

THE FOOTWEAR INDUSTRY REPORT

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INDUSTRY 3

Friday, December 14, 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
I.D.E.A.L. Shoe Co.	118	+1
C Company	115	+51
Heroic	113	+21
L Company	108	+22
Genius	102	+4
E Energy	55	+29
JAGUAR	49	+29
KKeeners	31	+7
FirstRate Footwear	22	-3
A (deleted)	0	0
B (deleted)	0	0
D (deleted)	0	0

OVERALL INVESTOR CONFIDENCE AVERAGE

Company Name	G-T-D Index	Change from Y19
I.D.E.A.L. Shoe Co.	106	+1
Genius	99	0
C Company	82	+3
Heroic	74	+4
L Company	50	+6
FirstRate Footwear	44	-2
E Energy	41	+2
KKeeners	38	0
JAGUAR	33	+2
A (deleted)	0	0
B (deleted)	0	0
D (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.D.E.A.L. Shoe Co.	87	-1
C Company	81	+41
Heroic	76	+20
Genius	75	+5
L Company	65	+14
E Energy	32	+15
JAGUAR	28	+15
KKeeners	20	+2
FirstRate Footwear	15	-2
A (deleted)	0	0
B (deleted)	0	0
D (deleted)	0	0

GAME-TO-DATE PERFORMANCE RANKINGS

Company Name	G-T-D Score	Change from Y19
I.D.E.A.L. Shoe Co.	98	-1
Genius	77	+6
C Company	75	+22
Heroic	72	+13
L Company	55	+9
E Energy	20	+2
KKeeners	18	+2
JAGUAR	18	+4
FirstRate Footwear	17	0
A (deleted)	0	0
B (deleted)	0	0
D (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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	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	2.86	5.16	2.91	4.06	4.96	3.95	-0.43	0.70	2.71	9.45	3.38	20	13	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	D
E	2.90	1.36	0.71	-2.57	-0.94	-0.73	-1.01	-0.24	0.09	1.13	0.07	2	0	E
F	2.67	0.85	-1.44	-1.16	0.24	1.88	2.11	-2.41	-1.88	-0.13	0.07	0	0	F
G	3.50	4.55	1.47	3.48	3.20	4.91	4.66	3.95	6.01	7.38	4.18	16	16	G
H	2.45	3.27	1.86	0.65	1.30	1.78	0.82	3.69	3.77	7.22	2.60	15	10	H
I	4.28	5.38	2.59	4.53	4.43	4.86	4.08	5.32	7.51	8.45	5.14	18	20	I
J	2.21	-0.09	0.75	-1.80	0.14	0.88	-2.33	-3.86	-0.98	1.31	-0.38	3	0	J
K	3.20	1.57	0.23	-2.19	-2.55	-1.10	-1.53	-1.83	-0.88	0.19	-0.53	0	0	K
L	1.46	1.55	-0.45	-0.02	-0.93	-1.08	0.57	3.06	2.43	4.47	1.12	9	4	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	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	17.2	27.9	20.3	22.9	22.4	14.9	-1.7	2.4	8.8	22.7	13.4	12	14	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	D
E	18.1	7.9	3.8	-21.7	-13.6	-10.3	-21.1	-5.5	2.0	21.9	0.8	12	1	E
F	16.3	4.4	-7.5	-7.0	1.5	10.7	10.3	-22.8	-29.8	-2.0	0.5	0	1	F
G	21.3	22.8	6.4	13.8	11.5	15.9	17.1	33.0	41.4	37.6	18.9	20	20	G
H	15.0	16.9	8.6	2.8	5.6	7.2	2.9	13.0	11.9	20.9	10.3	11	11	H
I	26.1	35.8	15.6	22.5	18.0	16.6	12.6	13.0	15.8	17.6	16.7	9	18	I
J	13.6	-0.5	4.3	-10.7	0.8	5.4	-14.9	-30.6	-9.6	12.7	-2.6	7	0	J
K	19.7	8.8	1.3	-12.9	-20.2	-9.8	-15.5	-31.6	-17.5	4.3	-5.1	2	0	K
L	9.5	8.9	-3.4	-0.2	-7.5	-9.5	5.1	23.6	16.0	25.9	8.0	14	8	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 %	0	0	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	36.49	82.77	36.99	52.79	59.17	45.13	23.53	13.33	23.69	107.47	+14	14	14	C
D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	D
E	40.70	21.51	12.89	8.16	5.25	4.75	5.65	4.65	5.04	14.42	-7	2	2	E
F	28.75	16.48	9.66	6.40	4.80	21.61	23.74	13.31	7.80	5.22	-16	1	1	F
G	68.57	73.04	34.42	38.98	38.70	83.99	63.06	54.82	78.78	111.32	+14	15	15	G
H	27.68	37.06	20.33	11.79	10.96	17.22	10.35	47.05	52.11	127.23	+16	17	17	H
I	68.69	86.53	38.03	54.10	47.27	59.04	47.34	71.28	120.84	148.26	+17	20	20	I
J	21.02	12.35	7.93	5.23	4.80	8.51	5.49	4.65	5.09	12.27	-9	2	2	J
K	51.37	26.17	15.38	8.95	5.78	4.75	5.47	4.65	5.36	4.55	-17	1	1	K
L	16.95	14.58	8.91	5.60	4.80	4.95	5.59	30.26	36.78	83.06	+11 %	11	11	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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	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-	C	C	C+	C+	C-	C-	C+	B+	Medium	17	17	C
D	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	D
E	B+	C	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	E
F	B	C	C-	C-	C	B+	B	C-	C-	C-	High	0	0	F
G	A-	A-	C+	B+	B+	B	C+	C-	C	C+	Medium	8	8	G
H	B+	B+	C+	C	C+	B-	C	B-	B	B+	Medium	17	17	H
I	B	B-	C	C+	B-	B	A-	A+	A+	A+	Low	20	20	I
J	B-	C-	C	C-	C-	C-	C-	C-	C-	C	High	4	4	J
K	B+	C+	C-	C-	C-	C-	C-	C-	C-	C-	High	0	0	K
L	B-	C	C-	C-	C-	C-	C-	B	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	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	73	76	86	78	79	73	86	73	85	90	83	18	17	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	72	69	89	85	86	84	88	92	76	80	83	16	17	E
F	76	86	59	68	73	71	74	70	82	71	74	14	15	F
G	90	89	91	98	93	99	89	94	87	82	88	16	18	G
H	78	69	80	71	76	69	85	90	84	80	85	16	17	H
I	76	96	93	99	93	96	100	100	100	100	100	20	20	I
J	60	69	64	62	59	63	69	64	62	61	62	12	12	J
K	74	73	67	70	76	67	63	81	85	83	83	17	17	K
L	62	65	62	44	54	62	57	66	59	56	60	11	12	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	0	0	0	0	0	0	0	0	0			
B	0	0	0	0	0	0	0	0	0	0	0	N/A	B
C	103	105	89	94	101	89	32	31	64	115	82	Good	C
D	0	0	0	0	0	0	0	0	0	0	0	N/A	D
E	106	58	40	26	25	24	25	25	26	55	41	Subpar	E
F	96	48	22	22	29	74	72	25	25	22	44	Subpar	F
G	116	117	69	103	94	108	98	88	98	102	99	Very Good	G
H	96	103	63	38	48	60	38	89	92	113	74	Fair	H
I	109	108	84	104	101	107	104	112	117	118	106	Excellent	I
J	77	27	37	21	21	34	22	20	20	49	33	Subpar	J
K	110	66	31	25	24	21	20	24	24	31	38	Subpar	K
L	65	55	23	16	17	20	28	86	86	108	50	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	29,129	17,788	44,172	13,457	104,546
– Pairs Rejected	1,262	717	2,093	746	4,818
Net Y20 Production (after rejects)	27,867	17,071	42,079	12,711	99,728
Superior Materials Usage	46.1%	45.2%	24.8%	43.7%	36.6%
Capacity Utilization (branded + P-L prod.)	117.0%	115.5%	120.0%	114.0%	117.6%

MATERIALS PRICES (\$ per pair)

	Base Price	Year 20 Price Adjustments for		Year 20 Price
		Materials Usage	Capacity Utilization	
Standard Materials	6.00	+ 1.61	+ 0.46	8.07
Superior Materials	12.00	– 0.80	+ 0.91	12.11

BRANDED WAREHOUSES (000s of pairs)

	N.A. Market	E-A Market	A-P Market	L.A. Market	Industry Total
Ending Y19 Inventories	1,440	961	1,193	709	4,303
– Pairs Cleared (inventory clearance)	503	421	335	246	1,505
Beginning Y20 Inventories	937	540	858	463	2,798
+ New Production (shipped from plants)	23,165	24,051	22,347	23,075	92,638
Pairs Available for Sale in Y20	24,102	24,591	23,205	23,538	95,436

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)	23,119	23,556	22,069	21,449	90,193
Actual Year 20 Demand	23,076	22,752	22,158	21,924	89,910
Branded Pairs Sold	22,949	22,749	21,870	21,919	89,487
Required Y20 Ending Inventories	931	856	1,335	771	3,893
Inventory Surplus (Shortfall)	-67	921	-469	699	1,084

COMMENTARY

- Pairs produced before rejects
- Average reject rate = 4.6%
- Available for shipment to warehouses
- % usage up by 4.4 points over Y19
- % utilization up by 4.1 points over Y19

Lower than normal (36.6% industrywide) superior materials usage led to superior materials prices that were 6.7% below the base and standard materials prices that were 26.8% above the base. Industrywide capacity utilization above 110% resulted in materials price increases of 7.6% from the base.

- Average inventory clearance of 35.0%
- 6.1% higher than Y20 demand
- Actual demand in Year 20 was 0.3% less than expected.
- Needed to achieve delivery times
- { Low 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)	23,999	24,959	25,957	26,995
Europe-Africa	23,662	24,608	25,592	26,616
Asia-Pacific	23,487	24,896	26,390	27,973
Latin America	23,239	24,633	26,111	27,678
Total	94,387	99,096	104,050	109,262
Private-Label — North America	4,212	4,212	4,212	4,212
Europe-Africa	4,275	4,275	4,275	4,275
Asia-Pacific	4,230	4,230	4,230	4,230
Latin America	4,266	4,266	4,266	4,266
Total	16,983	16,983	16,983	16,983

GLOBAL SUPPLY / DEMAND ANALYSIS FOR YEAR 21

Supply — Beginning Year 21 Inventory (000s)	5,949
Potential Production (at max OT)	107,400
Potential Global Supply	113,349
Demand — Branded Sales Forecast (000s)	94,387
Private-Label Sales Forecast	16,983
Expected Global Demand	111,370
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	0	0	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	B
C	3,700	3,000	4,500	2,500	0	0	0	0	3,700	3,000	4,500	2,500	13,700	0	0	C
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	D
E	2,500	2,400	2,300	1,500	0	0	-600	0	2,500	2,400	1,700	1,500	8,100	600	0	E
F	4,600	2,000	3,000	1,700	-2,600	-400	-1,400	-100	2,000	1,600	1,600	1,600	6,800	0	0	F
G	4,000	2,000	12,000	1,500	1,000	0	0	0	5,000	2,000	12,000	1,500	20,500	0	0	G
H	2,000	2,000	8,000	1,500	0	0	0	0	2,000	2,000	8,000	1,500	13,500	0	0	H
I	2,700	3,200	1,700	3,200	-100	200	0	0	2,600	3,400	1,700	3,200	10,900	0	0	I
J	2,400	1,000	2,000	0	0	0	0	0	2,400	1,000	2,000	0	5,400	0	0	J
K	2,700	0	2,800	0	0	0	0	0	2,700	0	2,800	0	5,500	0	0	K
L	2,000	0	2,000	0	0	0	500	0	2,000	0	2,500	0	4,500	0	0	L
Total	26,600	15,600	38,300	11,900	-1,700	-200	-1,500	-100	24,900	15,400	36,800	11,800	88,900	600	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	0	0	0	0	0	0	0	0	0	0	0	A
B	0	0	0	0	0	0	0	0	0	0	0	B
C	648,832	340,097	40,230	129,379	16,116	123,010	21,760	30,375	70,875	15,000	7,500	C
D	0	0	0	0	0	0	0	0	0	0	0	D
E	385,084	235,487	25,758	70,545	10,518	42,776	18,375	413	23,988	1,060	21,207	E
F	277,127	163,882	22,870	57,676	9,219	23,480	25,099	0	-1,619	6,250	12,500	F
G	948,821	498,877	68,814	225,639	22,919	132,572	53,516	23,717	55,339	15,000	7,500	G
H	635,232	337,544	48,198	140,029	15,919	93,542	16,182	23,208	54,152	37,575	7,500	H
I	542,312	265,517	43,571	125,679	13,318	94,227	3,705	27,157	63,365	13,125	7,500	I
J	333,759	175,896	17,046	109,201	7,820	23,796	10,920	0	12,876	0	9,800	J
K	315,977	206,358	25,471	62,667	7,920	13,561	10,271	0	3,290	0	17,200	K
L	215,264	122,085	18,428	18,487	6,918	49,346	1,458	14,366	33,522	13,500	7,500	L
	478,045	260,638	34,487	104,367	12,296	66,257	17,921	13,248	35,088	11,279	10,912	

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	0	0	0	0	0	0	0	0	0.00	0 / 0	A
B	0	0	0	0	0	0	0	0	0	0.00	0 / 0	B
C	44,286	233,094	638,533	91,524	247,000	323,111	-78,975	55,872	300,009	2.00	8 / 2	C
D	0	0	0	0	0	0	0	0	0	0.00	0 / 0	D
E	4,926	117,726	331,724	166,352	44,161	98,285	0	22,927	121,211	0.05	2 / 2	E
F	0	76,736	263,210	60,145	124,000	86,935	0	-7,870	79,065	0.50	1 / 1	F
G	9,972	291,726	760,894	105,089	488,500	126,964	0	40,341	167,305	2.00	4 / 2	G
H	20,700	200,294	477,457	60,748	149,600	250,531	0	16,578	267,109	5.01	4 / 3	H
I	30,706	170,560	448,376	35,255	60,000	367,333	-64,450	50,238	353,121	1.75	4 / 1	I
J	0	94,155	192,265	60,412	24,000	94,977	0	12,876	107,853	0.00	2 / 3	J
K	0	89,892	164,799	81,954	0	70,075	9,480	3,290	82,845	0.00	1 / 2	K
L	27,676	83,358	164,820	15,699	9,600	119,499	0	20,022	139,521	1.80	2 / 2	L
	15,363	150,838	382,453	75,242	127,429	170,857	-14,883	23,808	179,782	1.46	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	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit							
A	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.00	0	0.00	0.00	0.00	N/A	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	52.4	6.2	19.9	2.5	19.0	10.9	2.55	32	5.65	0.48	1.43	Medium	C
D	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0	0.00	0.00	0.00	N/A	D
E	61.2	6.7	18.3	2.7	11.1	6.2	0.71	33	2.33	0.56	0.29	High	E
F	59.1	8.3	20.8	3.3	8.5	-0.6	1.28	19	0.94	0.63	0.18	High	F
G	52.6	7.3	23.8	2.4	14.0	5.8	2.78	33	2.48	0.72	1.33	Medium	G
H	53.1	7.6	22.0	2.5	14.7	8.5	3.30	24	5.78	0.38	1.47	Medium	H
I	49.0	8.0	23.2	2.5	17.4	11.7	4.84	7	25.43	0.15	10.16	Low	I
J	52.7	5.1	32.7	2.3	7.1	3.9	1.56	22	2.18	0.36	0.56	High	J
K	65.3	8.1	19.8	2.5	4.3	1.0	1.10	19	1.32	0.39	0.24	High	K
L	56.7	8.6	8.6	3.2	22.9	15.6	5.31	6	33.84	0.09	6.36	Low	L
	54.5 %	7.2 %	21.8 %	2.6 %	13.9 %	7.3 %	2.00	22	8.88	0.42	2.45	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		7.70	7.59	9.22	9.48	11.07	12.33
	Private-Label Footwear		7.27	7.83	8.31	8.77	9.51	9.54
Labor — North America	Total Compensation (\$/year)		16,736	17,028	19,740	20,255	22,843	22,880
	Productivity (pairs/worker/year)		4,278	4,358	5,478	5,560	6,254	6,341
	Labor Cost (\$/pair produced)		3.11	3.08	3.80	3.80	5.37	5.32
Europe Africa	Total Compensation (\$/year)		17,019	17,192	19,345	19,670	21,531	21,703
	Productivity (pairs/worker/year)		5,020	4,879	5,831	5,857	7,040	7,035
	Labor Cost (\$/pair produced)		2.53	2.91	3.37	3.36	3.91	3.89
Asia Pacific	Total Compensation (\$/year)		4,861	4,941	6,059	6,269	8,478	8,795
	Productivity (pairs/worker/year)		2,387	2,343	3,057	3,119	5,033	5,192
	Labor Cost (\$/pair produced)		1.46	1.46	2.12	2.12	2.76	2.59
Latin America	Total Compensation (\$/year)		4,982	4,851	6,333	6,352	8,118	8,060
	Productivity (pairs/worker/year)		2,522	2,336	3,433	3,388	4,712	4,837
	Labor Cost (\$/pair produced)		1.32	1.36	1.96	1.99	2.54	2.54
TQM / 6σ Quality Expenditures (\$ per pair of capacity)	Year 20		0.10	0.00	1.07	0.69	1.99	1.99
	Cumulative		0.28	0.27	1.05	0.95	1.81	1.57
Reject Rates	Branded Production		3.0%	3.1%	4.4%	4.4%	6.2%	6.3%
	Private-Label Production		1.8%	2.3%	3.4%	3.5%	5.2%	5.0%
Total Manufacturing Costs (\$/pair produced)	Branded — N.A.		20.15	19.36	25.60	23.85	31.60	31.29
	E-A		15.92	15.88	23.00	21.40	36.28	29.33
	A-P		17.23	17.22	22.75	21.47	32.88	27.55
	L.A.		15.18	15.12	20.07	20.35	24.83	28.68
	Private-Label — N.A.		17.12	16.43	20.54	18.96	28.63	23.52
	E-A		15.64	14.56	17.87	15.92	20.88	17.90
	A-P		11.42	15.91	20.16	20.19	29.76	28.00
	L.A.		15.57	15.28	17.74	15.28	19.66	15.28

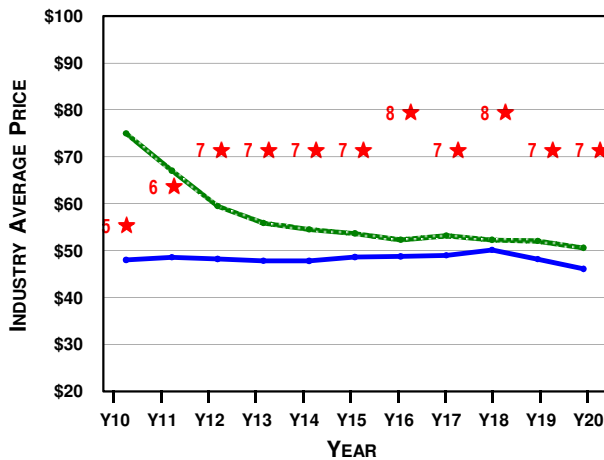
OPERATING BENCHMARKS			Industry Low		Industry Average		Industry High	
			Year 19	Year 20	Year 19	Year 20	Year 19	Year 20
Branded Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	22.79	21.54	27.93	26.51	33.60	34.06
		E-A	21.26	21.45	27.25	26.05	38.16	35.58
		A-P	19.20	19.23	24.95	23.50	34.88	29.55
		L.A.	19.52	19.63	28.11	26.43	37.54	35.39
		Wholesale	10.22	10.22	10.67	10.55	11.31	10.84
Warehouse Expenses - Internet (\$ per pair sold)	Wholesale		1.69	1.65	2.44	2.30	3.19	2.78
	Marketing Expenses — Internet (\$ per pair sold)		5.83	3.87	22.30	11.71	106.02	24.96
Administrative Expenses (\$/pair sold)	Wholesale		4.71	3.48	15.94	10.56	59.13	17.52
	Operating Profit (\$ per pair sold)		1.09	1.03	1.73	1.33	3.74	1.86
Private-Label Market Segments	Costs of Pairs Sold (\$/pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	N.A.	-0.96	-1.55	7.53	9.40	20.29	22.00
		E-A	-30.69	-1.20	3.91	9.65	17.72	21.58
		A-P	#####	2.86	#####	12.66	23.78	26.33
		L.A.	-15.00	0.29	4.17	12.44	11.89	24.59
		Wholesale		-6.14	-1.31	3.93	4.75	11.34
Warehouse Expenses (\$ per pair sold)	Wholesale		-16.86	2.63	1.99	5.21	7.83	7.13
	Margin Over Direct Costs (\$ per pair sold)		-5.18	3.38	4.53	6.64	10.97	11.35
	Wholesale		-5.15	2.07	1.60	6.13	7.09	10.01
	Private-Label — N.A.		19.12	18.43	22.54	18.68	30.63	18.92
	E-A		17.64	16.56	19.87	19.23	22.88	23.83
Warehouse Expenses (\$ per pair sold)	A-P		13.42	17.91	22.16	22.19	31.76	30.00
	L.A.		17.57	17.28	19.74	22.47	21.66	27.65
Margin Over Direct Costs (\$ per pair sold)	Wholesale		1.00	1.00	1.00	1.00	1.00	1.00
	Private-Label — N.A.		-8.84	0.65	-1.99	1.11	0.52	1.57
	E-A		-0.61	0.02	1.26	1.68	4.61	3.76
	A-P		-9.03	-8.00	-1.14	2.13	8.64	15.51
	L.A.		-0.29	1.18	2.05	1.31	5.43	1.43

CELEBRITY ENDORSEMENTS

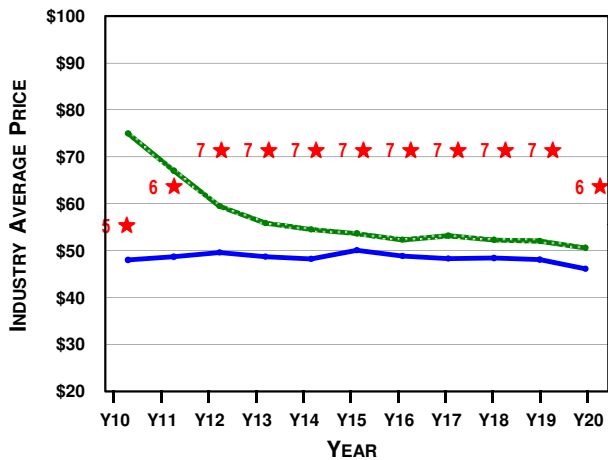
CELEBRITY	CONSUMER APPEAL				CURRENTLY SIGNED BY	CONTRACT (\$000s/year)	YEAR SIGNED	CONTRACT LENGTH	MOST RECENT ROUND OF BIDDING				
	NA	EA	AP	LA					# OF BIDS	HIGH BID	2nd BID	AVG BID	LOW BID
Payton Manyon	85	45	35	40	Company G	17,108	Y19	2 years	3	17,108	9,235	10,884	6,309
Oprah Letterman	100	70	65	75	Company I	12,345	Y20	3 years	3	12,345	2,409	5,585	2,000
Annika Stockholm	70	100	70	55	Company F	30,000	Y16	5 years	7	30,000	22,340	21,377	15,530
Tiger Green	95	80	85	75	Company I	12,345	Y20	2 years	3	12,345	2,409	5,585	2,000
José Montaña	60	50	60	95	Company G	15,530	Y18	3 years	4	17,245	15,530	12,046	1,000
Karioki Footsu	55	60	95	90	Company I	12,345	Y20	4 years	3	12,345	2,409	5,585	2,000
Jaques LaFeet	50	90	50	85	Company I	12,345	Y20	1 year	3	12,345	2,409	5,585	2,000
Serenus Willson	70	65	55	60	Company G	17,108	Y19	3 years	3	17,108	13,309	13,551	10,235
Natalie Kwan	75	80	95	50	Company J	25,500	Y17	4 years	4	25,500	20,409	19,715	15,530
Sergio Milano	45	85	60	100	Company G	17,108	Y19	2 years	3	17,108	15,309	14,551	11,235
Lance deFrance	80	85	75	70	Company I	12,345	Y20	3 years	3	12,345	2,409	5,585	2,000
Yao KungPao	60	35	100	50	Company G	15,530	Y18	4 years	4	50,000	15,530	23,616	13,409

BRANDED PRICE AND S/Q RATING TRENDS

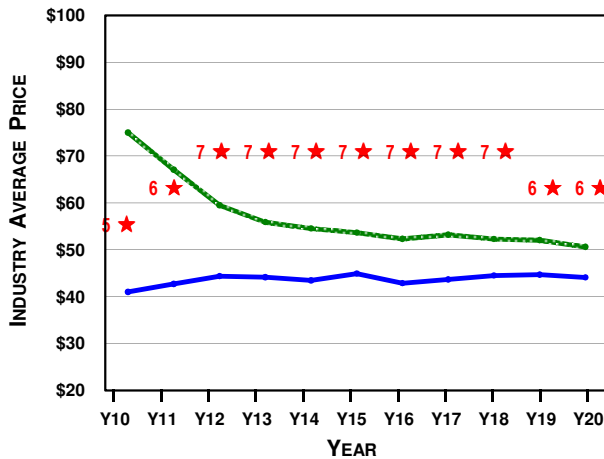
NORTH AMERICA



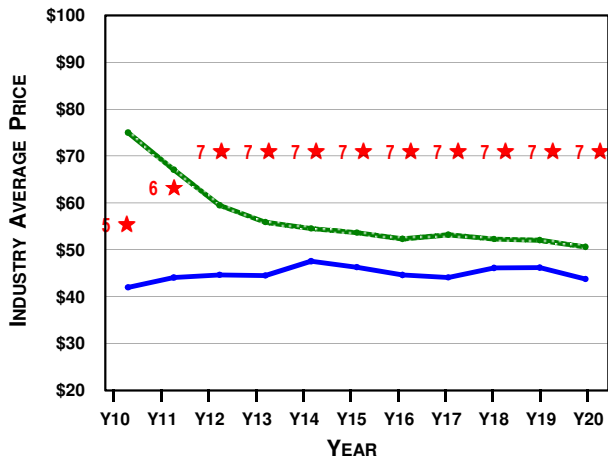
EUROPE-AFRICA



ASIA-PACIFIC



LATIN AMERICA



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