

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

Friday, December 15, 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
Dont 4get Ur Shoes!	120	+2
Caesar	120	0
How to win eh!	120	0
God Blessed! Inc	118	+1
K BRASS	114	+5
John-E Shoes	95	+23
Elephants float....	59	-49
I Company	35	0
Bankrupt Shoe Co.	26	0
Footwurk	23	0
A (deleted)	0	0
L (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Caesar	106	+2
How to win eh!	106	+2
God Blessed! Inc	97	+3
Dont 4get Ur Shoes!	86	+4
K BRASS	75	+4
Elephants float....	74	-2
John-E Shoes	59	+4
I Company	36	0
Bankrupt Shoe Co.	32	-1
Footwurk	27	0
A (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
Caesar	100	+2
God Blessed! Inc	90	0
How to win eh!	90	-7
Dont 4get Ur Shoes!	81	-2
K BRASS	66	+3
John-E Shoes	53	+9
Elephants float....	34	-28
I Company	26	0
Bankrupt Shoe Co.	20	0
Footwurk	15	0
A (deleted)	0	0
L (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
How to win eh!	96	-3
Caesar	95	+2
God Blessed! Inc	85	0
Dont 4get Ur Shoes!	76	+2
K BRASS	60	+2
Elephants float....	48	-11
John-E Shoes	43	+9
I Company	26	0
Bankrupt Shoe Co.	20	0
Footwurk	15	-1
A (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 (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	2.09	1.04	-3.01	-10.63	-24.55	-7.89	-11.02	-4.62	-4.53	-3.25	-5.96	0	0	B
C	3.54	3.92	1.22	2.34	2.80	4.63	8.90	8.21	11.33	16.89	5.94	20	19	C
D	1.94	3.52	0.81	0.81	1.94	2.48	3.78	7.65	8.56	11.20	3.86	13	12	D
E	2.75	2.61	-0.07	0.84	0.40	3.95	3.39	6.60	5.48	1.16	2.59	1	8	E
F	1.13	-0.18	-5.49	-3.34	-0.39	-1.08	-0.16	-0.02	-1.20	-3.02	-1.37	0	0	F
G	3.69	4.57	0.17	1.07	2.88	5.35	5.90	9.10	10.83	15.35	5.50	18	17	G
H	2.92	3.64	1.56	2.50	3.59	5.13	8.64	9.05	11.36	14.52	6.29	17	20	H
I	2.23	0.17	-1.23	-0.23	-0.25	0.51	-0.53	-0.51	-0.51	-0.99	-0.26	0	0	I
J	2.58	3.23	-3.44	-2.22	-2.00	1.58	1.13	1.06	1.93	3.47	0.97	4	3	J
K	3.51	2.63	0.52	0.09	0.18	1.40	1.43	2.94	3.74	5.51	2.26	7	7	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 (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	13.5	5.5	-18.9	-117.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	B
C	21.0	19.6	5.4	9.6	9.9	15.0	24.4	20.8	23.7	30.2	18.1	20	17	C
D	12.0	19.1	3.9	4.0	8.5	10.0	13.1	23.1	26.0	28.1	14.9	19	14	D
E	16.6	13.6	-0.4	4.1	1.9	16.8	12.3	21.3	18.5	4.1	10.9	3	10	E
F	8.4	-1.1	-39.2	-35.1	-5.2	-15.9	-2.5	-0.4	-22.2	-92.1	-16.2	0	0	F
G	22.9	30.3	0.9	4.3	9.2	15.1	16.0	21.0	21.2	26.5	16.1	18	15	G
H	19.4	31.3	11.0	15.4	18.6	21.7	28.3	23.0	23.1	25.6	21.3	17	20	H
I	14.1	1.0	-10.4	-1.8	-2.6	4.9	-5.1	-5.1	-5.4	-11.5	-2.3	0	0	I
J	15.8	18.9	-25.2	-26.4	-28.3	19.8	12.1	11.4	16.3	23.8	8.3	16	8	J
K	21.6	15.9	3.3	0.4	1.4	11.5	10.0	17.8	20.4	28.1	13.5	19	13	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	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	23.46	14.14	9.05	5.89	4.80	5.76	4.70	4.94	5.65	4.55	-17	0	0	B
C	57.06	57.81	29.11	23.63	26.98	67.53	173.89	160.45	238.41	380.58	+29	20	20	C
D	17.39	43.74	22.78	13.17	17.48	30.08	47.77	111.62	133.26	191.33	+20	10	10	D
E	32.33	27.12	15.67	8.96	6.27	33.05	49.67	132.44	87.85	38.04	+2	2	2	E
F	16.35	10.28	6.87	4.90	5.66	4.75	5.21	4.65	5.62	4.55	-17	0	0	F
G	54.43	82.48	37.23	20.55	28.14	93.82	115.80	150.71	227.90	345.58	+28	18	18	G
H	33.34	48.24	25.12	24.58	39.21	82.80	160.29	159.35	227.68	312.78	+26	16	16	H
I	24.15	14.39	8.35	4.95	5.44	5.75	4.70	5.61	4.60	4.88	-17	0	0	I
J	28.22	36.78	19.77	11.27	7.49	14.80	12.41	12.08	22.22	47.91	+5	3	3	J
K	63.32	30.40	17.05	10.58	6.82	16.51	17.89	46.09	65.82	112.99	+14	6	6	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	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-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	B
C	A-	A	B	A+	A+	A+	A	A	A+	A+	Low	20	20	C
D	C+	B-	C-	C	B-	B	B+	B	A-	A+	Low	20	20	D
E	A-	B+	C-	C-	C-	B+	A	A+	A+	B+	N/A	17	17	E
F	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	F
G	B-	C+	C-	B+	A	A+	A+	A+	A+	A+	Low	20	20	G
H	C+	B-	C	B	A	A+	A+	A+	A+	A+	Low	20	20	H
I	B-	C+	C-	C-	C-	A-	B+	B+	B+	B+	N/A	17	17	I
J	B	C	C-	C-	C-	C	C	C	B-	B	Medium	14	14	J
K	B+	B	C	C-	C	B	B	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	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	69	61	78	67	100	100	91	100	100	100	100	20	20	B
C	73	84	69	83	74	89	94	87	100	100	96	20	19	C
D	69	85	77	98	93	100	100	100	96	97	98	19	20	D
E	67	74	62	56	49	56	52	59	53	54	55	11	11	E
F	71	62	70	69	75	69	81	74	77	74	75	15	15	F
G	72	76	62	67	63	65	78	70	78	82	77	16	15	G
H	93	98	86	81	81	86	100	94	100	99	98	20	20	H
I	72	57	49	46	48	51	47	46	47	45	46	9	9	I
J	66	66	78	81	68	66	64	66	77	80	74	16	15	J
K	67	68	74	65	67	73	74	68	74	72	71	14	14	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	0	0	0	0	0	0	0	0	0	0	0	N/A	A
B	81	39	26	22	26	27	25	26	26	26	32	Subpar	B
C	113	116	67	85	87	114	118	117	120	120	106	Excellent	C
D	70	102	43	45	65	81	101	112	118	120	86	Good	D
E	102	93	27	31	22	93	93	113	108	59	74	Fair	E
F	61	24	24	22	24	22	24	23	23	23	27	Subpar	F
G	104	101	40	62	83	111	114	116	117	118	97	Very Good	G
H	95	107	65	86	106	118	120	119	120	120	106	Excellent	H
I	83	34	19	16	17	50	35	35	35	35	36	Subpar	I
J	93	88	32	28	23	62	49	48	72	95	59	Subpar	J
K	110	92	41	26	29	66	65	98	109	114	75	Fair	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	16,842	9,840	71,689	18,960	117,331
– Pairs Rejected	612	375	4,563	582	6,132
Net Y20 Production (after rejects)	16,230	9,465	67,126	18,378	111,199
Superior Materials Usage	30.2%	58.0%	44.5%	38.6%	42.7%
Capacity Utilization (branded + P-L prod.)	113.8%	120.0%	111.0%	114.9%	112.7%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 1.02	+ 0.19	8.21
Superior Materials	14.00	- 0.51	+ 0.38	13.87

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,566	842	835	745	3,988
– Pairs Cleared (inventory clearance)	702	268	210	279	1,459
Beginning Y20 Inventories	864	574	625	466	2,529
+ New Production (shipped from plants)	25,169	23,243	22,999	23,396	94,807
Pairs Available for Sale in Y20	26,033	23,817	23,624	23,862	97,336

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)	25,191	24,882	23,550	23,756	97,379
Actual Year 20 Demand	24,510	24,151	23,369	23,659	95,690
Branded Pairs Sold	24,114	22,890	22,101	22,607	91,712
Required Y20 Ending Inventories	1,032	897	985	850	3,764
Inventory Surplus (Shortfall)	-336	-1,869	-1,686	-2,214	-6,105

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.2%
- Available for shipment to warehouses
- % usage down by 2.0 points from Y19
- % utilization down by 2.3 points from Y19

Lower than normal (42.7% industrywide) superior materials usage led to superior materials prices that were 3.7% below the base and standard materials prices that were 14.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 2.7% from the base.

- Average inventory clearance of 36.6%
- 1.7% higher than Y20 demand

Actual demand in Year 20 was 1.7% less than expected due to increases in industry average prices.

- 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	25,490	26,510	27,570	28,673
(internet + wholesale) Europe-Africa	25,117	26,122	27,167	28,254
Asia-Pacific	24,771	26,257	27,832	29,502
Latin America	25,079	26,584	28,179	29,870
Total	100,457	105,473	110,748	116,299
Private-Label — North America	4,690	4,690	4,690	4,690
Europe-Africa	4,730	4,730	4,730	4,730
Asia-Pacific	4,660	4,660	4,660	4,660
Latin America	4,770	4,770	4,770	4,770
Total	18,850	18,850	18,850	18,850

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory	3,764
(000s) Potential Production (at max OT)	126,240
Potential Global Supply	130,004
Demand — Branded Sales Forecast	100,457
(000s) Private-Label Sales Forecast	18,850
Expected Global Demand	119,307
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	A
B	0	0	12,000	4,500	0	0	0	0	0	0	12,000	4,500	16,500	0	B
C	0	3,200	7,000	0	0	0	2,000	0	0	3,200	9,000	0	12,200	0	C
D	2,300	0	5,000	3,500	0	0	0	300	2,300	0	5,000	3,800	11,100	0	D
E	1,900	0	1,000	0	0	0	0	0	1,900	0	1,000	0	2,900	0	E
F	3,200	1,000	4,000	0	0	0	0	0	3,200	1,000	4,000	0	8,200	0	F
G	0	0	10,600	0	0	0	1,500	0	0	0	12,100	0	12,100	0	G
H	0	2,000	7,300	2,000	0	0	0	700	0	2,000	7,300	2,700	12,000	0	H
I	1,600	0	1,900	0	0	0	0	0	1,600	0	1,900	0	3,500	1,100	I
J	0	0	9,100	5,500	0	0	200	0	0	0	9,300	5,500	14,800	0	J
K	5,500	2,000	2,200	0	300	0	800	0	5,800	2,000	3,000	0	10,800	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	14,500	8,200	60,100	15,500	300	0	4,500	1,000	14,800	8,200	64,600	16,500	104,100	1,100	

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	667,270	491,539	34,940	68,859	18,920	53,012	166,839	0	-113,827	0	35,000	B
C	675,067	349,424	35,610	88,542	14,619	186,872	5,959	54,274	126,639	75,000	7,500	C
D	583,171	303,952	30,995	109,646	13,519	125,059	5,064	35,999	83,996	0	7,500	D
E	186,401	85,406	19,904	65,306	5,318	10,467	-1,947	3,724	8,690	18,750	7,500	E
F	347,660	220,563	23,745	112,728	10,620	-19,996	25,328	0	-45,324	0	15,000	F
G	668,617	343,613	46,286	95,996	14,519	168,203	3,743	49,338	115,122	60,000	7,500	G
H	583,614	281,495	36,974	90,053	14,419	160,673	5,103	46,671	108,899	73,350	7,500	H
I	140,639	105,402	13,562	36,703	5,919	-20,947	-1,123	0	-19,824	0	20,100	I
J	776,920	404,192	52,805	155,014	17,221	147,688	37,710	32,993	76,985	0	22,200	J
K	629,607	328,460	42,792	116,270	13,220	128,865	8,035	36,249	84,581	33,770	15,350	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	525,897	291,405	33,761	93,912	12,829	93,990	25,471	25,925	42,594	26,087	14,515	

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	173,758	622,278	1,407,866	25,000	-720,961	24,200	-113,827	-810,588	0.00	0 / 1	B
C	27,243	227,661	593,535	51,013	98,000	392,882	0	51,640	444,522	10.00	4 / 2	C
D	14,435	166,241	371,981	50,114	0	275,859	-37,991	83,998	321,867	0.00	0 / 1	D
E	125,775	173,719	214,716	7,634	0	217,145	0	-10,062	207,082	2.50	3 / 1	E
F	0	101,767	259,533	232,995	0	71,859	0	-45,321	26,538	0.00	0 / 1	F
G	41,970	233,254	585,857	52,134	72,000	406,601	0	55,122	461,723	8.00	5 / 3	G
H	45,877	203,567	542,916	37,211	63,000	407,156	0	35,549	442,705	9.78	2 / 1	H
I	7,830	46,318	170,625	7,745	0	182,702	0	-19,823	162,880	0.00	0 / 1	I
J	18,596	231,690	724,384	115,622	250,000	288,530	-6,756	76,988	358,762	0.00	1 / 2	J
K	34,229	225,883	483,428	43,014	117,000	279,226	-6,625	50,813	323,414	2.20	3 / 2	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	31,595	178,386	456,925	200,535	62,500	180,100	-2,717	16,508	193,890	3.25	2 / 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	Mktng. 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	73.7	5.2	10.3	2.8	7.9	-17.1	0.12	9	0.32	2.22	0.00	N/A	B
C	51.8	5.3	13.1	2.2	27.7	18.8	4.46	42	31.36	0.19	5.69	Low	C
D	52.1	5.3	18.8	2.3	21.4	14.4	3.32	9	24.70	0.06	4.65	Low	D
E	45.8	10.7	35.0	2.9	5.6	4.7	22.76	6	100.00	0.00	0.00	N/A	E
F	63.4	6.8	32.4	3.1	-5.8	-13.0	0.44	28	-0.79	0.83	0.00	N/A	F
G	51.4	6.9	14.4	2.2	25.2	17.2	4.47	26	44.94	0.15	4.61	Low	G
H	48.2	6.3	15.4	2.5	27.5	18.7	5.47	18	31.49	0.13	8.73	Low	H
I	74.9	9.6	26.1	4.2	-14.9	-14.1	5.98	12	100.00	0.00	0.00	N/A	I
J	52.0	6.8	20.0	2.2	19.0	9.9	2.00	17	3.92	0.45	1.47	Medium	J
K	52.2	6.8	18.5	2.1	20.5	13.4	5.25	42	16.04	0.27	5.47	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
	55.4 %	6.4 %	17.9 %	2.4 %	17.9 %	8.1 %	0.89	21	35.20	0.43	3.06	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		8.40	8.34	10.55	10.39	14.54	12.29
	Private-Label Footwear		7.81	7.68	8.92	8.82	11.49	11.31
Labor — North America	Total Compensation (\$/year)		16,548	16,556	21,139	21,351	25,375	25,486
	Productivity (pairs/worker/year)		3,765	3,817	4,494	4,542	5,340	5,418
	Labor Cost (\$/pair produced)		3.42	3.37	4.49	4.56	5.88	5.93
Europe	Total Compensation (\$/year)		17,230	17,575	19,461	19,775	21,826	22,099
	Productivity (pairs/worker/year)		3,852	3,985	4,283	4,476	5,090	5,330
	Labor Cost (\$/pair produced)		3.31	3.21	4.80	4.68	5.98	5.93
Asia Pacific	Total Compensation (\$/year)		3,273	3,338	5,252	5,354	7,106	7,240
	Productivity (pairs/worker/year)		2,399	2,432	2,969	3,043	4,621	4,858
	Labor Cost (\$/pair produced)		1.50	1.51	1.82	1.85	2.55	2.56
Latin America	Total Compensation (\$/year)		4,198	3,730	4,806	4,879	6,048	6,048
	Productivity (pairs/worker/year)		2,607	2,366	2,837	2,960	3,130	3,721
	Labor Cost (\$/pair produced)		1.64	1.37	1.73	1.68	1.81	1.98
TQM / 6Σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	0.10	1.10	1.09	2.25	2.12
	Cumulative		0.26	0.25	1.03	1.04	1.99	2.00
Reject Rates	Branded Production		1.6%	1.6%	5.3%	4.9%	10.0%	10.0%
	Private-Label Production		2.4%	1.9%	3.7%	3.6%	6.5%	6.4%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		20.22	20.14	24.57	25.17	30.25	32.84
	E-A		25.83	24.33	27.80	26.54	29.58	29.65
	A-P		18.52	18.51	23.83	23.40	36.92	36.09
	L.A.		18.16	18.03	24.57	21.73	31.23	25.83
	Private-Label — N.A.		21.01	21.04	22.31	24.82	23.37	31.19
	E-A		18.69	17.93	18.69	17.93	18.69	17.93
	A-P		16.65	18.07	25.13	22.20	51.52	33.89
	L.A.		18.42	18.19	19.31	18.76	19.96	19.33

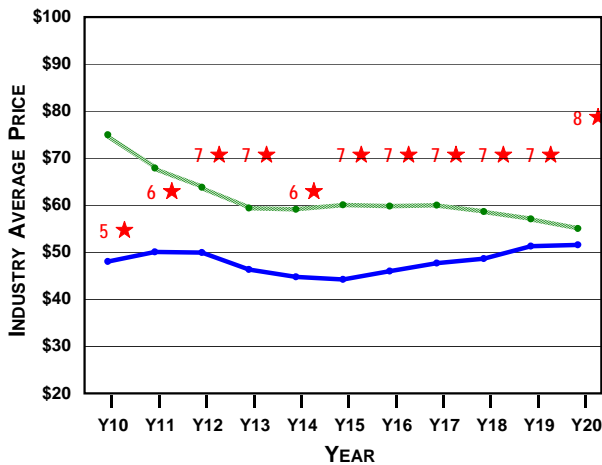
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.28	22.15	27.52	26.72	32.86	34.76
		E-A	27.84	26.33	31.70	30.89	37.71	39.99
		A-P	20.54	20.51	26.88	26.52	38.45	41.31
		L.A.	20.18	20.03	28.89	27.87	36.86	37.92
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.37	10.27	10.82	10.66	12.32	11.60
			2.06	1.82	2.62	2.37	4.30	3.44
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		5.87	8.27	13.00	12.71	24.70	20.67
			7.42	7.01	11.00	11.12	16.13	18.32
Administrative Expenses	(\$/pair sold)		1.06	1.06	1.45	1.51	2.33	2.15
Operating Profit (\$ per pair sold)	Internet	N.A.	5.14	2.06	13.04	12.13	24.50	23.17
		E-A	-3.97	-2.24	9.82	8.78	21.97	21.47
		A-P	-5.68	-9.85	14.08	14.06	29.65	28.76
		L.A.	-3.75	-8.99	11.90	12.80	29.05	30.12
Wholesale	N.A.		-2.12	-5.02	8.52	7.48	15.56	15.31
	E-A		-3.76	-9.10	7.32	7.31	13.24	17.96
	A-P		-17.39	-21.52	5.99	5.89	14.53	17.23
	L.A.		-7.11	-15.25	5.96	6.04	16.13	16.28
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.83	23.04	24.24	26.18	31.59	33.19
		E-A	20.69	22.23	27.37	27.50	31.89	31.17
		A-P	18.65	20.07	20.62	26.12	23.46	35.89
		L.A.	21.54	20.19	21.75	23.19	21.96	28.06
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.	-3.59	-5.19	0.43	-0.79	1.85	0.72
		E-A	-0.42	0.89	3.50	10.57	8.43	15.68
		A-P	-0.33	-7.10	1.29	-1.92	2.20	0.70
		L.A.	-1.50	0.26	-0.59	4.30	0.32	10.97

CELEBRITY ENDORSEMENTS

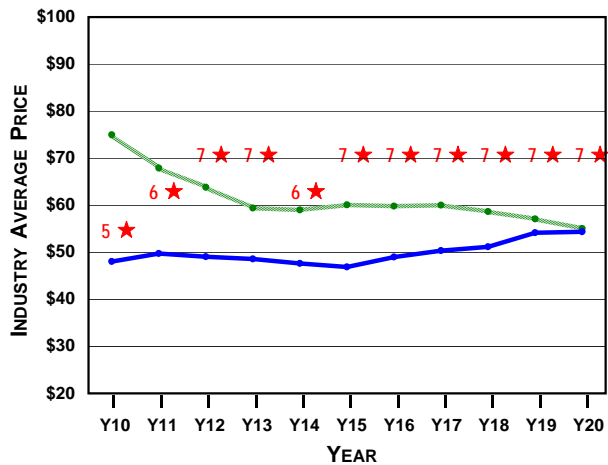
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# of BIDS	HIGH BID	2nd BID	AVG BID	Low Bid
Payton Manyon	85	45	35	40	Company J	33,753	Y19	2 years	8	33,753	17,115	11,872	999
Oprah Letterman	100	70	65	75	Company J	35,602	Y20	3 years	3	35,602	11,111	15,904	1,000
Annika Stockholm	70	100	70	55	Company K	31,304	Y16	5 years	6	31,304	20,555	19,102	12,503
Tiger Green	95	80	85	75	Company C	11,111	Y20	2 years	2	11,111	1,000	6,056	1,000
José Montaña	60	50	60	95	Company F	17,111	Y18	3 years	7	17,111	15,023	5,944	777
Karioki Footsu	55	60	95	90	Company C	11,111	Y20	4 years	2	11,111	1,000	6,056	1,000
Jaques LaFeet	50	90	50	85	Company F	17,115	Y20	1 year	4	17,115	11,111	10,053	1,000
Serenus Willson	70	65	55	60	Company F	17,115	Y19	3 years	7	22,666	17,115	9,841	999
Natalie Kwan	75	80	95	50	Company F	17,115	Y19	4 years	7	17,115	11,112	8,839	999
Sergio Milano	45	85	60	100	Company E	10,987	Y19	2 years	8	17,115	10,987	8,485	999
Lance deFrance	80	85	75	70	Company C	11,111	Y20	3 years	2	11,111	1,000	6,056	1,000
Yao KungPao	60	35	100	50	Company F	17,111	Y18	4 years	7	17,111	15,023	5,658	777

BRANDED PRICE AND S/Q RATING TRENDS

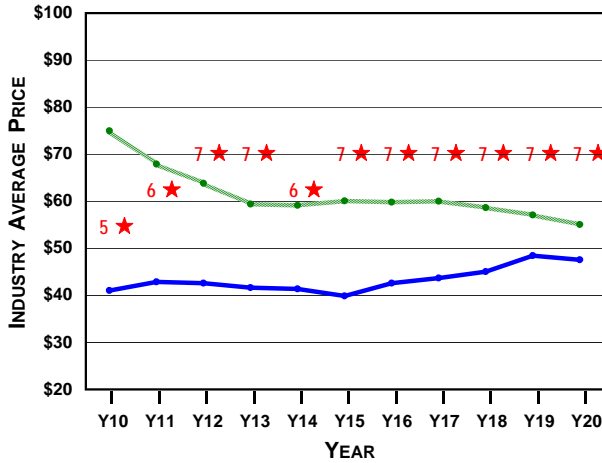
NORTH AMERICA



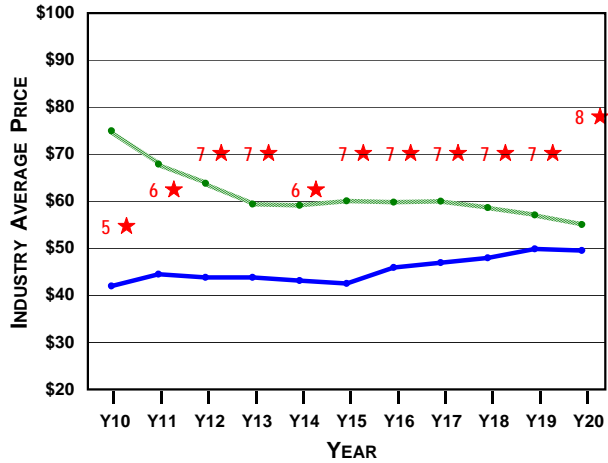
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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