

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 10

Friday, April 28, 2006

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
Great Strides	119	+1
KingU	119	+1
Free Loaders	119	+6
Elite	112	-4
A and M Snicker Co	85	+33
C Company	78	+53
B (deleted)	0	0
D (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
KingU	98	+3
Great Strides	96	+2
Elite	93	+2
Free Loaders	79	+4
A and M Snicker Co	55	+3
C Company	45	+4
B (deleted)	0	0
D (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
L (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
KingU	97	+11
Great Strides	94	-3
Free Loaders	90	+16
Elite	66	-13
C Company	48	+31
A and M Snicker Co	39	+11
B (deleted)	0	0
D (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Great Strides	97	0
KingU	95	+7
Free Loaders	79	+10
Elite	70	-7
C Company	41	+19
A and M Snicker Co	35	+3
B (deleted)	0	0
D (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0
L (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	2.78	1.81	-1.32	0.38	2.42	0.73	2.04	1.53	1.86	3.88	1.58	4	5	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	2.15	2.11	-0.89	0.67	0.41	-1.02	0.66	1.25	-0.63	1.62	0.69	2	2	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	3.17	3.25	2.30	2.99	2.59	3.13	6.06	5.38	9.42	10.25	4.70	11	14	E
F	2.22	1.66	1.19	0.40	1.98	3.89	3.90	8.29	8.46	16.54	4.37	17	13	F
G	2.45	2.88	2.42	1.91	5.15	5.43	8.05	10.73	12.47	17.40	6.65	18	20	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	4.07	3.61	1.53	1.97	3.71	5.06	8.36	10.65	11.03	19.07	6.62	20	20	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	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	18.5	16.5	-12.0	4.2	21.3	5.8	14.1	10.6	11.9	21.6	12.1	14	11	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	13.5	11.8	-7.0	4.9	2.9	-7.4	4.9	8.7	-5.9	15.8	5.1	10	5	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	19.0	16.4	10.6	11.4	10.2	11.1	18.4	13.9	20.5	21.0	15.3	13	14	E
F	13.7	9.1	6.1	2.0	9.2	14.4	15.1	26.0	21.2	31.7	15.7	20	15	F
G	15.5	18.1	14.3	10.8	24.3	20.6	24.8	27.1	26.4	28.5	21.5	18	20	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	23.6	17.2	6.5	7.8	15.1	17.5	23.4	22.9	18.8	29.4	18.6	19	17	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	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	28.52	17.20	10.26	6.37	27.44	15.18	22.08	14.23	19.15	58.81	+7 %	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	22.80	20.10	11.62	7.00	4.80	4.85	6.66	13.35	8.21	19.77	-4	1	1	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	39.74	39.82	21.90	30.38	25.33	33.05	79.77	65.23	137.47	149.20	+17	8	8	E
F	21.89	14.64	9.82	6.02	22.32	46.72	50.34	132.74	135.93	272.30	+25	15	15	F
G	30.30	33.88	24.38	17.95	67.93	69.56	129.18	177.52	243.26	348.34	+28	20	20	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	65.96	45.22	23.70	17.27	37.12	67.63	147.14	192.61	176.93	353.89	+28	20	20	K
L	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	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	C	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	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	B	C	C-	C-	C-	C-	C-	C-	C-	B+	Medium	17	17	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	A-	B+	C+	C+	C+	C+	B-	C+	B+	B	N/A	14	14	E
F	B	B-	C	C-	C	C+	C	B-	B+	A	Low	19	19	F
G	B-	C	C	C-	C	B-	B	B	A	A	Medium	19	19	G
H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	J
K	B+	C+	C-	C-	C+	B	A-	A	A+	A+	Low	20	20	K
L	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	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	66	73	68	69	62	68	64	73	72	88	78	18	16	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	68	74	76	75	74	75	74	75	81	89	82	18	16	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	57	70	68	72	74	91	95	100	100	100	100	20	20	E
F	68	62	66	73	70	87	76	82	79	95	85	19	17	F
G	76	63	67	74	74	87	89	88	92	96	92	19	18	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	77	73	76	73	76	79	83	84	94	89	89	18	18	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	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	83	64	25	31	69	38	58	48	52			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	83	68	27	36	29	23	34	44	25	78	45	Subpar	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	105	104	68	76	70	78	106	97	116	112	93	Very Good	E
F	84	63	44	28	58	91	86	106	113	119	79	Fair	F
G	90	84	71	56	97	106	111	111	118	119	96	Very Good	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	113	95	53	51	88	107	116	117	118	119	98	Very Good	K
L	0	0	0	0	0	0	0	0	0	0	0	N/A	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	9,212	12,240	49,298	13,805	84,555
– Pairs Rejected	540	637	4,254	990	6,421
Net Y20 Production (after rejects)	8,672	11,603	45,044	12,815	78,134
Superior Materials Usage	28.7%	57.7%	54.2%	41.4%	49.8%
Capacity Utilization (branded + P-L prod.)	115.2%	120.0%	117.4%	120.0%	117.9%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	8.00	+ 0.03	+ 0.63	8.66
Superior Materials	14.00	- 0.01	+ 1.11	15.10

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,083	2,889	2,818	1,849	9,639
– Pairs Cleared (inventory clearance)	694	398	292	301	1,685
Beginning Y20 Inventories	1,389	2,491	2,526	1,548	7,954
+ New Production (shipped from plants)	19,685	14,908	18,330	17,332	70,255
Pairs Available for Sale in Y20	21,074	17,399	20,856	18,880	78,209

BRANDED DEMAND & SALES (000s of pair)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Projected Y20 Demand (see Y19 FIR)	19,925	18,340	17,633	17,536	73,434
Actual Year 20 Demand	18,204	15,879	16,729	16,280	67,092
Branded Pairs Sold	18,197	15,720	16,729	16,277	66,923
Required Y20 Ending Inventories	1,241	1,003	1,159	1,005	4,408
Inventory Surplus (Shortfall)	1,127	-157	2,908	1,064	4,942

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 7.6%
- Available for shipment to warehouses
- % usage up by 17.1 points over Y19
- % utilization up by 10.4 points over Y19

Lower than normal (49.8% industrywide) superior materials usage led to superior materials prices that were 0.1% below the base and standard materials prices that were 0.4% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 7.9% from the base.

- Average inventory clearance of 17.5%
- 16.6% higher than Y20 demand

Actual demand in Year 20 was 8.6% less than expected due to increases in industry average prices.

- Needed to achieve delivery times
- { Okay in N.A. Low 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)	18,932	19,689	20,477	21,296
Europe-Africa	16,514	17,175	17,862	18,576
Asia-Pacific	17,733	18,797	19,925	21,121
Latin America	17,257	18,292	19,390	20,553
Total	70,436	73,953	77,654	81,546
Private-Label — North America	2,838	2,838	2,838	2,838
Europe-Africa	2,808	2,808	2,808	2,808
Asia-Pacific	2,790	2,790	2,790	2,790
Latin America	2,808	2,808	2,808	2,808
Total	11,244	11,244	11,244	11,244

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	9,507
Potential Production (at max OT)	86,040
Potential Global Supply	95,547
Demand — Branded Sales Forecast (000s)	70,436
Private-Label Sales Forecast	11,244
Expected Global Demand	81,680
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	1,000	0	8,000	0	3,000	0	500	0	4,000	0	8,500	0	12,500	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	2,000	2,000	4,000	0	0	0	0	0	2,000	2,000	4,000	0	8,000	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	5,000	0	8,000	0	-5,000	0	1,500	0	0	0	9,500	0	9,500	0	E
F	2,000	2,200	4,200	4,500	0	0	0	0	2,000	2,200	4,200	4,500	12,900	0	F
G	0	4,000	5,000	4,000	0	0	2,000	0	0	4,000	7,000	4,000	15,000	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	2,000	8,800	3,000	0	0	0	0	0	2,000	8,800	3,000	13,800	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	10,000	10,200	38,000	11,500	-2,000	0	4,000	0	8,000	10,200	42,000	11,500	71,700	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	594,490	379,114	36,198	89,902	14,920	74,356	32,752	12,481	29,123	8,625	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	419,944	295,942	23,787	42,801	10,418	46,996	8,221	9,139	29,636	0	18,250	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	522,555	332,103	39,741	12,051	11,920	126,740	16,928	32,944	76,868	105,000	7,500	E
F	672,993	302,111	36,605	122,503	15,317	196,457	19,245	53,164	124,048	2,250	7,500	F
G	791,454	433,002	47,412	93,830	17,420	199,790	13,351	55,932	130,507	11,250	7,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	866,646	423,309	61,252	152,891	16,218	212,976	8,645	61,299	143,032	90,000	7,500	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	644,680	360,930	40,833	85,663	14,369	142,886	16,524	37,493	88,869	36,188	9,292	

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	227,162	568,187	348,384	75,000	124,279	0	20,524	144,803	1.15	2 / 3	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	50,763	172,720	296,940	69,609	10,400	157,497	29,800	29,634	216,931	0.00	1 / 4	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	0	214,775	466,823	91,919	22,500	380,535	0	-28,131	352,404	14.00	1 / 2	E
F	100,764	296,090	642,794	70,561	120,000	330,437	0	121,796	452,233	0.30	7 / 2	F
G	0	283,835	684,250	112,483	54,000	398,508	0	119,259	517,767	1.50	6 / 2	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	81,309	329,402	678,934	48,944	126,000	468,887	-17,929	53,031	503,990	12.00	1 / 1	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	38,806	253,997	556,321	123,650	67,983	310,024	1,979	52,686	364,688	4.83	3 / 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	Mktnng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	63.8 %	6.1 %	15.1 %	2.5 %	12.5 %	4.9 %	0.65	90	2.27	0.68	0.16	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	70.5	5.7	10.2	2.5	11.2	7.1	2.48	30	5.72	0.18	1.06	Medium	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	63.6	7.6	2.3	2.3	24.3	14.7	2.34	112	7.49	0.17	0.00	N/A	E
F	44.9	5.4	18.2	2.3	29.2	18.4	4.20	39	10.21	0.25	3.67	Low	F
G	54.7	6.0	11.9	2.2	25.2	16.5	2.52	74	14.96	0.16	2.69	Medium	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	48.8	7.1	17.6	1.9	24.6	16.5	6.73	29	24.64	0.21	5.66	Low	K
L	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	L
	56.0 %	6.3 %	13.3 %	2.2 %	22.2 %	13.8 %	2.05	62	10.88	0.28	2.21	Medium	

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		9.91	8.15	11.09	11.58	12.65	14.18
	Private-Label Footwear		9.81	8.93	10.84	9.63	12.63	10.32
Labor — North America	Total Compensation (\$/year)		15,925	17,996	18,853	19,379	24,903	20,839
	Productivity (pairs/worker/year)		5,307	5,007	5,627	5,280	6,008	5,795
	Labor Cost (\$/pair produced)		0.00	3.07	2.71	3.76	3.60	4.28
Europe Africa	Total Compensation (\$/year)		17,257	17,257	18,917	18,609	20,039	19,303
	Productivity (pairs/worker/year)		4,642	4,344	4,973	4,800	5,526	5,432
	Labor Cost (\$/pair produced)		2.95	2.99	3.91	4.21	4.43	4.80
Asia Pacific	Total Compensation (\$/year)		3,376	4,403	5,047	5,674	6,409	6,747
	Productivity (pairs/worker/year)		2,406	2,757	3,158	3,387	4,048	4,207
	Labor Cost (\$/pair produced)		1.22	1.62	1.63	1.81	2.00	2.12
Latin America	Total Compensation (\$/year)		3,640	4,929	4,811	5,580	6,197	6,827
	Productivity (pairs/worker/year)		2,617	3,102	3,446	3,831	4,276	4,523
	Labor Cost (\$/pair produced)		1.26	1.41	1.41	1.61	1.64	1.72
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	0.00	0.68	0.52	1.39	1.10
	Cumulative		0.13	0.34	0.69	0.67	1.13	1.12
Reject Rates	Branded Production		4.0%	4.2%	7.4%	7.9%	12.0%	11.4%
	Private-Label Production		2.3%	4.0%	5.6%	5.6%	8.6%	7.0%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	22.44	19.48	27.12	25.41	34.53	32.21
		E-A	18.82	17.12	25.58	27.77	37.64	40.73
		A-P	21.81	20.30	25.15	23.96	32.75	27.77
		L.A.	19.35	15.91	21.99	21.76	24.82	25.15
	Private-Label	N.A.	21.06	22.87	21.76	23.70	22.45	24.32
		E-A	17.92	20.15	21.88	23.75	27.23	27.34
		A-P	19.05	19.23	20.63	22.23	21.76	27.45
		L.A.	20.13	20.50	22.51	20.50	24.89	20.50

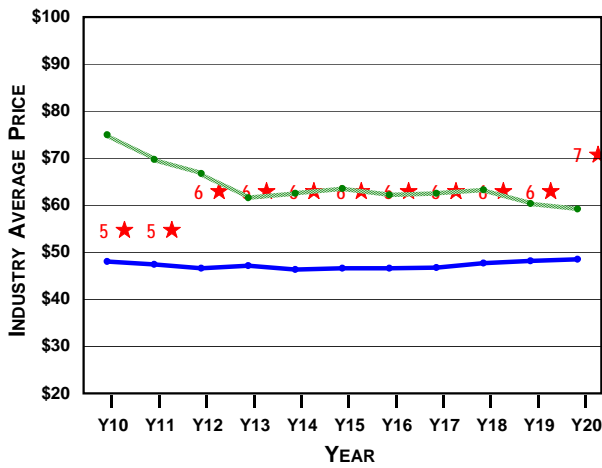
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.78	22.39	29.02	28.45	36.49	34.82
		E-A	21.58	19.95	33.16	33.56	40.18	42.94
		A-P	24.62	23.08	27.18	26.60	33.39	30.57
		L.A.	21.34	18.69	30.30	30.09	42.04	37.88
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.46	10.33	10.82	10.57	11.24	10.80
			2.14	1.91	2.56	2.28	3.02	2.70
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		5.16	4.72	11.12	10.21	12.86	13.51
			0.67	0.51	8.26	6.86	13.48	10.57
Administrative Expenses (\$/pair sold)		1.04	1.09	1.43	1.37	1.95	1.87	
Operating Profit (\$ per pair sold)	Internet	N.A.	9.28	10.40	17.16	18.19	25.24	30.04
		E-A	6.31	2.67	15.42	14.26	28.68	32.47
		A-P	11.54	16.12	18.25	19.57	24.36	28.16
		L.A.	4.80	11.16	16.91	19.65	28.87	37.31
Wholesale		N.A.	-1.34	-0.14	5.99	8.97	16.56	15.75
		E-A	-1.31	-2.72	8.38	10.53	16.54	21.03
		A-P	2.21	5.02	6.45	9.58	17.06	16.30
		L.A.	-4.54	1.21	6.10	10.52	12.01	15.38
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.56	25.37	24.26	26.20	24.95	26.82
		E-A	20.42	22.65	27.25	31.01	35.86	37.22
		A-P	21.55	21.73	23.13	25.84	24.26	29.95
		L.A.	22.63	23.00	25.81	23.00	27.40	23.00
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.	0.68	3.63	0.86	7.13	1.04	10.18
		E-A	1.58	2.07	9.19	7.16	14.49	14.67
		A-P	-1.10	6.96	1.89	9.58	4.25	12.19
		L.A.	-1.11	14.89	1.19	14.89	3.78	14.89

CELEBRITY ENDORSEMENTS

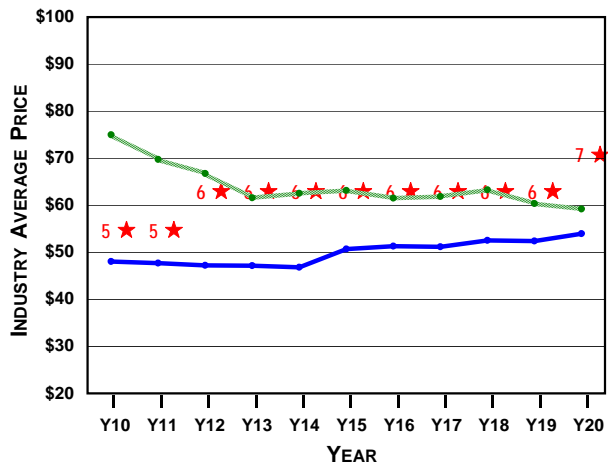
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company F	5,500	Y19	2 years	4	12,211	5,501	6,053	1,000
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	0	0	0	0	0
Annika Stockholm	70	100	70	55	[unsigned]	0	N/A	5 years	0	0	0	0	0
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	4,265	Y18	3 years	4	9,079	7,777	5,918	2,550
Karioki Footsu	55	60	95	90	Company G	5,501	Y19	4 years	4	11,111	5,501	5,778	1,000
Jaques LaFeet	50	90	50	85	Company F	5,500	Y20	1 year	1	5,500	0	5,500	5,500
Serenus Willson	70	65	55	60	Company K	12,211	Y19	3 years	4	12,211	5,501	6,053	1,000
Natalie Kwan	75	80	95	50	Company K	13,655	Y17	4 years	4	13,655	10,016	9,078	5,000
Sergio Milano	45	85	60	100	Company K	12,211	Y19	2 years	5	12,211	10,000	6,842	1,000
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	Company A	20,000	Y18	4 years	5	20,000	6,888	7,595	2,550

BRANDED PRICE AND S/Q RATING TRENDS

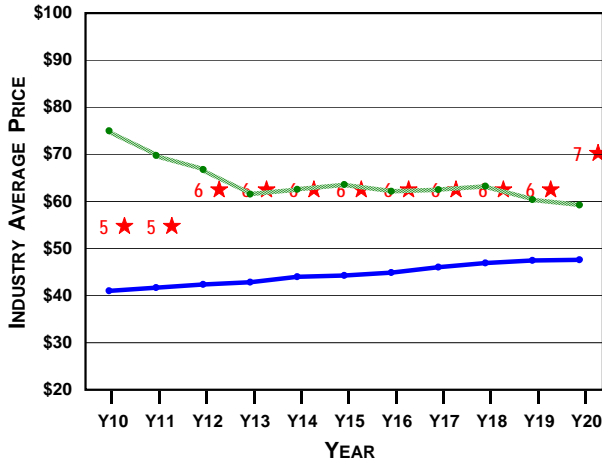
NORTH AMERICA



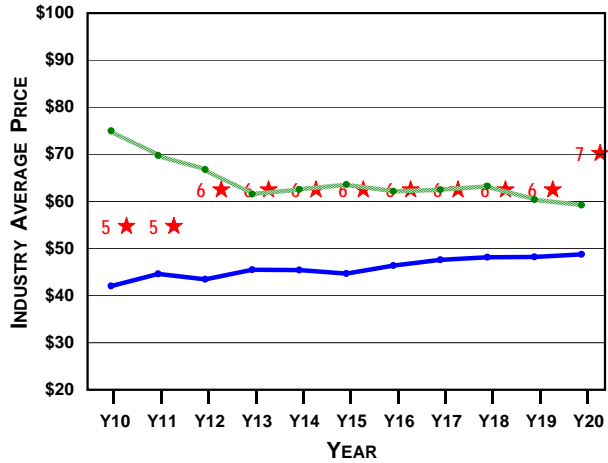
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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