

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 10

Friday, May 4, 2007

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
Cincinnatus Footwear	113	+5
Dangerous	110	+9
Edible Shoes	109	+49
Knock-about	101	+13
FIDI Athletics	99	-16
Innovative products	89	-25
Hip2Be	56	+6
Amplitude	52	+21
B (deleted)	0	0
G (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
Innovative products	102	-1
Edible Shoes	94	+1
Cincinnatus Footwear	85	+3
FIDI Athletics	72	+3
Knock-about	70	+3
Dangerous	69	+5
Amplitude	50	0
Hip2Be	46	+1
B (deleted)	0	0
G (deleted)	0	0
J (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
Edible Shoes	84	+40
Cincinnatus Footwear	78	+7
FIDI Athletics	75	-18
Dangerous	71	+1
Knock-about	62	+3
Innovative products	55	-33
Hip2Be	40	+4
Amplitude	33	+12
B (deleted)	0	0
G (deleted)	0	0
J (deleted)	0	0
L (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
Edible Shoes	89	+28
Cincinnatus Footwear	86	+12
Innovative products	83	-13
Dangerous	71	+7
FIDI Athletics	71	-7
Knock-about	64	+5
Hip2Be	40	+4
Amplitude	37	+7
B (deleted)	0	0
G (deleted)	0	0
J (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	2.55	2.82	0.49	0.22	-4.84	-0.65	0.98	5.20	0.06	1.70	0.84	4	4	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	2.78	3.25	1.99	1.43	1.45	1.93	2.95	4.30	4.79	6.47	3.09	14	15	C
D	-0.46	1.78	0.87	0.99	0.56	1.37	0.79	2.57	3.22	4.24	1.63	9	8	D
E	3.22	4.55	3.17	2.64	2.64	4.83	5.41	2.32	2.39	9.02	3.87	20	19	E
F	2.74	2.86	0.76	1.02	2.10	0.02	2.10	3.36	7.25	6.33	2.67	14	13	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	2.42	2.08	0.41	-1.04	-0.68	0.65	0.58	-2.07	0.54	0.82	0.33	2	2	H
I	2.97	3.27	3.07	1.91	3.53	4.15	5.96	7.86	6.79	3.53	4.15	8	20	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	3.51	2.71	1.25	0.71	1.16	0.26	0.54	0.88	2.64	3.79	1.75	8	8	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	15.9	18.1	2.8	1.3	-31.7	-5.2	7.7	32.9	0.3	6.9	4.8	4	6	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	17.6	18.2	9.9	6.0	7.2	8.8	12.1	15.4	14.7	17.2	12.6	10	17	C
D	-3.4	10.5	4.7	5.0	2.7	6.4	3.9	11.3	12.6	15.0	7.5	9	10	D
E	19.3	22.6	14.2	11.0	10.6	17.0	18.1	7.1	5.7	16.8	12.8	10	17	E
F	16.7	14.4	3.7	4.6	9.5	0.1	9.6	13.4	24.0	33.3	12.4	20	17	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	14.9	11.3	2.2	-5.4	-3.9	3.6	3.2	-11.7	3.2	4.7	1.8	3	2	H
I	18.4	17.8	14.7	8.1	14.2	14.1	18.6	22.1	18.9	8.9	15.0	5	20	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	20.7	13.5	5.6	3.1	5.1	1.1	2.3	3.7	11.0	14.4	7.7	9	10	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	24.48	31.21	16.92	10.34	6.66	4.75	8.69	45.92	23.98	17.43	-5 %	3	3	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	40.54	40.40	21.64	12.37	11.49	17.44	35.61	61.10	65.87	106.91	+14	20	20	C
D	16.88	16.24	10.09	11.18	6.92	14.26	9.13	41.82	53.96	70.24	+9	13	13	D
E	45.17	69.16	35.39	28.90	29.29	70.12	95.36	39.29	23.98	108.75	+14	20	20	E
F	33.79	35.76	19.91	11.86	22.31	13.40	22.67	37.19	99.38	98.18	+13	18	18	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	25.05	20.80	11.99	7.65	4.80	4.98	5.97	4.65	6.37	9.31	-11	2	2	H
I	45.29	42.14	34.42	18.76	39.35	55.38	86.58	118.22	112.56	45.29	+4	8	8	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	53.16	29.77	16.46	10.34	10.88	6.54	6.12	9.55	44.54	57.64	+7	11	11	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	C+	C+	C-	C-	C-	C-	C-	C-	C-	C+	High	8	8	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	B	B	C	C	B-	A-	A	A	A	Low	19	19	C
D	C-	B+	B+	B	B	B-	B	A+	A+	A+	Low	20	20	D
E	B+	B+	B	C+	B	B+	A-	B	C+	B	Medium	14	14	E
F	B	C+	C-	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-	C-	C-	C+	C	C-	A-	A+	Low	20	20	H
I	B+	B-	B	B-	A-	A-	A-	A	A+	A+	Low	20	20	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	A	A-	B	C+	B	B-	A+	A+	A+	A+	Low	20	20	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	55	86	67	79	84	91	98	90	83	72	82	14	16	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	63	75	73	77	75	72	72	77	74	77	76	15	15	C
D	73	77	94	86	93	88	100	100	100	100	100	20	20	D
E	92	84	80	76	85	77	76	93	99	98	97	20	19	E
F	69	77	100	100	100	100	100	94	92	93	93	19	19	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	67	73	72	71	62	60	63	74	67	66	69	13	14	H
I	73	86	86	85	85	96	83	84	66	70	73	14	15	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	72	72	66	63	69	69	74	74	73	71	73	14	15	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	79	90	35	29	25	25	43	89	31			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	99	102	74	48	48	63	88	108	108	113	85	Good	C
D	31	76	60	57	49	57	53	93	101	110	69	Subpar	D
E	112	114	95	75	81	109	113	76	60	109	94	Very Good	E
F	98	88	45	42	60	30	58	85	115	99	72	Fair	F
G	0	0	0	0	0	0	0	0	0	0	0	N/A	G
H	93	82	45	24	20	36	32	23	50	56	46	Subpar	H
I	107	99	97	67	102	109	114	117	114	89	102	Excellent	I
J	0	0	0	0	0	0	0	0	0	0	0	N/A	J
K	114	96	59	39	55	37	54	58	88	101	70	Fair	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	23,889	4,800	50,333	14,280	93,302
– Pairs Rejected	1,346	145	1,716	463	3,670
Net Y20 Production (after rejects)	22,543	4,655	48,617	13,817	89,632
Superior Materials Usage	30.2%	12.0%	33.3%	31.9%	31.2%
Capacity Utilization (branded + P-L prod.)	116.5%	120.0%	115.7%	120.0%	116.8%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.50	+ 2.44	+ 0.44	9.38
Superior Materials	14.00	- 1.32	+ 0.95	13.63

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	2,673	2,200	3,032	2,315	10,220
– Pairs Cleared (inventory clearance)	1,357	1,056	1,554	1,272	5,239
Beginning Y20 Inventories	1,316	1,144	1,478	1,043	4,981
+ New Production (shipped from plants)	21,405	20,995	18,047	18,988	79,435
Pairs Available for Sale in Y20	22,721	22,139	19,525	20,031	84,416

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)	20,093	20,276	18,274	17,867	76,510
Actual Year 20 Demand	20,312	20,352	18,672	18,008	77,344
Branded Pairs Sold	20,290	20,337	18,339	18,011	76,977
Required Y20 Ending Inventories	922	946	884	741	3,493
Inventory Surplus (Shortfall)	1,411	783	-530	1,201	2,865

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 3.9%
- Available for shipment to warehouses
- % usage down by 1.4 points from Y19
- % utilization up by 2.8 points over Y19

Lower than normal (31.2% industrywide) superior materials usage led to superior materials prices that were 9.4% below the base and standard materials prices that were 37.6% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 6.8% from the base.

- Average inventory clearance of 51.3%
- 9.1% higher than Y20 demand

Actual demand in Year 20 was 1.1% greater than expected due to decreases in industry average prices.

- Needed to achieve delivery times
- { Okay in N.A. Okay in E-A
Low 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)	21,124	21,969	22,848	23,762
Europe-Africa	21,166	22,013	22,894	23,810
Asia-Pacific	19,792	20,980	22,239	23,573
Latin America	19,088	20,233	21,447	22,734
Total	81,170	85,195	89,428	93,879
Private-Label — North America	3,752	3,752	3,752	3,752
Europe-Africa	3,760	3,760	3,760	3,760
Asia-Pacific	3,752	3,752	3,752	3,752
Latin America	3,720	3,720	3,720	3,720
Total	14,984	14,984	14,984	14,984

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	6,888
Potential Production (at max OT)	95,880
Potential Global Supply	102,768
Demand — Branded Sales Forecast (000s)	81,170
Private-Label Sales Forecast	14,984
Expected Global Demand	96,154
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	0	0	12,000	3,000	0	0	-6,000	-700	0	0	6,000	2,300	8,300	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	4,100	0	5,500	0	0	0	0	0	4,100	0	5,500	0	9,600	0	C
D	0	0	7,000	4,600	0	0	0	0	0	0	7,000	4,600	11,600	0	D
E	3,000	2,000	8,800	4,000	0	0	0	0	3,000	2,000	8,800	4,000	17,800	0	E
F	5,900	0	6,500	0	0	0	0	0	5,900	0	6,500	0	12,400	0	F
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	G
H	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	H
I	3,000	2,000	1,500	1,000	0	0	0	0	3,000	2,000	1,500	1,000	7,500	0	I
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	J
K	2,500	0	4,200	0	0	0	0	0	2,500	0	4,200	0	6,700	0	K
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	L
Total	20,500	4,000	49,500	12,600	0	0	-6,000	-700	20,500	4,000	43,500	11,900	79,900	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	425,054	218,325	29,148	109,140	10,719	57,722	29,818	8,371	19,533	0	11,500	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	464,020	291,111	33,756	50,782	12,019	76,352	7,071	20,784	48,497	7,500	7,500	C
D	646,910	333,657	41,052	162,903	14,021	95,277	3,607	27,501	64,169	756	15,120	D
E	835,819	443,331	58,703	190,589	20,220	122,976	26,367	28,983	67,626	37,500	7,500	E
F	648,929	381,167	40,262	110,865	14,820	101,815	30,379	21,431	50,005	19,750	7,900	F
G	0	0	0	0	0	0	0	0	0	0	0	G
H	264,247	180,886	21,554	43,844	8,420	9,543	132	0	9,411	1,150	11,500	H
I	466,642	203,006	38,088	175,377	9,920	40,251	2,412	11,352	26,487	0	7,500	I
J	0	0	0	0	0	0	0	0	0	0	0	J
K	362,798	229,826	28,429	52,530	9,118	42,895	-767	13,099	30,563	3,228	8,070	K
L	0	0	0	0	0	0	0	0	0	0	0	L
	514,302	285,164	36,374	112,004	12,407	68,354	12,377	16,440	39,536	8,736	9,574	

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	26,875	136,889	376,413	61,539	50,000	301,641	-56,300	19,533	264,874	0.00	0 / 1	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	45,120	193,205	400,931	45,185	53,000	261,749	0	40,998	302,746	1.00	2 / 3	C
D	5,888	180,313	513,178	43,301	53,020	438,546	-85,104	63,415	416,857	0.05	4 / 2	D
E	0	234,734	747,479	97,532	270,300	423,522	-74,002	30,127	379,647	5.00	8 / 2	E
F	15,282	214,542	518,399	108,002	307,200	197,484	-124,542	30,256	103,197	2.50	3 / 3	F
G	0	0	0	0	0	0	0	0	0	0.00	0 / 0	G
H	7,223	125,196	223,746	18,098	0	197,387	0	8,261	205,648	0.10	2 / 3	H
I	25,928	161,437	353,608	31,608	11,500	284,012	0	26,488	310,500	0.00	3 / 5	I
J	0	0	0	0	0	0	0	0	0	0.00	0 / 0	J
K	5,973	113,340	222,100	24,166	0	225,142	-54,540	27,332	197,934	0.40	3 / 6	K
L	0	0	0	0	0	0	0	0	0	0.00	0 / 0	L
	16,536	169,957	419,482	53,679	93,128	291,185	-49,311	30,801	272,675	1.13	3 / 3	

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 %	6.9 %	25.7 %	2.5 %	13.6 %	4.6 %	2.22	6	1.94	0.24	0.98	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	62.7	7.3	10.9	2.6	16.5	10.5	4.28	46	10.80	0.18	3.42	Low	C
D	51.6	6.3	25.2	2.2	14.7	9.9	4.16	15	26.41	0.12	9.34	Low	D
E	53.0	7.0	22.8	2.4	14.7	8.1	2.41	36	4.66	0.43	1.29	Medium	E
F	58.7	6.2	17.1	2.3	15.7	7.7	1.99	43	3.35	0.74	0.77	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	68.5	8.2	16.6	3.2	3.6	3.6	6.92	121	72.30	0.00	10.00	Low	H
I	43.5	8.2	37.6	2.1	8.6	5.7	5.11	35	16.69	0.07	3.90	Low	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	63.3	7.8	14.5	2.5	11.8	8.4	4.69	26	100.00	0.00	10.00	Low	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
	55.4 %	7.1 %	21.8 %	2.4 %	13.3 %	7.7 %	3.17	41	29.52	0.22	4.96	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		8.09	8.48	9.94	10.10	13.58	12.71
	Private-Label Footwear		7.99	8.36	9.52	9.41	10.86	10.59
Labor — North America	Total Compensation (\$/year)		18,606	18,717	23,032	23,776	30,900	32,230
	Productivity (pairs/worker/year)		3,961	3,892	5,283	5,311	6,488	6,603
	Labor Cost (\$/pair produced)		3.71	3.81	4.49	4.50	5.03	5.33
Europe Africa	Total Compensation (\$/year)		16,896	16,858	17,142	17,089	17,387	17,320
	Productivity (pairs/worker/year)		4,504	4,377	4,512	4,401	4,519	4,424
	Labor Cost (\$/pair produced)		4.05	4.14	4.14	4.24	4.22	4.34
Asia Pacific	Total Compensation (\$/year)		3,056	3,087	5,225	5,419	6,510	6,827
	Productivity (pairs/worker/year)		2,517	2,564	3,256	3,327	3,820	3,827
	Labor Cost (\$/pair produced)		1.34	1.33	1.67	1.68	1.92	1.92
Latin America	Total Compensation (\$/year)		4,133	4,670	5,056	5,222	5,900	6,178
	Productivity (pairs/worker/year)		3,050	3,038	3,212	3,309	3,567	3,698
	Labor Cost (\$/pair produced)		1.48	1.57	1.61	1.69	1.76	1.77
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.03	0.00	0.78	0.75	1.44	1.42
	Cumulative		0.17	0.18	0.83	0.82	1.37	1.35
Reject Rates	Branded Production		1.9%	2.0%	4.2%	4.3%	6.4%	6.4%
	Private-Label Production		1.5%	1.5%	3.3%	2.2%	5.8%	3.0%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		19.40	20.37	25.15	25.55	28.93	29.48
	E-A		18.67	19.03	19.11	19.98	19.55	20.93
	A-P		16.96	17.00	20.96	21.07	24.84	24.71
	L.A.		17.15	17.21	18.02	18.27	19.52	19.35
	Private-Label — N.A.		19.91	19.72	23.03	22.01	26.15	26.50
	E-A		0.00	0.00	0.00	0.00	0.00	0.00
	A-P		17.58	17.34	21.45	18.46	27.32	19.58
	L.A.		17.95	18.47	18.62	18.47	19.28	18.47

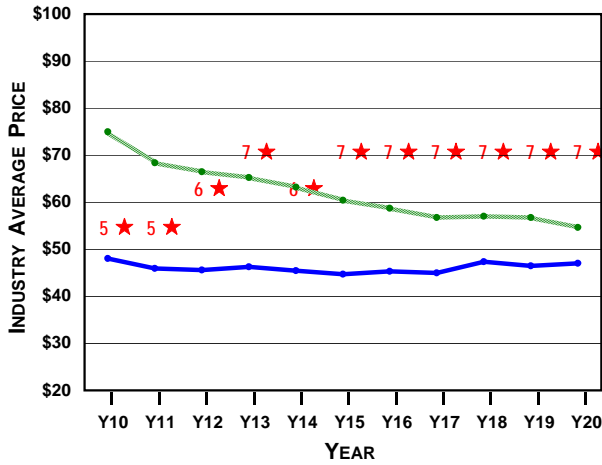
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	21.40	21.13	26.13	26.05	31.03	30.63
		E-A	21.55	22.16	28.29	28.07	33.15	32.30
		A-P	18.96	19.00	22.97	23.07	26.90	26.56
		L.A.	19.16	19.21	26.07	25.87	32.89	32.41
		Wholesale	10.32	10.37	10.53	10.57	10.96	11.06
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		1.92	2.03	2.31	2.33	2.93	3.00
	Marketing Expenses — Internet (\$ per pair sold)		7.15	7.61	10.76	11.63	13.00	19.22
Administrative Expenses (\$/pair sold)	Wholesale		6.64	5.32	10.71	11.18	14.23	20.43
	Operating Profit (\$ per pair sold)		1.12	1.04	1.47	1.30	2.22	1.64
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	6.10	2.39	16.08	12.77	26.45	27.29
		E-A	5.10	5.91	13.98	11.71	25.16	20.05
		A-P	11.93	7.86	19.67	16.07	29.75	24.70
		L.A.	5.62	6.55	17.08	16.50	29.67	30.46
		Wholesale		1.31	-0.57	4.89	4.65	8.64
	E-A		0.44	0.23	2.94	3.18	10.45	7.90
	A-P		1.03	2.16	5.55	5.66	10.26	11.00
	L.A.		1.21	0.50	5.82	7.00	9.73	11.96
	Warehouse Expenses (\$ per pair sold)		1.00	1.00	1.00	1.00	1.00	1.00
	Margin Over Direct Costs (\$ per pair sold)		-1.54	-2.37	0.49	-0.82	4.04	0.74
E-A		-2.18	8.93	-1.91	8.93	0.00	8.93	
A-P		-0.87	-1.81	-0.87	-1.81	0.00	0.00	
L.A.		2.04	0.09	2.71	7.66	3.51	14.89	

CELEBRITY ENDORSEMENTS

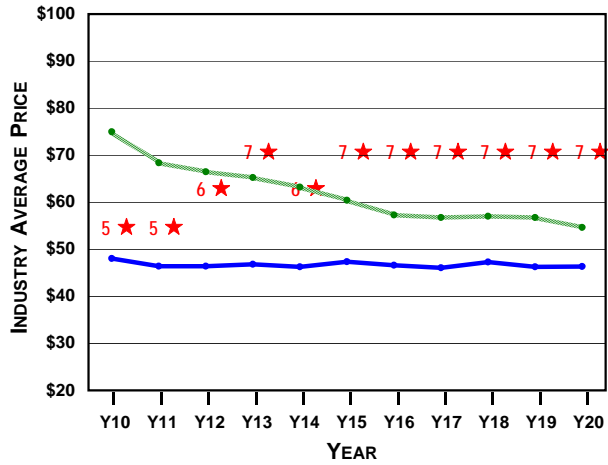
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company I	25,001	Y19	2 years	4	25,001	12,451	13,546	5,621
Oprah Letterman	100	70	65	75	Company D	33,333	Y20	3 years	2	33,333	5,000	19,167	5,000
Annika Stockholm	70	100	70	55	Company D	14,859	Y16	5 years	6	14,859	14,764	10,831	3,003
Tiger Green	95	80	85	75	Company F	5,000	Y20	2 years	2	5,000	1,011	3,006	1,011
José Montaña	60	50	60	95	Company E	19,784	Y18	3 years	6	19,784	16,101	13,038	6,241
Karioki Footsu	55	60	95	90	Company D	31,251	Y20	4 years	2	31,251	5,000	18,126	5,000
Jaques LaFeet	50	90	50	85	Company F	5,000	Y20	1 year	2	5,000	500	2,750	500
Serenus Willson	70	65	55	60	Company I	25,001	Y19	3 years	5	25,001	21,425	16,123	9,217
Natalie Kwan	75	80	95	50	Company F	13,777	Y17	4 years	6	14,764	13,777	8,555	500
Sergio Milano	45	85	60	100	Company I	26,001	Y19	2 years	4	26,001	14,211	15,312	7,821
Lance deFrance	80	85	75	70	Company D	8,141	Y20	3 years	2	8,141	5,000	6,571	5,000
Yao KungPao	60	35	100	50	Company E	19,784	Y18	4 years	6	19,784	16,101	13,834	5,621

BRANDED PRICE AND S/Q RATING TRENDS

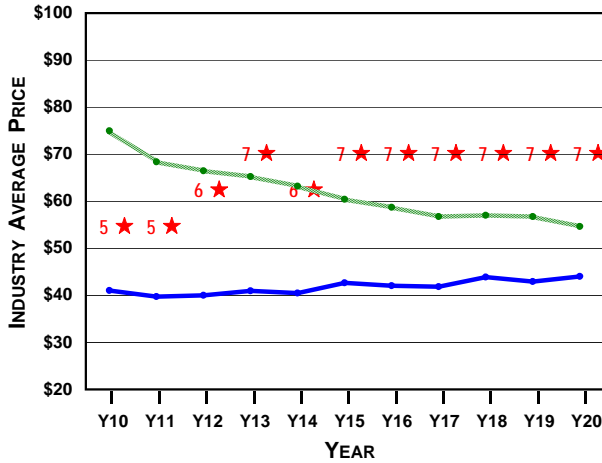
NORTH AMERICA



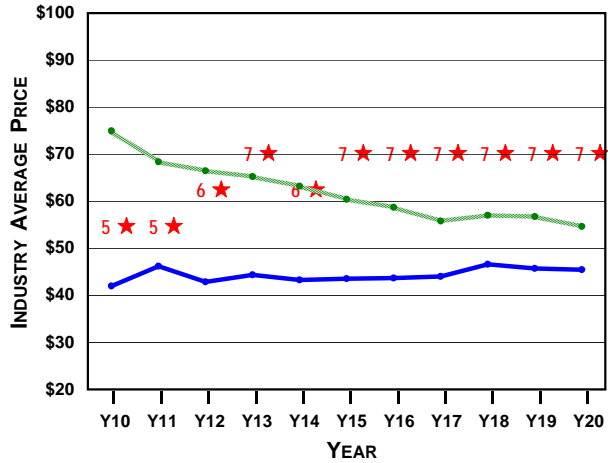
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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