

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 5

Friday, December 15, 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
Dead Poet	118	+20
Gyroscope	112	+7
L Company	70	+29
ACompany	69	+52
Byzantium Shoes	63	+20
J Company	62	+12
K-Hole Kicks	62	+41
Cassidy	50	+28
E (deleted)	0	0
F (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Dead Poet	76	+5
Gyroscope	64	+6
K-Hole Kicks	43	+2
Byzantium Shoes	43	+3
J Company	41	+2
L Company	41	+3
ACompany	40	+3
Cassidy	35	+2
E (deleted)	0	0
F (deleted)	0	0
H (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
Dead Poet	86	-2
Gyroscope	69	-25
K-Hole Kicks	46	+28
Byzantium Shoes	43	+5
L Company	40	+4
ACompany	39	+25
Cassidy	33	+14
J Company	32	-13
E (deleted)	0	0
F (deleted)	0	0
H (deleted)	0	0
I (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Dead Poet	96	+10
Gyroscope	69	-4
Byzantium Shoes	41	+6
L Company	36	+9
ACompany	28	+12
Cassidy	21	+3
J Company	20	0
K-Hole Kicks	19	+1
E (deleted)	0	0
F (deleted)	0	0
H (deleted)	0	0
I (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 (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	2.01	2.78	-2.23	-1.47	-0.47	-1.13	-1.14	-0.28	0.05	1.45	-0.03	4	0	A
B	3.46	1.95	-1.38	-1.05	-0.02	-0.06	-0.47	-0.10	0.21	0.81	0.20	2	1	B
C	2.46	0.53	-4.50	-7.04	-4.86	-4.58	1.84	-4.78	-0.68	3.93	-1.77	10	0	C
D	2.72	5.08	1.60	1.83	2.98	1.88	-0.23	2.13	3.85	7.71	2.94	20	20	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	F
G	3.29	1.15	0.18	0.00	0.33	0.95	0.84	2.14	3.97	5.01	1.60	13	11	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	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	2.58	2.22	-1.58	-3.86	-2.31	-1.39	-2.24	-0.40	1.04	1.91	-0.60	5	0	J
K	5.03	2.88	-0.07	-2.28	-2.66	-1.57	-3.01	-3.83	-1.35	2.20	-0.66	6	0	K
L	1.88	1.49	-0.08	-1.00	0.70	0.47	-0.69	-0.39	0.75	2.12	0.41	5	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 (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	12.4	15.1	-12.9	-11.7	-3.6	-9.5	-14.9	-4.8	0.8	24.2	-0.3	6	0	A
B	20.5	9.9	-6.9	-7.6	-0.2	-0.5	-4.6	-1.1	2.3	8.2	1.6	2	2	B
C	15.0	2.9	-28.3	-69.4	-116.1	0.0	0.0	0.0	0.0	0.0	-44.9	0	0	C
D	17.1	29.6	7.9	8.5	12.0	7.4	-0.9	8.1	13.7	23.8	12.2	6	16	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	F
G	19.6	6.5	0.8	0.0	1.4	4.1	3.5	8.6	14.4	21.2	6.9	6	9	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	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	15.6	11.8	-10.7	-27.3	-20.9	-15.1	-30.4	-6.7	16.3	24.3	-5.7	6	0	J
K	29.9	17.6	-0.4	-16.4	-20.4	-14.4	-35.1	-75.2	-54.1	75.1	-6.7	20	0	K
L	12.0	9.2	-0.7	-9.1	6.2	3.9	-5.8	-3.5	6.5	16.4	3.3	4	4	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	18.74	32.82	18.37	11.08	7.05	5.14	4.70	5.10	4.60	22.15	-3 %	3	3	A
B	44.57	23.93	13.99	8.23	4.96	5.76	4.70	5.42	4.60	9.59	-11	1	1	B
C	24.84	14.24	8.61	5.42	4.80	5.77	15.69	9.24	5.61	30.40	+0	4	4	C
D	36.14	78.78	36.45	19.66	28.84	20.06	11.74	22.12	53.24	147.48	+17	20	20	D
E	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	E
F	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	F
G	45.87	24.14	13.75	8.89	6.17	12.09	10.74	34.33	71.55	96.15	+12	13	13	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	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	27.95	19.41	11.70	7.28	4.80	5.56	4.70	5.18	9.98	22.50	-3	3	3	J
K	90.94	38.94	20.65	11.84	7.68	4.75	5.61	4.65	5.57	21.44	-3	3	3	K
L	19.08	14.14	9.17	6.38	6.49	5.69	4.70	5.05	6.97	25.09	-2 %	3	3	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	C-	C-	C-	C-	C-	C-	C-	B-	High	11	11	A
B	B+	C+	C-	C-	C-	C-	C-	C	B	A	Medium	19	19	B
C	B-	C-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	C
D	B-	B	C	C	C	C-	C-	C+	B+	A+	Low	20	20	D
E	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	E
F	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	F
G	B	C+	C-	C-	C	B-	C+	A+	A+	A	Low	19	19	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	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	B	B-	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	J
K	B+	C+	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	K
L	B	B	C-	C-	C	C	C-	C-	C	C+	High	8	8	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	65	59	58	60	73	69	76	75	49	62	62	15	14	A
B	60	64	61	62	75	74	81	79	78	80	79	19	18	B
C	66	73	74	78	77	72	68	73	73	79	75	19	17	C
D	75	70	87	91	80	86	87	90	84	83	86	20	20	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	65	79	84	73	68	70	70	74	68	73	72	18	17	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	67	57	51	76	69	71	77	71	72	76	73	18	17	J
K	89	78	56	66	76	73	76	70	67	71	69	17	16	K
L	63	53	61	69	72	80	74	80	75	82	79	20	18	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	83	92	27	23	23	22	23	23	17			
B	108	67	25	22	23	24	24	27	43	63	43	Subpar	B
C	85	36	26	24	23	23	36	24	22	50	35	Subpar	C
D	95	108	67	59	72	51	27	62	98	118	76	Fair	D
E	0	0	0	0	0	0	0	0	0	0	0	N/A	E
F	0	0	0	0	0	0	0	0	0	0	0	N/A	F
G	104	60	31	25	30	47	42	81	105	112	64	Subpar	G
H	0	0	0	0	0	0	0	0	0	0	0	N/A	H
I	0	0	0	0	0	0	0	0	0	0	0	N/A	I
J	91	71	21	25	22	23	23	22	50	62	41	Subpar	J
K	115	92	27	25	25	22	23	22	21	62	43	Subpar	K
L	76	61	22	23	39	36	23	23	41	70	41	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	25,320	13,039	42,686	13,560	94,605
– Pairs Rejected	1,420	561	2,442	841	5,264
Net Y20 Production (after rejects)	23,900	12,478	40,244	12,719	89,341
Superior Materials Usage	26.5%	20.2%	36.4%	36.1%	31.5%
Capacity Utilization (branded + P-L prod.)	120.0%	116.4%	113.5%	120.0%	116.5%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	7.00	+ 2.59	+ 0.46	10.05
Superior Materials	14.00	- 1.30	+ 0.91	13.61

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,502	1,565	1,330	1,313	5,710
– Pairs Cleared (inventory clearance)	0	0	0	0	0
Beginning Y20 Inventories	1,502	1,565	1,330	1,313	5,710
+ New Production (shipped from plants)	20,453	19,782	18,495	17,528	76,258
Pairs Available for Sale in Y20	21,955	21,347	19,825	18,841	81,968

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)	23,733	24,014	22,981	22,419	93,147
Actual Year 20 Demand	19,328	20,080	18,912	18,412	76,732
Branded Pairs Sold	19,323	19,914	18,536	17,491	75,264
Required Y20 Ending Inventories	1,326	1,433	1,289	1,350	5,398
Inventory Surplus (Shortfall)	944	-1,151	-1,191	-995	-2,393

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 5.6%
- Available for shipment to warehouses
- % usage up by 1.6 points over Y19
- % utilization up by 1.8 points over Y19

Lower than normal (31.5% industrywide) superior materials usage led to superior materials prices that were 9.3% below the base and standard materials prices that were 37.0% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.5% from the base.

- Average inventory clearance of 0.0%
- 6.8% higher than Y20 demand

Actual demand in Year 20 was 17.6% less than expected due to increases in industry average prices.

- Needed to achieve delivery times
- { Okay 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 (internet + wholesale)				
– North America	20,101	20,905	21,741	22,611
– Europe-Africa	20,883	21,718	22,587	23,490
– Asia-Pacific	20,047	21,250	22,525	23,877
– Latin America	19,517	20,688	21,929	23,245
Total	80,548	84,561	88,782	93,223
Private-Label				
– North America	3,760	3,760	3,760	3,760
– Europe-Africa	3,760	3,760	3,760	3,760
– Asia-Pacific	3,760	3,760	3,760	3,760
– Latin America	3,776	3,776	3,776	3,776
Total	15,056	15,056	15,056	15,056

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	6,342
Potential Production (at max OT)	97,440
Potential Global Supply	103,782
Demand — Branded Sales Forecast (000s)	80,548
Private-Label Sales Forecast	15,056
Expected Global Demand	95,604
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	2,100	1,000	2,100	0	2,000	700	0	0	4,100	1,700	2,100	0	7,900	0	A
B	0	0	4,000	3,000	0	0	0	0	0	0	4,000	3,000	7,000	0	B
C	0	2,000	5,000	4,500	0	0	0	0	0	2,000	5,000	4,500	11,500	0	C
D	3,100	0	5,000	0	0	0	0	0	3,100	0	5,000	0	8,100	0	D
E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	F
G	0	0	8,000	0	0	0	0	0	0	0	8,000	0	8,000	0	G
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	I
J	2,000	0	8,500	3,800	0	0	0	0	2,000	0	8,500	3,800	14,300	0	J
K	4,900	3,900	2,900	0	0	0	0	0	4,900	3,900	2,900	0	11,700	0	K
L	5,500	3,600	2,100	0	1,500	0	0	0	7,000	3,600	2,100	0	12,700	0	L
Total	17,600	10,500	37,600	11,300	3,500	700	0	0	21,100	11,200	37,600	11,300	81,200	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	414,387	214,573	32,305	116,382	10,320	40,807	5,466	2,747	32,594	29,185	22,450	A
B	378,232	232,296	26,165	77,606	9,419	32,746	2,111	6,349	24,286	0	30,000	B
C	486,212	295,990	28,669	52,055	13,919	95,579	56,287	0	39,292	0	10,000	C
D	448,776	274,686	33,315	44,323	10,519	85,933	3,341	24,778	57,814	15,000	7,500	D
E	0	0	0	0	0	0	0	0	0	0	0	E
F	0	0	0	0	0	0	0	0	0	0	0	F
G	467,817	250,901	40,574	80,510	10,421	85,411	3,526	24,566	57,319	37,785	11,450	G
H	0	0	0	0	0	0	0	0	0	0	0	H
I	0	0	0	0	0	0	0	0	0	0	0	I
J	635,114	383,692	42,175	125,987	16,718	66,542	37,913	0	28,629	0	15,000	J
K	560,472	334,971	33,418	109,980	14,118	67,985	45,461	0	22,524	0	10,250	K
L	724,871	419,547	44,845	163,359	15,119	82,001	21,301	16,148	44,552	0	21,000	L
	514,485	300,832	35,183	96,275	12,569	69,626	21,926	9,324	38,376	10,246	15,956	

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	20,179	132,987	309,979	173,819	0	132,752	0	3,408	136,160	1.30	4 / 3	A
B	77,215	177,769	354,344	40,149	6,000	283,908	0	24,287	308,195	0.00	2 / 3	B
C	0	126,203	446,525	457,407	14,200	-64,370	0	39,289	-25,082	0.00	0 / 1	C
D	10,399	151,450	291,248	26,893	0	221,540	0	42,815	264,355	2.00	3 / 3	D
E	0	0	0	0	0	0	0	0	0	0.00	0 / 0	E
F	0	0	0	0	0	0	0	0	0	0.00	0 / 0	F
G	12,349	152,823	367,863	34,891	73,500	281,181	-41,245	19,536	259,472	3.30	9 / 1	G
H	0	0	0	0	0	0	0	0	0	0.00	0 / 0	H
I	0	0	0	0	0	0	0	0	0	0.00	0 / 0	I
J	0	194,225	483,558	323,573	28,000	103,355	0	28,629	131,985	0.00	0 / 1	J
K	0	178,783	455,977	414,720	0	18,735	0	22,522	41,257	0.00	3 / 3	K
L	13,301	235,939	549,365	159,114	96,000	249,672	0	44,579	294,251	0.00	0 / 1	L
	16,680	168,772	407,357	203,821	27,213	153,347	-5,156	28,133	176,324	0.83	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	Mktn. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	51.8 %	7.8 %	28.1 %	2.5 %	9.8 %	7.9 %	0.77	16	7.47	0.48	0.14	High	A
B	61.4	6.9	20.5	2.5	8.7	6.4	4.43	9	15.51	0.06	2.72	Medium	B
C	60.9	5.9	10.7	2.9	19.7	8.1	0.28	12	1.70	0.99	0.17	High	C
D	61.2	7.4	9.9	2.3	19.1	12.9	5.63	38	25.72	0.00	10.00	Low	D
E	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	E
F	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	F
G	53.6	8.7	17.2	2.2	18.3	12.3	4.38	34	24.22	0.22	3.66	Low	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	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	60.4	6.6	19.8	2.6	10.5	4.5	0.60	39	1.76	0.65	0.20	High	J
K	59.8	6.0	19.6	2.5	12.1	4.0	0.43	63	1.50	0.83	0.13	High	K
L	57.9	6.2	22.5	2.1	11.3	6.1	1.48	36	3.85	0.39	0.61	High	L
	58.5 %	6.8 %	18.7 %	2.4 %	13.5 %	7.5 %	0.83	31	10.22	0.45	2.20	Medium	

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		10.27	10.53	11.02	11.19	11.60	11.78
	Private-Label Footwear		8.99	9.74	9.90	10.21	10.97	11.02
Labor — North America	Total Compensation (\$/year)		17,379	17,397	23,693	22,414	31,900	31,474
	Productivity (pairs/worker/year)		3,751	3,858	4,745	4,710	6,150	6,348
	Labor Cost (\$/pair produced)		3.61	4.54	5.25	5.23	6.05	6.05
Europe	Total Compensation (\$/year)		15,339	15,339	19,587	20,141	26,095	28,447
	Productivity (pairs/worker/year)		4,258	4,310	5,200	5,296	5,979	6,221
	Labor Cost (\$/pair produced)		3.54	3.75	4.18	4.22	4.73	4.99
Asia Pacific	Total Compensation (\$/year)		3,736	3,775	4,624	4,798	6,705	7,426
	Productivity (pairs/worker/year)		2,266	2,274	2,800	2,858	3,424	3,449
	Labor Cost (\$/pair produced)		1.26	1.25	1.74	1.80	2.27	2.45
Latin America	Total Compensation (\$/year)		4,049	4,329	4,339	4,646	5,065	5,190
	Productivity (pairs/worker/year)		2,511	2,511	2,855	2,964	3,507	3,517
	Labor Cost (\$/pair produced)		1.30	1.30	1.65	1.71	1.84	1.97
TQM / 6Σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.00	0.00	0.81	0.66	1.51	1.51
	Cumulative		0.08	0.07	0.87	0.82	1.26	1.28
Reject Rates	Branded Production		2.4%	2.4%	5.3%	5.4%	11.6%	11.6%
	Private-Label Production		1.8%	3.9%	4.2%	5.0%	6.9%	6.9%
Total Manufacturing Costs (\$/pair produced)	Branded	N.A.	22.74	22.40	27.68	26.27	32.34	30.58
		E-A	21.32	22.40	25.01	25.88	27.94	29.31
		A-P	19.47	20.59	23.11	23.18	29.67	26.59
		L.A.	21.59	21.32	23.57	22.08	25.87	22.85
	Private-Label	N.A.	18.95	0.00	18.95	0.00	18.95	0.00
		E-A	21.31	19.57	23.47	24.59	25.63	29.60
		A-P	17.14	20.32	19.58	21.00	22.36	21.68
		L.A.	18.89	19.48	18.89	19.48	18.89	19.48

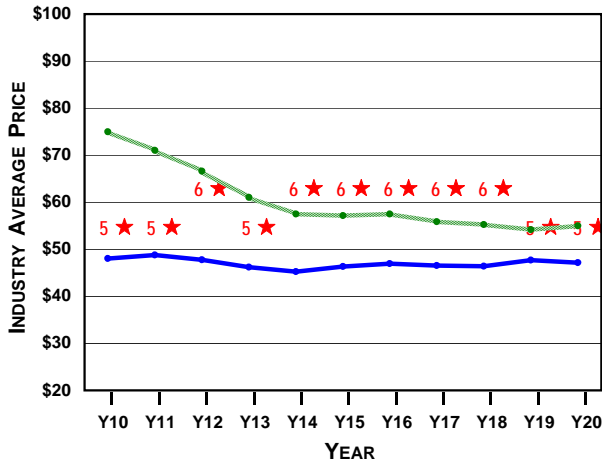
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	24.74	24.41	27.37	26.97	31.08	31.06
		E-A	25.46	25.06	31.02	31.25	34.48	34.46
		A-P	21.47	22.61	25.06	25.55	31.43	30.22
		L.A.	23.58	23.33	28.21	27.47	33.48	32.19
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		10.37	10.32	10.79	10.50	11.50	10.77
			2.03	1.95	2.57	2.26	3.22	2.73
Marketing Expenses — Internet (\$ per pair sold)	Wholesale		8.91	8.43	13.29	12.01	20.97	16.44
			4.27	4.10	10.49	9.81	18.17	13.83
Administrative Expenses (\$/pair sold)			0.89	1.05	1.42	1.43	3.27	2.64
Operating Profit (\$ per pair sold)	Internet	N.A.	3.73	4.00	9.82	12.48	17.01	17.19
		E-A	2.05	-2.88	7.27	7.34	16.27	16.30
		A-P	0.95	0.09	13.36	14.12	21.36	20.59
		L.A.	1.79	7.03	8.34	12.75	19.34	22.04
Wholesale	N.A.		1.30	1.63	5.03	5.87	11.44	12.99
	E-A		-2.62	-1.65	3.47	3.42	7.46	7.94
	A-P		-0.28	-0.91	4.61	5.49	12.04	12.94
	L.A.		-2.30	3.43	2.45	6.73	6.55	9.32
Private-Label Market Segments	Production Costs (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	20.95	23.10	23.33	23.64	25.62	24.18
		E-A	23.31	21.57	25.73	26.59	28.15	31.60
		A-P	19.14	23.68	21.75	23.68	24.36	23.68
		L.A.	20.89	21.48	20.89	21.48	20.89	21.48
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.	1.92	0.10	2.83	0.46	4.35	0.82
		E-A	-0.08	-1.85	2.00	0.04	4.08	1.94
		A-P	1.96	11.07	5.49	11.07	9.01	11.07
		L.A.	1.87	16.69	1.87	16.69	1.87	16.69

CELEBRITY ENDORSEMENTS

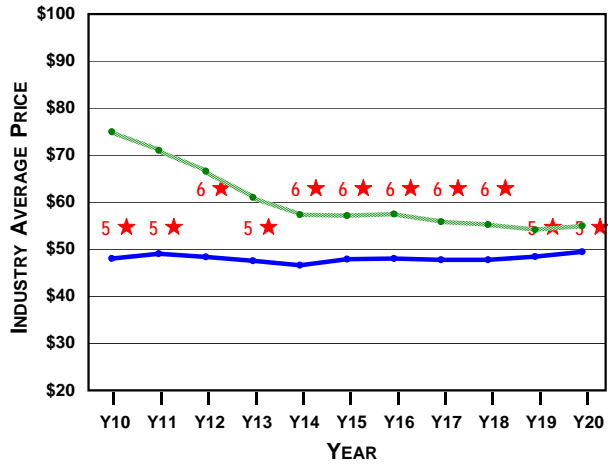
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# of BIDS	HIGH BID	2nd BID	AVG BID	Low Bid
Payton Manyon	85	45	35	40	Company D	4,489	Y19	2 years	1	4,489	0	4,489	4,489
Oprah Letterman	100	70	65	75	Company D	1,805	Y20	3 years	1	1,805	0	1,805	1,805
Annika Stockholm	70	100	70	55	Company L	17,003	Y16	5 years	7	17,003	15,600	11,802	5,000
Tiger Green	95	80	85	75	Company D	2,805	Y20	2 years	1	2,805	0	2,805	2,805
José Montaña	60	50	60	95	Company K	13,502	Y18	3 years	3	13,502	10,500	9,896	5,687
Karioki Footsu	55	60	95	90	Company D	3,805	Y20	4 years	1	3,805	0	3,805	3,805
Jaques LaFeet	50	90	50	85	Company D	2,908	Y20	1 year	1	2,908	0	2,908	2,908
Serenus Willson	70	65	55	60	[unsigned]	0	N/A	3 years	3	14,505	11,203	11,072	7,508
Natalie Kwan	75	80	95	50	Company D	16,059	Y17	4 years	3	16,059	15,502	14,020	10,499
Sergio Milano	45	85	60	100	Company K	15,502	Y19	2 years	2	15,502	6,508	11,005	6,508
Lance deFrance	80	85	75	70	Company D	2,215	Y20	3 years	1	2,215	0	2,215	2,215
Yao KungPao	60	35	100	50	Company G	10,500	Y18	4 years	2	10,500	7,506	9,003	7,506

BRANDED PRICE AND S/Q RATING TRENDS

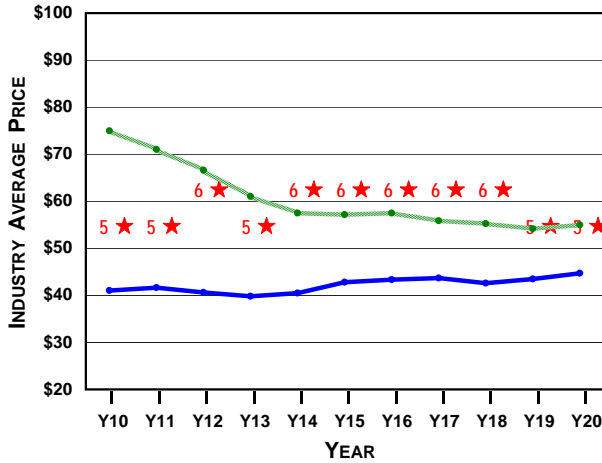
NORTH AMERICA



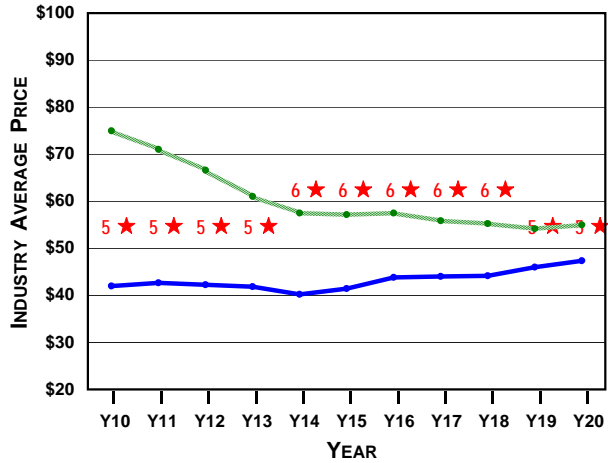
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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