

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 10

Friday, December 14, 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
Flying Ducks	120	+1
I Company	120	+1
Capital Footwear	120	+2
Ed Edd and Eddy	118	+1
Great Sneaks	118	-2
Hiccups	116	+41
Jujit-shoe	105	-2
King Ethan Shoe Co	74	+19
Big Blue Balls	40	-14
A (deleted)	0	0
D (deleted)	0	0
L (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Flying Ducks	100	+2
I Company	95	+3
Capital Footwear	92	+4
Jujit-shoe	90	+2
Ed Edd and Eddy	85	+4
Great Sneaks	82	+5
Hiccups	66	+6
Big Blue Balls	51	-2
King Ethan Shoe Co	38	+4
A (deleted)	0	0
D (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
Capital Footwear	96	+12
Ed Edd and Eddy	88	-8
Flying Ducks	82	+5
I Company	74	+1
Great Sneaks	64	-9
Jujit-shoe	62	+3
Hiccups	60	+17
King Ethan Shoe Co	40	+6
Big Blue Balls	29	-8
A (deleted)	0	0
D (deleted)	0	0
L (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Capital Footwear	96	+10
Ed Edd and Eddy	95	-1
Flying Ducks	87	+6
I Company	77	+4
Jujit-shoe	72	0
Great Sneaks	69	+1
Hiccups	55	+16
Big Blue Balls	32	-6
King Ethan Shoe Co	16	0
A (deleted)	0	0
D (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	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	3.23	2.02	0.29	-1.79	-1.51	0.11	-0.24	0.72	0.64	0.07	0.30	0	1	B
C	3.76	1.91	1.33	0.32	2.49	4.04	6.35	7.42	10.14	17.73	5.36	20	18	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	4.65	0.20	0.09	0.21	1.93	7.83	6.65	9.84	13.31	15.63	5.95	18	20	E
F	3.14	3.12	1.78	1.30	2.75	5.01	5.94	7.79	9.05	13.27	4.97	15	17	F
G	3.16	1.30	-0.44	-1.10	-1.89	5.26	3.95	5.79	7.21	8.61	3.14	10	11	G
H	1.75	4.07	-0.98	-7.17	-0.54	2.39	-0.03	5.99	3.02	7.40	1.78	8	6	H
I	3.57	3.10	1.11	0.33	1.67	4.09	4.38	4.57	7.35	10.99	3.79	12	13	I
J	2.11	4.29	1.21	0.34	3.16	5.93	7.11	8.01	5.31	12.13	4.87	14	16	J
K	2.39	-0.70	-1.66	-7.14	-1.84	0.37	-1.12	-0.37	1.25	3.26	-0.56	4	0	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	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	19.2	10.6	1.3	-8.1	-7.4	0.5	-1.2	3.7	3.3	0.4	1.5	0	1	B
C	22.1	10.6	7.8	2.0	14.2	19.4	24.4	23.2	25.8	37.0	20.5	16	19	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	28.0	1.4	0.6	1.3	11.0	34.9	22.6	26.8	29.6	32.4	21.9	14	20	E
F	18.8	15.7	8.0	5.5	10.6	16.3	17.2	20.1	20.6	27.3	16.2	12	15	F
G	18.9	6.9	-2.3	-6.0	-11.2	28.4	17.2	20.9	21.8	21.0	12.8	9	12	G
H	11.3	22.3	-5.2	-45.5	-4.1	16.8	-0.2	35.6	13.1	23.4	9.1	10	8	H
I	21.0	15.3	4.9	1.4	8.1	13.9	16.6	15.0	20.3	24.4	13.8	11	13	I
J	13.0	20.5	6.2	1.7	14.5	22.5	21.7	20.0	11.5	26.8	16.5	12	15	J
K	14.7	-4.1	-10.7	-65.6	-28.8	6.5	-21.3	-8.1	25.1	45.1	-6.1	20	0	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	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	44.59	23.44	14.11	8.75	5.59	4.75	5.71	9.69	9.14	6.26	-15	0	0	B
C	62.06	30.24	17.06	10.30	26.30	52.02	99.12	122.58	172.54	345.46	+28	20	20	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	77.61	35.81	19.50	11.28	22.47	102.10	103.24	182.62	253.18	320.48	+27	19	19	E
F	37.10	36.28	19.33	11.79	28.52	72.89	92.17	128.82	131.98	264.43	+24	15	15	F
G	42.45	22.79	13.34	8.25	5.13	27.34	57.40	110.06	100.95	138.00	+17	8	8	G
H	17.81	67.56	32.10	17.55	10.59	23.01	13.50	67.53	32.23	107.41	+14	6	6	H
I	59.51	36.30	19.55	11.77	16.53	63.67	64.39	66.73	110.48	193.28	+21	11	11	I
J	19.20	59.64	29.61	16.98	30.95	95.37	117.56	140.86	66.39	179.97	+20	10	10	J
K	23.77	13.67	8.42	5.46	4.80	5.12	4.70	4.71	12.82	40.90	+3	2	2	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+	B-	C-	C-	C	A+	A+	A+	A+	B+	N/A	17	17	B
C	B+	C	C-	C-	C+	B	A-	A	A	A+	Low	20	20	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	B	C-	C-	C-	C-	B	B+	A-	A+	A+	Low	20	20	E
F	A-	B+	C+	B-	A-	A	A	A	A	A+	Low	20	20	F
G	A-	B-	C-	C-	C-	A	A+	A+	A+	A+	Low	20	20	G
H	B	B-	C-	C-	C-	C-	C-	C	C+	B+	Medium	17	17	H
I	A-	B+	C	B-	A	A-	B+	B+	A	A+	Low	20	20	I
J	C+	C	C-	C-	C+	A-	A	A	A-	B	N/A	14	14	J
K	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	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	73	80	83	63	70	75	74	72	65	61	66	12	13	B
C	72	77	82	81	87	82	83	84	94	100	93	20	19	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	82	81	66	76	80	71	75	79	79	86	81	17	16	E
F	64	73	79	81	82	92	97	100	100	100	100	20	20	F
G	73	60	74	80	80	76	79	91	96	85	91	17	18	G
H	64	75	80	73	89	87	86	90	89	95	91	19	18	H
I	74	74	91	75	78	85	89	99	98	100	99	20	20	I
J	74	77	79	77	83	80	76	87	100	61	83	12	17	J
K	63	61	67	66	72	72	74	73	71	72	72	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	109	75	34	22	27	49	47	57	54	40	51	Subpar	B
C	112	70	50	32	76	104	116	117	118	120	92	Very Good	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	110	45	32	30	58	108	113	115	117	118	85	Good	E
F	107	102	63	55	88	115	116	118	119	120	100	Excellent	F
G	110	60	28	25	23	104	108	119	120	118	82	Good	G
H	73	105	38	29	28	66	28	99	75	116	66	Subpar	H
I	114	103	52	43	73	108	109	109	119	120	95	Very Good	I
J	74	97	53	34	82	115	116	116	107	105	90	Very Good	J
K	83	25	24	22	22	33	23	22	55	74	38	Subpar	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	25,488	8,160	61,763	12,720	108,131
– Pairs Rejected	980	375	3,364	537	5,256
Net Y20 Production (after rejects)	24,508	7,785	58,399	12,183	102,875
Superior Materials Usage	42.8%	28.6%	42.8%	22.0%	39.3%
Capacity Utilization (branded + P-L prod.)	114.8%	120.0%	119.2%	120.0%	118.3%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.28	+ 0.50	7.78
Superior Materials	12.00	- 0.64	+ 1.00	12.36

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,984	2,071	1,832	1,686	8,573
– Pairs Cleared (inventory clearance)	747	580	378	262	1,967
Beginning Y20 Inventories	2,237	1,491	1,454	1,424	6,606
+ New Production (shipped from plants)	22,368	22,847	21,761	21,273	88,249
Pairs Available for Sale in Y20	24,605	24,338	23,215	22,697	94,855

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)	24,322	24,108	22,492	21,998	92,920
Actual Year 20 Demand	24,058	24,093	22,944	22,474	93,569
Branded Pairs Sold	22,870	22,572	21,402	21,022	87,866
Required Y20 Ending Inventories	1,735	1,766	1,813	1,675	6,989
Inventory Surplus (Shortfall)	-1,393	-1,688	-1,652	-1,556	-6,289

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.9%
- Available for shipment to warehouses
- % usage down by 7.1 points from Y19
- % utilization up by 4.9 points over 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. Industrywide capacity utilization above 110% resulted in materials price increases of 8.3% from the base.

- Average inventory clearance of 22.9%
- 1.4% higher than Y20 demand
- Actual demand in Year 20 was 0.7% greater than expected.
- 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)	25,020	26,021	27,062	28,144
Europe-Africa	25,057	26,059	27,101	28,185
Asia-Pacific	24,320	25,779	27,326	28,966
Latin America	23,823	25,252	26,767	28,373
Total	98,220	103,111	108,256	113,668
Private-Label — North America	4,221	4,221	4,221	4,221
Europe-Africa	4,239	4,239	4,239	4,239
Asia-Pacific	4,266	4,266	4,266	4,266
Latin America	4,203	4,203	4,203	4,203
Total	16,929	16,929	16,929	16,929

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	6,989
Potential Production (at max OT)	109,680
Potential Global Supply	116,669
Demand — Branded Sales Forecast (000s)	98,220
Private-Label Sales Forecast	16,929
Expected Global Demand	115,149
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	0	A
B	2,000	0	0	0	0	0	0	0	2,000	0	0	0	2,000	0	0	B
C	2,800	2,600	3,700	2,500	0	0	0	800	2,800	2,600	3,700	3,300	12,400	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	3,200	3,200	4,800	0	0	0	0	0	3,200	3,200	4,800	0	11,200	0	0	E
F	0	0	10,100	0	0	0	0	0	0	0	10,100	0	10,100	0	0	F
G	5,600	0	4,600	0	0	0	0	0	5,600	0	4,600	0	10,200	0	0	G
H	5,600	0	7,600	2,000	0	0	0	0	5,600	0	7,600	2,000	15,200	0	0	H
I	3,000	1,000	5,300	2,000	0	0	0	1,200	3,000	1,000	5,300	3,200	12,500	0	0	I
J	3,400	0	7,600	3,800	-3,400	0	0	-3,800	0	0	7,600	0	7,600	0	0	J
K	0	0	8,100	2,100	0	0	0	0	0	0	8,100	2,100	10,200	0	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	25,600	6,800	51,800	12,400	-3,400	0	0	-1,800	22,200	6,800	51,800	10,600	91,400	0	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	0	0	0	0	0	0	0	0	0	0	0	A
B	116,215	78,479	7,355	27,815	4,419	-1,853	-3,169	395	921	10,625	12,500	B
C	732,024	356,289	40,531	122,834	14,819	197,551	7,554	56,999	132,998	46,875	7,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	734,434	323,113	53,719	161,734	13,619	182,249	6,087	52,849	123,313	11,046	7,890	E
F	587,468	349,249	39,255	38,948	12,517	147,499	5,338	42,648	99,513	20,250	7,500	F
G	603,999	322,449	38,125	108,271	12,619	122,535	3,887	35,594	83,054	0	9,650	G
H	752,901	472,810	40,101	80,278	17,619	142,093	17,276	37,445	87,372	0	11,800	H
I	667,500	402,840	44,442	76,672	14,918	128,628	10,911	35,315	82,402	3,750	7,500	I
J	447,445	239,012	28,518	26,263	10,019	143,633	13,691	38,983	90,959	135,000	7,500	J
K	522,763	340,069	36,211	49,061	12,620	84,802	38,760	13,076	32,966	0	10,100	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	573,861	320,479	36,473	76,875	12,574	127,460	11,148	34,812	81,500	25,283	9,104	

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	129,075	159,176	232,616	6,219	0	236,101	0	-9,704	226,397	0.85	2 / 3	B
C	8,498	209,119	506,387	36,792	80,000	329,870	-26,399	86,124	389,595	6.25	1 / 1	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	40,766	233,526	495,070	42,235	105,000	413,692	-178,126	112,268	347,835	1.40	6 / 2	E
F	41,689	223,007	475,852	55,658	47,600	357,767	-64,432	79,259	372,594	2.70	1 / 1	F
G	194,037	374,178	585,587	43,693	105,000	353,867	0	83,027	436,894	0.00	2 / 4	G
H	10,077	224,297	572,170	129,701	52,000	357,594	-54,495	87,371	390,469	0.00	0 / 1	H
I	195	207,152	505,943	38,808	90,000	298,485	0	78,650	377,135	0.50	4 / 3	I
J	14,377	144,032	332,509	15,525	0	361,025	0	-44,041	316,984	18.00	8 / 1	J
K	0	156,344	416,809	327,260	0	56,583	0	32,966	89,549	0.00	0 / 2	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	48,746	214,537	458,105	77,321	53,289	307,220	-35,939	56,213	327,495	3.30	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	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	67.5	6.3	23.9	3.8	-1.6	0.8	25.60	15	100.00	0.00	0.00	N/A	B
C	48.7	5.5	16.8	2.0	27.0	18.2	5.68	22	26.15	0.18	11.26	Low	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	44.0	7.3	22.0	1.9	24.8	16.8	5.53	10	29.94	0.24	9.26	Low	E
F	59.4	6.7	6.6	2.1	25.1	16.9	4.01	44	27.63	0.16	3.77	Low	F
G	53.4	6.3	17.9	2.1	20.3	13.8	8.56	37	31.52	0.20	6.94	Low	G
H	62.8	5.3	10.7	2.3	18.9	11.6	1.73	29	8.22	0.25	1.37	Medium	H
I	60.4	6.7	11.5	2.2	19.3	12.3	5.34	42	11.79	0.20	10.66	Low	I
J	53.4	6.4	5.9	2.2	32.1	20.3	9.28	27	10.49	0.00	0.00	N/A	J
K	65.1	6.9	9.4	2.4	16.2	6.3	0.48	27	2.19	0.72	0.19	High	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
	55.8 %	6.4 %	13.4 %	2.2 %	22.2 %	14.2 %	2.77	28	27.55	0.22	4.83	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		6.55	7.69	9.08	9.29	11.50	11.76
	Private-Label Footwear		5.77	6.76	7.63	8.45	10.24	10.79
Labor — North America	Total Compensation (\$/year)		20,033	19,760	27,084	27,661	47,859	52,529
	Productivity (pairs/worker/year)		4,295	3,826	5,731	5,431	6,581	6,487
	Labor Cost (\$/pair produced)		3.07	3.37	4.73	4.98	7.68	7.98
Europe Africa	Total Compensation (\$/year)		17,250	17,250	21,174	21,448	27,960	28,782
	Productivity (pairs/worker/year)		4,446	4,440	5,717	5,776	7,061	7,249
	Labor Cost (\$/pair produced)		3.28	3.00	3.71	3.63	4.34	4.37
Asia Pacific	Total Compensation (\$/year)		4,400	4,620	6,217	6,169	8,638	8,684
	Productivity (pairs/worker/year)		2,484	2,430	3,246	3,213	4,027	4,094
	Labor Cost (\$/pair produced)		1.35	1.36	2.02	2.06	3.52	3.62
Latin America	Total Compensation (\$/year)		4,400	5,770	5,756	6,390	7,224	7,342
	Productivity (pairs/worker/year)		2,373	2,548	2,696	2,948	2,948	3,302
	Labor Cost (\$/pair produced)		1.82	1.74	2.31	2.22	2.72	2.65
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	1.28	1.09	2.50	2.50
	Cumulative		0.39	0.50	1.08	1.10	1.91	1.93
Reject Rates	Branded Production		1.2%	0.8%	4.7%	5.0%	8.5%	11.4%
	Private-Label Production		1.4%	1.0%	2.4%	2.0%	4.2%	2.6%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	18.56	23.15	26.83	27.52	31.60	32.15
		E-A	18.48	22.94	28.26	30.26	41.50	42.52
		A-P	15.24	16.55	21.74	21.67	24.77	25.52
		L.A.	23.96	22.94	26.46	24.82	29.80	26.37
	Private-Label	N.A.	17.36	18.36	21.38	22.38	26.69	25.96
		E-A	18.77	17.05	19.19	18.89	19.61	20.73
		A-P	15.33	16.11	17.14	18.32	20.52	21.06
		L.A.	18.28	16.98	31.41	17.26	44.53	17.54

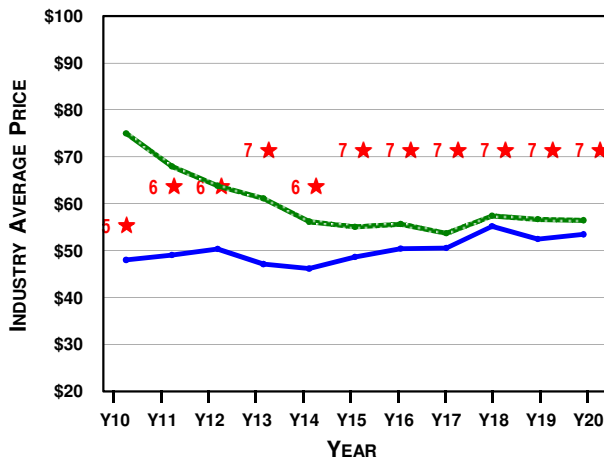
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.20	24.87	30.42	30.43	38.53	34.92
		E-A	20.91	24.84	31.71	31.45	43.24	40.94
		A-P	17.24	19.37	26.51	26.25	48.43	46.03
		L.A.	27.10	25.10	31.70	30.04	39.28	39.29
Warehouse Expenses - Internet (\$ per pair sold)	Internet		10.36	10.34	10.85	10.96	14.21	15.13
	Wholesale		2.02	2.05	2.57	2.64	5.94	6.55
Marketing Expenses — Internet (\$ per pair sold)	Internet		6.48	5.47	12.92	13.87	34.91	47.42
	Wholesale		4.57	2.22	9.56	10.81	23.37	40.19
Administrative Expenses (\$/pair sold)			1.02	1.05	1.57	1.84	3.54	6.61
Operating Profit (\$ per pair sold)	Internet	N.A.	1.63	-7.23	10.69	9.45	17.74	16.48
		E-A	2.04	-3.07	9.31	10.10	16.72	18.51
		A-P	-5.09	-10.62	13.78	14.04	19.56	20.37
		L.A.	0.80	-21.46	6.70	10.76	13.11	23.74
Wholesale	N.A.	-1.99	-14.77	7.74	7.50	15.23	15.33	
	E-A	1.16	-13.59	6.92	7.89	12.75	16.53	
	A-P	2.90	-6.29	9.16	9.93	14.97	18.80	
	L.A.	1.22	-35.55	5.10	7.79	10.28	17.95	
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.36	20.36	23.73	24.25	28.68	27.96
		E-A	20.77	19.05	29.34	25.24	51.69	29.82
		A-P	17.33	18.11	20.41	20.32	25.68	23.06
		L.A.	20.28	18.98	26.51	24.29	32.16	30.70
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.	4.98	4.04	8.66	8.47	14.19	12.62
		E-A	-13.31	4.71	4.30	9.86	15.73	15.81
		A-P	6.01	7.44	9.76	11.66	14.82	14.23
		L.A.	4.24	7.38	7.35	11.51	15.44	16.28

CELEBRITY ENDORSEMENTS

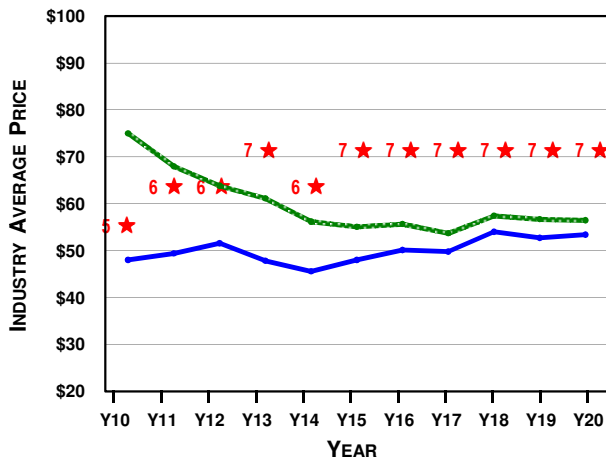
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company C	9,999	Y19	2 years	4	13,388	9,999	9,938	7,845
Oprah Letterman	100	70	65	75	Company K	10,000	Y20	3 years	1	10,000	0	10,000	10,000
Annika Stockholm	70	100	70	55	Company C	10,222	Y16	5 years	5	10,222	9,000	8,289	6,002
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
José Montaña	60	50	60	95	Company B	13,333	Y18	3 years	8	13,333	11,111	10,025	7,554
Karioki Footsu	55	60	95	90	Company C	8,888	Y20	4 years	2	10,000	8,888	9,444	8,888
Jaques LaFeet	50	90	50	85	[unsigned]	0	N/A	1 year	0	0	0	0	0
Serenus Willson	70	65	55	60	Company E	13,388	Y19	3 years	5	13,388	9,999	9,301	5,964
Natalie Kwan	75	80	95	50	Company I	11,000	Y17	4 years	6	11,000	10,113	8,571	4,568
Sergio Milano	45	85	60	100	Company E	14,488	Y19	2 years	5	14,488	14,444	11,292	7,854
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	Company I	12,000	Y18	4 years	8	12,000	11,111	8,936	4,000

BRANDED PRICE AND S/Q RATING TRENDS

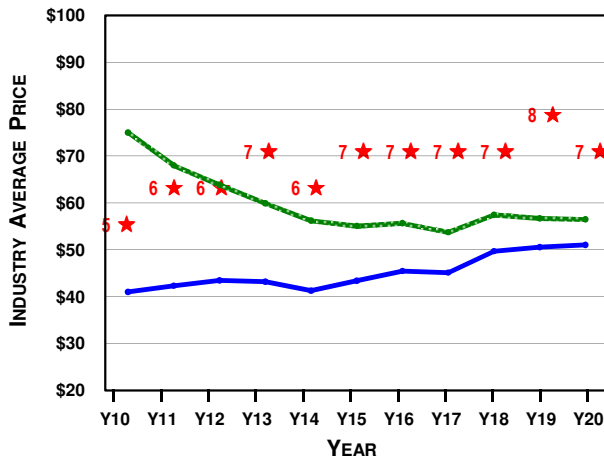
NORTH AMERICA



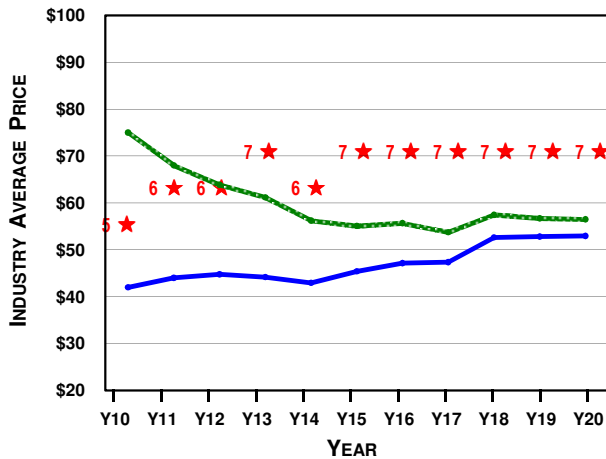
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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