

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 6

Friday, May 4, 2007

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
Fabulous Duo	117	0
AUTOCRATS	114	+12
Brand Canada Shoes	114	-5
Evolution Shoes	113	+1
Liquid Lava Footwear	110	+48
DECADENT	103	+61
JJs Shoes	71	+50
G --Raesri--	53	-6
Infinite Footwear	51	+32
High Performance	19	-2
Cabbaged	15	-3
K (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Fabulous Duo	103	+2
Brand Canada Shoes	99	+2
DECADENT	75	+3
AUTOCRATS	75	+4
Evolution Shoes	74	+4
Liquid Lava Footwear	68	+4
JJs Shoes	42	+3
G --Raesri--	39	+2
Infinite Footwear	27	+3
High Performance	26	-1
Cabbaged	25	-1
K (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
Fabulous Duo	85	-1
AUTOCRATS	69	+5
Brand Canada Shoes	63	-16
Evolution Shoes	52	-6
Liquid Lava Footwear	48	+10
DECADENT	43	+21
JJs Shoes	40	+26
Infinite Footwear	31	+18
G --Raesri--	19	-7
High Performance	13	-1
Cabbaged	10	-2
K (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Fabulous Duo	95	-2
Brand Canada Shoes	74	-14
AUTOCRATS	66	+2
Evolution Shoes	55	-5
Liquid Lava Footwear	54	+3
DECADENT	51	+11
JJs Shoes	31	+14
Infinite Footwear	29	+14
G --Raesri--	16	-4
High Performance	14	-2
Cabbaged	12	-2
K (deleted)	0	0

EARNINGS PER SHARE (\$)

Bold numbers indicate achievement of investor expectation for EPS shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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	3.49	-0.16	-3.48	0.75	0.77	2.72	4.37	2.91	4.15	7.37	2.29	8	6	A
B	5.08	0.57	0.90	4.11	4.46	3.72	4.61	4.54	8.68	9.89	4.52	11	13	B
C	2.25	-0.88	-2.24	-2.63	-1.68	-7.63	-3.99	-4.46	-5.82	-1.32	-3.13	0	0	C
D	2.16	1.78	-1.64	2.59	5.34	2.54	3.51	4.50	1.35	6.98	2.71	7	8	D
E	2.79	2.95	0.50	1.36	1.38	-0.51	2.05	1.48	5.64	6.94	2.10	7	6	E
F	4.24	3.54	2.20	3.24	7.95	6.71	6.76	7.17	12.41	18.64	7.10	20	20	F
G	2.08	0.62	-13.33	-14.29	-6.78	-3.95	2.48	-0.50	4.73	4.13	-2.33	4	0	G
H	1.39	0.51	-3.86	-8.23	-10.53	-7.86	-5.52	-2.70	-1.39	-0.92	-3.30	0	0	H
I	0.74	-1.15	-1.91	-2.23	-2.78	-0.71	0.02	0.05	-0.23	0.39	-0.65	0	0	I
J	2.61	2.00	-1.65	-3.98	0.58	-0.51	-0.24	-0.60	-0.42	1.44	0.05	2	0	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	K
L	2.37	1.75	0.21	0.39	3.12	1.21	0.95	1.70	1.60	4.89	1.79	5	5	L

RETURN ON EQUITY (%)

Bold numbers indicate achievement of investor expectation for ROE shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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	22.2	-1.3	-38.5	7.6	7.3	20.7	31.3	36.8	51.8	77.0	21.2	20	20	A
B	31.3	3.4	3.6	20.8	18.6	13.3	14.4	12.6	21.8	26.1	16.2	7	15	B
C	14.3	-6.0	-17.6	-27.3	-22.5	-269.6	0.0	0.0	0.0	0.0	0.0	0	0	C
D	13.3	9.8	-8.9	13.8	23.0	12.1	14.6	16.1	4.4	19.9	11.5	5	11	D
E	17.1	15.8	2.5	6.6	8.9	-2.9	11.3	7.1	21.6	28.5	10.8	7	10	E
F	25.9	20.7	9.5	11.5	25.6	17.5	15.0	13.8	20.0	25.8	17.6	7	17	F
G	12.8	3.3	-171.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	G
H	9.0	3.3	-29.4	-115.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	5.3	-7.2	-17.0	-22.0	-36.4	-14.1	0.5	0.9	-4.8	7.8	-8.9	2	0	I
J	16.4	12.4	-16.1	-57.8	10.0	-11.5	-5.1	-13.7	-12.4	35.9	0.7	9	1	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	K
L	15.1	11.2	1.3	2.6	19.4	7.1	5.7	9.5	8.3	21.7	10.4	6	10	L

STOCK PRICE (\$ per share)

Bold numbers indicate achievement of investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (a 20% weighting in the 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	61.12	30.30	16.44	10.15	5.96	31.81	63.99	41.35	58.20	110.71	+14 %	6	6	A
B	76.34	34.51	19.44	44.66	64.70	53.06	57.98	62.26	174.95	168.62	+19	9	9	B
C	23.92	13.43	8.06	5.69	4.80	5.67	4.70	5.13	4.60	4.73	-17	0	0	C
D	21.91	15.92	9.36	27.88	71.32	33.40	38.19	47.91	24.52	89.17	+12	5	5	D
E	36.50	33.83	18.41	12.74	13.35	7.89	22.78	15.47	74.46	118.39	+15	6	6	E
F	62.22	41.08	21.50	33.17	131.36	92.24	90.23	80.86	194.48	389.46	+29	20	20	F
G	20.65	12.48	7.72	5.24	4.80	5.59	21.33	12.09	51.66	42.08	+3	2	2	G
H	16.25	9.60	6.51	4.85	5.06	4.75	4.99	5.09	4.60	5.03	-16	0	0	H
I	16.28	9.83	6.02	4.85	5.71	4.75	4.98	5.38	4.60	5.54	-16	0	0	I
J	34.70	19.66	11.62	7.48	6.69	4.75	4.76	5.67	4.60	17.89	-5	1	1	J
K	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	K
L	30.02	17.18	9.88	6.74	35.82	19.22	11.16	16.25	16.62	79.09	+10 %	4	4	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-	A-	B	B-	B	B+	Medium	17	17	A
B	B	C	C	B	A	A+	A+	A+	A+	B+	N/A	17	17	B
C	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	C
D	B-	C-	C-	B	B+	C+	B-	B-	C-	B-	Medium	11	11	D
E	B+	B+	C+	B	C+	C-	C+	A-	A+	A	Low	19	19	E
F	B	B	B-	B-	B	B	B+	B+	A-	A-	Medium	18	18	F
G	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	G
H	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	H
I	C	C-	C-	C-	C-	C-	C-	B-	C	A	Low	19	19	I
J	A-	C+	C-	C-	C-	C-	C-	C-	C-	B	Medium	14	14	J
K	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	K
L	B	C	C-	C+	A-	B	B-	B+	B	B+	Medium	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	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	72	100	68	80	72	68	82	72	79	84	78	18	17	A
B	93	94	81	77	83	86	81	88	88	87	88	19	20	B
C	53	54	51	57	56	58	62	64	57	46	56	10	12	C
D	80	85	64	66	62	68	69	73	71	70	71	15	16	D
E	75	72	68	64	99	94	68	63	61	62	62	13	14	E
F	65	56	63	74	77	77	80	82	95	93	90	20	20	F
G	72	84	98	84	62	66	62	63	63	62	63	13	14	G
H	58	48	64	69	74	72	73	64	66	61	64	13	14	H
I	59	78	68	67	66	51	49	46	45	48	46	10	10	I
J	80	73	70	68	72	65	74	74	66	64	68	14	15	J
K	0	0	0	0	0	0	0	0	0	0	0	0	0	K
L	71	74	84	83	83	88	88	84	78	74	79	16	18	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	99	42	28	41	37	94	107	87	102			
B	111	56	48	105	114	106	110	108	119	114	99	Very Good	B
C	74	23	19	19	18	20	20	20	18	15	25	Subpar	C
D	81	56	23	83	110	72	86	94	42	103	75	Fair	D
E	103	101	43	57	58	27	63	62	112	113	74	Fair	E
F	107	100	69	85	109	107	109	108	117	117	103	Excellent	F
G	78	37	28	25	20	22	40	23	59	53	39	Subpar	G
H	61	28	22	22	23	22	22	20	21	19	26	Subpar	H
I	44	27	22	21	22	17	17	28	19	51	27	Subpar	I
J	105	70	26	23	39	21	23	23	21	71	42	Subpar	J
K	0	0	0	0	0	0	0	0	0	0	0	N/A	K
L	93	62	30	38	102	64	53	70	62	110	68	Subpar	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	21,000	13,201	69,484	16,080	119,765
– Pairs Rejected	830	560	4,190	936	6,516
Net Y20 Production (after rejects)	20,170	12,641	65,294	15,144	113,249
Superior Materials Usage	51.0%	17.0%	27.6%	9.6%	28.1%
Capacity Utilization (branded + P-L prod.)	120.0%	95.7%	117.6%	91.4%	110.9%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 2.85	+ 0.06	9.41
Superior Materials	14.00	- 1.53	+ 0.13	12.60

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,417	1,422	1,400	1,683	5,922
– Pairs Cleared (inventory clearance)	429	267	299	553	1,548
Beginning Y20 Inventories	988	1,155	1,101	1,130	4,374
+ New Production (shipped from plants)	25,842	24,858	24,416	24,135	99,251
Pairs Available for Sale in Y20	26,830	26,013	25,517	25,265	103,625

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)	25,615	24,877	24,090	23,646	98,228
Actual Year 20 Demand	25,685	24,948	24,805	24,112	99,550
Branded Pairs Sold	24,935	24,289	23,969	23,608	96,801
Required Y20 Ending Inventories	1,578	1,562	1,547	1,487	6,174
Inventory Surplus (Shortfall)	-1,007	-1,507	-1,147	-636	-4,297

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.4%
- Available for shipment to warehouses
- % usage up by 2.9 points over Y19
- % utilization up by 9.6 points over Y19

Lower than normal (28.1% industrywide) superior materials usage led to superior materials prices that were 11.0% below the base and standard materials prices that were 43.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 0.9% from the base.

- Average inventory clearance of 26.1%
- 4.1% higher than Y20 demand

Actual demand in Year 20 was 1.3% greater than expected due to decreases 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 (internet + wholesale)	26,712	27,780	28,891	30,047
Europe-Africa	25,946	26,984	28,063	29,186
Asia-Pacific	26,293	27,871	29,543	31,316
Latin America	25,559	27,093	28,719	30,442
Total	104,510	109,728	115,216	120,991
Private-Label — North America	5,225	5,225	5,225	5,225
Europe-Africa	5,159	5,159	5,159	5,159
Asia-Pacific	5,203	5,203	5,203	5,203
Latin America	5,137	5,137	5,137	5,137
Total	20,724	20,724	20,724	20,724

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	6,174
Potential Production (at max OT)	129,600
Potential Global Supply	135,774
Demand — Branded Sales Forecast (000s)	104,510
Private-Label Sales Forecast	20,724
Expected Global Demand	125,234
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	10,500	2,000	2,000	0	0	0	2,000	0	10,500	2,000	14,500	0	A
B	5,000	0	1,000	400	400	0	0	0	5,400	0	1,000	0	6,400	0	B
C	11,300	0	5,800	-11,300	0	0	0	0	0	0	5,800	0	5,800	0	C
D	0	6,000	2,500	8,800	0	-200	-200	-200	0	5,800	2,300	8,600	16,700	0	D
E	4,200	0	2,400	1,400	1,400	0	0	0	5,600	0	2,400	0	8,000	0	E
F	0	7,000	9,000	7,000	0	0	0	0	0	7,000	9,000	7,000	23,000	0	F
G	0	0	9,500	0	0	0	0	0	0	0	9,500	0	9,500	0	G
H	0	1,000	4,000	0	0	0	0	0	0	1,000	4,000	0	5,000	0	H
I	1,000	0	5,100	-1,000	0	0	0	0	0	0	5,100	0	5,100	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	0	0	0	0	0	0	0	0	0	0	0	0	K
L	2,500	0	5,500	0	0	0	0	0	2,500	0	5,500	0	8,000	0	L
Total	26,000	14,000	59,300	17,800	-8,500	-200	-200	-200	17,500	13,800	59,100	17,600	108,000	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	699,990	345,712	55,748	108,475	16,918	173,137	31,797	42,402	98,938	268	13,420	A
B	374,793	186,729	29,504	45,874	8,821	103,865	-2,119	31,795	74,189	129,000	7,500	B
C	310,890	166,790	21,953	39,981	8,220	73,946	101,630	0	-27,684	0	21,000	C
D	533,146	248,573	29,488	124,976	19,119	110,990	36,209	22,434	52,347	0	7,500	D
E	426,113	229,991	35,414	67,464	10,420	82,824	8,464	22,308	52,052	3,750	7,500	E
F	1,013,272	516,748	62,284	177,418	25,422	231,400	31,728	59,902	139,770	76,875	7,500	F
G	425,993	235,186	35,987	40,446	11,918	102,456	58,163	13,288	31,005	0	7,500	G
H	255,440	162,368	22,250	22,418	7,420	40,984	73,104	0	-32,120	0	35,000	H
I	181,710	140,724	12,672	5,958	7,520	14,836	1,952	1,866	11,018	0	28,500	I
J	262,713	169,046	19,525	14,273	8,418	51,451	10,423	6,393	34,635	0	24,000	J
K	0	0	0	0	0	0	0	0	0	0	0	K
L	413,800	207,426	27,227	107,796	10,420	60,931	8,559	15,712	36,660	26,250	7,500	L
	445,260	237,208	32,005	68,644	12,238	95,165	32,719	19,645	42,801	21,468	15,175	

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	49,106	251,687	640,127	91,798	408,500	117,238	-76,080	98,671	139,829	0.02	4 / 1	A
B	28,717	125,205	276,938	19,761	0	311,988	0	-54,811	257,177	17.20	9 / 1	B
C	0	96,721	203,479	484,296	0	-253,115	0	-27,703	-280,817	0.00	2 / 1	C
D	45,688	182,415	674,796	78,289	307,000	237,161	0	52,347	289,507	0.00	0 / 1	D
E	6,996	127,037	326,454	31,482	88,200	158,470	0	48,302	206,772	0.50	2 / 2	E
F	45,450	343,407	963,497	112,266	277,500	510,831	0	62,900	573,731	10.25	2 / 1	F
G	0	126,674	373,564	446,510	25,000	-128,949	0	31,003	-97,946	0.00	1 / 2	G
H	0	67,095	172,675	472,283	50,000	-337,187	19,700	-32,121	-349,608	0.00	0 / 1	H
I	40,551	86,879	179,199	24,397	7,500	136,282	0	11,019	147,302	0.00	0 / 2	I
J	26,567	114,714	212,364	54,438	35,000	70,093	18,200	34,633	122,926	0.00	2 / 2	J
K	0	0	0	0	0	0	0	0	0	0.00	0 / 0	K
L	11,527	117,870	307,530	38,152	105,800	174,132	-20,966	10,412	163,578	3.50	3 / 6	L
	23,146	149,064	393,693	168,516	118,591	90,631	-5,377	21,332	106,586	2.86	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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	49.4 %	8.0 %	15.5 %	2.4 %	24.7 %	14.1 %	2.74	35	5.45	0.72	2.26	Medium	A
B	49.8	7.9	12.2	2.4	27.7	19.8	6.34	6	100.00	0.00	0.00	N/A	B
C	53.6	7.1	12.9	2.6	23.8	-8.9	0.20	41	0.73	2.30	0.00	N/A	C
D	46.6	5.5	23.4	3.6	20.8	9.8	2.33	5	3.07	0.54	1.59	Medium	D
E	54.0	8.3	15.8	2.4	19.4	12.2	4.04	22	9.79	0.30	6.46	Low	E
F	51.0	6.1	17.5	2.5	22.8	13.8	3.06	36	7.29	0.35	1.89	Medium	F
G	55.2	8.4	9.5	2.8	24.1	7.3	0.28	38	1.76	1.20	0.13	High	G
H	63.6	8.7	8.8	2.9	16.0	-12.6	0.14	8	0.56	2.92	0.00	N/A	H
I	77.4	7.0	3.3	4.1	8.2	6.1	3.56	6	7.60	0.08	3.03	Low	I
J	64.3	7.4	5.4	3.2	19.6	13.2	2.11	65	4.94	0.33	1.41	Medium	J
K	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	K
L	50.1	6.6	26.1	2.5	14.7	8.9	3.09	6	7.12	0.40	1.61	Medium	L
	53.3 %	7.2 %	15.4 %	2.7 %	21.4 %	9.6 %	0.88	24	13.48	0.83	1.67	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		8.54	8.31	10.21	10.23	12.74	13.11
	Private-Label Footwear		8.30	8.05	9.65	9.25	11.86	11.71
Labor — North America	Total Compensation (\$/year)		15,766	16,522	19,529	19,735	21,746	22,743
	Productivity (pairs/worker/year)		3,163	4,492	4,679	5,161	5,645	5,581
	Labor Cost (\$/pair produced)		3.84	3.63	4.54	4.23	5.59	4.58
Europe Africa	Total Compensation (\$/year)		16,830	16,995	18,917	18,913	21,825	21,354
	Productivity (pairs/worker/year)		5,053	4,963	5,189	5,260	5,326	5,530
	Labor Cost (\$/pair produced)		3.14	3.01	3.80	3.68	4.76	4.79
Asia Pacific	Total Compensation (\$/year)		3,764	3,773	4,430	4,555	5,156	5,704
	Productivity (pairs/worker/year)		2,492	2,492	3,029	3,059	3,706	3,776
	Labor Cost (\$/pair produced)		1.21	1.22	1.60	1.58	1.94	2.27
Latin America	Total Compensation (\$/year)		3,319	3,654	4,014	4,494	5,165	5,417
	Productivity (pairs/worker/year)		3,267	3,305	3,344	3,465	3,429	3,576
	Labor Cost (\$/pair produced)		1.16	1.11	1.31	1.35	1.47	1.53
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	0.39	0.34	1.20	0.99
	Cumulative		0.16	0.20	0.81	0.75	1.47	1.37
Reject Rates	Branded Production		1.6%	1.6%	5.5%	5.4%	14.4%	14.4%
	Private-Label Production		1.8%	1.8%	4.1%	3.3%	8.4%	6.0%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		21.22	20.84	30.07	22.84	52.31	27.39
	E-A		20.06	18.47	21.94	22.07	24.99	25.60
	A-P		16.89	17.20	20.60	19.95	25.14	22.64
	L.A.		17.47	17.35	17.58	19.90	17.68	22.79
	Private-Label — N.A.		31.00	17.81	31.00	20.47	31.00	23.13
	E-A		15.04	14.45	15.04	14.45	15.04	14.45
	A-P		16.84	14.96	20.13	18.33	25.01	20.96
	L.A.		15.35	15.33	15.36	15.33	15.36	15.33

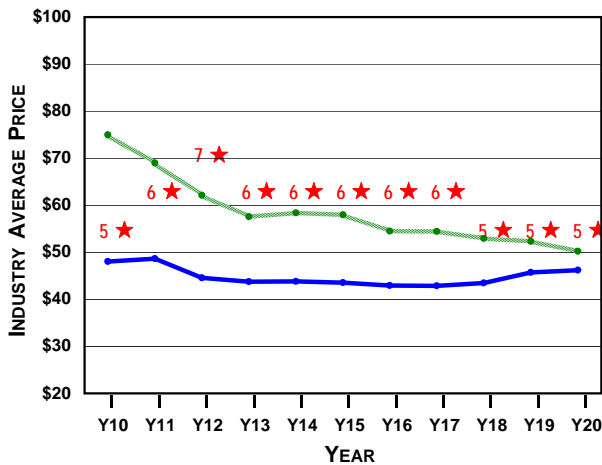
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.19	21.00	27.33	24.00	54.13	29.52
		E-A	22.71	20.69	28.19	27.21	32.89	30.35
		A-P	18.82	19.19	22.65	22.07	26.69	24.64
		L.A.	19.41	19.37	26.60	25.57	33.03	29.57
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.28	10.22	10.81	10.63	12.68	11.45
			1.75	1.63	2.59	2.42	4.31	3.45
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		3.43	3.26	9.95	8.61	14.16	13.74
			2.34	2.09	8.07	6.71	14.23	13.91
Administrative Expenses (\$/pair sold)		1.05	1.14	1.86	1.59	4.82	3.61	
Operating Profit (\$ per pair sold)	Internet	N.A.	-14.77	10.87	11.33	14.59	24.26	23.94
		E-A	-0.64	5.45	11.60	12.56	23.46	23.93
		A-P	6.22	11.86	17.08	16.38	27.22	26.81
		L.A.	1.58	10.24	14.00	15.92	26.40	27.49
Wholesale	N.A.	-18.77	5.44	4.55	10.63	15.58	14.54	
	E-A	0.03	5.39	5.16	9.50	14.11	12.65	
	A-P	2.95	4.21	7.57	10.64	13.82	17.53	
	L.A.	-2.29	5.82	5.11	10.13	12.81	13.96	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.36	18.67	20.61	21.20	21.66	25.13
		E-A	17.04	16.45	28.51	23.95	39.41	28.61
		A-P	19.69	17.81	22.95	20.39	27.01	22.96
		L.A.	17.35	17.33	23.24	22.48	35.00	28.84
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.	-0.32	0.28	1.97	1.85	3.43	4.98
		E-A	-14.74	-0.66	-2.88	2.10	6.78	7.36
		A-P	-3.30	-1.79	-0.54	0.79	2.02	3.37
		L.A.	-10.00	-0.67	0.06	3.17	6.74	6.84

CELEBRITY ENDORSEMENTS

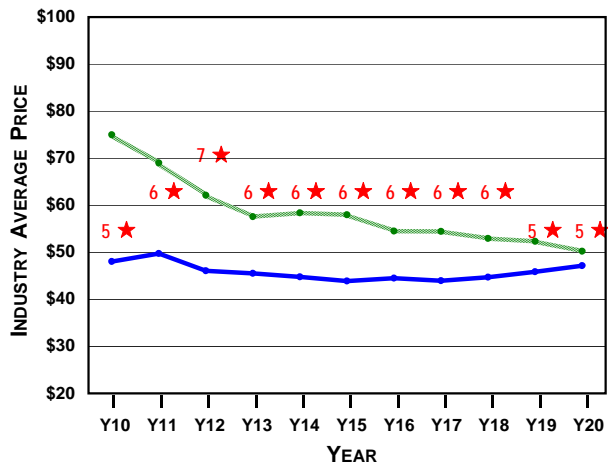
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company L	13,111	Y19	2 years	4	13,111	12,223	9,741	5,501
Oprah Letterman	100	70	65	75	Company J	9,020	Y20	3 years	1	9,020	0	9,020	9,020
Annika Stockholm	70	100	70	55	Company D	12,108	Y16	5 years	7	13,666	12,108	9,728	3,333
Tiger Green	95	80	85	75	Company J	9,020	Y20	2 years	2	9,020	500	4,760	500
José Montaña	60	50	60	95	Company L	11,001	Y18	3 years	6	18,132	16,244	10,899	4,444
Karioki Footsu	55	60	95	90	[unsigned]	0	N/A	4 years	1	9,020	0	9,020	9,020
Jaques LaFeet	50	90	50	85	[unsigned]	0	N/A	1 year	1	9,020	0	9,020	9,020
Serenus Willson	70	65	55	60	Company F	16,841	Y19	3 years	4	16,841	12,222	10,674	5,501
Natalie Kwan	75	80	95	50	Company D	15,008	Y17	4 years	5	16,144	15,008	11,559	4,444
Sergio Milano	45	85	60	100	Company F	16,841	Y19	2 years	4	16,841	16,444	11,729	5,501
Lance deFrance	80	85	75	70	Company D	500	Y20	3 years	2	9,020	500	4,760	500
Yao KungPao	60	35	100	50	Company F	16,244	Y18	4 years	6	16,244	15,132	10,062	4,444

BRANDED PRICE AND S/Q RATING TRENDS

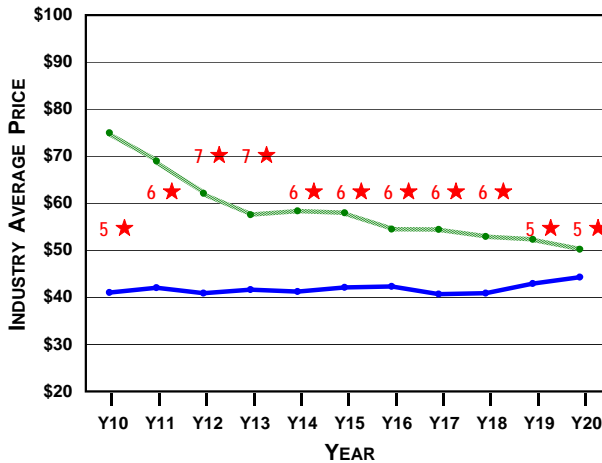
NORTH AMERICA



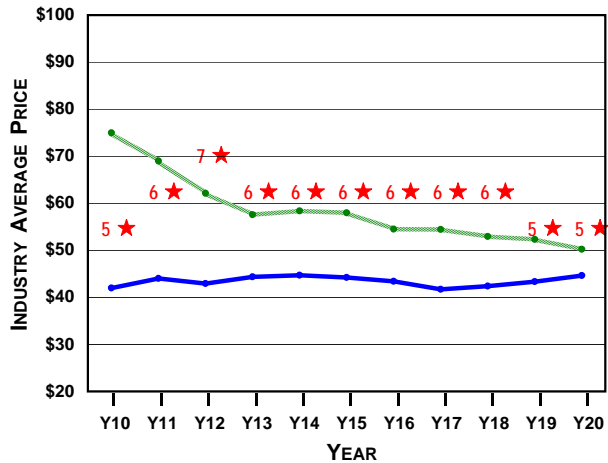
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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