

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 1

Friday, December 16, 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
F Clique Int.	116	+15
Born Killers	115	+2
L-Junk Bond	114	+8
I Company	106	+63
Jet Set Runners	106	+9
Excaliber	59	+27
Hitech Shoes	37	+9
K Company	19	0
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
G Unit Inc.	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Born Killers	111	0
F Clique Int.	104	+1
L-Junk Bond	101	+2
Jet Set Runners	95	+2
Excaliber	78	-2
I Company	70	+4
Hitech Shoes	36	0
K Company	25	-1
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
G Unit Inc.	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
F Clique Int.	94	+19
Born Killers	80	-14
L-Junk Bond	72	-7
I Company	63	+31
Jet Set Runners	62	-6
Excaliber	42	+19
Hitech Shoes	25	+6
K Company	12	-1
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
G Unit Inc.	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
F Clique Int.	93	+15
Born Killers	88	-3
L-Junk Bond	81	+2
Jet Set Runners	68	-1
I Company	54	+15
Excaliber	50	+13
Hitech Shoes	18	+3
K Company	12	0
A (deleted)	0	0
C (deleted)	0	0
D (deleted)	0	0
G Unit Inc.	0	0

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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	A
B	3.14	4.69	5.76	7.37	5.69	6.84	7.09	5.68	8.18	9.22	6.30	12	19	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	1.89	1.58	4.26	3.12	2.67	2.26	1.51	2.87	-0.87	1.14	2.12	2	6	E
F	2.83	3.35	6.41	5.62	3.45	5.86	8.81	7.89	6.97	14.76	6.57	20	20	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	G
H	2.57	0.98	0.40	0.09	-5.09	-0.93	-0.49	0.49	0.20	0.37	0.00	1	0	H
I	3.58	2.88	4.97	1.83	-2.11	-0.69	2.86	1.79	0.75	4.60	2.05	6	6	I
J	3.16	3.46	3.91	2.68	2.22	4.59	4.21	4.82	4.02	5.15	3.82	7	12	J
K	1.28	0.38	0.92	0.00	-1.46	-2.06	-3.63	-5.08	-3.99	-5.64	-1.93	0	0	K
L	4.17	2.54	5.16	5.18	3.42	3.45	4.93	6.44	5.96	7.22	4.85	10	15	L

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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	A
B	18.9	25.2	24.2	25.4	17.0	16.6	15.1	11.9	14.3	15.2	16.0	14	15	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	11.7	8.8	20.5	12.7	9.7	7.6	4.8	7.0	-2.3	3.1	7.5	3	7	E
F	18.2	25.3	37.4	24.3	12.5	18.1	22.2	16.4	12.6	22.3	18.1	20	17	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	G
H	15.6	5.6	2.6	0.5	-37.2	-11.0	-7.8	8.6	3.6	6.5	-0.1	6	0	H
I	21.1	14.3	20.6	8.4	-8.2	-2.6	11.0	6.3	2.5	14.2	8.1	13	7	I
J	19.9	24.9	24.3	13.8	10.2	18.1	14.2	14.6	11.4	14.3	15.1	13	14	J
K	8.4	2.5	6.2	0.0	-11.7	-20.0	-48.7	-164.2	0.0	0.0	-26.4	0	0	K
L	26.7	22.4	43.1	36.7	22.2	19.3	22.3	23.2	17.6	17.8	21.8	16	20	L

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	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	40.22	80.25	95.66	143.93	77.84	102.67	88.99	67.46	114.70	152.60	+18	15	15	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	18.45	15.44	63.95	41.10	32.84	23.01	15.83	30.62	16.83	13.61	-8	1	1	E
F	35.43	42.92	112.75	81.86	37.60	68.06	120.53	99.25	78.78	197.57	+21	20	20	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	G
H	29.00	16.80	9.98	6.25	4.80	5.13	4.70	4.98	5.72	4.55	-17	0	0	H
I	56.22	32.43	66.92	32.32	17.79	10.63	32.17	19.25	11.08	56.09	+7	6	6	I
J	40.75	42.39	47.51	26.30	21.56	52.60	48.12	66.88	48.87	66.11	+8	7	7	J
K	16.89	10.31	7.79	4.85	4.96	5.23	4.70	5.60	4.60	4.61	-17	0	0	K
L	82.05	36.82	106.64	91.51	43.49	34.88	52.33	80.95	73.21	88.72	+12 %	9	9	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	A-	A	A	A	A+	A-	B	A-	A	Medium	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	B+	B+	A	A+	A+	A	A+	A	C	A+	Low	20	20	E
F	B	B-	B+	B	C+	B-	B-	C+	B-	A-	Medium	18	18	F
G	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	G
H	B	C-	C-	C-	C-	C-	C-	C-	C-	C	High	4	4	H
I	A-	B	B	C	C-	C-	C+	C+	B-	A+	Low	20	20	I
J	B	B-	C+	C	C+	B	B	B-	B+	B+	High	17	17	J
K	B-	C-	C	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	K
L	B	C-	C+	C	C-	C+	C+	C+	B-	B+	Low	17	17	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 (70)	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	87	67	56	61	63	83	92	96	100	100	99	20	20	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	77	83	78	78	81	79	83	80	79	79	79	16	16	E
F	79	79	78	84	90	95	89	96	96	81	91	16	18	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	66	73	84	71	75	69	70	68	70	69	69	14	14	H
I	75	63	63	68	66	72	71	70	72	88	77	18	15	I
J	73	71	77	75	85	83	85	84	95	88	89	18	18	J
K	59	55	53	51	52	56	51	62	59	58	60	12	12	K
L	100	100	100	100	100	100	100	100	100	100	100	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	106	113	111	112	110	115	113	104	113	115	111	Superior	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	83	74	116	101	90	76	67	80	32	59	78	Fair	E
F	101	102	113	110	86	106	107	101	101	116	104	Excellent	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	92	44	33	25	23	22	22	34	28	37	36	Subpar	H
I	114	92	106	61	27	25	72	53	43	106	70	Fair	I
J	104	100	99	72	67	105	98	99	97	106	95	Very Good	J
K	61	28	37	17	17	18	17	20	19	19	25	Subpar	K
L	112	87	104	100	88	90	100	104	106	114	101	Excellent	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	24,884	15,000	47,681	18,512	106,077
– Pairs Rejected	925	647	2,543	1,185	5,300
Net Y20 Production (after rejects)	23,959	14,353	45,138	17,327	100,777
Superior Materials Usage	31.8%	37.8%	37.2%	24.8%	33.8%
Capacity Utilization (branded + P-L prod.)	113.6%	120.0%	106.7%	119.4%	112.1%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	9.00	+ 2.92	+ 0.19	12.11
Superior Materials	17.50	- 1.42	+ 0.37	16.45

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	7,666	5,021	3,078	3,036	18,801
– Pairs Cleared (inventory clearance)	676	101	299	93	1,169
Beginning Y20 Inventories	6,990	4,920	2,779	2,943	17,632
+ New Production (shipped from plants)	20,671	22,472	21,969	21,193	86,305
Pairs Available for Sale in Y20	27,661	27,392	24,748	24,136	103,937

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)	23,920	23,044	22,054	21,500	90,518
Actual Year 20 Demand	21,471	22,418	21,900	21,370	87,159
Branded Pairs Sold	21,466	22,410	21,834	21,342	87,052
Required Y20 Ending Inventories	1,536	1,492	1,476	1,399	5,903
Inventory Surplus (Shortfall)	4,543	3,390	1,142	863	9,938

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.0%
- Available for shipment to warehouses
- % usage down by 17.9 points from Y19
- % utilization up by 4.9 points over Y19

Lower than normal (33.8% industrywide) superior materials usage led to superior materials prices that were 8.1% below the base and standard materials prices that were 32.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 2.1% from the base.

- Average inventory clearance of 6.2%
- 19.2% higher than Y20 demand

Actual demand in Year 20 was 3.7% less than expected due to increases in industry average prices.

- Needed to achieve delivery times
- { Very high in N.A. High 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 (internet + wholesale)				
– North America	22,329	23,222	24,151	25,117
– Europe-Africa	23,315	24,248	25,218	26,227
– Asia-Pacific	23,214	24,607	26,083	27,648
– Latin America	22,652	24,011	25,452	26,979
Total	91,510	96,088	100,904	105,971
Private-Label				
– North America	4,230	4,230	4,230	4,230
– Europe-Africa	4,230	4,230	4,230	4,230
– Asia-Pacific	4,230	4,230	4,230	4,230
– Latin America	4,230	4,230	4,230	4,230
Total	16,920	16,920	16,920	16,920

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply	Beginning Year 21 Inventory (000s)	15,841
	Potential Production (at max OT)	102,720
	Potential Global Supply	118,561
Demand	Branded Sales Forecast (000s)	91,510
	Private-Label Sales Forecast	16,920
	Expected Global Demand	108,430
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	0	0	0	0	0	0	0	0	0	0	0	0	0
B	0	2,500	8,600	2,500	0	1,000	0	1,000	0	3,500	8,600	3,500	15,600	0	0
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E	2,000	1,500	4,000	0	0	0	0	0	2,000	1,500	4,000	0	7,500	0	0
F	5,300	0	7,000	5,000	0	0	0	0	5,300	0	7,000	5,000	17,300	0	0
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
H	2,700	1,000	2,700	0	0	0	0	0	2,700	1,000	2,700	0	6,400	0	0
I	2,000	0	5,800	0	0	0	0	0	2,000	0	5,800	0	7,800	0	0
J	2,100	0	4,500	2,600	0	0	0	0	2,100	0	4,500	2,600	9,200	0	0
K	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	0
L	3,800	4,500	3,100	4,400	0	0	0	0	3,800	4,500	3,100	4,400	15,800	0	0
	21,900	11,500	44,700	14,500	0	1,000	0	1,000	21,900	12,500	44,700	15,500	94,600	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	0	0	0	0	0	0	0	0	0	0	0	A
B	911,146	498,155	56,039	211,656	18,020	127,276	19,242	32,410	75,624	9,840	8,200	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	475,340	301,905	36,716	117,115	9,919	9,685	305	848	8,532	15,000	7,500	E
F	959,314	514,936	78,931	159,565	19,722	186,160	28,061	47,430	110,669	0	7,500	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	478,773	294,722	35,387	112,913	8,818	26,933	13,390	1,579	11,964	0	31,970	H
I	480,973	356,860	27,179	31,024	10,221	55,689	6,441	14,774	34,474	0	7,500	I
J	490,131	307,367	35,882	75,468	11,618	59,796	4,628	16,550	38,618	48,750	7,500	J
K	324,763	248,899	23,584	58,932	8,419	-15,071	41,377	0	-56,448	0	10,000	K
L	827,752	466,169	73,917	155,973	18,219	113,474	36,124	23,205	54,145	0	7,500	L
	583,761	353,544	44,101	105,491	12,931	67,695	23,185	15,200	29,310	8,177	10,574	

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	0.00	0 / 0	A
B	0	327,966	799,721	88,930	144,000	427,569	73,437	65,785	566,791	1.20	9 / 1	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	0	198,245	301,167	28,435	0	279,198	0	-6,467	272,732	2.00	2 / 1	E
F	0	358,628	773,886	152,529	68,700	441,984	0	110,673	552,657	0.00	0 / 1	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	163,627	293,010	73,530	17,500	165,867	24,150	11,964	201,980	0.00	0 / 1	H
I	44,729	201,376	343,183	37,742	45,500	225,463	0	34,478	259,941	0.00	0 / 1	I
J	19,203	146,206	333,711	49,844	19,300	274,699	0	-10,133	264,567	6.50	2 / 2	J
K	0	148,668	217,168	307,954	0	-34,338	0	-56,448	-90,786	0.00	0 / 1	K
L	25,746	250,493	651,611	83,547	237,000	276,919	0	54,145	331,064	0.00	2 / 2	L
	14,337	221,874	461,475	108,740	88,000	232,757	10,843	21,135	264,735	1.08	2 / 1	

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	54.7	6.2	23.2	2.0	14.0	8.3	3.69	85	6.61	0.22	2.87	Medium	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	63.5	7.7	24.6	2.1	2.0	1.8	6.97	101	31.75	0.00	23.83	Low	E
F	53.7	8.2	16.6	2.1	19.4	11.5	2.35	86	6.63	0.22	1.50	Medium	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	G
H	61.6	7.4	23.6	1.8	5.6	2.5	2.23	55	2.01	0.22	0.57	High	H
I	74.2	5.7	6.5	2.1	11.6	7.2	5.34	59	8.65	0.15	8.06	Low	I
J	62.7	7.3	15.4	2.4	12.2	7.9	2.93	6	12.92	0.11	0.60	High	J
K	76.6	7.3	18.1	2.6	-4.6	-17.4	0.48	126	-0.36	1.33	0.00	N/A	K
L	56.3	8.9	18.8	2.2	13.7	6.5	3.00	19	3.14	0.41	3.01	Low	L
	60.6 %	7.6 %	18.1 %	2.2 %	11.6 %	1.4 %	2.04	80	8.01	0.40	4.50	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		9.00	11.13	11.12	13.21	13.51	16.32
	Private-Label Footwear		8.58	10.83	10.04	12.73	14.63	17.60
Labor — North America	Total Compensation (\$/year)		18,030	18,324	25,282	23,605	32,599	31,660
	Productivity (pairs/worker/year)		3,801	3,820	5,187	5,181	6,316	6,287
	Labor Cost (\$/pair produced)		4.82	4.01	5.09	4.76	5.63	5.76
Europe Africa	Total Compensation (\$/year)		20,945	19,126	24,494	23,337	28,307	28,939
	Productivity (pairs/worker/year)		4,240	4,467	4,838	4,900	5,951	5,856
	Labor Cost (\$/pair produced)		4.10	3.74	4.99	4.95	5.94	5.92
Asia Pacific	Total Compensation (\$/year)		3,903	4,189	5,820	5,599	9,962	10,146
	Productivity (pairs/worker/year)		2,360	2,424	2,834	2,903	3,783	3,866
	Labor Cost (\$/pair produced)		1.41	1.38	2.07	1.97	2.89	2.88
Latin America	Total Compensation (\$/year)		4,152	4,280	5,603	4,685	7,745	4,930
	Productivity (pairs/worker/year)		2,792	2,985	3,283	3,373	3,860	3,769
	Labor Cost (\$/pair produced)		1.29	1.25	1.68	1.45	1.95	1.80
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.47	0.47	1.64	1.64	2.50	2.50
	Cumulative		0.50	0.49	1.43	1.48	2.28	2.30
Reject Rates	Branded Production		1.7%	2.5%	5.2%	5.7%	11.7%	11.7%
	Private-Label Production		2.6%	2.5%	4.0%	4.2%	7.3%	9.0%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		22.96	24.33	31.33	33.20	45.77	51.72
	E-A		21.50	23.42	30.44	31.81	40.30	42.93
	A-P		20.03	22.28	30.76	31.70	60.87	64.25
	L.A.		18.92	21.04	22.65	23.00	27.29	26.24
	Private-Label — N.A.		23.64	25.89	27.40	30.31	31.29	38.04
	E-A		20.90	21.71	23.24	23.26	27.15	24.80
	A-P		18.29	20.75	25.77	24.90	35.80	29.14
	L.A.		18.72	21.33	19.94	21.69	20.85	22.05

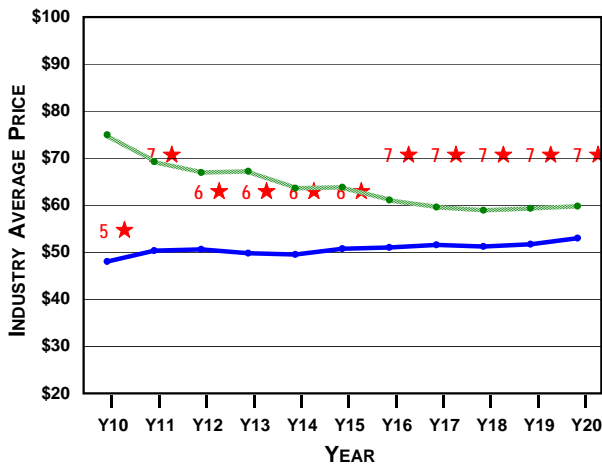
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.46	26.83	30.86	33.14	40.64	45.91
		E-A	24.00	25.92	34.79	35.51	47.85	45.17
		A-P	22.53	24.78	31.73	33.28	58.33	61.71
		L.A.	21.42	23.54	32.95	34.28	44.18	45.19
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		15.41	15.33	15.98	15.75	17.21	16.59
			1.87	1.90	3.10	2.53	6.36	3.58
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		9.07	7.89	20.31	16.26	47.58	25.17
			3.06	3.02	12.69	9.79	39.38	14.44
Administrative Expenses (\$/pair sold)			0.96	1.09	1.54	1.46	2.25	2.21
Operating Profit (\$ per pair sold)	Internet	N.A.	-19.13	-13.21	5.04	7.38	16.43	17.37
		E-A	-10.89	-7.08	4.16	7.23	16.53	16.20
		A-P	-19.40	-21.67	9.93	9.45	24.91	23.32
		L.A.	-8.52	-11.57	6.81	5.72	22.42	20.87
Wholesale	N.A.	-21.71	-8.79	2.84	4.69	17.81	16.26	
	E-A	-5.43	-2.90	3.02	5.71	19.56	19.61	
	A-P	-14.48	-9.75	4.18	5.32	11.18	14.02	
	L.A.	-7.06	-8.31	4.10	3.89	13.64	11.57	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.14	25.46	28.55	28.77	33.80	31.46
		E-A	23.40	24.21	32.80	31.04	47.27	39.06
		A-P	20.79	23.25	26.26	27.40	31.93	31.64
		L.A.	21.22	23.83	25.82	31.17	35.96	39.68
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.	-8.80	-7.58	-1.69	-1.74	7.27	8.23
		E-A	-4.87	-3.06	-0.85	2.94	3.24	5.62
		A-P	-6.43	-6.95	-0.02	1.62	9.01	7.76
		L.A.	-1.16	-2.75	0.76	0.13	2.61	2.77

CELEBRITY ENDORSEMENTS

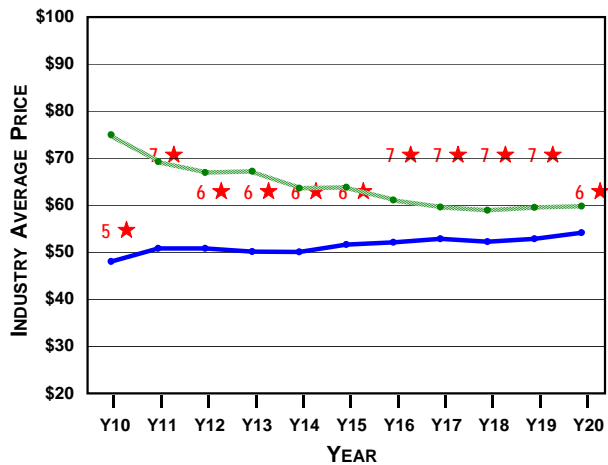
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company E	20,001	Y19	2 years	6	25,102	20,001	17,669	11,000
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	0	0	0	0	0
Annika Stockholm	70	100	70	55	Company L	13,179	Y16	5 years	6	13,179	12,305	10,951	8,501
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
José Montaña	60	50	60	95	Company F	18,599	Y18	3 years	5	18,599	18,000	13,387	7,000
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	Company B	23,580	Y19	3 years	6	23,580	17,965	17,152	11,000
Natalie Kwan	75	80	95	50	Company F	17,000	Y17	4 years	6	30,000	17,000	15,715	10,001
Sergio Milano	45	85	60	100	Company B	19,520	Y19	2 years	6	19,520	18,566	16,912	11,000
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	Company F	18,599	Y18	4 years	5	18,599	13,228	8,862	1,000

BRANDED PRICE AND S/Q RATING TRENDS

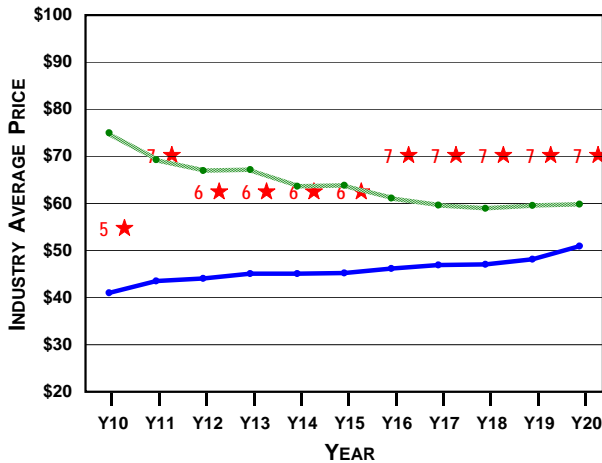
NORTH AMERICA



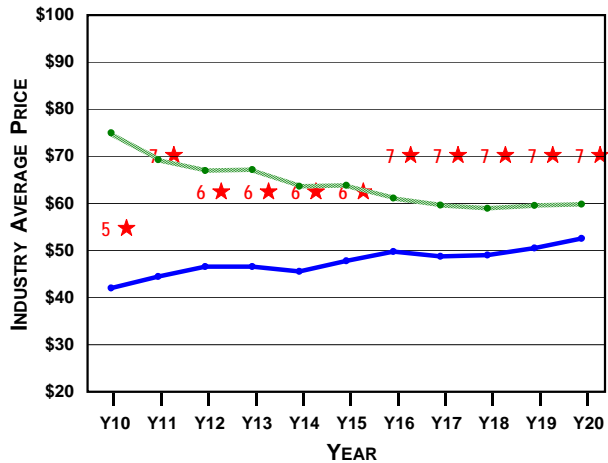
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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