

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 5

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
King of Shoes	118	0
Footloose Athletic	107	-5
LB-make the noise	104	-4
J-FHSU	102	-1
Amplified Shoe	89	-18
Horizon Footwear	57	-2
Deja Shoe	34	-6
Gandalf	25	-24
B (deleted)	0	0
C (deleted)	0	0
E (deleted)	0	0
I (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Footloose Athletic	98	+1
King of Shoes	96	+3
J-FHSU	91	+2
LB-make the noise	90	+2
Amplified Shoe	79	+1
Gandalf	54	-4
Deja Shoe	47	-1
Horizon Footwear	35	+3
B (deleted)	0	0
C (deleted)	0	0
E (deleted)	0	0
I (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
King of Shoes	95	+13
LB-make the noise	69	-19
Footloose Athletic	62	-1
J-FHSU	58	+3
Amplified Shoe	52	-13
Horizon Footwear	33	-1
Deja Shoe	21	0
Gandalf	16	-14
B (deleted)	0	0
C (deleted)	0	0
E (deleted)	0	0
I (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
King of Shoes	92	+9
LB-make the noise	79	-12
Footloose Athletic	70	-4
J-FHSU	63	-1
Amplified Shoe	51	-10
Deja Shoe	26	-1
Gandalf	25	-8
Horizon Footwear	22	0
B (deleted)	0	0
C (deleted)	0	0
E (deleted)	0	0
I (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	1.82	2.36	4.04	1.87	0.87	0.94	2.92	7.47	6.48	4.25	3.36	6	10	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	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	2.52	0.16	1.87	-1.69	-0.12	0.23	1.35	2.33	1.01	0.89	0.93	1	3	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	E
F	3.13	3.35	3.08	0.12	2.80	3.70	4.69	7.64	6.46	7.38	4.21	11	13	F
G	3.42	2.58	2.62	1.64	0.65	0.46	0.40	0.90	1.16	0.05	1.13	0	3	G
H	0.97	-2.22	-2.72	-0.91	-0.22	-0.61	-0.59	1.03	1.19	1.30	-0.16	2	0	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	I
J	4.28	2.54	2.23	5.92	3.83	3.12	3.52	6.07	6.54	7.18	4.39	10	13	J
K	4.39	1.92	1.68	2.10	2.85	3.21	4.46	10.04	10.19	13.75	5.22	20	16	K
L	5.06	4.09	3.30	1.46	1.59	3.40	8.45	14.14	13.91	11.61	6.51	17	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	11.6	13.4	22.4	8.8	4.0	5.2	13.5	27.5	32.0	31.4	16.7	20	16	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	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	15.5	0.9	11.2	-10.2	-0.8	1.5	10.9	15.8	6.4	5.6	6.0	4	6	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	E
F	19.5	22.1	21.9	0.9	20.1	22.1	23.2	29.9	20.5	20.2	20.0	13	19	F
G	20.3	13.0	11.5	8.6	2.8	2.5	2.0	4.7	7.5	0.4	6.0	0	6	G
H	6.4	-15.8	-25.3	-12.9	-3.1	-9.0	-9.6	16.1	15.9	14.8	-1.9	9	0	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	I
J	25.6	13.3	10.7	22.2	15.4	11.4	11.9	19.9	22.1	26.1	17.6	17	17	J
K	26.1	10.3	8.7	9.7	13.9	13.6	16.5	29.5	23.5	27.3	18.5	17	18	K
L	28.7	21.6	17.0	6.6	6.6	13.7	27.4	34.4	26.8	21.1	20.7	13	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	18.65	25.47	52.10	27.01	15.64	9.43	38.03	135.19	94.42	50.83	+5 %	3	3	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	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	27.92	15.67	16.87	10.53	6.91	4.78	15.72	27.60	15.47	8.96	-11	1	1	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	E
F	57.08	43.02	33.37	18.38	28.26	46.70	77.92	138.28	90.81	107.57	+14	7	7	F
G	50.34	28.63	26.06	14.93	9.28	6.14	4.70	10.42	14.39	9.12	-11	1	1	G
H	17.12	10.39	6.63	4.85	4.93	5.24	4.70	8.99	13.53	14.40	-7	1	1	H
I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	I
J	81.32	36.75	20.90	94.55	47.69	31.26	36.17	94.98	92.51	104.18	+13	7	7	J
K	90.31	38.92	21.05	20.27	30.06	36.13	56.33	163.84	188.73	295.69	+26	20	20	K
L	88.74	55.47	37.81	20.57	16.19	35.14	110.30	221.24	271.56	159.09	+18 %	11	11	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	B	C+	B-	C	C	C	A	A	B-	C	High	4	4	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	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	B	C-	C+	C-	C-	C-	C	B	C	C	High	4	4	D
E	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	E
F	B+	B	B-	C-	C+	C+	B	A-	B	B-	High	11	11	F
G	B+	B	B-	B-	C-	C-	C	C	C+	C-	High	0	0	G
H	C	C-	C-	C-	C-	C-	C-	C	C+	C+	High	8	8	H
I	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	I
J	B	C	C	B-	C	C	C+	B	B	B	N/A	14	14	J
K	A-	B-	C	C	C+	B	A-	A+	A-	A-	Medium	18	18	K
L	B+	C+	C-	C-	C-	C-	C	B	B-	C+	High	8	8	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	63	63	70	67	55	65	66	84	90	94	89	19	18	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	96	87	77	69	61	60	71	60	57	57	58	11	12	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	100	94	95	86	95	93	99	97	100	99	99	20	20	F
G	84	82	69	69	67	73	63	74	70	75	73	15	15	G
H	74	87	76	62	52	55	58	65	66	64	65	13	13	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	94	88	89	64	57	67	68	79	54	49	61	10	12	J
K	87	76	82	75	83	98	100	100	100	100	100	20	20	K
L	64	69	81	100	98	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	75	76	103	60	37	39	91	117	107			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	96	33	65	25	20	22	53	77	40	34	47	Subpar	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	113	108	98	33	84	96	110	118	112	107	98	Very Good	F
G	113	90	78	61	31	29	29	39	49	25	54	Subpar	G
H	52	28	25	20	17	18	19	53	59	57	35	Subpar	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	111	84	67	102	82	69	77	108	103	102	91	Very Good	J
K	116	81	60	61	79	92	111	120	118	118	96	Very Good	K
L	110	100	84	52	50	77	100	112	108	104	90	Very Good	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	15,360	11,039	64,482	12,360	103,241
– Pairs Rejected	262	707	3,194	1,003	5,166
Net Y20 Production (after rejects)	15,098	10,332	61,288	11,357	98,075
Superior Materials Usage	51.7%	30.4%	28.2%	34.0%	32.6%
Capacity Utilization (branded + P-L prod.)	120.0%	120.0%	119.4%	120.0%	119.6%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	9.00	+ 3.13	+ 0.86	12.99
Superior Materials	17.50	- 1.52	+ 1.68	17.66

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	11,085	7,711	6,106	7,228	32,130
– Pairs Cleared (inventory clearance)	296	821	443	0	1,560
Beginning Y20 Inventories	10,789	6,890	5,663	7,228	30,570
+ New Production (shipped from plants)	19,311	24,761	22,308	22,739	89,119
Pairs Available for Sale in Y20	30,100	31,651	27,971	29,967	119,689

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)	21,308	20,892	19,758	19,444	81,402
Actual Year 20 Demand	21,480	20,992	20,352	19,912	82,736
Branded Pairs Sold	21,482	20,986	20,353	19,911	82,732
Required Y20 Ending Inventories	1,392	1,319	1,441	1,324	5,476
Inventory Surplus (Shortfall)	7,226	9,249	6,177	8,732	31,384

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.0%
- Available for shipment to warehouses
- % usage down by 4.2 points from Y19
- % utilization up by 3.3 points over Y19

Lower than normal (32.6% industrywide) superior materials usage led to superior materials prices that were 8.7% below the base and standard materials prices that were 34.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 9.6% from the base.

- Average inventory clearance of 4.9%
- 44.7% higher than Y20 demand
- Actual demand in Year 20 was 1.6% greater than expected due to decreases in industry average prices.
- Needed to achieve delivery times
- { Very high in N.A. Very high in E-A
Very high in A-P Very high in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America (internet + wholesale)	22,339	23,233	24,162	25,128
Europe-Africa	21,832	22,705	23,613	24,558
Asia-Pacific	21,573	22,867	24,239	25,693
Latin America	21,106	22,372	23,714	25,137
Total	86,850	91,177	95,728	100,516
Private-Label — North America	3,760	3,760	3,760	3,760
Europe-Africa	3,760	3,760	3,760	3,760
Asia-Pacific	3,760	3,760	3,760	3,760
Latin America	3,760	3,760	3,760	3,760
Total	15,040	15,040	15,040	15,040

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	36,860
Potential Production (at max OT)	103,560
Potential Global Supply	140,420
Demand — Branded Sales Forecast (000s)	86,850
Private-Label Sales Forecast	15,040
Expected Global Demand	101,890
Conclusion:	Excess supply of 37.8% is likely to produce fierce competition and hurt industry profitability for the next several years. It may be wise for some companies to sell unneeded 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	5,700	12,000	0	0	0	0	0	0	5,700	12,000	0	0	17,700	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	2,000	0	4,000	1,000	0	0	0	0	2,000	0	4,000	1,000	7,000	7,000	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	5,000	1,500	5,000	0	0	0	0	0	5,000	1,500	5,000	0	11,500	11,500	0	F
G	3,000	1,000	3,500	1,000	0	0	0	0	3,000	1,000	3,500	1,000	8,500	8,500	0	G
H	2,800	0	2,300	1,000	0	0	0	0	2,800	0	2,300	1,000	6,100	6,100	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	5,500	0	0	0	0	0	0	0	5,500	0	5,500	5,500	0	J
K	0	1,000	9,700	2,600	0	0	0	0	0	1,000	9,700	2,600	13,300	13,300	0	K
L	4,000	0	12,000	4,700	-4,000	0	0	0	0	0	12,000	4,700	16,700	16,700	0	L
Total	16,800	9,200	54,000	10,300	-4,000	0	0	0	12,800	9,200	54,000	10,300	86,300	86,300	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	773,563	494,327	60,640	82,534	20,122	115,940	40,095	22,754	53,091	0	12,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	351,651	217,949	37,813	61,636	9,419	24,834	10,128	4,412	10,294	0	11,575	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	544,341	308,619	40,439	88,433	13,918	92,932	13,819	23,734	55,379	22,500	7,500	F
G	528,124	360,463	49,466	87,871	10,921	19,403	17,956	434	1,013	0	19,500	G
H	318,734	192,114	26,694	50,353	8,519	41,054	11,171	8,965	20,918	0	16,100	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	323,506	170,878	23,139	36,100	7,918	85,471	8,491	23,094	53,886	67,500	7,500	J
K	751,506	459,080	53,683	65,543	15,719	157,481	10,120	44,208	103,153	52,500	7,500	K
L	910,124	496,353	89,044	140,078	19,119	165,530	41,158	37,312	87,060	112,500	7,500	L
	562,694	337,473	47,615	76,569	13,207	87,831	19,117	20,614	48,099	31,875	11,209	

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	425,905	905,316	204,324	443,100	80,162	124,635	53,095	257,892	0.00	1 / 1	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	0	198,998	332,806	125,965	18,000	178,549	0	10,292	188,841	0.00	1 / 3	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	342,752	586,973	168,910	128,000	257,184	0	32,880	290,063	3.00	4 / 2	F
G	0	198,005	401,694	79,464	65,000	256,215	0	1,015	257,230	0.00	2 / 2	G
H	0	194,976	299,723	121,343	27,000	130,461	0	20,920	151,380	0.00	0 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	192,565	332,851	87,937	45,500	213,027	0	-13,613	199,414	9.00	7 / 2	J
K	0	275,711	623,266	113,418	116,000	362,321	-19,125	50,652	393,848	7.00	9 / 1	K
L	0	389,929	854,832	168,801	287,000	424,472	0	-25,441	399,031	15.00	5 / 2	L
	0	277,355	542,183	133,770	141,200	237,799	13,189	16,225	267,213	4.25	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	63.9 %	7.8 %	10.7 %	2.6 %	15.0 %	6.9 %	2.08	220	2.89	0.65	0.62	High	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	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	62.0	10.8	17.5	2.7	7.1	2.9	1.58	217	2.45	0.36	0.28	High	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	E
F	56.7	7.4	16.2	2.6	17.1	10.2	2.03	242	6.72	0.42	0.49	High	F
G	68.3	9.4	16.6	2.1	3.7	0.2	2.49	67	1.08	0.28	0.45	High	G
H	60.3	8.4	15.8	2.7	12.9	6.6	1.61	216	3.68	0.40	0.37	High	H
I	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	I
J	52.8	7.2	11.2	2.4	26.4	16.7	2.19	236	10.07	0.34	0.00	N/A	J
K	61.1	7.1	8.7	2.1	21.0	13.7	2.43	82	15.56	0.28	1.30	Medium	K
L	54.5	9.8	15.4	2.1	18.2	9.6	2.31	136	4.02	0.47	0.13	High	L
	60.0 %	8.5 %	13.6 %	2.3 %	15.6 %	5.7 %	2.07	177	5.81	0.40	0.46	High	

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		10.93	12.09	11.97	13.67	13.68	15.81
	Private-Label Footwear		10.24	11.35	10.91	12.15	11.34	12.67
Labor — North America	Total Compensation (\$/year)		19,807	19,032	22,879	23,355	27,260	27,738
	Productivity (pairs/worker/year)		3,618	3,352	4,882	4,841	6,761	6,777
	Labor Cost (\$/pair produced)		3.94	4.32	5.02	5.23	5.91	6.06
Europe Africa	Total Compensation (\$/year)		19,208	19,155	21,567	21,770	25,177	25,686
	Productivity (pairs/worker/year)		4,082	4,149	4,728	4,795	6,237	6,378
	Labor Cost (\$/pair produced)		4.25	3.94	4.91	4.70	5.43	5.43
Asia Pacific	Total Compensation (\$/year)		3,479	3,508	5,024	5,074	7,548	7,704
	Productivity (pairs/worker/year)		2,100	2,089	3,115	3,147	4,807	4,916
	Labor Cost (\$/pair produced)		1.43	1.32	1.69	1.67	1.93	2.24
Latin America	Total Compensation (\$/year)		3,411	3,437	4,596	4,800	6,217	6,905
	Productivity (pairs/worker/year)		2,161	2,150	2,787	2,844	3,618	3,780
	Labor Cost (\$/pair produced)		1.53	1.64	1.73	1.73	1.89	1.89
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	0.88	0.92	2.50	2.50
	Cumulative		0.35	0.34	1.14	1.15	2.32	2.36
Reject Rates	Branded Production		1.6%	1.5%	4.9%	4.8%	8.3%	7.5%
	Private-Label Production		2.1%	3.4%	3.6%	4.2%	5.0%	4.8%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		23.14	24.72	25.79	27.42	28.05	30.08
	E-A		24.55	24.81	24.94	26.40	25.38	27.94
	A-P		19.70	21.00	21.87	23.34	25.61	27.43
	L.A.		21.65	23.15	24.89	26.14	29.71	31.32
	Private-Label — N.A.		23.27	0.00	34.38	0.00	45.48	0.00
	E-A		24.36	26.16	24.36	26.94	24.36	27.72
	A-P		19.68	20.14	23.67	21.05	28.06	22.81
	L.A.		20.89	22.06	20.89	24.09	20.89	26.11

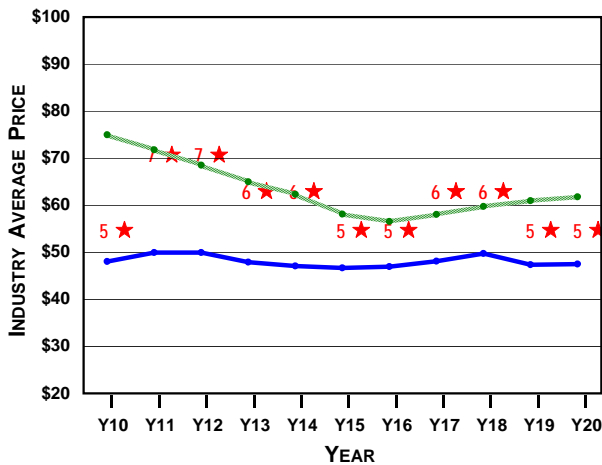
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High		
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20	
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.45	25.94	28.19	28.70	30.66	32.03	
		E-A	27.27	28.49	31.72	32.29	37.88	37.94	
		A-P	22.13	23.54	24.85	25.71	28.28	29.89	
		L.A.	25.90	26.11	30.01	30.95	33.62	34.50	
		Wholesale	15.41	15.49	15.73	15.83	16.15	16.23	
	Warehouse Expenses - Internet (\$ per pair sold)	Wholesale	2.11	2.19	2.49	2.57	2.99	3.06	
			7.69	6.40	13.50	12.12	34.42	32.64	
	Marketing Expenses — Internet (\$ per pair sold)	Wholesale	4.31	4.22	7.90	7.00	11.99	9.36	
			1.00	0.81	1.40	1.31	1.73	1.48	
Operating Profit (\$ per pair sold)	Internet	N.A.	1.49	1.10	12.74	14.32	23.93	24.33	
		E-A	-0.87	1.80	8.91	12.72	21.25	24.80	
		A-P	8.67	7.34	18.44	19.45	28.33	30.30	
		L.A.	3.36	4.39	12.07	12.26	22.79	23.85	
		Wholesale	-1.52	-0.58	5.85	6.19	14.41	16.57	
		E-A	-0.85	1.20	5.17	6.74	12.47	13.24	
		A-P	5.35	1.87	10.29	10.27	20.52	23.11	
		L.A.	4.10	0.47	8.50	7.82	14.51	13.30	
		Private-Label — N.A.	25.46	24.84	27.60	25.76	33.11	27.53	
		E-A	26.86	28.66	28.79	29.72	30.72	30.29	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	A-P	22.18	22.64	24.70	23.55	28.86	25.31	
		L.A.	27.44	24.56	29.27	28.84	31.09	33.35	
		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.	0.18	0.07	4.00	1.39	6.54	2.62
		E-A	0.97	-0.40	3.91	7.11	6.85	15.30	
		A-P	-0.34	0.00	4.34	2.19	7.54	3.59	
		L.A.	4.71	-0.05	5.27	1.64	5.83	3.42	

CELEBRITY ENDORSEMENTS

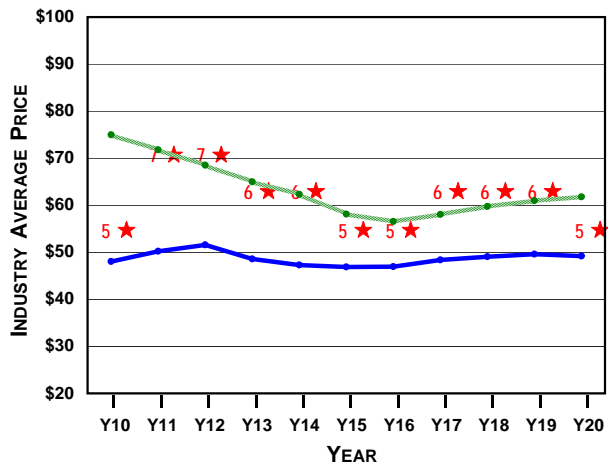
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	[unsigned]	0	N/A	2 years	6	21,106	10,107	8,661	551
Oprah Letterman	100	70	65	75	Company F	20,000	Y20	3 years	2	20,000	10,889	15,445	10,889
Annika Stockholm	70	100	70	55	Company K	7,789	Y20	5 years	2	20,000	7,789	13,895	7,789
Tiger Green	95	80	85	75	Company F	20,000	Y20	2 years	2	20,000	12,319	16,160	12,319
José Montaña	60	50	60	95	Company F	15,007	Y18	3 years	5	15,007	14,267	11,166	6,789
Karioki Footsu	55	60	95	90	Company K	8,789	Y20	4 years	2	20,000	8,789	14,395	8,789
Jaques LaFeet	50	90	50	85	Company K	5,689	Y20	1 year	3	20,000	5,689	8,780	651
Serenus Willson	70	65	55	60	[unsigned]	0	N/A	3 years	4	21,162	10,009	11,216	5,015
Natalie Kwan	75	80	95	50	Company L	11,245	Y17	4 years	4	11,245	8,967	6,680	1,007
Sergio Milano	45	85	60	100	[unsigned]	0	N/A	2 years	4	21,164	12,345	9,769	551
Lance deFrance	80	85	75	70	Company F	20,000	Y20	3 years	2	20,000	11,889	15,945	11,889
Yao KungPao	60	35	100	50	Company K	4,619	Y20	4 years	2	20,000	4,619	12,310	4,619

BRANDED PRICE AND S/Q RATING TRENDS

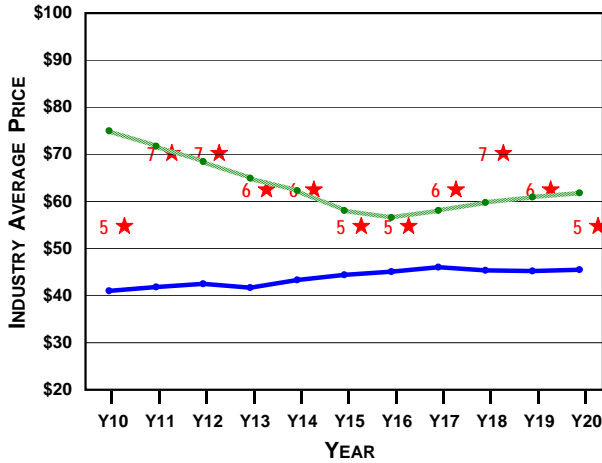
NORTH AMERICA



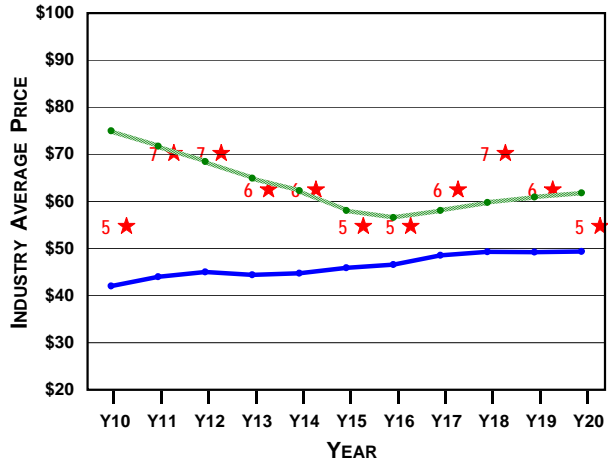
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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