

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 7

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
ETERNITY	120	+1
DSM	118	+2
Just right Co.	117	-1
Halfhill	116	-4
Its Dank Apparel	115	+6
Absolut-A-Traction	113	+1
Glory from Holland	113	-4
Krooked Toes	106	-1
LiveltUp	88	+37
Fickle	68	-9
B-Sharp	30	+10
C (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
DSM	105	+1
Halfhill	100	+2
Just right Co.	99	+2
Krooked Toes	94	+2
ETERNITY	93	+3
Glory from Holland	87	+3
Its Dank Apparel	81	+4
Absolut-A-Traction	79	+3
LiveltUp	51	+4
Fickle	44	+3
B-Sharp	31	0
C (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
DSM	91	+10
ETERNITY	89	-10
Just right Co.	73	-10
Glory from Holland	71	-15
Halfhill	66	-23
Absolut-A-Traction	64	-4
Its Dank Apparel	63	+4
Krooked Toes	63	-11
LiveltUp	43	+9
Fickle	28	-10
B-Sharp	17	+5
C (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
ETERNITY	94	0
DSM	91	+6
Just right Co.	80	-3
Halfhill	75	-13
Krooked Toes	75	-4
Glory from Holland	72	-7
Its Dank Apparel	63	+3
Absolut-A-Traction	57	-3
LiveltUp	42	+4
Fickle	24	+3
B-Sharp	16	+4
C (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	2.37	2.43	1.84	-1.01	-0.43	1.10	3.55	3.36	4.58	5.15	2.33	6	7	A
B	1.36	0.55	-1.73	-2.76	0.81	0.14	-0.23	0.71	-0.29	0.44	-0.11	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	5.33	3.85	2.85	1.98	4.64	3.57	5.50	9.63	10.13	18.52	6.23	20	20	D
E	3.77	2.22	2.48	-0.29	3.37	2.15	4.73	7.51	10.85	14.65	4.96	16	16	E
F	1.04	0.55	0.38	-1.14	1.50	-5.10	0.50	1.72	3.58	2.75	0.57	3	2	F
G	3.41	5.09	3.09	0.94	3.39	0.19	3.30	7.58	10.81	13.49	4.97	15	16	G
H	3.00	3.24	2.47	1.29	3.98	1.91	7.90	7.34	9.84	10.58	4.87	11	16	H
I	2.85	3.21	3.47	1.62	2.28	-0.11	0.12	6.22	5.92	10.26	3.54	11	11	I
J	2.94	3.05	2.63	2.18	3.60	2.00	6.41	8.91	9.87	12.73	5.16	14	17	J
K	4.91	4.53	3.01	2.12	5.55	0.47	5.49	14.00	8.51	12.03	5.79	13	19	K
L	2.12	1.92	1.29	-0.71	0.36	-0.24	1.09	1.14	0.74	2.66	0.99	3	3	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	14.8	12.8	8.8	-4.5	-2.9	7.0	22.2	21.0	36.0	52.9	14.6	20	12	A
B	8.6	3.3	-10.7	-29.9	9.0	1.5	-2.4	7.3	-2.9	4.4	-1.0	2	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	29.9	17.2	11.1	7.0	14.7	10.0	13.9	21.0	19.2	33.1	17.5	13	14	D
E	24.2	18.3	20.5	-2.5	20.7	12.5	27.3	33.9	37.6	40.3	25.3	15	20	E
F	6.9	3.7	2.7	-8.1	10.5	-40.7	4.9	15.2	25.6	16.1	4.1	6	3	F
G	20.4	26.6	12.4	3.1	8.8	0.5	8.8	17.6	22.4	26.9	14.1	10	11	G
H	18.0	17.5	12.4	6.2	16.4	7.2	27.0	22.4	25.5	27.1	18.3	10	14	H
I	17.4	18.0	17.7	7.7	9.9	-0.5	0.5	23.7	18.4	25.5	14.1	10	11	I
J	17.7	16.3	12.3	9.1	12.9	6.8	19.0	22.2	21.7	26.4	16.7	10	13	J
K	31.3	34.7	16.2	8.2	22.7	1.9	14.9	38.5	27.8	26.2	20.3	10	16	K
L	13.5	11.5	6.9	-5.8	2.7	-2.3	9.6	9.2	5.5	17.6	7.1	7	6	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	27.17	26.51	17.41	10.84	6.86	10.53	52.97	64.43	91.85	88.14	+11 %	5	5	A
B	16.33	9.79	6.48	4.85	7.35	4.75	5.24	6.95	4.73	5.18	-16	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	102.12	48.37	29.27	18.98	61.99	43.06	91.15	178.57	182.53	365.90	+28	20	20	D
E	64.81	31.13	29.42	16.31	38.42	21.36	80.65	154.46	233.63	329.85	+27	18	18	E
F	16.52	10.16	6.85	4.85	17.46	10.14	6.67	15.90	43.08	31.22	+0	2	2	F
G	48.53	84.96	37.75	20.48	31.57	17.56	41.07	106.51	213.42	263.49	+24	14	14	G
H	38.02	41.15	24.82	13.99	45.48	23.26	105.51	140.35	202.00	159.58	+18	9	9	H
I	36.27	40.27	41.31	21.73	20.66	12.50	7.37	39.56	92.72	169.86	+19	9	9	I
J	37.99	35.25	25.67	20.44	39.93	21.87	98.84	173.81	203.26	260.98	+24	14	14	J
K	98.63	77.76	36.56	22.63	66.97	32.00	76.89	192.87	158.41	217.18	+22	12	12	K
L	23.06	19.64	11.86	7.79	5.21	4.75	13.08	13.59	9.10	37.20	+2 %	2	2	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+	B+	B-	C-	C-	A	A-	A-	A-	A-	Medium	18	18	A
B	C+	C	C-	C-	B-	C	C-	C	C-	C	High	4	4	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	A	A-	B	B-	A	B	A	A	A	A	Low	19	19	D
E	B	C-	C-	C-	B+	C+	B+	A	A	A+	Low	20	20	E
F	C+	C	C-	C-	C-	C-	C-	C-	C-	C	High	4	4	F
G	B-	C+	C+	C	C+	C-	A	A+	A+	B+	N/A	17	17	G
H	B+	B+	C+	C+	B+	B-	A	A	A+	B+	N/A	17	17	H
I	B+	B	B	B-	B	C-	C-	B+	B+	A	Low	19	19	I
J	B+	B	B-	B	A	B	A+	A+	A+	A+	Low	20	20	J
K	B	C+	C+	C	B-	C	A	B-	B-	B-	High	11	11	K
L	B-	C	C-	C-	C-	C-	B+	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	Best-In-Ind. Score		
	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)		Year 20	Overall	
A	71	65	75	62	62	67	77	76	77	76	76	15	15	A
B	57	52	48	56	52	59	61	63	62	55	60	11	12	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	90	89	83	81	97	82	85	90	86	94	90	19	18	D
E	74	69	93	61	68	83	100	100	100	100	100	20	20	E
F	56	53	52	66	70	67	74	65	65	66	65	13	13	F
G	68	76	85	72	77	70	71	64	78	75	72	15	14	G
H	94	92	93	94	98	95	95	91	98	95	95	19	19	H
I	72	72	68	68	64	59	65	65	65	72	67	14	13	I
J	79	73	58	68	74	74	82	79	81	77	79	15	16	J
K	65	66	69	74	71	78	84	82	92	84	86	17	17	K
L	66	63	62	65	66	61	58	55	54	56	55	11	11	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	95	88	66	24	21	62	106	107	112			
B	55	33	18	18	48	26	19	39	20	30	31	Subpar	B
C	0	0	0	0	0	0	0	0	0	0	0	N/A	C
D	118	114	88	65	114	90	112	118	116	118	105	Excellent	D
E	109	76	79	25	100	69	114	119	119	120	93	Very Good	E
F	51	34	25	21	51	24	34	55	77	68	44	Subpar	F
G	102	101	87	44	75	30	90	112	117	113	87	Good	G
H	108	108	78	54	107	67	119	118	120	116	100	Excellent	H
I	104	101	99	62	70	23	24	103	109	115	81	Good	I
J	106	98	76	70	100	67	117	117	118	117	99	Very Good	J
K	107	99	89	61	104	45	113	106	107	106	94	Very Good	K
L	79	61	41	23	27	19	62	62	51	88	51	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	20,816	18,828	62,419	22,080	124,143
– Pairs Rejected	1,289	1,180	3,957	1,154	7,580
Net Y20 Production (after rejects)	19,527	17,648	58,462	20,926	116,563
Superior Materials Usage	26.9%	57.5%	37.0%	48.3%	40.4%
Capacity Utilization (branded + P-L prod.)	106.5%	110.4%	113.1%	116.2%	112.0%

MATERIALS PRICES (\$ per pair)	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	8.00	+ 1.54	+ 0.16	9.70
Superior Materials	14.00	- 0.67	+ 0.28	13.61

BRANDED WAREHOUSES (000s of pairs)	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,305	4,196	4,183	1,523	12,207
– Pairs Cleared (inventory clearance)	400	288	406	349	1,443
Beginning Y20 Inventories	1,905	3,908	3,777	1,174	10,764
+ New Production (shipped from plants)	27,267	26,029	24,167	23,700	101,163
Pairs Available for Sale in Y20	29,172	29,937	27,944	24,874	111,927

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)	25,191	25,224	24,906	23,549	98,870
Actual Year 20 Demand	25,113	25,249	24,900	23,540	98,801
Branded Pairs Sold	25,097	25,140	24,784	23,378	98,399
Required Y20 Ending Inventories	1,446	1,325	1,358	1,200	5,329
Inventory Surplus (Shortfall)	2,318	2,706	748	-509	5,263

COMMENTARY
→ Pairs produced before rejects
→ Average reject rate = 6.1%
→ Available for shipment to warehouses
→ % usage down by 2.2 points from Y19
→ % utilization down by 2.7 points from Y19
Lower than normal (40.4% industrywide) superior materials usage led to superior materials prices that were 4.8% below the base and standard materials prices that were 19.2% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 2.0% from the base.
→ Average inventory clearance of 11.8%
→ 13.3% higher than Y20 demand
→ Actual demand in Year 20 was 0.1% less than expected.
→ Needed to achieve delivery times
→ { Okay in N.A. High in E-A Okay in A-P Low in L.A.

DEMAND FORECAST (000s of pair)		Year 21	Year 22	Year 23	Year 24
Branded (internet + wholesale)	North America	26,118	27,163	28,250	29,380
	Europe-Africa	26,258	27,308	28,400	29,536
	Asia-Pacific	26,394	27,978	29,657	31,436
	Latin America	24,953	26,450	28,037	29,719
	Total	103,723	108,899	114,344	120,071
Private-Label	North America	5,148	5,148	5,148	5,148
	Europe-Africa	5,214	5,214	5,214	5,214
	Asia-Pacific	5,104	5,104	5,104	5,104
	Latin America	5,126	5,126	5,126	5,126
	Total	20,592	20,592	20,592	20,592

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21	
Supply — Beginning Year 21 Inventory (000s)	11,101
Potential Production (at max OT)	135,360
Potential Global Supply	146,461
Demand — Branded Sales Forecast (000s)	103,723
Private-Label Sales Forecast	20,592
Expected Global Demand	124,315
Conclusion:	Currently, there is a good balance between supply and demand, given available capacity w/OT. However, growth-minded companies should consider construction of new capacity now to meet future demand.

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	1,200	2,200	2,100	0	0	0	-500	0	1,200	2,200	1,600	5,000	0	A
B	2,500	1,000	2,000	0	0	0	0	0	2,500	1,000	2,000	0	5,500	0	B
C	0	0	0	0	0	0	0	0	0	0	0	0	0	0	C
D	0	2,500	8,000	4,000	0	0	0	0	0	2,500	8,000	4,000	14,500	0	D
E	0	3,300	3,900	2,400	0	0	0	0	0	3,300	3,900	2,400	9,600	0	E
F	2,100	1,000	7,100	0	0	0	0	0	2,100	1,000	7,100	0	10,200	1,000	F
G	0	2,000	3,100	3,000	2,000	0	0	0	2,000	2,000	3,100	3,000	10,100	0	G
H	1,500	1,500	3,500	1,500	0	0	0	0	1,500	1,500	3,500	1,500	8,000	0	H
I	3,750	2,550	2,500	3,600	0	0	0	0	3,750	2,550	2,500	3,600	12,400	0	I
J	0	0	5,000	2,900	0	0	0	0	0	0	5,000	2,900	7,900	0	J
K	7,700	2,000	10,700	0	0	0	0	0	7,700	2,000	10,700	0	20,400	0	K
L	0	0	7,200	0	0	0	0	0	0	0	7,200	0	7,200	1,000	L
Total	17,550	17,050	55,200	19,500	2,000	0	0	-500	19,550	17,050	55,200	19,000	110,800	2,000	

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	337,328	173,404	22,059	32,899	7,420	101,546	9,614	27,580	64,352	50,625	12,500	A
B	221,353	166,217	15,080	17,870	7,919	14,267	7,073	905	6,289	0	14,400	B
C	0	0	0	0	0	0	0	0	0	0	0	C
D	795,104	429,200	45,696	94,290	16,917	209,001	10,540	59,538	138,923	5,250	7,500	D
E	518,565	268,993	25,300	46,461	12,019	165,792	8,814	47,093	109,885	56,250	7,500	E
F	553,757	313,657	37,657	119,785	12,620	70,038	27,223	12,845	29,970	0	10,880	F
G	555,589	304,606	27,363	55,231	12,521	155,868	-211	46,824	109,255	162,000	8,100	G
H	470,885	253,121	34,106	60,256	10,418	112,984	-360	34,003	79,341	131,250	7,500	H
I	605,640	334,909	39,649	90,143	14,820	126,119	16,176	32,983	76,960	0	7,500	I
J	495,648	267,567	29,809	51,569	10,320	136,383	-5	40,916	95,472	112,500	7,500	J
K	895,553	485,970	65,693	148,986	22,819	172,085	29,428	42,797	99,860	41,500	8,300	K
L	373,196	232,411	29,158	26,014	9,618	75,995	4,868	21,338	49,789	0	18,750	L
	529,329	293,641	33,779	67,591	12,492	121,825	10,287	33,347	78,191	50,852	10,039	

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	5,366	100,915	244,315	30,345	85,500	114,742	0	13,727	128,470	4.05	5 / 2	A
B	49,872	109,616	221,644	74,995	0	140,360	0	6,289	146,649	0.00	0 / 1	B
C	0	0	0	0	0	0	0	0	0	0.00	0 / 0	C
D	2,126	246,238	667,333	78,519	266,000	517,703	-328,560	133,671	322,814	0.70	5 / 1	D
E	32,191	173,434	444,097	41,320	103,500	245,642	0	53,635	299,277	7.50	8 / 1	E
F	8,447	190,433	489,204	277,988	10,000	171,654	-431	29,993	201,216	0.00	0 / 1	F
G	26,871	185,170	471,189	32,486	0	372,881	118,566	-52,744	438,703	20.00	2 / 1	G
H	937	134,889	293,366	26,716	0	318,560	0	-51,909	266,650	17.50	4 / 4	H
I	69,140	235,476	601,242	60,618	200,000	263,664	0	76,960	340,624	0.00	6 / 4	I
J	7,821	161,863	379,524	25,780	0	370,770	0	-17,026	353,744	15.00	4 / 2	J
K	0	402,692	888,366	201,361	365,000	441,144	-177,500	58,361	322,005	5.00	6 / 1	K
L	15,596	132,781	361,502	35,197	18,800	257,716	0	49,789	307,505	0.00	1 / 1	L
	19,852	188,501	460,162	80,484	95,345	292,258	-35,266	27,341	284,333	6.34	4 / 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	51.4 %	6.5 %	9.8 %	2.2 %	30.1 %	19.1 %	3.33	28	10.56	0.40	2.12	Medium	A
B	75.1	6.8	8.1	3.6	6.4	2.8	1.46	14	2.02	0.27	0.32	High	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	54.0	5.7	11.9	2.1	26.3	17.5	3.14	49	19.83	0.46	4.15	Low	D
E	51.9	4.9	9.0	2.3	32.0	21.2	4.20	23	18.81	0.26	6.55	Low	E
F	56.6	6.8	21.6	2.3	12.6	5.4	0.69	50	2.57	0.54	0.22	High	F
G	54.8	4.9	9.9	2.3	28.1	19.7	5.70	34	100.00	0.00	0.00	N/A	G
H	53.8	7.2	12.8	2.2	24.0	16.8	5.05	26	100.00	0.00	0.00	N/A	H
I	55.3	6.5	14.9	2.4	20.8	12.7	3.88	16	7.80	0.37	4.20	Low	I
J	54.0	6.0	10.4	2.1	27.5	19.3	6.28	44	100.00	0.00	10.00	Low	J
K	54.3	7.3	16.6	2.5	19.2	11.2	2.00	137	5.85	0.58	0.64	High	K
L	62.3	7.8	7.0	2.6	20.4	13.3	3.77	38	15.61	0.09	5.09	Low	L
	55.5 %	6.4 %	12.8 %	2.4 %	23.0 %	14.8 %	2.34	42	34.82	0.27	3.03	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		9.66	9.61	11.44	11.24	12.86	12.51
	Private-Label Footwear		8.58	8.45	10.49	10.12	14.35	13.32
Labor — North America	Total Compensation (\$/year)		16,634	16,218	18,078	17,874	20,282	20,540
	Productivity (pairs/worker/year)		3,931	4,004	4,356	4,433	4,859	4,929
	Labor Cost (\$/pair produced)		3.53	3.48	4.16	4.10	4.74	4.83
Europe Africa	Total Compensation (\$/year)		15,302	15,302	17,984	18,179	21,743	22,124
	Productivity (pairs/worker/year)		3,884	3,633	4,935	4,912	6,094	6,185
	Labor Cost (\$/pair produced)		3.36	3.38	4.21	4.27	4.90	5.24
Asia Pacific	Total Compensation (\$/year)		3,182	3,213	4,895	5,115	6,695	7,365
	Productivity (pairs/worker/year)		2,159	2,127	2,923	2,985	3,934	4,031
	Labor Cost (\$/pair produced)		1.63	1.64	1.77	1.78	2.03	2.16
Latin America	Total Compensation (\$/year)		3,161	3,167	4,918	5,062	6,169	6,522
	Productivity (pairs/worker/year)		2,253	2,198	3,137	3,190	4,038	4,166
	Labor Cost (\$/pair produced)		1.47	1.48	1.66	1.66	1.89	1.89
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.02	0.02	0.68	0.70	1.50	1.50
	Cumulative		0.28	0.23	0.74	0.73	1.46	1.46
Reject Rates	Branded Production		2.8%	2.8%	5.7%	5.7%	11.2%	11.0%
	Private-Label Production		3.1%	3.1%	5.2%	5.1%	9.6%	9.6%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		23.30	22.37	26.07	25.86	29.18	28.06
	E-A		22.85	21.90	25.57	24.78	30.62	28.39
	A-P		21.04	20.93	23.77	23.40	27.94	27.43
	L.A.		20.39	20.91	24.75	23.95	31.02	27.47
	Private-Label — N.A.		21.01	21.83	24.41	24.68	27.81	27.91
	E-A		20.65	20.89	25.86	26.48	31.86	29.35
	A-P		20.73	19.59	25.20	23.75	32.00	29.85
	L.A.		20.74	20.22	21.33	20.67	22.25	21.12

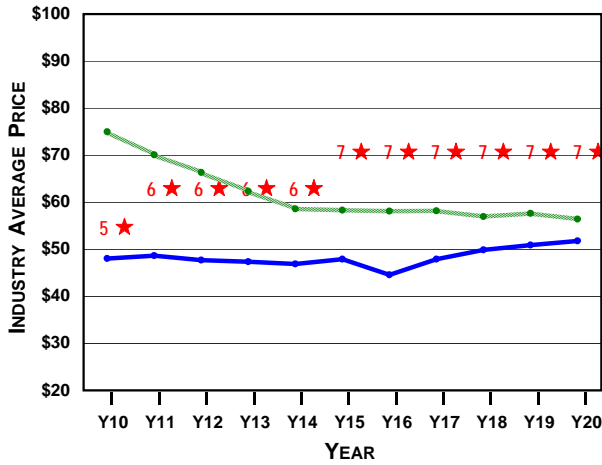
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	25.72	24.88	28.42	28.19	31.60	30.76
		E-A	25.35	24.90	33.32	32.53	43.27	42.39
		A-P	23.55	23.43	26.08	25.88	29.86	29.91
		L.A.	24.13	23.42	29.49	28.83	34.60	33.80
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.48	10.36	10.74	10.66	11.50	11.36
			2.13	2.02	2.48	2.42	3.27	3.19
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		6.21	4.21	9.78	8.82	15.24	13.02
			3.60	2.53	7.24	6.81	13.48	10.84
Administrative Expenses	(\$/pair sold)		1.06	1.17	1.45	1.45	2.35	2.17
Operating Profit (\$ per pair sold)	Internet	N.A.	5.94	9.89	16.45	17.40	23.79	27.45
		E-A	-1.71	1.78	12.79	13.79	27.61	29.24
		A-P	7.87	12.63	18.13	19.24	24.47	28.97
		L.A.	1.02	8.52	13.77	17.95	26.15	29.70
Wholesale	N.A.	4.52	7.29	10.91	12.69	14.28	18.12	
	E-A	-6.43	-4.22	10.15	11.04	20.88	20.42	
	A-P	0.08	-0.01	7.81	10.01	16.60	16.89	
	L.A.	-5.94	-2.34	6.82	11.76	13.82	18.01	
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	23.51	24.04	26.49	26.15	30.31	30.41
		E-A	23.15	23.39	29.18	30.21	34.36	33.89
		A-P	23.23	22.09	28.22	26.25	34.50	32.35
		L.A.	23.24	22.72	23.83	24.89	24.75	30.06
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.	2.17	0.59	11.72	11.39	15.28	16.70
		E-A	2.06	3.16	11.04	9.01	16.11	15.34
		A-P	1.22	3.31	4.13	5.85	8.95	12.92
		L.A.	-2.68	9.74	8.79	14.48	15.12	16.77

CELEBRITY ENDORSEMENTS

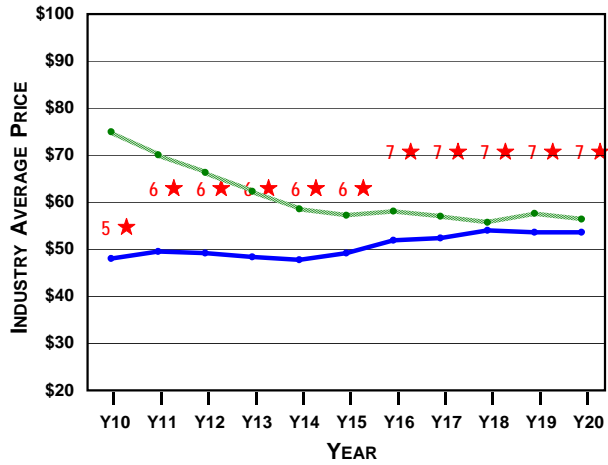
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2ND BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company F	13,589	Y19	2 years	4	13,589	12,543	9,936	6,612
Oprah Letterman	100	70	65	75	Company K	14,999	Y18	3 years	7	14,999	11,004	7,091	900
Annika Stockholm	70	100	70	55	Company K	14,999	Y18	5 years	7	14,999	12,219	7,821	800
Tiger Green	95	80	85	75	Company E	750	Y20	2 years	1	750	0	750	750
José Montaña	60	50	60	95	[unsigned]	0	N/A	3 years	7	14,999	12,001	7,691	1,200
Karioki Footsu	55	60	95	90	Company F	19,562	Y19	4 years	4	19,562	15,333	14,127	6,612
Jaques LaFeet	50	90	50	85	Company E	750	Y20	1 year	1	750	0	750	750
Serenus Willson	70	65	55	60	[unsigned]	0	N/A	3 years	7	14,999	11,004	6,862	900
Natalie Kwan	75	80	95	50	Company K	11,999	Y17	4 years	7	11,999	10,234	8,111	5,001
Sergio Milano	45	85	60	100	Company F	16,589	Y19	2 years	4	16,589	15,000	9,859	1,233
Lance deFrance	80	85	75	70	Company E	750	Y20	3 years	1	750	0	750	750
Yao KungPao	60	35	100	50	[unsigned]	0	N/A	4 years	7	14,999	12,001	7,461	500

BRANDED PRICE AND S/Q RATING TRENDS

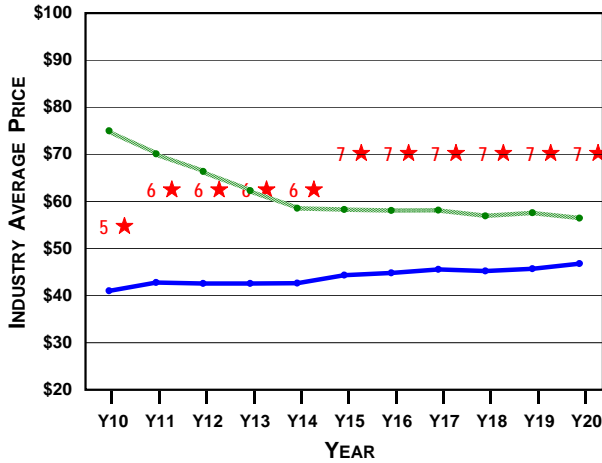
NORTH AMERICA



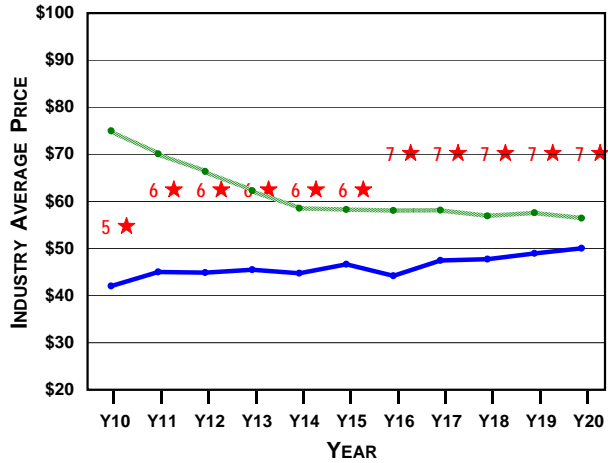
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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