	17,308	22,143	-19,904	19,547	0.00	3 / 1	K
	17,578	156,247	396,201	160,915	61,045	221,808	-13,397	-34,170	174,240	3.16	4 / 1	

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	62.4 %	5.8 %	21.4 %	3.0 %	7.3 %	1.9 %	2.06	7,500	1.58	0.62	0.41	High	A
B	56.8	6.4	17.9	2.4	16.4	11.4	6.20	11,150	121.21	0.01	23.82	Low	B
C	65.2	6.6	27.5	2.2	-1.5	-21.2	0.23	39,520	-0.08	2.52	0.00	N/A	C
D	88.1	8.4	9.3	6.7	-12.5	-12.4	1.14	7,500	100.00	0.19	0.00	N/A	D
E	####	####	####	####	####	####	0.06	7,500	100.00	1.43	0.00	N/A	E
F	58.1	5.2	15.3	2.5	18.9	12.0	4.01	7,500	10.29	0.19	4.18	Low	F
G	52.6	8.0	16.9	2.3	20.1	12.5	2.99	7,500	8.89	0.39	0.41	High	G
H	58.3	7.6	11.7	2.4	20.0	12.3	3.96	7,500	8.37	0.34	3.73	Low	H
I	54.5	8.3	7.6	2.5	27.2	18.9	7.32	7,500	217.26	0.02	3.11	Low	I
J	59.8	5.8	20.9	2.5	11.0	7.8	5.11	7,775	100.00	0.00	10.00	Low	J
K	76.0	8.1	10.8	2.9	2.2	-7.0	0.57	40,000	0.24	0.85	0.00	N/A	K
	64.3 %	8.4 %	19.3 %	2.8 %	5.2 %	-2.4 %	0.97	13,722	60.71	0.60	4.15	Low	

Bold = best in industry

[Yellow Box] = 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		8.88	8.94	10.79	10.27	14.73	13.06	
	Private-Label Footwear		8.95	8.64	10.01	9.67	11.18	10.67	
Labor — North America	Total Compensation (\$/year)		17,704	15,000	21,618	22,127	35,458	40,332	
	Productivity (pairs/worker/year)		3,948	3,880	4,782	4,923	5,688	6,064	
	Labor Cost (\$/pair produced)		3.71	3.22	4.76	4.66	6.47	6.99	
Europe Africa	Total Compensation (\$/year)		15,302	15,455	15,302	15,455	15,302	15,455	
	Productivity (pairs/worker/year)		3,805	4,527	3,805	4,527	3,805	4,527	
	Labor Cost (\$/pair produced)		4.54	3.85	4.54	3.85	4.54	3.85	
Asia Pacific	Total Compensation (\$/year)		3,639	2,794	5,226	5,232	9,579	10,129	
	Productivity (pairs/worker/year)		2,004	1,986	3,011	2,977	3,529	3,649	
	Labor Cost (\$/pair produced)		1.33	1.43	1.74	1.80	2.56	2.59	
Latin America	Total Compensation (\$/year)		3,002	3,698	4,855	5,606	9,293	10,874	
	Productivity (pairs/worker/year)		2,335	2,276	2,846	2,885	3,653	3,829	
	Labor Cost (\$/pair produced)		1.55	1.61	1.91	1.93	2.64	2.45	
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.25	0.00	1.28	1.08	2.30	2.08	
	Cumulative		0.37	0.35	1.20	1.20	2.16	2.10	
Reject Rates	Branded Production		1.6%	2.5%	4.8%	5.5%	7.4%	9.1%	
	Private-Label Production		1.2%	1.5%	3.3%	3.3%	4.7%	4.7%	
Total Manufacturing Costs (\$/pair produced)	Branded		N.A.	23.82	29.73	30.57	36.99	47.47	
	E-A		N.A.	29.18	22.03	29.18	22.03	29.18	22.03
	A-P		N.A.	20.02	19.50	23.15	24.50	29.47	46.70
	L.A.		N.A.	21.61	21.77	30.80	35.11	44.07	61.67
	Private-Label		N.A.	21.61	18.61	25.79	24.87	28.24	28.05
	E-A		N.A.	0.00	0.00	0.00	0.00	0.00	0.00
	A-P		N.A.	17.19	17.87	22.08	21.67	26.71	24.18
	L.A.		N.A.	19.60	23.09	21.13	23.09	22.65	23.09

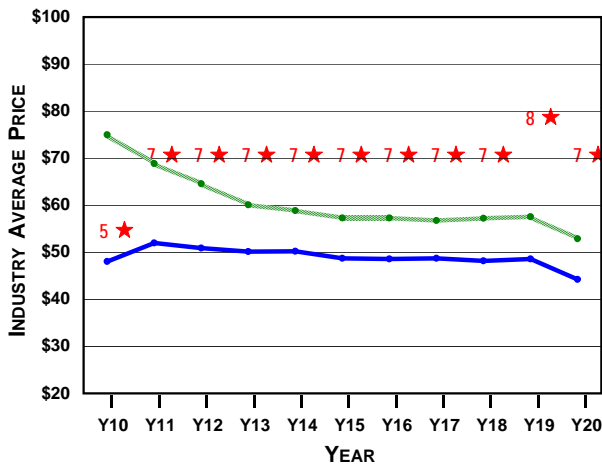
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High		
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20	
Branded Market Segments	Costs of Pairs Sold		N.A.	24.17	24.52	29.47	30.01	38.99	47.95
	E-A		N.A.	27.15	25.09	30.62	31.67	36.87	52.72
	A-P		N.A.	22.03	21.62	25.20	26.25	32.05	45.83
	L.A.		N.A.	23.62	24.42	32.56	33.21	42.48	57.48
	(\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)		N.A.						
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		12.85	12.86	13.17	13.19	13.91	14.10	
	Wholesale		1.99	1.93	2.48	2.43	3.40	3.61	
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		6.81	9.35	13.85	17.00	23.94	28.65	
	Wholesale		1.73	3.01	8.13	9.37	19.66	22.54	
Administrative Expenses (\$/pair sold)			1.13	1.09	1.52	1.59	3.37	3.88	
Operating Profit (\$ per pair sold)	Internet		N.A.	-13.38	-49.04	9.15	0.31	19.77	17.29
	E-A		N.A.	-7.32	-67.91	7.91	-3.13	17.96	14.72
	A-P		N.A.	-1.40	-64.74	14.12	3.54	22.77	21.96
	L.A.		N.A.	-16.32	-68.81	5.95	-1.24	14.80	18.69
	Wholesale		N.A.	-8.00	-47.20	6.41	0.32	17.59	16.11
Private-Label Market Segments	Production Costs		N.A.	23.61	20.61	26.76	26.66	30.24	29.96
	E-A		N.A.	24.26	25.23	29.24	29.11	33.83	31.67
	A-P		N.A.	19.19	19.87	22.74	23.03	25.69	26.18
	L.A.		N.A.	21.60	21.93	27.01	28.04	33.71	34.14
	(\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)		N.A.						
Warehouse Expenses (\$ per pair sold)			0.51	0.27	0.93	0.95	1.09	1.56	
Margin Over Direct Costs (\$ per pair sold)	N.A.		-0.52	-0.96	0.58	1.76	1.88	3.17	
	E-A		-2.03	-3.22	5.00	4.25	13.20	10.66	
	A-P		1.07	0.84	4.23	1.19	12.50	1.54	
	L.A.		-7.45	-6.11	1.98	1.55	7.54	9.20	

CELEBRITY ENDORSEMENTS

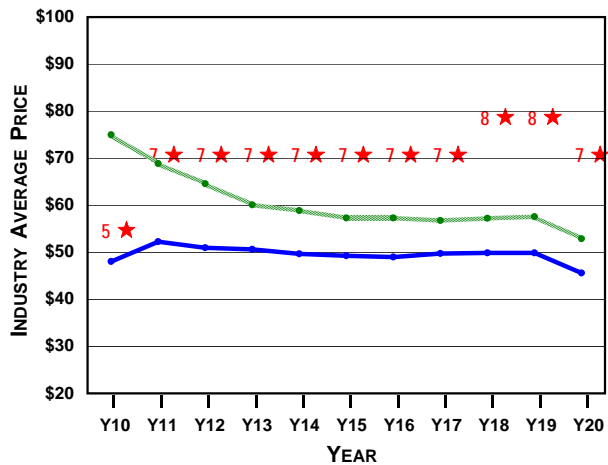
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company F	12,856	Y19	2 years	4	12,856	9,302	7,931	1,003
Oprah Letterman	100	70	65	75	Company F	12,959	Y19	3 years	5	12,959	11,254	8,845	1,003
Annika Stockholm	70	100	70	55	Company F	15,000	Y18	5 years	5	15,000	9,101	9,592	7,555
Tiger Green	95	80	85	75	Company E	50,000	Y20	2 years	2	50,000	8,676	29,338	8,676
José Montaña	60	50	60	95	Company E	50,000	Y20	3 years	2	50,000	6,454	28,227	6,454
Karioki Fotsu	55	60	95	90	Company E	50,000	Y20	4 years	2	50,000	6,454	28,227	6,454
Jaques LaFeet	50	90	50	85	Company E	50,000	Y20	1 year	2	50,000	7,565	28,783	7,565
Serenus Willson	70	65	55	60	Company G	9,565	Y19	3 years	4	10,952	9,565	7,706	1,003
Natalie Kwan	75	80	95	50	Company A	12,544	Y17	4 years	7	12,544	12,089	9,812	7,202
Sergio Milano	45	85	60	100	Company B	13,034	Y19	2 years	5	13,034	12,859	9,065	1,003
Lance deFrance	80	85	75	70	Company E	50,000	Y20	3 years	2	50,000	8,777	29,389	8,777
Yao KungPao	60	35	100	50	Company A	15,482	Y18	4 years	5	15,482	13,589	10,606	6,555

BRANDED PRICE AND S/Q RATING TRENDS

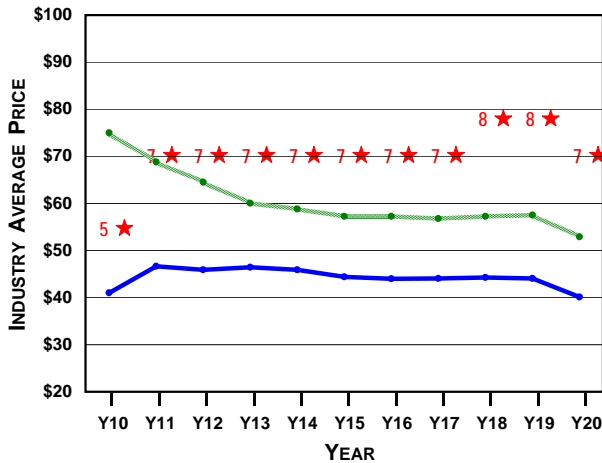
NORTH AMERICA



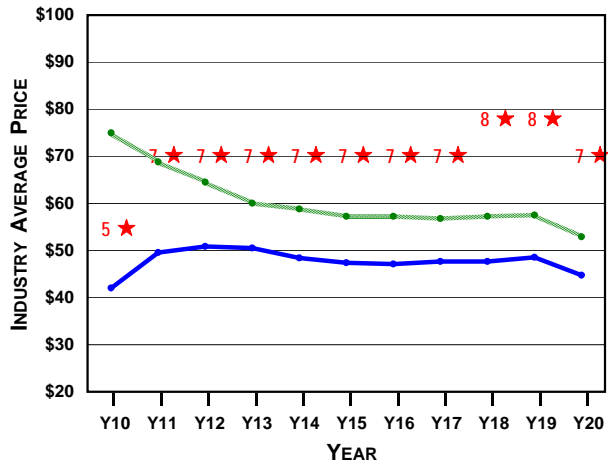
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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