

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

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
H Soules Shoes	119	+2
Le Game is a Foot	118	-1
CashFlows	116	0
F CAdidas	116	-4
Kinetics Inc.	114	-4
DelSol	113	-4
E Company	113	-6
Golf Clubs for Sale!	95	+11
Innovative Footware	92	+15
Jenerateing Profit	78	-1
A (deleted)	0	0
B (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
DelSol	112	+1
Le Game is a Foot	112	+1
F CAdidas	110	+1
H Soules Shoes	105	+2
Kinetics Inc.	101	+2
CashFlows	96	+2
E Company	90	+2
Golf Clubs for Sale!	83	+1
Jenerateing Profit	72	+1
Innovative Footware	60	+3
A (deleted)	0	0
B (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
Le Game is a Foot	98	-1
CashFlows	80	-1
Kinetics Inc.	79	+6
F CAdidas	76	-6
H Soules Shoes	73	+7
DelSol	71	-13
E Company	58	-14
Golf Clubs for Sale!	51	+4
Innovative Footware	46	+2
Jenerateing Profit	44	0
A (deleted)	0	0
B (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Le Game is a Foot	97	0
F CAdidas	77	-10
Kinetics Inc.	76	0
DelSol	74	-11
H Soules Shoes	73	+2
CashFlows	72	+1
E Company	62	-7
Golf Clubs for Sale!	52	+1
Jenerateing Profit	45	-1
Innovative Footware	43	0
A (deleted)	0	0
B (deleted)	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	B
C	4.53	2.35	4.89	4.96	1.71	1.12	2.83	9.15	12.43	13.47	5.35	15	12	C
D	4.14	2.99	7.73	7.06	5.45	5.66	5.99	10.16	11.62	10.77	6.93	12	16	D
E	3.24	-4.37	4.81	3.06	1.76	3.19	4.05	6.36	7.33	6.15	3.51	7	8	E
F	5.04	4.50	5.46	3.63	2.67	5.03	8.80	12.29	10.31	11.59	6.87	13	15	F
G	2.78	0.82	1.77	2.02	0.93	2.13	2.52	5.27	2.93	3.55	2.49	4	6	G
H	3.14	4.03	5.44	2.96	2.20	3.28	4.66	7.91	6.80	8.64	4.84	10	11	H
I	2.11	0.95	1.98	0.92	0.31	0.63	1.65	3.01	2.61	3.96	1.76	4	4	I
J	2.72	2.88	3.94	2.73	0.22	-0.19	-0.38	2.08	2.26	2.43	1.85	3	4	J
K	6.44	0.45	0.91	6.91	5.99	7.75	6.38	9.75	9.20	12.92	6.41	14	14	K
L	4.81	2.83	7.80	7.43	4.84	9.08	9.19	13.21	15.55	17.89	8.94	20	20	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	B
C	26.1	11.3	20.2	18.4	5.7	3.4	6.8	20.8	23.1	21.2	14.8	15	11	C
D	24.0	14.4	29.5	27.2	17.5	16.1	15.5	23.7	24.8	24.3	21.0	17	16	D
E	21.2	-50.6	49.1	22.3	11.0	18.3	19.3	24.3	22.5	18.2	17.7	12	14	E
F	30.7	28.3	26.3	14.6	9.5	15.4	22.6	27.0	21.2	24.3	20.9	17	16	F
G	17.5	4.9	8.2	8.2	3.6	8.4	11.0	17.4	9.6	11.8	9.8	8	7	G
H	18.7	23.5	43.0	19.9	12.6	16.3	19.3	26.0	18.0	21.3	20.3	15	15	H
I	13.4	5.9	11.9	5.4	1.9	3.8	9.3	14.7	11.4	15.4	9.4	11	7	I
J	17.0	16.4	21.5	13.8	1.1	-0.9	-1.9	9.8	9.4	9.9	9.1	7	7	J
K	39.3	2.7	4.1	22.9	19.6	22.0	15.9	21.9	18.8	26.1	18.7	18	14	K
L	28.9	16.7	38.2	28.0	16.0	27.8	27.2	32.2	30.4	29.2	26.2	20	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	B
C	84.48	38.03	68.66	68.09	32.41	17.68	25.95	110.79	222.00	283.07	+25	15	15	C
D	60.99	33.23	132.24	127.94	87.87	68.20	76.90	192.67	244.59	167.62	+19	9	9	D
E	38.80	20.96	72.40	34.09	18.81	30.32	45.32	92.98	136.00	82.95	+11	4	4	E
F	91.53	66.00	82.88	37.07	26.24	56.24	163.32	252.53	212.10	168.84	+19	9	9	F
G	39.74	21.11	18.45	21.13	12.62	28.03	29.67	87.05	38.30	46.07	+4	2	2	G
H	48.68	63.22	81.77	36.71	20.81	33.25	54.77	122.89	90.82	160.67	+18	9	9	H
I	22.97	13.68	20.78	12.15	7.45	5.51	17.86	33.78	30.88	46.41	+5	2	2	I
J	37.32	38.11	57.87	28.76	16.26	9.33	5.53	25.15	31.66	33.17	+1	2	2	J
K	107.05	43.17	23.14	88.38	108.01	155.83	85.45	195.64	157.30	239.07	+23	13	13	K
L	103.54	41.81	147.23	134.19	75.03	145.36	138.85	231.36	288.65	375.92	+29 %	20	20	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	B
C	A	A-	B+	B+	B	C+	B-	A	A+	A+	Low	20	20	C
D	A	A-	B+	B+	B	B	B+	A+	A+	B+	N/A	17	17	D
E	C+	C-	C	C	C-	C+	B-	A-	A+	B+	N/A	17	17	E
F	B+	B	B	B	B-	B+	A+	B+	A+	B+	N/A	17	17	F
G	A-	B-	A	A-	B+	A	A-	A	B+	A-	Medium	18	18	G
H	A	B+	B-	C+	C+	B	B	A	A+	A	Medium	19	19	H
I	B	C+	C+	C-	C-	C-	C	C+	B	B	High	14	14	I
J	B+	A-	A-	B+	C-	C-	C	A	A	A	Low	19	19	J
K	B-	C-	C	B+	B+	A-	A	A+	A+	B+	N/A	17	17	K
L	B	C	B+	A-	B+	B+	B+	B+	A	A-	Medium	18	18	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	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	75	67	66	75	83	80	66	71	73	73	72	15	14	C
D	73	76	78	86	89	80	78	81	78	78	79	16	16	D
E	83	92	79	78	76	93	93	94	93	91	93	18	19	E
F	100	97	100	89	100	100	100	100	100	100	100	20	20	F
G	73	76	76	70	73	83	87	99	87	95	94	19	19	G
H	74	80	72	71	100	100	98	97	93	100	97	20	19	H
I	65	61	71	75	78	76	84	76	83	75	78	15	16	I
J	68	70	62	67	74	76	71	63	69	65	66	13	13	J
K	83	81	67	73	81	73	71	88	92	83	88	17	18	K
L	80	83	81	77	89	89	87	89	100	100	96	20	19	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	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	116	93	110	111	71	48	66	115	116	116	96	Very Good	C
D	115	101	113	114	109	106	109	118	117	113	112	Superior	D
E	98	35	97	85	55	84	99	117	119	113	90	Very Good	E
F	116	112	112	98	76	111	120	116	120	116	110	Superior	F
G	106	58	77	76	56	81	85	116	84	95	83	Good	G
H	112	113	104	88	72	94	107	119	117	119	105	Excellent	H
I	83	48	68	40	30	31	55	78	77	92	60	Subpar	I
J	102	104	111	89	31	25	26	74	79	78	72	Fair	J
K	106	52	47	112	113	114	112	119	118	114	101	Excellent	K
L	109	89	114	115	112	115	114	115	119	118	112	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	25,296	9,240	65,037	11,040	110,613
– Pairs Rejected	693	333	3,580	685	5,291
Net Y20 Production (after rejects)	24,603	8,907	61,457	10,355	105,322
Superior Materials Usage	47.7%	34.5%	48.8%	59.8%	48.4%
Capacity Utilization (branded + P-L prod.)	109.0%	120.0%	119.3%	120.0%	116.9%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	9.00	+ 0.29	+ 0.62	9.91
Superior Materials	17.50	- 0.14	+ 1.21	18.57

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	4,415	3,132	4,360	3,145	15,052
– Pairs Cleared (inventory clearance)	1,276	1,000	1,238	923	4,437
Beginning Y20 Inventories	3,139	2,132	3,122	2,222	10,615
+ New Production (shipped from plants)	24,814	24,291	23,372	22,256	94,733
Pairs Available for Sale in Y20	27,953	26,423	26,494	24,478	105,348

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)	23,088	22,972	21,690	20,765	88,515
Actual Year 20 Demand	23,152	22,933	22,043	20,869	88,997
Branded Pairs Sold	23,147	22,922	22,042	20,826	88,937
Required Y20 Ending Inventories	1,778	1,754	1,704	1,653	6,889
Inventory Surplus (Shortfall)	2,989	1,614	2,748	1,799	9,150

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.8%
- Available for shipment to warehouses
- % usage down by 5.9 points from Y19
- % utilization up by 10.2 points over Y19

Lower than normal (48.4% industrywide) superior materials usage led to superior materials prices that were 0.8% below the base and standard materials prices that were 3.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.9% from the base.

- Average inventory clearance of 29.5%
- 18.4% higher than Y20 demand
- Actual demand in Year 20 was 0.5% greater than expected.
- Needed to achieve delivery times
- High in N.A. Okay in E-A
- High 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)	24,078	25,041	26,043	27,085
Europe-Africa	23,851	24,805	25,797	26,829
Asia-Pacific	23,366	24,768	26,254	27,829
Latin America	22,121	23,448	24,855	26,346
Total	93,416	98,062	102,949	108,089
Private-Label — North America	4,700	4,700	4,700	4,700
Europe-Africa	4,700	4,700	4,700	4,700
Asia-Pacific	4,700	4,700	4,700	4,700
Latin America	4,700	4,700	4,700	4,700
Total	18,800	18,800	18,800	18,800

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	16,039
Potential Production (at max OT)	113,520
Potential Global Supply	129,559
Demand — Branded Sales Forecast (000s)	93,416
Private-Label Sales Forecast	18,800
Expected Global Demand	112,216
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	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	3,000	3,000	5,500	0	0	0	0	0	3,000	3,000	5,500	0	11,500	0	C
D	0	1,700	4,200	1,500	0	0	0	0	0	1,700	4,200	1,500	7,400	0	D
E	2,200	0	4,000	0	0	0	0	0	2,200	0	4,000	0	6,200	0	E
F	5,000	1,000	5,000	0	0	0	0	0	5,000	1,000	5,000	0	11,000	0	F
G	6,000	0	4,000	2,000	0	0	0	0	6,000	0	4,000	2,000	12,000	0	G
H	4,000	1,000	4,000	1,000	0	0	0	0	4,000	1,000	4,000	1,000	10,000	0	H
I	1,000	1,000	5,000	1,000	0	0	0	0	1,000	1,000	5,000	1,000	8,000	0	I
J	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	J
K	0	0	7,800	0	0	0	0	0	0	0	7,800	0	7,800	0	K
L	0	0	11,000	3,700	0	0	0	0	0	0	11,000	3,700	14,700	0	L
Total	23,200	7,700	54,500	9,200	0	0	0	0	23,200	7,700	54,500	9,200	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	0	0	0	0	0	0	0	0	0	0	0	B
C	641,935	362,912	43,055	76,062	13,919	145,987	1,624	43,309	101,054	33,000	7,500	C
D	484,359	231,290	32,511	95,887	9,818	114,853	-539	34,618	80,774	131,250	7,500	D
E	445,804	224,702	34,125	111,554	8,619	66,804	956	19,754	46,094	75,000	7,500	E
F	650,800	344,051	47,683	119,866	13,420	125,780	1,577	37,261	86,942	120,000	7,500	F
G	641,336	411,828	39,280	99,096	14,419	76,713	6,255	21,137	49,321	10,425	13,900	G
H	546,312	337,632	37,129	62,024	12,419	97,108	4,522	27,776	64,810	75,000	7,500	H
I	444,225	259,999	39,062	79,637	10,417	55,110	7,023	14,426	33,661	0	8,500	I
J	364,003	240,273	32,011	55,167	8,419	28,133	1,903	7,869	18,361	2,265	7,500	J
K	491,788	277,367	38,989	26,794	10,221	138,417	-57	41,542	96,932	120,000	7,500	K
L	957,439	489,839	65,460	177,756	17,121	207,263	15,558	57,512	134,193	82,500	7,500	L
	566,800	317,989	40,931	90,384	11,879	105,617	3,882	30,520	71,214	64,944	8,245	

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	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	105,054	318,063	572,711	43,847	19,000	441,810	0	68,054	509,864	4.40	4 / 3	C
D	0	143,540	338,005	31,113	0	357,368	0	-50,476	306,892	17.50	6 / 2	D
E	0	154,402	291,906	53,129	0	267,685	0	-28,909	238,777	10.00	2 / 1	E
F	0	205,050	430,800	58,502	31,500	373,859	0	-33,060	340,798	16.00	2 / 2	F
G	0	246,135	496,905	84,454	0	423,487	-49,932	38,897	412,451	0.75	4 / 2	G
H	2,043	172,790	401,760	43,135	60,000	308,816	0	-10,191	298,625	10.00	1 / 1	H
I	0	193,410	366,185	107,021	32,100	209,753	-16,350	33,661	227,064	0.00	2 / 1	I
J	16,209	142,344	233,394	37,711	10,000	186,468	-16,880	16,096	185,683	0.30	4 / 3	J
K	0	172,840	391,824	31,701	0	383,189	0	-23,066	360,123	16.00	4 / 1	K
L	31,521	333,987	763,164	96,453	181,700	433,291	0	51,720	485,011	11.00	10 / 0	L
	15,483	208,256	428,665	58,707	33,430	338,573	-8,316	6,272	336,529	8.60	4 / 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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	56.5	6.7	11.8	2.2	22.7	15.7	7.25	53	89.89	0.05	9.84	Low	C
D	47.8	6.7	19.8	2.0	23.7	16.7	4.61	41	100.00	0.02	0.00	N/A	D
E	50.4	7.7	25.0	1.9	15.0	10.3	2.91	80	69.88	0.09	0.00	N/A	E
F	52.9	7.3	18.4	2.1	19.3	13.4	3.51	56	79.76	0.11	0.00	N/A	F
G	64.2	6.1	15.5	2.2	12.0	7.7	2.91	95	12.26	0.10	1.30	Medium	G
H	61.8	6.8	11.4	2.3	17.8	11.9	4.01	64	21.47	0.17	1.80	Medium	H
I	58.5	8.8	17.9	2.3	12.4	7.6	1.81	116	7.85	0.28	0.74	High	I
J	66.0	8.8	15.2	2.3	7.7	5.0	3.77	55	14.78	0.09	3.07	Low	J
K	56.4	7.9	5.4	2.1	28.1	19.7	5.45	71	100.00	0.03	0.00	N/A	K
L	51.2	6.8	18.6	1.8	21.6	14.0	3.46	56	13.32	0.29	2.17	Medium	L
	56.1 %	7.2 %	15.9 %	2.1 %	18.6 %	11.5 %	3.55	69	50.92	0.12	1.89	Medium	

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		9.27	10.12	11.45	13.09	13.96	16.71
	Private-Label Footwear		8.11	9.27	10.15	11.65	13.27	14.36
Labor — North America	Total Compensation (\$/year)		19,553	19,582	22,710	23,519	25,596	27,309
	Productivity (pairs/worker/year)		4,317	4,370	5,389	5,490	6,131	6,356
	Labor Cost (\$/pair produced)		2.92	2.88	4.38	4.35	5.33	5.76
Europe Africa	Total Compensation (\$/year)		16,240	16,385	18,744	21,381	22,102	24,281
	Productivity (pairs/worker/year)		4,319	4,479	4,920	5,089	5,470	5,760
	Labor Cost (\$/pair produced)		0.00	2.84	3.29	4.48	5.23	5.56
Asia Pacific	Total Compensation (\$/year)		3,997	4,046	5,713	6,098	7,642	8,142
	Productivity (pairs/worker/year)		2,503	2,571	3,180	3,272	3,951	4,096
	Labor Cost (\$/pair produced)		1.43	1.28	1.88	1.86	2.24	2.28
Latin America	Total Compensation (\$/year)		4,508	4,095	5,630	5,684	6,714	7,595
	Productivity (pairs/worker/year)		2,707	2,830	3,048	3,246	3,563	3,786
	Labor Cost (\$/pair produced)		1.42	1.40	1.86	1.87	2.23	2.22
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.50	0.50	1.23	1.35	2.50	2.50
	Cumulative		0.50	0.50	1.25	1.26	2.34	2.39
Reject Rates	Branded Production		1.7%	1.7%	4.9%	4.9%	8.2%	8.2%
	Private-Label Production		1.9%	2.4%	3.7%	4.0%	6.8%	5.8%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		23.29	25.89	27.54	29.71	32.95	34.07
	E-A		25.49	24.02	26.48	27.69	27.46	31.49
	A-P		20.85	22.02	24.06	24.92	27.20	28.84
	L.A.		23.73	25.28	25.85	27.90	29.13	31.11
	Private-Label — N.A.		21.32	22.77	25.28	25.07	30.98	27.18
	E-A		23.08	26.02	23.10	26.57	23.12	27.11
	A-P		21.77	23.20	24.76	24.50	30.83	25.99
	L.A.		22.64	25.03	23.24	26.48	23.83	29.33

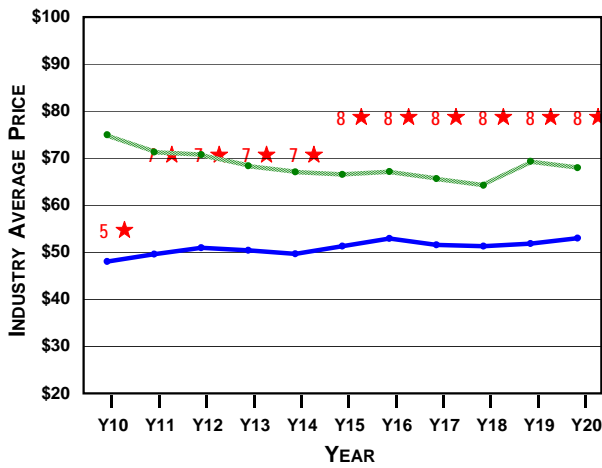
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	26.04	27.16	29.26	30.46	34.24	35.05
		E-A	28.80	27.26	33.91	33.99	37.76	38.69
		A-P	23.64	24.41	26.43	27.27	29.47	30.76
		L.A.	26.97	28.34	31.19	33.04	38.22	39.45
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		15.54	15.36	15.76	15.63	15.88	15.83
			2.24	2.04	2.55	2.41	2.76	2.74
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		7.01	8.50	13.80	12.82	24.64	17.93
			1.84	1.82	9.31	10.05	14.28	18.45
Administrative Expenses (\$/pair sold)		1.09	1.06	1.38	1.37	1.67	1.87	
Operating Profit (\$ per pair sold)	Internet	N.A.	2.26	13.90	21.51	21.52	28.50	27.37
		E-A	1.01	8.93	15.62	19.17	23.13	27.16
		A-P	6.57	15.36	24.65	24.44	30.63	29.64
		L.A.	2.21	8.62	19.78	17.88	27.95	27.97
Wholesale	N.A.	0.97	1.34	9.28	8.76	16.97	18.61	
	E-A	-1.88	2.07	5.48	8.62	13.62	14.61	
	A-P	4.35	3.14	9.14	8.72	16.42	16.40	
	L.A.	5.07	2.92	10.95	9.60	18.56	15.49	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.82	25.27	27.98	28.32	33.48	30.55
		E-A	25.58	28.52	25.60	32.83	25.62	36.86
		A-P	24.27	25.80	27.80	27.01	33.33	28.49
		L.A.	25.14	27.53	30.12	30.61	35.66	33.75
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.	3.93	1.34	9.42	7.39	15.16	13.31
		E-A	3.17	1.28	6.37	5.39	9.56	10.57
		A-P	4.40	-1.22	6.24	4.24	9.55	8.55
		L.A.	3.69	1.44	9.52	5.30	14.73	9.76

CELEBRITY ENDORSEMENTS

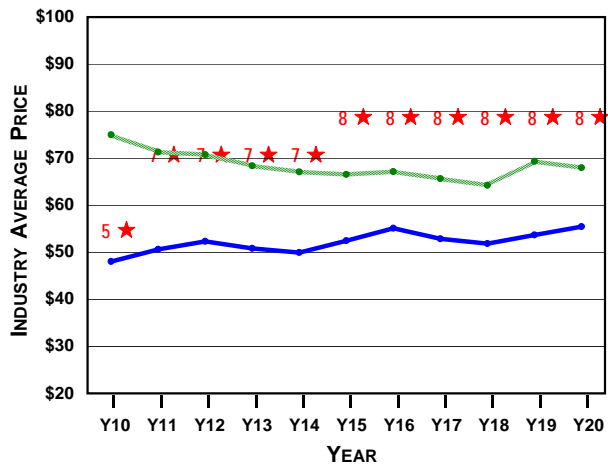
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company L	11,111	Y19	2 years	5	11,111	10,000	7,662	3,001
Oprah Letterman	100	70	65	75	Company F	13,200	Y20	3 years	1	13,200	0	13,200	13,200
Annika Stockholm	70	100	70	55	Company D	19,005	Y16	5 years	6	19,005	15,551	11,731	4,000
Tiger Green	95	80	85	75	Company F	13,200	Y20	2 years	1	13,200	0	13,200	13,200
José Montaña	60	50	60	95	Company F	12,500	Y18	3 years	6	12,500	10,003	7,770	3,333
Karioki Footsu	55	60	95	90	Company F	13,200	Y20	4 years	1	13,200	0	13,200	13,200
Jaques LaFeet	50	90	50	85	Company G	10,000	Y20	1 year	2	13,200	10,000	11,600	10,000
Serenus Willson	70	65	55	60	Company L	11,111	Y19	3 years	6	13,005	11,111	8,687	3,001
Natalie Kwan	75	80	95	50	Company E	13,005	Y19	4 years	6	13,005	11,111	8,853	3,001
Sergio Milano	45	85	60	100	Company E	13,005	Y19	2 years	6	13,005	11,111	9,187	5,002
Lance deFrance	80	85	75	70	Company E	12,500	Y18	3 years	6	12,500	11,000	7,933	3,333
Yao KungPao	60	35	100	50	Company F	11,111	Y18	4 years	5	11,111	11,009	7,446	3,333

BRANDED PRICE AND S/Q RATING TRENDS

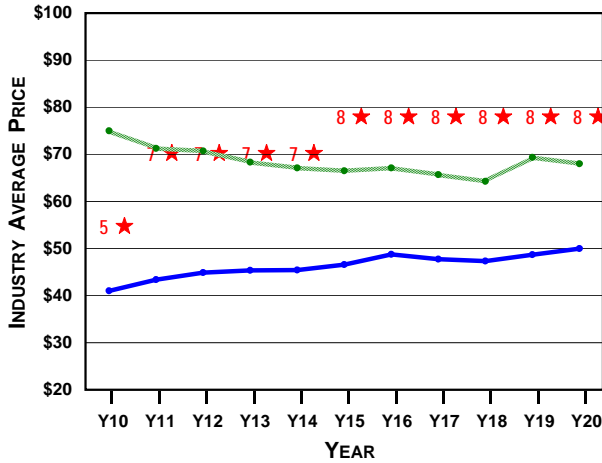
NORTH AMERICA



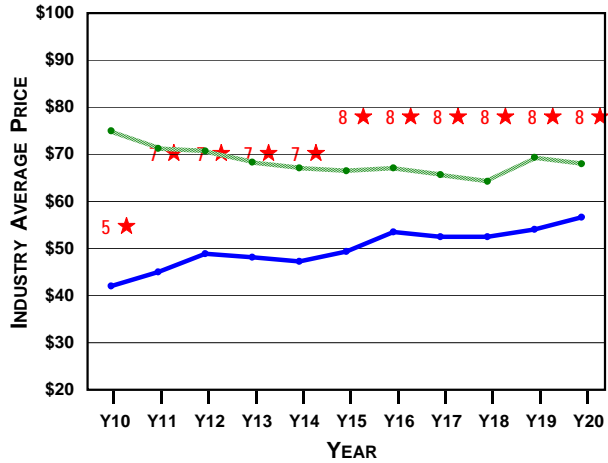
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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