

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 9

Friday, May 23, 2008

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
Everymans Cneakers	120	+4
Bachas Best	120	0
Lin	118	+3
J-Rock Shoes	116	0
Hello from Lithuania	113	-4
Active Kicks	60	-30
K Stay Alive	55	-15
Flashy Feet	38	-54
Champion Shoes	14	-2
D (deleted)	0	0
G (deleted)	0	0
I (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Bachas Best	116	0
J-Rock Shoes	115	0
Everymans Cneakers	108	+1
Lin	108	+1
Hello from Lithuania	107	+1
Flashy Feet	54	-1
Active Kicks	53	+1
K Stay Alive	42	+1
Champion Shoes	27	-2
D (deleted)	0	0
G (deleted)	0	0
I (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
Everymans Cneakers	96	+4
J-Rock Shoes	90	-2
Bachas Best	89	-7
Lin	73	+5
Hello from Lithuania	64	-12
Active Kicks	33	-14
K Stay Alive	32	-10
Flashy Feet	23	-28
Champion Shoes	9	-1
D (deleted)	0	0
G (deleted)	0	0
I (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Everymans Cneakers	97	+2
Bachas Best	90	-2
J-Rock Shoes	88	-3
Lin	72	+3
Hello from Lithuania	70	-6
Active Kicks	36	-3
K Stay Alive	31	-6
Flashy Feet	27	-16
Champion Shoes	10	0
D (deleted)	0	0
G (deleted)	0	0
I (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	2.57	0.69	-0.41	-2.36	0.83	1.72	0.50	2.24	3.68	1.83	1.13	2	3	A
B	3.41	4.08	5.83	5.60	5.93	6.78	7.56	9.89	14.75	17.22	7.78	18	18	B
C	2.56	0.79	0.11	-0.78	-3.45	-4.97	-3.73	-4.99	-6.22	-3.21	-2.39	0	0	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	5.31	4.76	5.37	2.61	5.95	9.42	12.17	8.95	14.45	18.88	8.72	20	20	E
F	2.46	1.41	2.27	-0.55	-0.26	-1.92	0.48	2.03	3.18	0.37	0.89	0	2	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	G
H	3.45	2.88	4.07	2.42	4.92	3.92	6.08	7.10	9.59	8.32	5.27	9	12	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	4.02	3.92	5.75	5.69	6.67	5.39	8.56	10.99	13.07	16.75	7.60	18	17	J
K	1.41	-0.18	1.32	0.46	-1.26	-0.09	1.02	0.52	1.74	1.52	0.63	2	1	K
L	3.71	2.85	4.93	3.69	2.69	4.87	5.06	4.75	7.90	11.43	4.99	12	11	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	16.1	4.2	-2.6	-17.3	6.4	12.2	3.3	13.4	18.8	8.2	6.8	5	6	A
B	20.8	20.8	22.7	19.9	16.9	16.4	15.7	17.6	24.6	25.8	19.2	15	16	B
C	16.0	4.6	0.6	-4.5	-22.8	-45.5	-56.7	-225.3	0.0	0.0	-30.3	0	0	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	30.9	31.1	35.4	13.7	24.7	29.9	29.8	18.0	24.4	26.9	23.8	16	20	E
F	15.4	7.2	9.7	-2.4	-1.6	-11.6	3.0	11.8	15.7	1.8	4.6	1	4	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	G
H	20.4	14.4	17.1	9.3	15.9	11.1	14.9	15.2	17.4	13.1	13.7	8	12	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	23.5	18.1	22.5	19.0	20.0	15.6	22.2	25.8	29.4	33.3	22.5	20	19	J
K	9.1	-1.1	8.2	2.8	-7.8	-0.6	6.5	3.1	9.8	7.3	3.8	4	3	K
L	21.8	14.3	20.8	13.5	9.0	14.1	13.7	10.9	17.3	21.8	14.9	13	13	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	30.61	16.82	10.37	6.86	7.86	18.74	11.21	25.40	43.80	22.81	-3 %	1	1	A
B	58.54	66.14	102.77	84.10	81.74	91.08	104.29	158.82	265.66	319.16	+27	16	16	B
C	30.10	16.56	9.57	6.59	4.80	5.12	4.70	5.58	4.60	5.02	-16	0	0	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	85.02	72.33	88.77	38.26	76.11	141.44	213.30	139.53	275.41	406.50	+30	20	20	E
F	28.47	16.57	20.93	11.74	7.48	5.38	4.70	22.46	38.30	21.27	-3	1	1	F
G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	G
H	52.29	32.63	51.78	26.67	64.69	43.63	88.61	103.12	177.57	145.77	+17	7	7	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	77.12	58.82	104.14	79.82	100.89	62.45	128.67	214.37	268.81	360.63	+28	18	18	J
K	16.36	10.03	12.05	7.56	4.80	4.97	7.68	5.44	20.11	15.89	-6	1	1	K
L	56.30	32.18	72.42	47.54	28.95	65.79	65.08	78.96	123.36	223.33	+22 %	11	11	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	B-	B-	High	11	11	A
B	B-	A-	A	A	A	A	A+	A+	A+	A+	Low	20	20	B
C	B	C	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	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	B	B+	A	A	A	A+	Low	20	20	E
F	A-	B-	B-	C-	C-	C-	C-	B-	B+	C	High	4	4	F
G	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	G
H	B+	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	A	A-	A	A	A+	A	A+	A+	A+	A+	Low	20	20	J
K	B-	C-	C+	C	C-	C-	C	C	B+	B-	High	11	11	K
L	A-	A-	A	A+	A+	A+	A+	A+	A+	A+	Low	20	20	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 (70)	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	71	70	82	91	83	79	84	78	75	70	74	14	15	A
B	63	89	100	100	96	100	100	100	100	100	100	20	20	B
C	65	51	55	49	50	48	51	53	50	43	49	9	10	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	74	83	84	79	80	83	83	79	78	98	85	20	17	E
F	73	72	65	64	87	91	96	78	81	85	81	17	16	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	76	93	88	80	80	83	83	92	89	100	94	20	19	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	78	77	78	75	71	84	77	72	71	72	72	14	14	J
K	59	61	80	82	76	73	75	79	76	72	76	14	15	K
L	72	66	74	78	73	72	75	84	80	86	83	17	17	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	91	41	28	26	40	54	34	64	90			
B	101	117	119	118	116	116	116	118	120	120	116	Superior	B
C	94	41	23	17	16	16	17	17	16	14	27	Subpar	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	109	102	102	78	109	114	117	114	116	120	108	Excellent	E
F	98	62	70	24	26	25	33	68	92	38	54	Subpar	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	112	93	107	82	113	101	113	115	117	113	107	Excellent	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	116	113	116	115	115	113	117	116	116	116	115	Superior	J
K	62	23	56	37	23	22	42	34	70	55	42	Subpar	K
L	114	99	116	106	85	110	110	107	115	118	108	Excellent	L

FOOTWEAR PRODUCTION (000s of pairs)

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Industry Total
Total Year 20 Production	25,460	11,189	58,040	15,480	110,169
– Pairs Rejected	810	532	2,810	670	4,822
Net Y20 Production (after rejects)	24,650	10,657	55,230	14,810	105,347
Superior Materials Usage	29.8%	54.6%	58.8%	62.9%	52.2%
Capacity Utilization (branded + P-L prod.)	114.7%	107.6%	118.2%	120.0%	116.5%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	- 0.07	+ 0.39	6.32
Superior Materials	12.00	+ 0.53	+ 0.78	13.31

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	3,469	3,805	3,178	3,221	13,673
– Pairs Cleared (inventory clearance)	0	451	106	99	656
Beginning Y20 Inventories	3,469	3,354	3,072	3,122	13,017
+ New Production (shipped from plants)	23,063	23,636	24,669	20,178	91,546
Pairs Available for Sale in Y20	26,532	26,990	27,741	23,300	104,563

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)	22,211	22,324	21,618	19,924	86,077
Actual Year 20 Demand	22,032	22,572	22,140	20,516	87,260
Branded Pairs Sold	22,034	22,569	22,139	20,508	87,250
Required Y20 Ending Inventories	1,955	1,946	2,088	1,725	7,714
Inventory Surplus (Shortfall)	2,542	2,456	3,514	946	9,458

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.4%
- Available for shipment to warehouses
- % usage up by 4.7 points over Y19
- % utilization down by 1.8 points from Y19

Higher than normal (52.2% industrywide) superior materials usage led to superior materials prices that were 4.4% above the base and standard materials prices that were 1.1% below the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.5% from the base.

- Average inventory clearance of 4.8%
- 19.8% 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
- { High in N.A. High in E-A
High in A-P Okay in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America (internet + wholesale)	22,913	23,830	24,783	25,774
Europe-Africa	23,475	24,414	25,391	26,407
Asia-Pacific	23,468	24,876	26,369	27,951
Latin America	21,747	23,052	24,435	25,901
Total	91,603	96,172	100,978	106,033
Private-Label — North America	4,221	4,221	4,221	4,221
Europe-Africa	4,275	4,275	4,275	4,275
Asia-Pacific	4,311	4,311	4,311	4,311
Latin America	4,284	4,284	4,284	4,284
Total	17,091	17,091	17,091	17,091

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	17,313
Potential Production (at max OT)	113,520
Potential Global Supply	130,833
Demand — Branded Sales Forecast (000s)	91,603
Private-Label Sales Forecast	17,091
Expected Global Demand	108,694
Conclusion:	Excess supply of 20.4% is likely to intensify competition in Year 21 until market growth absorbs the excess.

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	2,000	1,500	2,600	2,100	0	0	0	0	2,000	1,500	2,600	2,100	8,200	0	A
B	3,000	0	12,000	0	1,000	0	0	0	4,000	0	12,000	0	16,000	0	B
C	0	0	1,000	0	0	0	0	0	0	0	1,000	0	1,000	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	4,000	1,300	4,500	4,500	0	0	1,500	0	4,000	1,300	6,000	4,500	15,800	0	E
F	2,900	2,200	4,600	0	0	0	1,500	0	2,900	2,200	6,100	0	11,200	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	0	2,200	5,800	6,300	0	0	0	0	0	2,200	5,800	6,300	14,300	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	4,300	0	5,600	0	0	0	0	0	4,300	0	5,600	0	9,900	0	J
K	2,000	0	6,000	0	0	0	0	0	2,000	0	6,000	0	8,000	0	K
L	2,000	3,200	4,000	0	1,000	0	0	0	3,000	3,200	4,000	0	10,200	0	L
Total	20,200	10,400	46,100	12,900	2,000	0	3,000	0	22,200	10,400	49,100	12,900	94,600	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	334,595	215,579	28,876	43,915	10,619	35,606	9,463	7,843	18,300	0	10,000	A
B	866,475	484,422	43,994	118,318	18,418	201,323	8,659	57,799	134,865	1,409	7,830	B
C	194,637	114,102	19,332	55,840	3,417	1,946	34,086	0	-32,140	0	10,000	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	804,386	405,224	41,022	127,999	18,218	211,923	9,587	60,701	141,635	60,000	7,500	E
F	480,947	336,126	39,557	79,156	13,619	12,489	5,027	2,239	5,223	0	14,002	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	840,833	460,889	54,263	189,897	16,720	119,064	1,185	35,364	82,515	29,760	9,920	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	638,125	273,696	38,904	131,175	12,316	182,034	2,581	53,836	125,617	112,500	7,500	J
K	369,909	238,579	23,442	73,884	10,422	23,582	5,128	5,536	12,918	0	8,500	K
L	577,099	283,397	30,830	128,740	12,619	121,513	-995	36,752	85,756	7,500	7,500	L
	567,445	312,446	35,580	105,436	12,930	101,053	8,302	28,897	63,854	23,463	9,195	

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	139,692	327,226	82,308	12,000	214,618	0	18,300	232,918	0.00	2 / 1	A
B	0	290,576	753,951	83,101	148,500	521,253	-132,357	133,453	522,350	0.18	9 / 1	B
C	0	55,651	83,476	180,630	0	-65,010	0	-32,144	-97,154	0.00	0 / 1	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	11,439	277,428	721,037	57,325	97,000	485,078	0	81,634	566,712	8.00	6 / 2	E
F	0	171,504	435,549	143,043	0	297,425	-10,143	5,224	292,506	0.00	0 / 2	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	0	318,916	726,676	68,488	0	605,432	0	52,756	658,188	3.00	2 / 1	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	36,533	229,147	453,900	24,073	45,500	371,213	0	13,113	384,327	15.00	3 / 1	J
K	0	140,387	335,637	66,956	110,000	195,439	-49,680	12,921	158,681	0.00	1 / 2	K
L	51,956	242,964	439,366	26,334	0	373,265	-38,487	78,254	413,032	1.00	5 / 4	L
	11,103	207,363	475,202	81,362	45,889	333,190	-25,630	40,390	347,951	3.02	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	64.4 %	8.6 %	13.1 %	3.2 %	10.6 %	5.5 %	1.70	95	3.76	0.22	0.64	High	A
B	55.9	5.1	13.7	2.1	23.2	15.6	3.50	75	23.25	0.25	4.74	Low	B
C	58.6	9.9	28.7	1.8	1.0	###	0.31	23	0.06	2.13	0.00	N/A	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	50.4	5.1	15.9	2.3	26.3	17.6	4.84	73	22.11	0.18	3.96	Low	E
F	69.9	8.2	16.5	2.8	2.6	1.1	1.20	59	2.48	0.26	0.28	High	F
G	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	G
H	54.8	6.5	22.6	2.0	14.2	9.8	4.66	85	100.48	0.02	6.15	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	42.9	6.1	20.6	1.9	28.5	19.7	9.52	48	70.53	0.11	5.54	Low	J
K	64.5	6.3	20.0	2.8	6.4	3.5	2.10	112	4.60	0.46	0.71	High	K
L	49.1	5.3	22.3	2.2	21.1	14.9	9.23	68	100.00	0.00	10.00	Low	L
	55.1 %	6.3 %	18.6 %	2.3 %	17.8 %	11.3 %	2.55	71	36.36	0.40	3.56	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		6.40	6.07	9.31	9.70	12.31	13.36
	Private-Label Footwear		7.58	5.75	9.38	8.05	11.54	10.07
Labor — North America	Total Compensation (\$/year)		16,406	16,570	20,910	20,935	22,935	23,307
	Productivity (pairs/worker/year)		4,059	4,218	4,754	4,898	5,820	6,010
	Labor Cost (\$/pair produced)		3.84	3.72	4.77	4.63	5.65	5.62
Europe Africa	Total Compensation (\$/year)		18,045	18,224	23,056	22,217	27,165	27,328
	Productivity (pairs/worker/year)		4,090	4,569	4,784	5,021	5,571	5,570
	Labor Cost (\$/pair produced)		4.14	4.17	5.30	4.96	6.57	6.13
Asia Pacific	Total Compensation (\$/year)		3,785	3,812	5,467	5,512	7,463	7,566
	Productivity (pairs/worker/year)		2,373	2,323	3,084	3,096	3,905	3,975
	Labor Cost (\$/pair produced)		1.41	1.15	1.82	1.80	2.33	2.24
Latin America	Total Compensation (\$/year)		5,560	5,633	6,286	6,410	6,988	7,224
	Productivity (pairs/worker/year)		2,708	2,731	3,178	3,234	3,574	3,637
	Labor Cost (\$/pair produced)		1.56	1.55	2.03	2.03	2.31	2.31
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.20	0.06	1.46	1.49	2.50	2.50
	Cumulative		0.50	0.50	1.44	1.45	2.37	2.38
Reject Rates	Branded Production		1.9%	1.9%	4.8%	4.8%	6.9%	6.9%
	Private-Label Production		1.3%	1.0%	2.9%	2.1%	6.5%	3.5%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		23.91	21.67	26.49	26.46	30.32	34.00
	E-A		24.59	21.62	28.60	29.81	34.02	37.89
	A-P		19.38	17.56	23.70	23.61	28.70	28.50
	L.A.		21.78	20.98	23.36	23.36	26.46	27.12
	Private-Label — N.A.		17.34	16.97	22.35	19.98	26.20	21.63
	E-A		24.07	20.60	24.07	23.85	24.07	27.10
	A-P		18.32	15.70	22.65	19.19	32.69	20.84
	L.A.		0.00	16.35	0.00	16.35	0.00	16.35

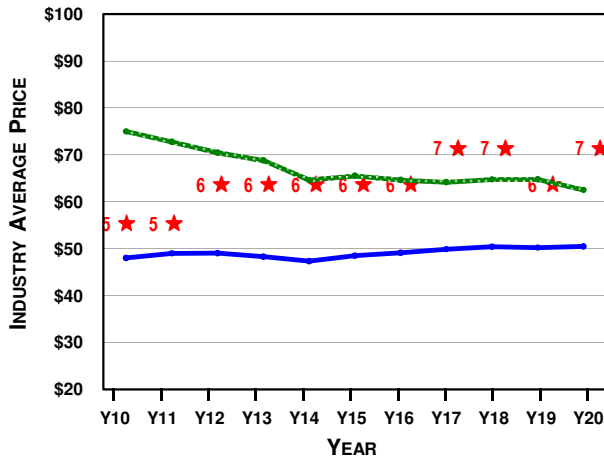
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	26.00	24.01	28.34	28.37	32.25	35.64
		E-A	27.33	26.09	30.50	30.59	34.54	37.49
		A-P	21.38	19.71	25.31	25.55	27.99	30.24
		L.A.	23.85	23.18	29.52	29.62	34.62	35.24
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.38	10.36	10.75	10.66	12.63	11.80
			2.03	1.98	2.52	2.42	4.55	3.79
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	6.15	6.72	11.63	12.27	18.61	17.17
			4.83	5.05	10.33	11.06	16.43	14.75
Administrative Expenses	(\$/pair sold)		0.69	0.89	1.26	1.35	1.83	1.99
Operating Profit (\$ per pair sold)	— Internet	N.A.	3.93	-1.81	19.92	16.90	32.32	29.20
		E-A	6.34	3.48	21.41	17.42	32.68	30.91
		A-P	10.44	10.37	25.61	23.01	36.85	35.20
		L.A.	5.09	0.89	20.12	15.63	33.02	30.48
Wholesale	—	N.A.	0.48	-1.64	6.25	5.76	12.77	14.58
		E-A	0.21	-2.30	7.85	6.16	13.88	14.83
		A-P	0.67	0.66	7.34	6.16	15.42	16.42
		L.A.	-2.75	-3.17	5.40	4.12	11.23	10.70
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.34	18.97	24.35	22.61	28.20	24.49
		E-A	25.75	22.60	30.96	26.80	38.89	29.10
		A-P	20.33	17.70	21.31	21.19	22.81	22.84
		L.A.	27.81	18.35	28.82	25.75	29.83	29.89
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.	0.80	5.37	5.52	7.44	8.66	8.51
		E-A	6.99	6.62	8.20	12.24	11.05	17.92
		A-P	9.01	9.17	12.05	14.78	15.65	18.32
		L.A.	4.17	3.30	6.68	12.21	9.19	21.19

CELEBRITY ENDORSEMENTS

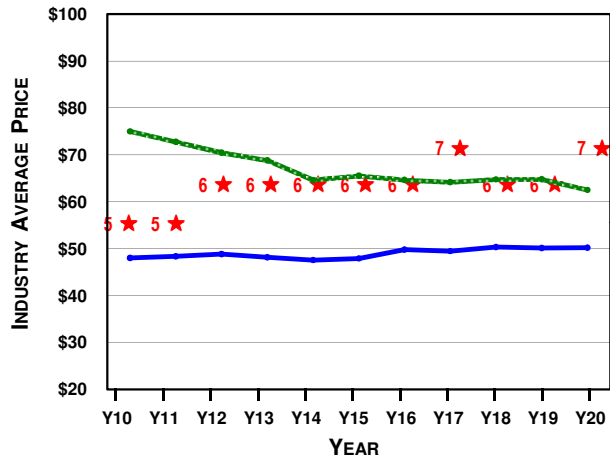
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company E	14,510	Y19	2 years	6	20,000	14,510	11,524	1,530
Oprah Letterman	100	70	65	75	Company E	500	Y20	3 years	2	16,100	500	8,300	500
Fifa Beckham	70	100	70	55	Company H	16,111	Y16	5 years	5	16,111	15,100	13,883	11,200
Tiger Green	95	80	85	75	Company E	500	Y20	2 years	2	15,111	500	7,806	500
Jos Montaa	60	50	60	95	Company L	15,150	Y18	3 years	4	15,200	15,150	13,626	10,000
Kobioshi Jones	55	60	95	90	Company L	16,111	Y20	4 years	2	16,111	500	8,306	500
Ace Federar	50	90	50	85	Company L	16,111	Y20	1 year	2	16,111	500	8,306	500
Danica Andretti	70	65	55	60	Company H	17,160	Y19	3 years	6	20,000	17,160	16,246	14,101
LaBron Game	75	80	95	50	Company L	15,100	Y17	4 years	6	15,100	15,000	10,601	2,500
Lorena Lopez	45	85	60	100	Company F	20,000	Y19	2 years	6	20,000	18,112	14,454	5,000
Lance deFrance	80	85	75	70	Company L	15,111	Y20	3 years	2	15,111	500	7,806	500
Yao KungPao	60	35	100	50	Company J	15,200	Y18	4 years	5	15,200	14,555	11,381	3,000

BRANDED PRICE AND S/Q RATING TRENDS

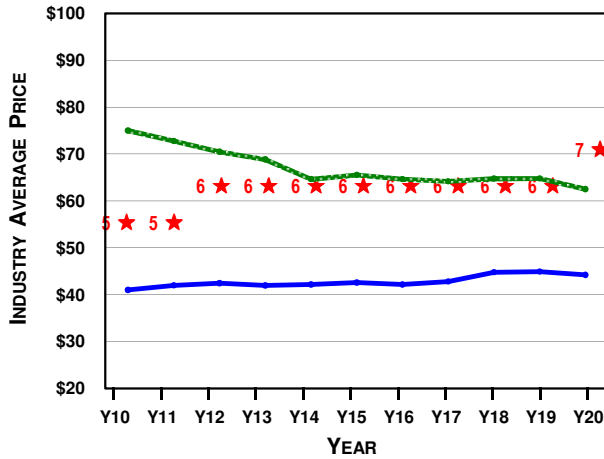
NORTH AMERICA



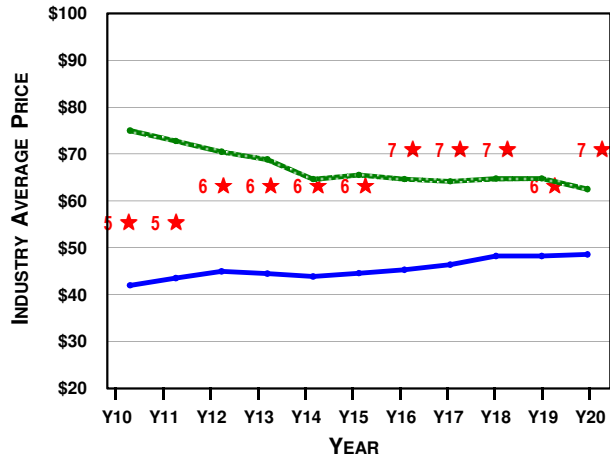
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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