

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 4

Friday, April 28, 2006

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
Gnu Balance	108	+4
Lucky Heels and Toes	92	+3
Adonis	71	-15
Chili Feet	58	-6
Ergomania Inc.	55	-35
Hike	32	-38
Dynamic	26	0
Kool Kicks	24	-8
Free Bird Baby!	23	-3
B (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Gnu Balance	88	+2
Adonis	82	-1
Ergomania Inc.	75	-3
Lucky Heels and Toes	65	+3
Chili Feet	62	0
Hike	57	-2
Free Bird Baby!	47	-2
Kool Kicks	36	-1
Dynamic	33	-1
B (deleted)	0	0
I (deleted)	0	0
J (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
Gnu Balance	90	+3
Lucky Heels and Toes	67	-6
Adonis	51	-20
Chili Feet	44	-9
Ergomania Inc.	40	-32
Hike	24	-33
Dynamic	21	+1
Kool Kicks	18	-6
Free Bird Baby!	16	-2
B (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Gnu Balance	90	0
Adonis	61	-12
Lucky Heels and Toes	57	0
Ergomania Inc.	54	-16
Chili Feet	44	-6
Hike	38	-16
Dynamic	21	+1
Free Bird Baby!	19	-6
Kool Kicks	18	-2
B (deleted)	0	0
I (deleted)	0	0
J (deleted)	0	0

EARNINGS PER SHARE (\$)

Bold numbers indicate achievement of the investor expectation for EPS 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 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	4.06	2.41	0.39	-0.63	4.48	2.74	4.17	4.41	3.97	3.36	2.92	9	15	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	2.44	2.10	-0.02	-1.12	0.11	1.32	2.39	3.08	2.05	1.96	1.31	5	7	C
D	2.22	0.68	-3.13	-5.54	-4.32	-3.23	-1.31	-1.35	-1.43	-1.81	-2.01	0	0	D
E	2.55	1.40	0.92	1.51	1.80	2.13	3.39	3.17	3.50	1.64	2.19	4	11	E
F	3.37	2.58	-2.26	-3.70	-1.03	0.27	2.11	1.57	0.03	-1.61	0.14	0	1	F
G	1.99	2.83	1.88	0.40	2.65	3.50	6.70	7.09	5.42	7.67	3.96	20	20	G
H	2.81	1.42	1.46	-2.19	-0.05	-0.86	5.75	4.02	2.93	-0.79	1.44	0	7	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	J
K	2.66	1.26	-4.95	-7.29	-10.94	-3.21	1.22	0.86	1.04	-0.18	-1.19	0	0	K
L	3.09	1.05	-2.03	-3.69	-0.83	1.54	2.80	2.81	2.56	2.91	1.12	8	6	L

RETURN ON EQUITY (%)

Bold numbers indicate achievement of the investor expectation for ROE 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 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	24.4	13.2	2.1	-3.6	23.0	11.7	14.4	13.8	12.3	10.5	12.1	11	15	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	14.9	11.2	-0.1	-6.7	0.7	7.7	12.7	14.1	9.8	10.7	7.2	11	9	C
D	14.1	4.4	-25.6	-96.4	-313.9	0.0	0.0	0.0	0.0	0.0	0.0	0	0	D
E	16.0	8.3	5.4	8.7	10.0	11.2	16.4	13.9	14.1	7.5	11.2	8	14	E
F	21.9	22.9	-22.2	-54.4	-23.3	6.6	40.3	22.2	0.4	-22.7	1.9	0	2	F
G	12.9	19.3	12.2	2.5	15.3	17.3	26.9	22.8	14.9	18.6	16.5	19	20	G
H	17.4	7.1	6.9	-10.1	-0.3	-4.3	25.4	15.4	9.7	-2.4	5.8	0	7	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	J
K	17.1	10.1	-53.3	-240.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	K
L	19.2	6.8	-14.1	-31.5	-10.3	16.7	24.6	20.2	17.1	19.4	8.8	20	11	L

STOCK PRICE (\$ per share)

Bold numbers indicate achievement of the investor expectation for stock price shown below each column head. Best-in-industry performers earn a score of 20 (which equals a 20% weighting in 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	85.86	37.44	20.34	11.64	58.58	31.98	60.87	50.37	48.00	36.38	+2 %	7	7	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	25.94	19.22	11.52	7.14	5.17	15.92	33.06	40.61	21.97	18.50	-5	4	4	C
D	25.08	14.14	8.90	5.98	4.80	5.04	4.70	5.64	4.60	5.13	-16	1	1	D
E	30.11	17.03	9.77	15.21	20.39	26.98	49.64	42.74	41.79	22.24	-3	4	4	E
F	45.47	31.55	17.74	10.69	6.58	4.86	25.75	18.27	10.49	6.65	-14	1	1	F
G	21.85	34.87	19.70	11.88	25.97	41.17	124.65	138.61	69.91	100.27	+13	20	20	G
H	33.05	18.54	14.49	8.83	5.38	4.75	29.06	58.53	38.22	21.22	-3	4	4	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	J
K	29.37	16.85	9.88	5.86	4.80	4.84	9.69	7.86	11.68	7.69	-13	2	2	K
L	42.97	22.82	13.31	8.24	5.71	14.20	33.40	46.75	36.71	36.56	+2 %	7	7	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	A-	C+	C-	C-	C	B-	B+	B	C+	C	High	4	4	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	B	C	C-	C-	C+	B+	A-	A-	C+	C	High	4	4	C
D	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	N/A	0	0	D
E	B-	C	C	B	B	B+	A	A	B	C+	High	8	8	E
F	B	C	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	F
G	C+	C	C-	C-	B	B+	A	A	B	B	High	14	14	G
H	B-	C	C	C-	C-	C-	C	C+	C	C-	High	0	0	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	J
K	C+	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	K
L	B	C-	C-	C-	C-	C	B	A	A	A	Medium	19	19	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	98	91	100	99	100	100	100	100	100	100	100	20	20	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	71	78	86	76	80	86	100	100	99	100	100	20	20	C
D	70	86	93	82	84	84	95	99	97	98	98	20	20	D
E	76	79	76	65	74	79	80	88	84	82	85	16	17	E
F	76	74	58	58	57	71	70	73	74	74	74	15	15	F
G	81	80	72	73	71	68	77	80	80	86	82	17	16	G
H	71	81	87	78	81	100	98	100	100	100	100	20	20	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	71	82	78	93	92	74	85	80	85	80	82	16	16	K
L	69	78	78	80	61	63	61	70	68	67	68	13	14	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	118	87	41	30	99	81	107	99	86			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	90	66	28	25	33	66	89	97	64	58	62	Subpar	C
D	84	41	28	25	24	24	26	26	26	26	33	Subpar	D
E	92	56	43	64	70	80	104	99	90	55	75	Fair	E
F	108	85	27	22	19	32	66	59	26	23	47	Subpar	F
G	76	88	59	31	83	99	116	116	104	108	88	Good	G
H	95	56	53	25	25	26	89	94	70	32	57	Subpar	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	87	54	26	26	25	23	32	28	32	24	36	Subpar	K
L	104	50	28	25	20	57	86	99	89	92	65	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	27,318	22,199	44,241	19,649	113,407
– Pairs Rejected	913	831	1,298	632	3,674
Net Y20 Production (after rejects)	26,405	21,368	42,943	19,017	109,733
Superior Materials Usage	41.6%	44.5%	57.2%	51.2%	49.9%
Capacity Utilization (branded + P-L prod.)	118.3%	120.0%	110.1%	117.7%	115.1%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	8.00	+ 0.02	+ 0.41	8.43
Superior Materials	14.00	- 0.01	+ 0.71	14.70

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	7,458	7,203	6,209	6,417	27,287
– Pairs Cleared (inventory clearance)	1,726	1,620	1,712	1,648	6,706
Beginning Y20 Inventories	5,732	5,583	4,497	4,769	20,581
+ New Production (shipped from plants)	23,250	24,104	22,331	23,893	93,578
Pairs Available for Sale in Y20	28,982	29,687	26,828	28,662	114,159

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)	21,303	21,518	19,872	20,694	83,387
Actual Year 20 Demand	21,204	21,534	20,310	20,941	83,988
Branded Pairs Sold	21,207	21,534	20,310	20,942	83,993
Required Y20 Ending Inventories	667	721	704	677	2,769
Inventory Surplus (Shortfall)	7,108	7,432	5,814	7,043	27,397

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 3.2%
- Available for shipment to warehouses
- % usage up by 3.0 points over Y19
- % utilization down by 3.0 points from Y19

Lower than normal (49.9% industrywide) superior materials usage led to superior materials prices that were 0.1% below the base and standard materials prices that were 0.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 5.1% from the base.

- Average inventory clearance of 24.6%
- 35.9% higher than Y20 demand
- Actual demand in Year 20 was 0.7% greater than expected.
- Needed to achieve delivery times
- { Very high in N.A. Very high in E-A
Very high in A-P Very high in L.A.

DEMAND FORECAST (000s of pair)

	Year 21	Year 22	Year 23	Year 24
Branded — North America (internet + wholesale)	22,052	22,934	23,851	24,805
Europe-Africa	22,395	23,291	24,223	25,192
Asia-Pacific	21,528	22,820	24,189	25,640
Latin America	22,197	23,529	24,941	26,437
Total	88,172	92,574	97,204	102,074
Private-Label — North America	4,212	4,212	4,212	4,212
Europe-Africa	4,239	4,239	4,239	4,239
Asia-Pacific	4,194	4,194	4,194	4,194
Latin America	4,257	4,257	4,257	4,257
Total	16,902	16,902	16,902	16,902

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	30,166
Potential Production (at max OT)	118,200
Potential Global Supply	148,366
Demand — Branded Sales Forecast (000s)	88,172
Private-Label Sales Forecast	16,902
Expected Global Demand	105,074
Conclusion:	Excess supply of 41.2% is likely to produce fierce competition and hurt industry profitability for the next several years. It may be wise for some companies to sell unneeded 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	6,500	0	7,000	0	0	0	0	0	6,500	0	7,000	0	13,500	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	0	0	8,900	0	0	0	600	0	0	0	9,500	0	9,500	0	C
D	1,500	1,500	4,000	3,000	0	0	0	0	1,500	1,500	4,000	3,000	10,000	0	D
E	0	0	3,100	2,600	0	0	400	0	0	0	3,500	2,600	6,100	0	E
F	2,900	1,000	2,800	0	0	0	0	0	2,900	1,000	2,800	0	6,700	0	F
G	2,200	2,800	3,200	3,700	0	0	-1,500	0	2,200	2,800	1,700	3,700	10,400	0	G
H	7,700	10,200	5,400	4,900	0	0	0	0	7,700	10,200	5,400	4,900	28,200	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	0	1,500	4,800	2,500	0	0	0	0	0	1,500	4,800	2,500	8,800	0	K
L	2,300	1,500	1,500	0	0	0	0	0	2,300	1,500	1,500	0	5,300	0	L
Total	23,100	18,500	40,700	16,700	0	0	-500	0	23,100	18,500	40,200	16,700	98,500	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	578,046	340,137	38,732	122,488	15,921	60,768	24,056	11,014	25,698	19,890	7,650	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	531,564	304,298	36,072	132,132	11,920	47,142	16,302	9,252	21,588	0	11,000	C
D	504,025	354,770	34,290	105,182	12,418	-2,635	69,672	0	-72,307	0	40,000	D
E	308,395	202,886	21,265	46,291	8,519	29,434	9,467	5,990	13,977	9,350	8,500	E
F	373,684	209,725	26,827	115,534	9,119	12,479	24,572	0	-12,093	0	7,500	F
G	592,164	277,120	43,280	160,147	12,818	98,799	14,103	25,409	59,287	16,223	7,725	G
H	1,350,339	825,082	95,547	353,282	30,620	45,808	59,597	0	-13,789	0	17,360	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	444,814	235,690	34,927	109,357	11,219	53,621	56,701	0	-3,080	0	17,500	K
L	293,486	176,296	23,192	36,222	7,720	50,056	4,723	13,600	31,733	5,450	10,900	L
	552,946	325,112	39,348	131,182	13,364	43,941	31,021	7,252	5,668	5,657	14,237	

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	257,764	552,822	143,948	180,000	259,734	-36,673	5,813	228,874	2.60	6 / 1	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	0	218,166	460,083	113,307	133,500	191,687	0	21,589	213,276	0.00	0 / 1	C
D	0	223,038	459,224	660,461	15,000	-143,930	0	-72,308	-216,237	0.00	0 / 1	D
E	0	143,483	325,843	65,776	72,000	183,440	0	4,627	188,067	1.10	1 / 0	E
F	0	161,230	303,709	241,548	15,000	59,254	0	-12,092	47,161	0.00	1 / 3	F
G	0	217,439	496,036	97,378	85,400	325,637	-55,441	43,062	313,258	2.10	7 / 2	G
H	0	534,001	1,262,327	292,993	411,600	571,522	0	-13,788	557,734	0.00	1 / 2	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	0	199,286	453,661	485,991	0	-29,250	0	-3,079	-32,330	0.00	1 / 2	K
L	0	133,012	255,303	34,462	61,880	168,445	-35,766	26,282	158,961	0.50	2 / 2	L
	0	231,935	507,668	237,318	108,264	176,282	-14,209	12	162,085	0.70	2 / 2	

SELECTED FINANCIAL AND OPERATING STATISTICS

CREDIT RATING DATA

	Costs and Profits as a % of Net Revenues							Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
	Cost of Prs. Sold	Whse. Expenses	Mktnng. Expenses	Admin. Expenses	Operating Profit	Net Profit	Current Ratio						
A	58.8 %	6.7 %	21.2 %	2.8 %	10.5 %	4.4 %	1.79	141	2.53	0.53	0.31	High	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	57.2	6.8	24.9	2.2	8.9	4.1	1.93	118	2.89	0.47	0.50	High	C
D	70.4	6.8	20.9	2.5	-0.5	-14.3	0.34	142	-0.04	1.39	0.00	N/A	D
E	65.8	6.9	15.0	2.8	9.5	4.5	2.18	130	3.11	0.38	0.42	High	E
F	56.1	7.2	30.9	2.4	3.3	-3.2	0.67	117	0.51	0.76	0.01	High	F
G	46.8	7.3	27.0	2.2	16.7	10.0	2.23	91	7.01	0.32	0.88	High	G
H	61.1	7.1	26.2	2.3	3.4	-1.0	1.82	152	0.77	0.49	0.21	High	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	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	J
K	53.0	7.9	24.6	2.5	12.1	-0.7	0.41	149	0.95	1.02	0.04	High	K
L	60.1	7.9	12.3	2.6	17.1	10.8	3.86	135	10.60	0.30	2.81	Medium	L
	58.8 %	7.1 %	23.7 %	2.4 %	7.9 %	1.0 %	0.98	131	3.15	0.63	0.58	High	

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		8.76	8.40	11.18	11.02	13.55	13.23
	Private-Label Footwear		8.43	8.02	9.74	9.27	10.94	10.37
Labor — North America	Total Compensation (\$/year)		16,708	16,714	19,871	21,055	24,304	29,534
	Productivity (pairs/worker/year)		4,268	4,271	5,272	5,365	6,137	6,361
	Labor Cost (\$/pair produced)		2.70	2.88	3.81	4.03	4.65	4.60
Europe Africa	Total Compensation (\$/year)		17,373	17,411	19,452	20,013	22,462	23,676
	Productivity (pairs/worker/year)		5,133	5,157	5,352	5,791	5,739	6,580
	Labor Cost (\$/pair produced)		3.52	3.14	3.88	3.72	4.44	4.30
Asia Pacific	Total Compensation (\$/year)		3,815	3,889	5,535	5,547	8,578	8,046
	Productivity (pairs/worker/year)		2,344	2,349	3,037	3,125	4,786	5,085
	Labor Cost (\$/pair produced)		1.40	1.53	1.80	1.82	2.56	2.49
Latin America	Total Compensation (\$/year)		3,919	3,921	5,588	5,523	8,493	8,582
	Productivity (pairs/worker/year)		2,395	2,403	2,812	2,879	3,345	3,475
	Labor Cost (\$/pair produced)		1.52	1.48	1.91	1.90	2.54	2.56
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.31	0.02	1.46	1.39	2.37	2.30
	Cumulative		0.53	0.52	1.51	1.49	2.30	2.27
Reject Rates	Branded Production		1.8%	1.9%	3.2%	3.4%	5.6%	7.3%
	Private-Label Production		2.1%	2.2%	3.0%	3.0%	4.5%	4.3%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		19.77	20.10	25.82	25.96	37.76	39.73
	E-A		18.74	18.05	26.93	25.66	38.17	33.12
	A-P		18.74	19.09	24.19	25.42	29.93	37.69
	L.A.		17.96	17.13	24.57	25.21	29.11	32.22
	Private-Label — N.A.		19.67	19.69	23.23	21.00	29.40	22.31
	E-A		22.14	21.53	22.14	24.45	22.14	27.36
	A-P		20.51	19.21	23.58	27.56	26.08	40.85
	L.A.		24.74	23.10	24.88	25.25	25.01	26.87

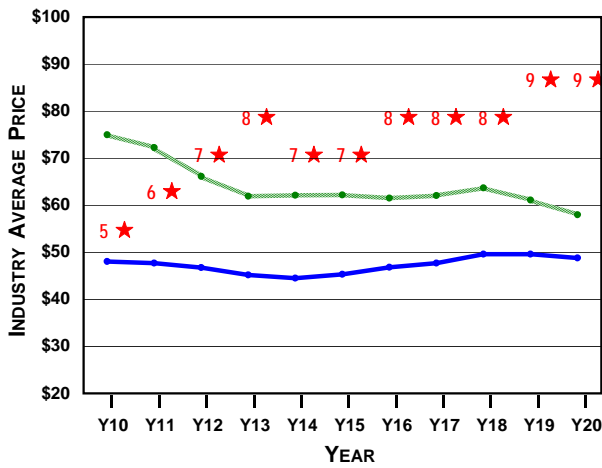
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.46	22.49	28.33	29.00	35.14	37.37
		E-A	22.48	21.12	33.05	33.07	42.92	47.95
		A-P	21.14	22.61	26.61	27.91	32.18	39.19
		L.A.	21.31	20.09	28.98	28.77	33.76	34.32
		Wholesale	10.41	10.74	10.72	10.92	10.94	11.14
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		1.94	2.40	2.52	2.72	2.86	3.23
	Marketing Expenses — Internet (\$ per pair sold)		8.05	8.51	12.76	13.22	15.43	16.59
Administrative Expenses (\$/pair sold)	Wholesale		6.31	6.88	12.68	13.23	15.77	18.59
	Operating Profit (\$ per pair sold)		1.35	0.99	1.50	1.46	1.83	1.73
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufac- turing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	9.47	2.68	16.67	11.97	31.15	22.33
		E-A	0.76	4.12	12.53	10.64	33.53	22.24
		A-P	7.96	1.24	17.66	13.25	30.88	23.40
		L.A.	8.79	5.38	15.07	14.04	32.56	24.08
		Wholesale		-3.59	-6.92	4.13	1.71	10.23
	E-A		-3.48	-2.32	5.75	3.49	15.07	14.14
	A-P		-1.70	-4.11	2.89	1.33	7.95	5.62
	L.A.		-1.39	-1.65	3.76	4.77	10.47	11.19
	Warehouse Expenses (\$ per pair sold)		1.00	1.00	1.00	1.00	1.00	1.00
	Margin Over Direct Costs (\$ per pair sold)		0.59	-15.96	3.20	-6.96	5.83	2.05
E-A		10.78	4.38	10.78	7.30	10.78	10.22	
A-P		0.42	-1.19	2.01	3.03	5.17	6.90	
L.A.		-1.34	0.89	0.92	4.43	2.51	6.46	

CELEBRITY ENDORSEMENTS

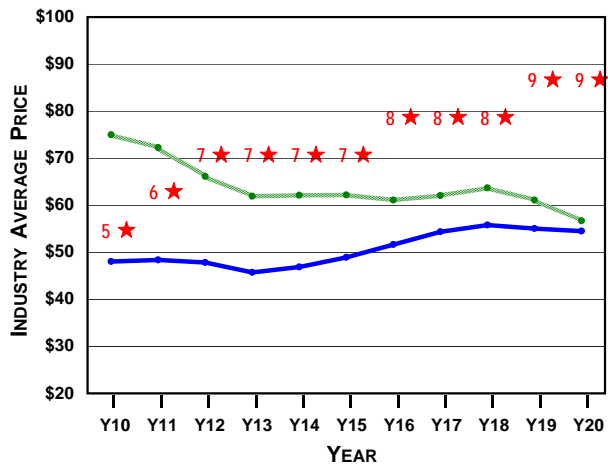
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company H	21,111	Y19	2 years	4	21,111	12,000	13,230	9,800
Oprah Letterman	100	70	65	75	[unsigned]	0	N/A	3 years	0	0	0	0	0
Annika Stockholm	70	100	70	55	Company L	15,124	Y16	5 years	8	15,124	13,450	10,778	4,444
Tiger Green	95	80	85	75	[unsigned]	0	N/A	2 years	0	0	0	0	0
José Montaña	60	50	60	95	Company H	24,777	Y18	3 years	6	24,777	15,400	13,963	2,715
Karioki Footsu	55	60	95	90	[unsigned]	0	N/A	4 years	0	0	0	0	0
Jaques LaFeet	50	90	50	85	Company A	23,000	Y20	1 year	1	23,000	0	23,000	23,000
Serenus Willson	70	65	55	60	Company H	25,999	Y19	3 years	4	25,999	13,000	15,482	10,007
Natalie Kwan	75	80	95	50	Company H	18,777	Y17	4 years	7	18,777	14,003	12,873	10,005
Sergio Milano	45	85	60	100	Company H	25,999	Y19	2 years	5	25,999	21,900	18,386	10,007
Lance deFrance	80	85	75	70	[unsigned]	0	N/A	3 years	0	0	0	0	0
Yao KungPao	60	35	100	50	Company H	24,777	Y18	4 years	6	24,777	18,850	14,638	2,619

BRANDED PRICE AND S/Q RATING TRENDS

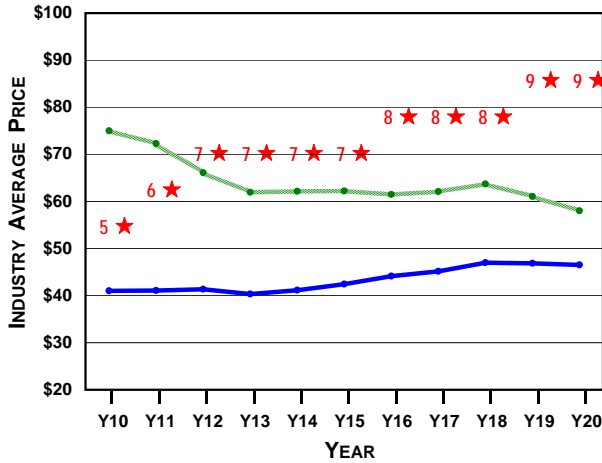
NORTH AMERICA



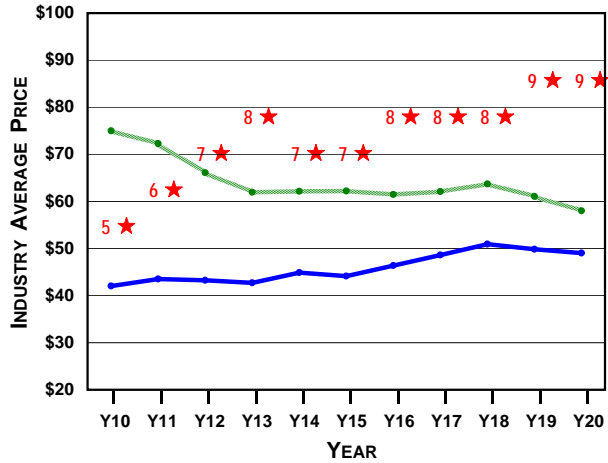
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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