

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 8

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
GFrost Co.	119	+2
D Company	119	+5
Killaz	118	+5
Hell Fire	115	+5
JamWear!	110	+32
C Company	105	+40
E Mengao01	94	+34
Arches Inc.	73	+50
Flinder	62	-13
Best Strategy Champs	35	-74
I (deleted)	0	0
L (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Hell Fire	100	+2
GFrost Co.	98	+2
Killaz	97	+3
D Company	82	+4
Best Strategy Champs	80	-5
Flinder	77	-1
JamWear!	75	+4
C Company	59	+5
E Mengao01	47	+5
Arches Inc.	40	+4
I (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
Killaz	86	+8
D Company	80	+5
GFrost Co.	72	-5
Hell Fire	62	-7
E Mengao01	58	+29
JamWear!	56	+8
C Company	55	+19
Arches Inc.	37	+20
Flinder	33	-25
Best Strategy Champs	20	-49
I (deleted)	0	0
L (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Killaz	89	-2
GFrost Co.	79	-9
D Company	77	0
Hell Fire	72	-11
Flinder	58	-8
JamWear!	57	0
C Company	49	+9
Best Strategy Champs	36	-43
Arches Inc.	31	+12
E Mengao01	29	+6
I (deleted)	0	0
L (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	1.85	1.10	0.87	0.14	-2.25	1.14	-0.81	-0.86	-0.44	2.60	0.35	5	2	A
B	2.73	-0.39	2.76	1.24	4.82	3.51	2.24	4.89	5.35	-3.68	2.36	0	10	B
C	2.91	0.64	-2.74	-2.99	0.43	2.38	3.13	1.83	2.29	5.39	1.42	10	6	C
D	2.70	0.67	0.78	1.54	1.30	2.05	2.60	3.36	5.26	8.14	2.67	15	12	D
E	1.90	-2.16	-3.79	-1.28	-1.94	-1.45	0.96	1.36	1.24	4.98	0.02	9	0	E
F	4.87	-4.95	-1.29	3.98	2.28	2.75	7.32	6.72	2.77	5.20	3.27	9	14	F
G	3.25	0.95	1.42	-2.46	3.39	3.80	5.71	5.48	5.75	7.62	3.47	14	15	G
H	3.55	2.82	1.16	2.58	3.77	3.52	4.03	3.81	5.03	6.38	3.57	12	16	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	2.13	-0.73	0.24	1.88	2.88	2.53	3.27	0.86	2.26	4.48	1.92	8	8	J
K	4.10	2.90	0.51	1.93	5.52	4.86	5.41	5.43	6.35	11.01	4.60	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 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	12.7	6.1	5.0	0.8	-13.3	7.0	-4.9	-5.5	-2.9	16.1	2.1	6	2	A
B	16.5	-2.2	17.1	6.8	22.8	13.9	7.8	16.2	15.4	-10.3	9.7	0	8	B
C	18.2	3.9	-22.4	-38.8	6.7	30.4	29.5	12.3	13.4	26.9	10.8	10	9	C
D	16.3	3.7	3.9	7.6	6.0	8.8	10.1	16.6	23.7	11.1	11.1	9	9	D
E	11.9	-14.7	-39.8	-17.9	-35.2	-37.7	26.8	28.7	20.5	54.3	0.2	20	0	E
F	30.4	-53.2	-21.0	52.3	13.9	11.2	22.2	33.4	234.0	0.0	23.5	0	20	F
G	19.4	5.0	7.0	-20.1	25.2	22.4	26.3	20.0	17.5	19.2	15.0	7	13	G
H	21.6	15.5	6.2	12.4	17.2	14.5	15.4	13.2	16.1	18.8	14.7	7	13	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	13.1	-4.2	1.5	11.3	14.4	12.0	14.3	3.8	10.0	19.1	9.7	7	8	J
K	24.0	14.7	2.4	8.4	20.6	15.8	15.1	13.1	14.1	21.8	14.5	8	12	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 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	20.75	11.97	7.61	5.08	4.80	10.66	6.28	4.65	5.63	29.53	-0 %	3	3	A
B	32.94	18.13	29.96	17.19	64.30	38.23	23.34	58.45	72.22	34.21	+1	3	3	B
C	42.48	22.14	12.71	7.75	5.34	23.51	43.93	23.57	22.47	70.14	+9	7	7	C
D	31.40	17.61	10.57	13.83	13.85	27.61	31.36	45.54	70.30	167.45	+19	17	17	D
E	17.73	11.10	7.08	4.85	4.97	5.80	9.37	15.43	14.93	63.66	+8	6	6	E
F	76.24	34.96	19.22	66.05	31.16	32.06	103.44	92.50	39.14	45.31	+4	5	5	F
G	49.42	25.53	14.06	8.57	45.18	59.49	105.99	77.67	75.57	106.70	+14	11	11	G
H	64.35	35.32	19.51	29.07	51.13	54.56	55.85	47.48	69.17	92.75	+12	9	9	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	20.79	12.17	7.82	17.19	36.79	34.06	49.98	26.12	29.44	83.45	+11	8	8	J
K	72.67	33.83	18.95	18.33	80.34	62.59	66.96	60.59	78.62	196.94	+21	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	B+	C+	C	C-	C-	C-	C-	C-	C-	C+	High	8	8	A
B	A-	C-	C+	C+	B	B+	B+	A	A	C-	N/A	0	0	B
C	B+	C-	C-	C-	C-	C-	C	C	C+	B	Medium	14	14	C
D	B	C	C+	B+	B	B+	A-	A	A	A	Low	19	19	D
E	C+	C-	C-	C-	C-	C-	C-	C-	C-	C	High	4	4	E
F	B-	C-	C-	C-	C-	C+	B	C	C-	C-	High	0	0	F
G	A-	C+	A-	B+	A+	A	A+	A+	A	A+	Low	20	20	G
H	A-	B+	B-	B+	A-	A-	A+	A+	A+	A+	Low	20	20	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+	A+	A+	A+	B+	A+	A+	Low	20	20	J
K	A-	C+	C-	C	B	B	B+	A-	A	A	Low	19	19	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	62	72	65	72	64	70	77	75	79	77	77	15	16	A
B	68	98	83	77	62	65	64	70	68	87	75	17	15	B
C	61	69	52	50	64	63	63	59	68	70	66	14	13	C
D	94	96	87	88	97	93	96	98	100	100	99	20	20	D
E	71	91	100	99	95	93	93	89	96	93	93	19	19	E
F	72	68	100	100	100	100	100	100	94	94	96	19	19	F
G	84	87	74	72	82	89	100	97	99	100	99	20	20	G
H	72	74	68	72	68	68	68	70	69	69	69	14	14	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	65	82	69	65	65	64	64	64	67	67	66	13	13	J
K	79	83	94	86	87	85	82	86	92	93	90	19	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	82	51	40	25	20	40	24	23	23			
B	102	35	85	55	106	94	70	108	109	35	80	Good	B
C	103	42	22	18	32	66	81	56	65	105	59	Subpar	C
D	100	48	46	69	62	78	87	98	114	119	82	Good	D
E	69	29	28	26	26	26	56	60	60	94	47	Subpar	E
F	104	39	34	94	71	76	112	100	75	62	77	Fair	F
G	113	59	69	44	110	113	120	119	117	119	98	Very Good	G
H	113	101	58	88	105	101	105	100	110	115	100	Excellent	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	85	29	28	75	97	87	99	58	78	110	75	Fair	J
K	115	90	39	58	110	106	110	106	113	118	97	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	26,190	14,502	56,379	12,590	109,661
– Pairs Rejected	555	396	1,757	414	3,122
Net Y20 Production (after rejects)	25,635	14,106	54,622	12,176	106,539
Superior Materials Usage	45.8%	35.4%	38.8%	32.2%	39.3%
Capacity Utilization (branded + P-L prod.)	118.5%	107.4%	101.4%	101.5%	105.9%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 1.39	0.00	7.89
Superior Materials	14.00	- 0.75	0.00	13.25

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,377	2,761	1,527	3,601	9,266
– Pairs Cleared (inventory clearance)	57	440	151	539	1,187
Beginning Y20 Inventories	1,320	2,321	1,376	3,062	8,079
+ New Production (shipped from plants)	22,535	22,713	22,303	21,093	88,644
Pairs Available for Sale in Y20	23,855	25,034	23,679	24,155	96,723

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)	23,641	23,352	22,867	22,202	92,062
Actual Year 20 Demand	23,588	23,618	23,518	22,618	93,342
Branded Pairs Sold	23,086	23,569	22,963	22,612	92,230
Required Y20 Ending Inventories	690	743	716	643	2,792
Inventory Surplus (Shortfall)	-692	-32	-872	748	-848

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 2.8%
- Available for shipment to warehouses
- % usage up by 2.6 points over Y19
- % utilization down by 3.0 points from Y19
- Lower than normal (39.3% industrywide) superior materials usage led to superior materials prices that were 5.4% below the base and standard materials prices that were 21.4% above the base.
- Average inventory clearance of 12.8%
- 3.6% higher than Y20 demand
- Actual demand in Year 20 was 1.4% 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 Okay in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America (internet + wholesale)	24,531	25,512	26,532	27,593
Europe-Africa	24,562	25,544	26,566	27,629
Asia-Pacific	24,929	26,425	28,011	29,692
Latin America	23,975	25,414	26,939	28,555
Total	97,997	102,895	108,048	113,469
Private-Label — North America	4,710	4,710	4,710	4,710
Europe-Africa	4,700	4,700	4,700	4,700
Asia-Pacific	4,770	4,770	4,770	4,770
Latin America	4,740	4,740	4,740	4,740
Total	18,920	18,920	18,920	18,920

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	3,540
Potential Production (at max OT)	124,320
Potential Global Supply	127,860
Demand — Branded Sales Forecast (000s)	97,997
Private-Label Sales Forecast	18,920
Expected Global Demand	116,917
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	1,600	1,100	4,200	1,200	0	0	0	0	1,600	1,100	4,200	1,200	8,100	0	A
B	2,000	2,000	5,700	1,500	0	0	0	0	2,000	2,000	5,700	1,500	11,200	0	B
C	3,600	0	5,200	0	0	0	0	0	3,600	0	5,200	0	8,800	0	C
D	2,600	1,400	5,400	1,200	0	0	0	0	2,600	1,400	5,400	1,200	10,600	0	D
E	2,300	0	4,300	0	0	0	0	0	2,300	0	4,300	0	6,600	0	E
F	0	6,000	10,400	5,500	0	0	0	0	0	6,000	10,400	5,500	21,900	0	F
G	4,400	0	4,500	0	100	1,000	600	0	4,500	1,000	5,100	0	10,600	0	G
H	2,000	1,000	4,000	0	0	0	0	0	2,000	1,000	4,000	0	7,000	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	1,000	1,000	3,000	0	0	0	0	0	1,000	1,000	3,000	0	5,000	0	J
K	2,500	0	8,300	3,000	0	0	0	0	2,500	0	8,300	3,000	13,800	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	22,000	12,500	55,000	12,400	100	1,000	600	0	22,100	13,500	55,600	12,400	103,600	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	407,376	237,820	27,047	80,149	10,519	51,841	18,154	2,507	31,180	0	12,000	A
B	533,097	265,071	29,881	241,720	13,618	-17,193	10,408	0	-27,601	0	7,500	B
C	493,453	275,650	35,415	86,801	11,218	84,369	22,800	18,471	43,098	0	8,000	C
D	499,361	279,548	29,954	82,984	13,021	93,854	6,593	26,178	61,083	50,625	7,500	D
E	473,677	252,335	25,950	104,880	9,020	81,492	26,704	16,436	38,352	0	7,700	E
F	809,852	460,915	56,179	123,303	24,318	145,137	87,189	17,384	40,564	0	7,800	F
G	580,794	334,173	42,952	93,539	13,018	97,112	4,627	27,746	64,739	0	8,500	G
H	474,974	239,322	33,697	122,795	9,421	69,739	1,409	20,499	47,831	8,250	7,500	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	298,508	158,148	21,879	62,438	7,419	48,624	613	14,403	33,608	30,000	7,500	J
K	710,988	387,940	41,388	134,449	16,219	130,992	13,011	35,394	82,587	33,750	7,500	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	528,208	289,092	34,434	113,306	12,779	78,597	19,151	17,902	41,544	12,263	8,150	

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	29,368	144,628	359,083	79,815	70,000	178,089	0	31,180	209,268	0.00	1 / 1	A
B	21,688	172,378	425,456	39,650	132,000	281,408	0	-27,602	253,806	0.00	0 / 1	B
C	37,054	179,894	370,948	56,947	145,000	151,186	-25,280	43,095	169,001	0.00	3 / 4	C
D	10,388	137,858	384,200	40,111	91,200	261,716	-19,287	10,460	252,889	6.75	3 / 2	D
E	9,288	135,895	260,550	170,759	0	51,438	0	38,352	89,791	0.00	0 / 1	E
F	678	226,322	882,504	195,655	773,000	-56,710	-70,005	40,564	-86,151	0.00	0 / 1	F
G	12,390	165,264	460,614	46,184	45,000	304,690	0	64,741	369,430	0.00	1 / 2	G
H	21,730	151,452	291,353	20,227	0	236,781	-5,240	39,584	271,126	1.10	8 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	32,478	109,563	204,799	16,105	11,200	173,885	0	3,609	177,494	4.00	4 / 2	J
K	74,926	266,844	611,499	52,115	156,735	353,813	0	48,837	402,649	4.50	2 / 2	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	24,999	169,010	425,101	71,757	142,414	193,630	-11,981	29,282	210,930	1.64	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	58.4 %	6.6 %	19.7 %	2.6 %	12.7 %	7.7 %	1.81	25	2.86	0.36	0.90	High	A
B	49.7	5.6	45.3	2.6	-3.2	-5.2	4.35	28	-1.65	0.35	0.00	N/A	B
C	55.9	7.2	17.6	2.3	17.1	8.7	3.16	25	3.70	0.49	1.82	Medium	C
D	56.0	6.0	16.6	2.6	18.8	12.2	3.44	7	14.24	0.27	3.07	Low	D
E	53.3	5.5	22.1	1.9	17.2	8.1	0.80	12	3.05	0.58	0.37	High	E
F	56.9	6.9	15.2	3.0	17.9	5.0	1.16	20	1.66	1.06	0.59	High	F
G	57.5	7.4	16.1	2.2	16.7	11.1	3.58	12	20.99	0.13	4.93	Low	G
H	50.4	7.1	25.9	2.0	14.7	10.1	7.49	17	49.50	0.00	10.00	Low	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	53.0	7.3	20.9	2.5	16.3	11.3	6.80	7	79.32	0.06	9.41	Low	J
K	54.6	5.8	18.9	2.3	18.4	11.6	5.12	16	10.07	0.28	4.59	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
	54.7 %	6.5 %	21.5 %	2.4 %	14.9 %	7.9 %	2.36	17	18.37	0.36	3.57	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		7.66	7.38	9.98	9.96	11.39	11.39
	Private-Label Footwear		7.65	7.32	8.79	8.46	10.61	10.19
Labor — North America	Total Compensation (\$/year)		17,895	15,455	23,418	23,625	29,723	32,086
	Productivity (pairs/worker/year)		3,894	3,878	4,757	4,845	5,998	6,341
	Labor Cost (\$/pair produced)		3.19	3.67	5.00	5.04	5.94	5.95
Europe Africa	Total Compensation (\$/year)		15,612	15,575	18,799	19,681	22,850	26,533
	Productivity (pairs/worker/year)		4,031	4,111	4,741	4,869	5,303	5,470
	Labor Cost (\$/pair produced)		3.68	3.39	4.18	3.95	4.90	4.52
Asia Pacific	Total Compensation (\$/year)		3,929	4,442	5,230	5,494	9,047	9,566
	Productivity (pairs/worker/year)		2,512	2,520	2,953	3,033	3,551	3,711
	Labor Cost (\$/pair produced)		1.25	1.27	1.83	1.83	2.90	2.92
Latin America	Total Compensation (\$/year)		4,764	4,521	4,921	5,006	5,317	5,835
	Productivity (pairs/worker/year)		2,623	2,657	2,960	3,059	3,570	3,704
	Labor Cost (\$/pair produced)		1.39	1.40	1.70	1.67	1.97	1.99
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.21	0.38	1.31	1.34	2.50	2.50
	Cumulative		0.44	0.44	1.30	1.33	2.29	2.31
Reject Rates	Branded Production		1.8%	1.6%	3.2%	2.8%	6.1%	6.1%
	Private-Label Production		1.3%	1.5%	2.2%	2.3%	3.2%	3.4%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		23.57	23.47	26.79	26.82	29.86	30.53
	E-A		22.52	22.54	25.82	26.61	30.09	33.37
	A-P		19.43	19.22	21.98	22.53	25.54	26.13
	L.A.		19.55	19.32	24.19	22.45	27.94	28.05
	Private-Label — N.A.		19.67	19.12	21.71	21.54	26.14	26.24
	E-A		18.35	18.10	21.10	21.81	22.72	23.28
	A-P		16.43	16.74	21.37	20.36	27.43	25.39
	L.A.		19.85	19.65	21.11	20.99	22.36	22.33

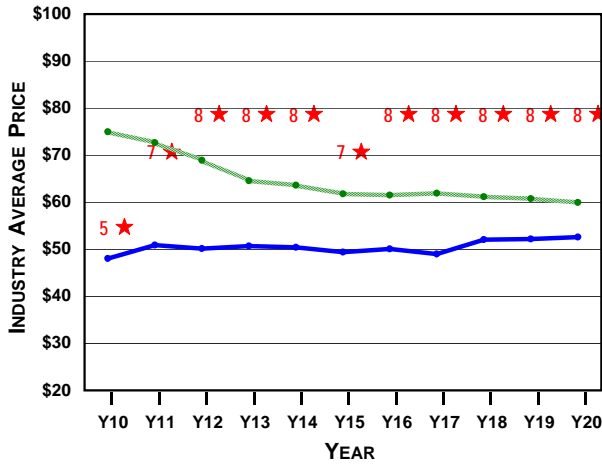
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.57	24.16	27.86	27.65	30.89	32.20
		E-A	24.49	24.53	28.68	28.30	31.53	32.79
		A-P	21.50	21.24	24.20	24.74	28.03	28.00
		L.A.	21.75	21.38	28.78	27.33	33.50	32.70
		Wholesale	10.30	10.31	10.62	10.59	10.93	10.92
	Warehouse Expenses - Internet (\$ per pair sold)		1.87	1.85	2.41	2.36	2.84	2.87
		Wholesale	6.40	5.77	13.76	12.57	20.86	26.77
	Marketing Expenses — Internet (\$ per pair sold)		8.42	7.38	13.86	13.32	18.97	28.17
		Wholesale	0.97	1.03	1.46	1.45	2.30	2.23
Operating Profit (\$ per pair sold)	Internet	N.A.	2.57	1.89	13.95	14.60	25.98	25.28
		E-A	7.05	4.22	14.17	15.19	25.52	25.01
		A-P	10.45	3.61	18.92	17.93	35.31	29.56
		L.A.	7.03	7.64	14.90	18.51	33.36	30.56
		Wholesale	1.66	-2.38	5.08	6.32	9.77	11.03
	E-A		1.73	1.57	5.29	6.97	8.94	12.69
		A-P	1.47	-9.33	4.82	4.32	10.75	9.40
	L.A.		0.08	-0.06	5.37	8.47	10.79	13.84
		Wholesale	20.40	20.84	23.39	24.17	28.14	27.69
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.40	20.84	23.39	24.17	28.14	27.69
		E-A	20.35	20.10	26.06	25.18	33.10	29.98
		A-P	18.43	18.74	22.50	19.48	29.43	20.53
		L.A.	21.85	21.65	25.82	25.12	32.82	31.93
		Wholesale	1.00	1.00	1.00	1.00	1.00	1.00
Margin Over Direct Costs (\$ per pair sold)		N.A.	-4.14	-1.54	0.88	1.50	4.88	3.48
		E-A	-5.44	1.10	5.15	8.03	20.59	20.89
		A-P	-5.47	-3.13	-0.79	0.34	3.73	2.38
		L.A.	-0.36	0.05	3.37	2.40	8.06	6.69
		Wholesale						

CELEBRITY ENDORSEMENTS

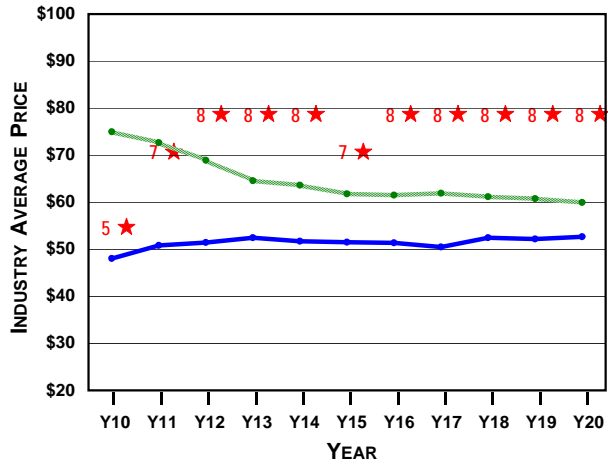
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company B	27,500	Y19	2 years	3	27,500	16,487	19,329	14,001
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	1	26,999	0	26,999	26,999
Annika Stockholm	70	100	70	55	Company D	23,109	Y16	5 years	7	23,109	22,099	17,840	8,888
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	1	26,999	0	26,999	26,999
José Montaña	60	50	60	95	Company B	26,000	Y18	3 years	5	26,001	26,000	23,748	21,003
Karioki Footsu	55	60	95	90	Company H	27,999	Y20	4 years	1	27,999	0	27,999	27,999
Jaques LaFeet	50	90	50	85	Company F	22,401	Y20	1 year	2	26,999	22,401	24,700	22,401
Serenus Willson	70	65	55	60	Company B	27,500	Y19	3 years	3	27,500	25,001	23,449	17,847
Natalie Kwan	75	80	95	50	Company D	23,046	Y17	4 years	7	23,046	22,199	19,069	9,000
Sergio Milano	45	85	60	100	Company B	27,500	Y19	2 years	5	27,500	27,000	25,311	22,401
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	1	26,999	0	26,999	26,999
Yao KungPao	60	35	100	50	Company H	26,001	Y18	4 years	6	26,001	26,000	23,214	20,001

BRANDED PRICE AND S/Q RATING TRENDS

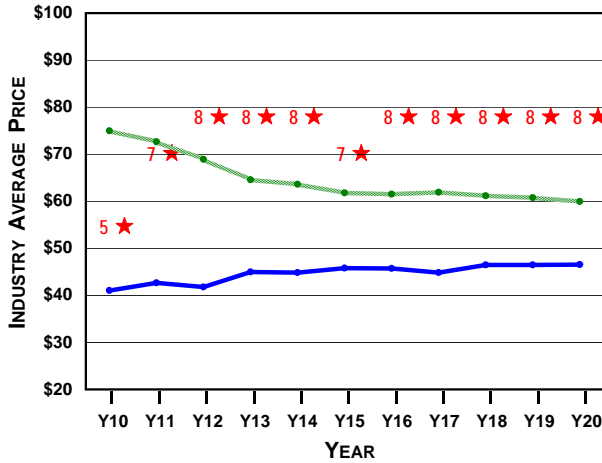
NORTH AMERICA



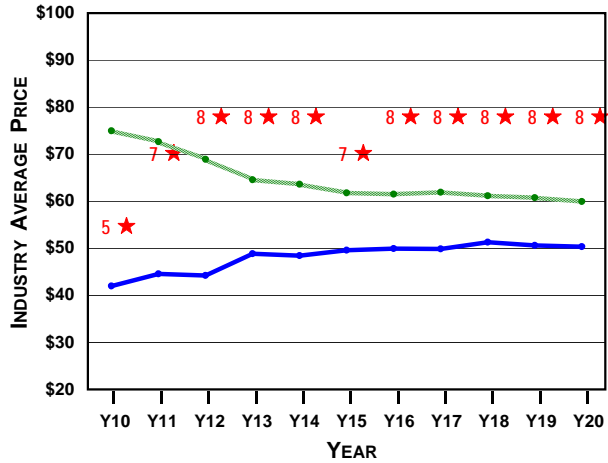
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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