

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 6

Friday, August 22, 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
I Sweat	120	+2
Just Win Shoes	119	+5
DBest Kicks Co.	117	0
FF	117	0
A Lin Lao mu	114	+6
G Company	113	-1
Keretaro	66	0
Excel	25	0
B (deleted)	0	0
C (deleted)	0	0
H (deleted)	0	0
L (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
G Company	111	+1
FF	100	+2
I Sweat	99	+2
A Lin Lao mu	98	+2
DBest Kicks Co.	96	+3
Just Win Shoes	90	+3
Keretaro	52	+1
Excel	33	-1
B (deleted)	0	0
C (deleted)	0	0
H (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
I Sweat	88	+6
G Company	85	-7
A Lin Lao mu	69	+17
DBest Kicks Co.	64	-2
FF	58	-8
Just Win Shoes	53	-2
Keretaro	23	-9
Excel	18	0
B (deleted)	0	0
C (deleted)	0	0
H (deleted)	0	0
L (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
I Sweat	100	+6
G Company	85	-6
A Lin Lao mu	78	+9
DBest Kicks Co.	76	+1
FF	67	-5
Just Win Shoes	60	+1
Excel	19	+1
Keretaro	16	-1
B (deleted)	0	0
C (deleted)	0	0
H (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	0.87	0.81	3.52	4.61	5.84	5.45	13.18	11.00	6.69	18.98	6.50	18	16	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	C
D	4.92	0.13	3.37	4.20	2.77	3.56	5.10	8.09	9.22	12.73	5.40	12	13	D
E	2.14	0.38	-0.15	-4.61	-3.57	-3.73	-1.43	-6.13	-3.02	-2.73	-2.85	0	0	E
F	5.05	1.40	3.69	3.96	3.26	0.98	5.37	7.82	8.78	9.45	4.73	9	11	F
G	4.30	2.19	4.50	3.82	6.69	6.37	10.18	10.30	15.85	17.96	7.31	17	18	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	H
I	3.46	1.02	5.71	6.54	8.81	3.88	5.99	13.59	13.98	21.31	8.25	20	20	I
J	2.97	1.56	1.58	2.20	1.80	1.56	2.61	4.41	4.82	6.01	2.81	6	7	J
K	2.54	0.84	3.05	1.26	-2.32	-6.09	-1.62	-4.02	2.61	2.43	0.11	2	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	5.6	4.9	19.5	21.8	23.3	18.1	37.9	37.2	17.7	39.6	23.4	10	19	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	C
D	30.3	1.1	24.1	24.5	13.6	15.4	18.8	24.2	22.1	25.0	19.7	6	16	D
E	14.1	2.4	-0.9	-38.1	-44.0	-93.5	-83.9	0.0	0.0	0.0	-132.7	0	0	E
F	29.5	7.4	17.3	15.8	11.4	3.2	14.6	18.9	20.7	21.4	15.3	6	12	F
G	25.0	9.5	14.7	13.0	15.6	17.6	27.7	33.3	53.1	77.8	24.1	20	19	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	H
I	21.3	7.2	42.9	39.5	38.0	13.7	18.6	33.2	26.1	30.7	24.9	8	20	I
J	18.4	9.0	8.8	11.6	9.1	7.6	11.7	17.6	18.8	20.8	13.2	5	11	J
K	15.4	4.6	15.2	5.7	-10.7	-34.8	-11.9	-37.3	33.9	22.6	0.7	6	1	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	16.72	10.25	47.47	92.94	108.20	67.29	181.71	203.52	94.42	207.81	+21 %	9	9	A
B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	B
C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	C
D	86.18	37.94	40.79	48.60	34.10	39.54	59.98	134.04	161.73	267.82	+25	11	11	D
E	24.05	13.52	8.51	5.58	4.80	5.21	4.70	5.15	4.60	5.03	-16	0	0	E
F	106.37	42.87	46.52	41.40	38.11	20.46	68.61	145.09	180.40	184.50	+20	8	8	F
G	79.82	35.97	63.64	45.55	141.33	92.39	178.18	160.59	321.59	378.10	+29	16	16	G
H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	H
I	60.89	29.48	106.27	101.99	149.93	60.63	67.86	183.33	252.23	469.26	+32	20	20	I
J	49.06	25.66	16.54	23.22	19.84	17.11	30.77	70.60	75.25	93.58	+12	4	4	J
K	27.54	15.90	35.37	19.52	11.30	6.62	4.70	4.89	26.76	28.52	-1	1	1	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+	B	B+	B+	B+	A-	B	B	A	Low	19	19	A
B	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	B
C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	C
D	B	C-	C	C	C	C+	B	A	A+	A+	Low	20	20	D
E	A-	B-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	E
F	A-	C+	B+	B	B	C+	A+	A+	A+	A+	Low	20	20	F
G	A	B+	A+	A+	A	A+	A	A	A	A-	Medium	18	18	G
H	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	H
I	B-	C-	C	C	C+	C-	C	B+	A-	A+	Low	20	20	I
J	A-	B	B	B	B-	B	A-	A	A	A+	Low	20	20	J
K	B+	C+	A-	B-	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	54	72	60	74	73	71	77	71	82	67	73	13	15	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	78	73	87	79	76	82	80	75	79	76	77	15	16	D
E	66	69	68	100	87	77	69	94	88	90	91	18	19	E
F	77	69	86	83	88	78	71	76	78	75	76	15	16	F
G	73	72	69	77	73	78	79	74	65	68	69	14	14	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	81	87	89	75	89	77	92	93	99	100	97	20	20	I
J	100	89	86	90	86	85	85	85	89	89	88	18	18	J
K	62	68	79	67	65	61	69	70	71	70	70	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	51	47	101	113	112	110	115	108	108			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	109	43	92	94	75	87	106	116	117	117	96	Very Good	D
E	91	46	24	27	24	23	22	25	25	25	33	Subpar	E
F	115	71	109	102	91	47	111	116	117	117	100	Excellent	F
G	115	89	112	106	111	115	116	116	114	113	111	Superior	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	105	56	99	97	103	84	97	115	118	120	99	Very Good	I
J	113	77	69	79	65	65	87	112	114	119	90	Very Good	J
K	94	48	102	57	24	20	22	22	66	66	52	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	22,569	6,840	61,318	23,470	114,197
- Pairs Rejected	1,065	288	2,768	1,061	5,182
Net Y20 Production (after rejects)	21,504	6,552	58,550	22,409	109,015
Superior Materials Usage	46.5%	10.3%	43.8%	54.4%	44.5%
Capacity Utilization (branded + P-L prod.)	99.9%	102.1%	113.1%	117.9%	110.4%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 0.66	+ 0.02	6.68
Superior Materials	12.00	- 0.33	+ 0.05	11.72

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,565	2,201	2,488	1,845	9,099
- Pairs Cleared (inventory clearance)	600	0	36	110	746
Beginning Y20 Inventories	1,965	2,201	2,452	1,735	8,353
+ New Production (shipped from plants)	23,260	24,049	22,713	24,561	94,583
Pairs Available for Sale in Y20	25,225	26,250	25,165	26,296	102,936

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)	24,542	23,996	23,125	22,286	93,949
Actual Year 20 Demand	23,912	23,153	21,631	21,593	90,289
Branded Pairs Sold	23,340	23,087	21,627	21,592	89,646
Required Y20 Ending Inventories	1,851	1,615	1,702	1,616	6,784
Inventory Surplus (Shortfall)	-1,230	1,231	1,721	3,088	4,810

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.5%
- Available for shipment to warehouses
- % usage up by 2.9 points over Y19
- % utilization down by 2.5 points from Y19

Lower than normal (44.5% industrywide) superior materials usage led to superior materials prices that were 2.8% below the base and standard materials prices that were 11.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 0.4% from the base.

- Average inventory clearance of 8.2%
- 14.0% higher than Y20 demand

Actual demand in Year 20 was 3.9% less than expected due to increases in industry average prices.

- Needed to achieve delivery times
- { Low in N.A. Okay in E-A
Okay in A-P High in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded (internet + wholesale)				
North America	24,868	25,863	26,898	27,974
Europe-Africa	24,079	25,042	26,044	27,086
Asia-Pacific	22,929	24,305	25,763	27,309
Latin America	22,889	24,262	25,718	27,261
Total	94,765	99,472	104,423	109,630
Private-Label				
North America	3,808	3,808	3,808	3,808
Europe-Africa	3,776	3,776	3,776	3,776
Asia-Pacific	3,744	3,744	3,744	3,744
Latin America	3,744	3,744	3,744	3,744
Total	15,072	15,072	15,072	15,072

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply (000s)	Beginning Year 21 Inventory	13,290
	Potential Production (at max OT)	125,760
	Potential Global Supply	139,050
Demand (000s)	Branded Sales Forecast	94,765
	Private-Label Sales Forecast	15,072
	Expected Global Demand	109,837
Conclusion:	Excess supply of 26.6% 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	2,400	2,500	4,800	2,500	0	0	-1,500	0	2,400	2,500	3,300	2,500	10,700	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	4,100	0	4,500	2,000	3,100	0	500	-2,000	7,200	0	5,000	0	12,200	0	D
E	9,300	3,200	7,000	3,200	0	1,000	0	0	9,300	4,200	7,000	3,200	23,700	0	E
F	0	0	6,000	2,700	0	0	0	0	0	0	6,000	2,700	8,700	0	F
G	0	0	6,500	3,500	0	0	0	0	0	0	6,500	3,500	10,000	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	9,100	8,000	0	0	3,500	0	0	0	12,600	8,000	20,600	0	I
J	3,200	0	5,200	0	500	0	0	0	3,700	0	5,200	0	8,900	0	J
K	1,000	0	8,600	0	-1,000	0	0	0	0	0	8,600	0	8,600	1,400	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
	20,000	5,700	51,700	21,900	2,600	1,000	2,500	-2,000	22,600	6,700	54,200	19,900	103,400	1,400	

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	666,987	237,864	50,111	144,270	13,119	221,623	18,225	61,019	142,379	80,625	7,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	684,269	317,240	38,615	173,634	14,620	140,160	3,800	40,908	95,452	22,500	7,500	D
E	804,497	519,177	55,842	171,922	26,119	31,437	140,757	0	-109,320	0	40,000	E
F	480,238	257,808	25,343	82,000	11,119	103,968	2,704	30,379	70,885	56,250	7,500	F
G	625,706	227,345	37,303	135,625	12,418	213,015	20,538	57,743	134,734	54,375	7,500	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	964,036	488,488	55,964	147,685	23,019	248,880	20,569	68,493	159,818	18,750	7,500	I
J	489,036	278,093	26,676	103,808	11,318	69,141	4,780	19,308	45,053	7,500	7,500	J
K	440,272	220,526	29,196	116,998	11,019	62,533	26,126	0	36,407	0	15,000	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	644,380	318,318	39,881	134,493	15,344	136,345	29,687	34,731	71,926	30,000	12,500	

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	2,891	213,934	530,464	38,619	120,000	347,063	-36,972	61,754	371,845	10.75	6 / 4	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	27,337	238,428	506,054	32,254	56,000	344,844	0	72,955	417,800	3.00	9 / 1	D
E	0	271,622	920,416	1,300,479	40,000	-310,744	0	-109,319	-420,063	0.00	0 / 2	E
F	9,109	156,369	362,078	23,380	0	324,059	0	14,638	338,698	7.50	4 / 2	F
G	59,688	246,150	530,682	56,796	260,631	132,896	0	80,359	213,255	7.25	4 / 2	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	24,749	298,922	904,592	77,125	236,100	450,297	0	141,069	591,367	2.50	10 / 0	I
J	7,536	167,417	323,603	35,507	79,200	224,495	-53,151	37,551	208,896	1.00	1 / 1	J
K	0	157,926	463,045	283,585	0	143,053	0	36,407	179,460	0.00	2 / 4	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	16,414	218,846	567,617	230,968	98,991	206,995	-11,265	41,927	237,657	4.00	5 / 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	35.7 %	7.5 %	21.6 %	2.0 %	33.2 %	21.3 %	5.54	70	12.16	0.26	4.44	Low	A
B	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	B
C	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	C
D	46.4	5.6	25.4	2.1	20.5	13.9	7.39	47	36.88	0.12	13.99	Low	D
E	64.5	6.9	21.4	3.2	3.9	###	0.21	74	0.22	1.41	0.00	N/A	E
F	53.7	5.3	17.1	2.3	21.6	14.8	6.69	39	38.45	0.00	10.00	Low	F
G	36.3	6.0	21.7	2.0	34.0	21.5	4.33	49	10.37	0.56	2.87	Medium	G
H	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	H
I	50.7	5.8	15.3	2.4	25.8	16.6	3.88	34	12.10	0.29	6.50	Low	I
J	56.9	5.5	21.2	2.3	14.1	9.2	4.72	49	14.46	0.28	5.72	Low	J
K	50.1	6.6	26.6	2.5	14.2	8.3	0.56	81	2.39	0.57	0.22	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
	49.4 %	6.2 %	20.9 %	2.4 %	21.2 %	11.2 %	0.95	55	15.88	0.44	5.47	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		6.30	6.14	8.38	8.38	9.92	9.81
	Private-Label Footwear		6.28	6.38	7.21	6.87	8.43	7.36
Labor — North America	Total Compensation (\$/year)		19,858	17,923	26,012	27,313	41,530	43,471
	Productivity (pairs/worker/year)		3,879	3,916	4,824	5,071	7,181	7,482
	Labor Cost (\$/pair produced)		5.22	5.25	5.67	5.66	6.15	6.06
Europe Africa	Total Compensation (\$/year)		18,885	16,890	24,889	24,547	30,893	32,204
	Productivity (pairs/worker/year)		3,868	4,006	4,405	4,698	4,942	5,389
	Labor Cost (\$/pair produced)		5.40	4.84	6.03	5.51	6.66	6.18
Asia Pacific	Total Compensation (\$/year)		3,389	3,338	5,715	6,096	9,170	10,459
	Productivity (pairs/worker/year)		2,112	2,190	2,895	2,977	3,657	3,837
	Labor Cost (\$/pair produced)		1.53	1.52	1.95	2.07	2.84	3.08
Latin America	Total Compensation (\$/year)		3,861	3,358	5,436	5,168	9,263	9,428
	Productivity (pairs/worker/year)		2,664	2,374	2,943	2,833	3,511	3,641
	Labor Cost (\$/pair produced)		1.50	1.41	1.87	1.84	2.65	2.66
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.38	0.00	1.44	1.07	2.50	2.50
	Cumulative		0.52	0.45	1.42	1.26	2.50	2.36
Reject Rates	Branded Production		1.5%	2.0%	4.0%	4.8%	7.0%	7.2%
	Private-Label Production		2.0%	2.2%	2.5%	2.7%	3.4%	3.2%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		23.58	21.00	28.83	24.82	39.47	27.52
	E-A		26.53	20.15	26.85	23.94	27.17	27.73
	A-P		16.26	15.74	21.75	20.40	25.41	23.95
	L.A.		16.98	15.60	22.47	20.29	26.42	25.50
	Private-Label — N.A.		22.70	25.31	22.70	25.31	22.70	25.31
	E-A		21.68	21.18	21.68	21.18	21.68	21.18
	A-P		15.47	14.88	18.51	14.88	24.05	14.88
	L.A.		15.96	14.68	16.56	15.56	17.06	16.44

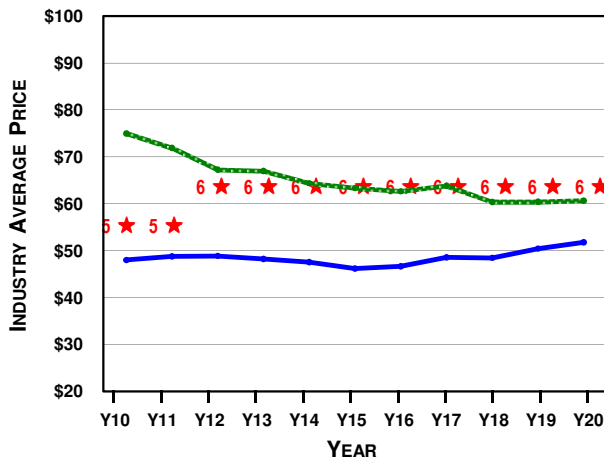
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.78	20.48	26.45	25.07	33.99	28.67
		E-A	23.09	22.59	28.29	27.92	30.35	31.58
		A-P	18.01	18.47	23.21	22.26	26.34	25.54
		L.A.	18.73	19.05	25.92	25.12	30.81	29.75
Warehouse Expenses - Internet	(\$ per pair sold)	Wholesale	10.39	10.29	10.70	10.44	12.41	10.59
			2.03	1.92	2.49	2.15	4.84	2.30
Marketing Expenses — Internet	(\$ per pair sold)	Wholesale	10.24	10.57	15.00	14.32	24.09	16.92
			8.60	8.24	12.81	11.79	25.30	14.80
Administrative Expenses	(\$/pair sold)		1.12	1.12	1.33	1.35	2.07	2.19
Operating Profit (\$ per pair sold)	— Internet	N.A.	0.63	7.50	13.49	18.07	26.02	27.11
		E-A	-0.55	2.44	14.96	14.77	24.56	21.11
		A-P	2.71	7.77	18.23	20.77	29.59	30.09
		L.A.	0.79	5.94	17.50	21.19	30.96	32.38
Wholesale	—	N.A.	-0.04	3.06	5.80	10.74	13.53	18.72
		E-A	3.47	-0.25	9.82	10.53	18.49	21.53
		A-P	-4.94	2.82	5.60	9.88	13.55	18.35
		L.A.	6.23	3.30	10.29	12.91	18.12	21.99
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	19.53	18.12	21.99	22.59	24.45	27.06
		E-A	22.32	22.27	23.92	23.50	27.22	24.73
		A-P	17.22	16.63	20.47	16.63	25.80	16.63
		L.A.	17.71	16.43	18.31	17.31	18.81	18.19
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.	-5.45	-3.06	-3.01	-1.23	0.00	0.61
		E-A	-3.89	-0.99	0.85	-0.04	4.01	0.92
		A-P	-6.78	0.64	-2.31	0.64	0.27	0.64
		L.A.	-0.13	0.52	0.48	0.54	0.99	0.55

CELEBRITY ENDORSEMENTS

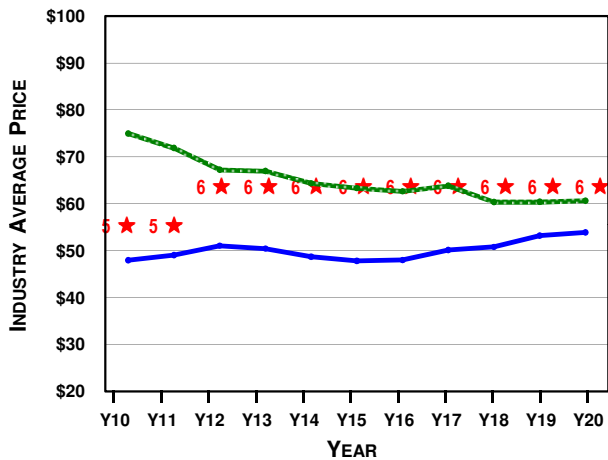
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company K	18,000	Y19	2 years	5	18,000	16,205	13,675	6,052
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	1	32,000	0	32,000	32,000
Fifa Beckham	70	100	70	55	[unsigned]	0	N/A	5 years	7	28,000	21,111	15,895	7,327
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	1	21,000	0	21,000	21,000
José Montaña	60	50	60	95	Company G	12,561	Y18	3 years	5	16,120	12,561	12,042	9,300
Kobioshi Jones	55	60	95	90	[unsigned]	0	N/A	4 years	1	32,000	0	32,000	32,000
Ace Federar	50	90	50	85	Company K	23,500	Y20	1 year	1	23,500	0	23,500	23,500
Danica Andretti	70	65	55	60	Company A	15,666	Y19	3 years	4	16,205	15,666	12,970	7,558
LaBron Game	75	80	95	50	Company I	10,450	Y17	4 years	4	29,116	14,343	14,752	5,100
Lorena Lopez	45	85	60	100	Company D	16,205	Y19	2 years	5	16,205	15,666	13,386	8,611
Lance deFrance	80	85	75	70	Company K	16,875	Y20	3 years	1	16,875	0	16,875	16,875
Yao KungPao	60	35	100	50	Company E	30,456	Y18	4 years	7	30,456	27,000	17,209	11,010

BRANDED PRICE AND S/Q RATING TRENDS

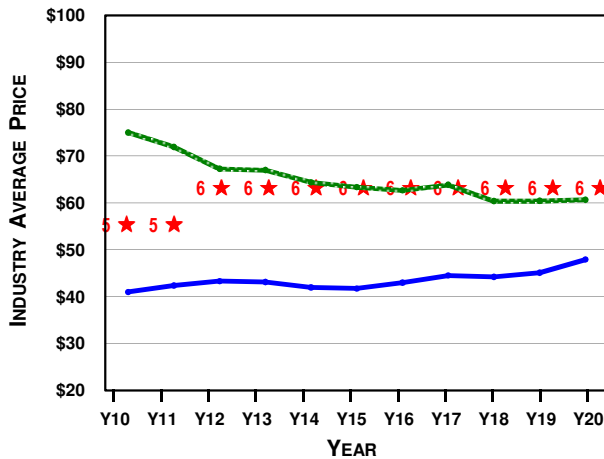
NORTH AMERICA



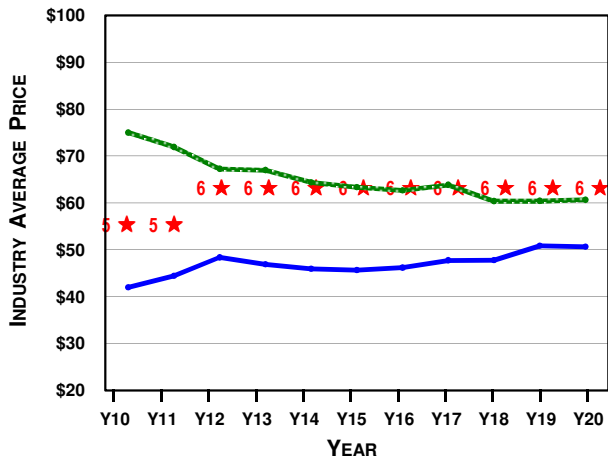
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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