



CROCS™

Get a Grip™



Fashion • Function • Fun



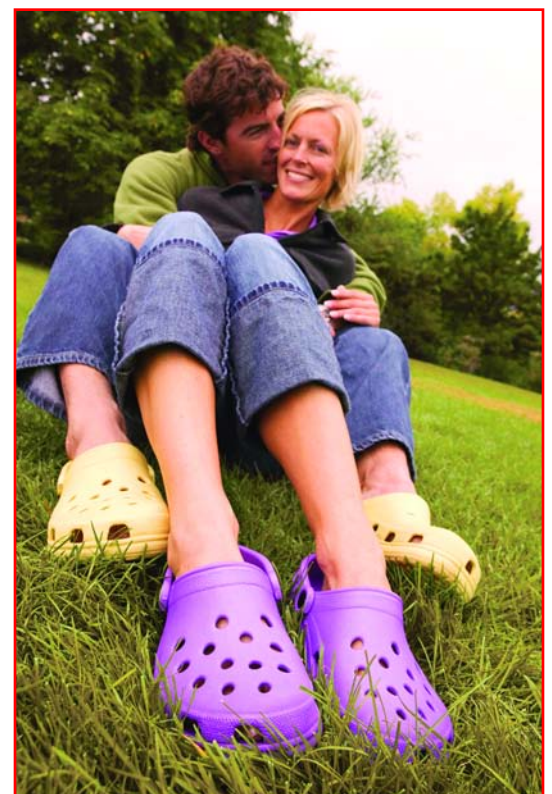
Crocs™ History

Western Brands LLC was originally formed as a company in July of 2002 by George Boedecker; Managing Member/CEO; Scott Seamans, Director of Research and Development; and Lyndon Hanson, COO. The business was privately financed by Mr. Boedecker and Anthony Kruse. The first product marketed by WB was a unique clog-type shoe injection molded from a PCCR material and was originally designed for the boating/outdoor consumer and came in many colors. The shoes, marketed as Crocs™ Footwear, are extremely lightweight and comfortable and feature a slip-resistant, non-marking sole that can be produced quickly at a reasonable cost. Mr. Seamans saw extra utility in the clog if a strap was attached converting it into a shoe. He designed a strap mold and invented a way to attach the strap in an effective and low cost manner. The shoes are manufactured in Canada, by our wholly owned subsidiary.

At the time, it was the intention of WB to sell Crocs™ in the southeastern United States to take advantage of year-round warm weather. A warehouse and assembly operation was opened in Miami, Florida in the summer of 2002 while the company was headquartered in Boulder, Colorado where the founders reside. The initial shipment of shoes arrived in Miami in August of 2002. In October, Crocs™ were officially introduced at the Ft. Lauderdale Boat Show. Crocs™ were a gigantic hit and the show booth was extremely busy during a show that was slow for most exhibitors. The trend continued in February of 2003 at the Miami International Boat Show. Again, Crocs™ were a huge hit and over 1,000 pairs were sold at full retail cost of \$30 per pair.

The success of the boat shows forced WB to grow at a much faster pace than originally planned. When show patrons returned to their various homes around the country (and world) they sparked a demand from family and friends that continues to mushroom. In late 2002, WB designed and purchased 24 new molds from tool makers in Italy so that new shoes with a better fit and higher sales price could be developed.

Over the first half of 2003, Crocs™ Footwear evolved from a regionally marketed “boat and beach” shoe to a universally accepted “comfort and fashion” shoe. Individuals began placing phone and fax orders and retailers from all over the country began inquiring about becoming dealers. Two sales reps were based in Florida for eastern sales but two more were quickly added for the western U.S. Manufacturing capacity was initially 8,000 pairs a month but sales forecasts quickly began to outstrip supply. Plans were made to ramp production quantities as quickly as possible on the original shoe, called the “Beach” model, which comes in twelve colors and six sizes. To help supply demand, two additional shoe styles were added to the product line. The Highland™, a completely closed clog with no ventilation ports was aimed at the cold northern climate and gardeners that need extra foot protection. The Nile™ model was the first open-toed sandal marketed under the Crocs™ brand name and was positioned as a ladies summer shoe. A second assembly warehouse and pick, pack and ship operation was added in Colorado to accommodate growth. A National Sales Manager was added to grow sales through the expanding dealer channel and the trade show circuit. The website www.crocs.com was created and internet sales began in Q2.



In the last two quarters of 2003, Crocs™ increased production of the Beach model to attempt to accommodate growth. Shortages began to show in the small and medium sizes as it became apparent that Crocs™ were becoming more and more popular with women. Production was doubled to meet growing demand and growth also led to the implementation of a new web-based inventory, accounting, and sales software program, which includes a highly automated and secure web cart. Senior management capabilities were also added. While George Boedecker remained CEO, Mr. Ron Snyder, who recently retired from Flextronics International, joined Western Brands as President. His international experience managing companies of all sizes has proven extremely valuable. Additional capital was raised and used to finance inventory growth throughout the fall and winter. The 24 new Italian molds were put into production in November and a second 12 station molding machine arrived in Canada at the end of the year.

The new machine allowed monthly shoe production to increase approximately 280%. In the first six months of 2004, Western Brands continued its explosive growth. Headquarters was moved from small offices in downtown Boulder to larger office space in the suburb of Niwot. The existing third party warehouse was replaced by much larger facilities in Denver. Five Crocs™ models are currently being produced and new molds in children's sizes arrived in April and May. Monthly sales have surpassed expectations. Growth from October 2003 through June 2004 surpassed 4000%. In the last 16 months, WB has grown to 210 full time employees including 43 independent sales reps, 30 third party logistics personnel and over 1600 retail locations. Plans to add worldwide manufacturing capacity are now underway.





Crocs™ Key Personnel

GEORGE B. BOEDECKER, JR. MANAGING MEMBER/CEO

Mr. Boedecker is the principal investor in Western Brands. Previous to founding Western Brands, he was Sr. V.P. of Sales and Operations at Quizno's Corporation in Canada. He had served as Executive V.P. of Development and Director of Operations for Quizno's in the western region of the U.S. Mr. Boedecker is considered a franchising expert and while at Quizno's, the number of franchises increased from 45 to 1,700 while another 1,100 are sold and awaiting construction. Before joining Quizno's, he built and operated over 100 Domino's Pizza franchises in several states. He attended Eastern Montana University on a basketball scholarship and continued his studies at the University of Colorado.

RONALD SNYDER MEMBER/PRESIDENT

Mr. Snyder joined WB in November of 2003. He recently retired from Flextronics International, where he was a corporate officer since joining them in 2000 and was President of the Design and Semiconductor divisions. He was directly responsible for \$500M in sales, management of thousand of engineers, and the design and production launch of new products for such illustrious companies such as Hewlett Packard, Dell, Motorola, Ericsson, Siemens, Microsoft, 3Com, Kodak and many others. Prior to joining Flextronics, Mr. Snyder was a founder and officer of the Dii Group and led various groups in his tenure with Dii, including manufacturing operations, mergers and acquisitions, and sales and marketing. He has a successful record in leading large divisions of successful corporations and has extensive experience in mergers and acquisitions, international business, and complex technologies. Mr. Snyder has finance and accounting degrees from the University of Colorado.

LYNDON V. HANSON III MEMBER/COO

Mr. Hanson came to Western Brands with 17 years of sales and management experience in the computer hardware, software and financial services industries. His experience included selling enterprise software, establishing regional sales offices, and managing a sales force responsible for \$36M in sales for a large computer distribution company. After joining Western Brands as a founder, Mr. Hanson was responsible for establishing all day to day operations. Mr. Hanson has been responsible for human resources and payroll, office management, internet development and sales, warehouse operations, and IT analysis, implementation and operation since the birth of the company. He attended the University of Wyoming on a baseball scholarship and earned a B.S. in Finance and received a M.B.A. with marketing emphasis from the University of Colorado.

SCOTT SEAMANS MEMBER/DIRECTOR OF PRODUCT DEVELOPMENT

Mr. Seamans brings an extensive creative background to Western Brands. From 1982 to 1996, he ran a successful private company that designed and built professional photography and medical equipment related devices. He has worked extensively in both materials engineering and process development and holds a number of U.S. patents for his innovative work. After selling his company in 1996, Mr. Seamans worked in the development of a number of different molded products including the Crocs™ shoe. He is an avid sailor and skier.





Q&A with CEO and Founder George Boedecker



HOW DID YOU COME UP WITH THE IDEA OF CROCS™?

While on a Caribbean sailing trip from Islas Mujeres, Mexico, to Ft. Lauderdale, FL in May of 2002, Scott (Seamans) and I started dreaming about the perfect boat shoe. We wanted a shoe that incorporated function, fashion and fun, the most comfortable and functional shoe in existence.

WHEN DID YOU FIRST LAUNCH THE BUSINESS?

We went to the Ft. Lauderdale boat show – and sold everything we brought; equaling our projections of sales for two months. We started without a business plan because we were in it for the fun. After the Ft. Lauderdale boat show success, we knew we had a winner.

OF WHAT MATERIAL ARE CROCS™ MADE?

A material we call PCCR. The material is NOT a rubber NOR a plastic. PCCR is closed-cell in nature and anti-microbial, which virtually eliminates odor. No matter how much your feet might go through in these shoes, they will never smell.

WHO ARE YOUR CUSTOMERS?

Boaters, doctors, chefs, nurses – anyone who swears by the comfort and anti-microbial qualities. Fashionistas love the bold colors and the very unique design is an expression of their individuality. Kids of all ages love the incredible feeling of walking on marshmallows,

who has not always dreamt of that? People with troubled feet and knees relish the comfort and support Crocs™ offer. Surfers, beach goers and vacationers enjoy the easy on-off, comfort, versatility, and the colors. It is quite amazing that one product is equally liked across all these categories and ages. We are, needless to say, very excited.

WHAT ARE SLOGANS RELATED TO THE CROCS™ BRAND?

We launched the Crocs™ shoe product with the tagline “Get a Grip” which of course is related to the non-slip factor of the shoes but also plays on the notion of appealing to the customers’ sense of humor. Crocs™ are FUN shoes and we run a fun company. The shoe design and colors bring smiles to people’s faces – that’s what we like. The technology of “Fashion – Function – Fun” is another tagline that has developed and highlights the three major benefits of the Crocs™ shoe. “You Gotta Try ‘Em On!” came about as more conservative faces would show some resistance to the Crocs™ shoe – we know we look different and can take a while to get used to; but once the Crocs™ are on your feet, there’s no turning back. This is the most comfortable shoe you will ever own!

WHAT ARE YOUR SALES TO DATE?

I cannot disclose sales numbers, but tell you that Western Brands/Crocs Footwear has grown 10 fold from December 2003 to August 2004. We are in over 1600 retail accounts. We have exclusive distributors in several countries and we are in top notch stores across U.S.

WHAT ARE SOME OF YOUR LARGEST ACCOUNTS?

Crocs™ Footwear can be found in REI, Marshal Fields, Herrington, Wild Oats, Bass Pro Shops, West Marine and Nordstrom.

DID THE SUCCESS OF WESTERN BRANDS LLC/CROCS™ FOOTWEAR SURPRISE YOU?

No, the success of the shoe did not surprise us. We love the shoe and were expecting people to catch on.

WHY THE ALMOST CULT FOLLOWING MENTIONED IN MEDIA?

It is an interesting phenomenon. I think because our shoe is so different looking than anything else on the market to date, people wearing the Crocs™ shoe instantly feel a connection. Even very young kids will point when they see a pair of Crocs and say, "Mom, look Crocs™". The Boulder County Business Report writes, "Right now it looks like 'Crocs™' is all that needs to be said". (July 8th 2004).

WHY NAME A SHOE CROCS™?

We came up with the name Crocs™ because Crocodiles are tough and strong animals with no natural predators. Crocodiles are equally good in water and on land and live for a long time, a great description of our Crocs™ shoes.

WHERE ARE THE SHOES MANUFACTURED?

The molds are created in Italy and the shoes are manufactured in Canada (Western Brands LLC/Crocs Footwear owns the manufacturing facility) and assembled locally in Colorado. But we are currently opening up new manufacturing on a global scale.

WHAT ARE YOUR PROJECTIONS FOR THE FUTURE?

Crocs™ is not going to be a one-time hit. The material is incredible and lends itself to many amazing products other than footwear. Crocs™ is adding kid's sizes from age 3 and up starting later this year. In the pipeline for Spring 2005, Crocs™ has seven new models and three new colors developed. We are excited and ready for the future.





TESTIMONIALS



“On a recent road trip to Colorado, we saw this barn and had to stop and share our love for Crocs™ and the good old USA! Thanks for making the funkiest and most colorful and comfortable shoe in the world!”

MacKenzie, Rachael, and Lauren
Your friends from Santa Cruz, CA

FASHION

Sunset Magazine says “Crocs™ Rock: A little bit flower child, a little more rock n’ roll, funky Crocs Footwear is setting a stylish pace” July 2004

New York Times in the STYLE section writes: “For Sand, Surf or Sidewalk” July 2004

“Having worked now on 10 movies and 5 TV shows, I can say I have found my garden of Eden on comfort and performance... I tell people every day about Crocs™, wherever I am... people want to know about them! If only I could find clothes that match how wonderful I feel about wearing these shoes, I would be in eternity!”

Declan Joyce, actor/producer in Los Angeles, CA. (movies: Scorched, The Blue Rose, Still Single, Pledge of Allegiance and more)

“Since my trip to London this past weekend, I can attest to Crocs™! I walked for 8 continuous hours everyday, stood up through 3 hours of Shakespeare, and wore my Crocs™ in typical London showers. Never did my feet hurt. Plus the Brits had plenty of Croc™ compliments”.

Jann Tracy Channel 2 News
Denver, Co

“I’ve been on my feet for 10 to 14 hours a day for 10 years. I’ve been through numerous pairs of clogs and other orthopedic shoes that just couldn’t cut it. CROCS™ footwear is like walking on air: I wear them everywhere!”

James Mazzio, Best New Chefs Award “Food & Wine Magazine”

“I am an anesthesia technician and work long hours on my feet with a great deal of walking and running. I have tried all the special clogs and shoes for surgical employees and after wearing CROCS™ footwear, I will never ever have to buy another work shoe. My feet, legs, knees, hips and back no longer bother me or get tired. I know that it is because of my new shoes. Please do not ever stop making them. If you do please let me know so I can buy a case to get me through my next 30 years in the work place.”

Kathy Goltz - Chief Anesthesia Technician



"I love my Crocs™! I had foot surgery earlier this year and couldn't walk for three plus months. Still having some difficulty (and two more surgeries pending), but my life got drastically more beautiful when I was gifted with a pair of glorious red Crocs™. My feet are now totally comfy and happy. I feel like I'm walking on a bed of marshmallows, only not at all sticky. Even my foot surgeon admired them. Love, true love. Changed my life. Serious!"

XO Allison Tyler

"I would like to inform you and everyone associated with CROCS™ footwear the experience I had with your shoes. Being an ocean sailboat racer for 30 years I must comment on the performance of these shoes. Throughout the years I have used every type of boat shoe available, from Topsiders™ to bare feet. This last September I captained the USA 1 team at the Colonial Challenge Cup out of Annapolis MD, I was thoroughly amazed wearing your CROCS™ shoes. They did not sweat, my feet did not slip inside the shoe, I never stub a toe and the amazing fact is that they did not and will not slip on any of the surfaces of the Yacht. I will only use these shoes for myself and my crews from now on!"

Thanks again, Captain Dan Pringle USA 1

N D E

"My Crocs™ are incredible! I don't leave home without them. If I thought my wife would understand, I would even wear them to bed at night!"

Chad Foster; ESPN Host

Denver Post: "If you have not seen them by now, you are not looking down. Crocs™, those chunky, rubbery, Swiss-cheesy-full-of-holes, crayola-colored clogs. Everybody's wearing them – to the mall, to the garden, to the driving range". July 4th, 2004



Mikey Caruso, X Games Olympian and World Champion barefoot water-skier, takes his red Beach Cayman™ shoes out for a spin.

Photo by Bob Neville

5280 Magazine: "They've (Crocs™) struck a chord with much more than just the boating community. The design seems to appeal to everyone – from ER doctors looking for comfort to urban hipsters looking for flamboyant accessories." August 2004

Another happy customer Christine LaMar Boulder, CO. "I just wanted to say that I live in Boulder, Colorado and I have a shoe fetish. I have about 300+ pairs of shoes but since I got my Crocs™, I rarely wear anything else. I've sent them as gifts to NJ, KY, VA and CA. Everyone loves them. I used to have terrible achy pains in my feet and my knees would hurt from the shoes I would wear. But they have never hurt while wearing my Crocs™ so needless to say, I wear them all the time. I have a family of 5 and together we own 15 pair. I just got back from Vegas where 3 of my girlfriends and I all had our Crocs™ on and everybody was looking at us. We could've sold the shoes right off of our feet but we weren't willing to give them up. Thank God for Crocs™! Fan Forever..."

The Longest Yard: a movie starring Adam Sandler, Chris Rock and Burt Reynolds. The entire set loved the Crocs™ shoes so much, we had to get them on everyone's feet.

Set Designer Georgia

Matt Damon wrote to Crocs™: "Crocs™ Rock!"



Anatomy of CROCS™ Brand Footwear



Heel Strap
keeps shoe on foot

Strap can be rolled forward for a slip-on clog shoe

Circulation Nubs
stimulation circulation

Arch Support
is built in

Tarsal Bar
spreads ball of foot & positions toes for comfort

Orthotic Heel Cup
supports and protects heel

Ventilated
toe box for cooling comfort

Air, Sand and Water filter through shoe

Slip-Resistant

Supportive
arch base

Non-Marking
& does not pick up debris