

OTC Special Situations



skins

BUSINESS SUMMARY

Americans love their shoes. Like life's essentials, such as health care, food and apparel, consumers typically buy footwear even during times of economic fluctuation. Last year, U.S. consumers spent over \$50 billion on nearly 2 billion pairs of shoes for work, leisure and sports. Researchers indicate that 70% of those who purchased athletic footwear chose fashion over function. Similar to the evolution of the sneaker in the 1930s, a new footwear structure by New York-based *Skins, Inc. (OTCBB: SKNN)* is on the heels of revolutionizing the way we feel about and purchase our shoes.

Product Innovation

Through its operating subsidiary Skins Footwear ("Skins"), SKNN has uniquely positioned itself at the crossroads of the multi-billion dollar apparel and footwear markets. Skins inventor and entrepreneur Mark Klein has assembled an impressive management team of industry pros to bring to market its patented, two-part footwear structure. Consumers buy one inner collapsible orthopedic support section – "the Bone" and add any outer covering—"the Skin." Skins are matched to Bone sizes so the two always fit together to create a high-quality, comfortable and versatile line of footwear. In partnership with key media, manufacturers and designers, Skins will pre-launch in November to reach holiday shoppers. The Company is timing a full-scale launch to hit retail stores nationwide beginning January 1, 2007 for the 2007 Spring/Summer fashion season.

COMPETITIVE ADVANTAGES

Since shoe size, comfort and fit can vary based on the shoe's manufacturer, brand and type, consumers typically prefer to try on shoes before a purchase. Footwear sales are primarily centered within retail locations equipped with footwear-selling personnel. In contrast, SKNN's shoes require only one initial Bone purchase and fit, using standard U.S. sizes, freeing consumers to purchase interchangeable, new Skins from a dynamic source of retailers. SKNN is establishing multiple distribution channels, including the Internet, traditional brick-and-mortar locations, and non-traditional retail outlets, such as catalogs and stores that do not have a shoe department.

Purchasing Convenience

With numerous, high-quality fashionable outer layers (the Skin)

STOCK INFORMATION



Business:	Apparel Footwear & Accessories
OTC BB Symbol:	SKNN
Market Price:	\$1.72 (11/13/06)
52 Week Range:	\$1.77 - \$0.95
Avg. Daily Volume:	437,000
Shares Outstanding:	34.5 Million
Market Cap:	\$59.3 Million
Fiscal Year End:	December 31

to choose from, consumers can eliminate the guesswork, time and energy in finding a shoe with a comfortable fit (the Bone). Skins will come in hundreds of different styles and categories including the latest trends in sneakers, flats, loafers and everyday wear. Unlike other footwear products, without the need to ever "try on" new Skins, consumers have the option to add to their wardrobe within minutes. In addition, Skins can be easily transported for travel and recreational activities, using only a fraction of the space needed to carry multiple pairs of shoes.

Manufacturing Advantages

After initial investment in the research and design of the "Bone," the Company remains an agile manufacturer, quickly and inexpensively able to respond to consumer and market demand. As fashion trends change, SKNN can introduce new Skin designs quicker and at lower cost than competing products.

Aside from looking and feeling great, Skins allows for less expensive shipping to retail outlets and consumers. While the Bone is like that of a traditional shoe, Skins are flexible and can be rolled up into unique packaging that redefines the traditional "shoe box," allowing the Company to realize increased profit margins and requires less inventory space at distribution and retail outlets.

PLATFORM FOR GROWTH

The Company's growth plan is to act as a wholesaler and market Skins to specialty, department and Internet retail locations through comprehensive marketing and branding efforts. SKNN's blue-chip management team – executives from Kohl's, Tommy Hilfiger, Stride Rite, Rockport and Wilson Sporting Goods - will serve as key players in establishing relationships with designers, retailers and customers alike. Strategic industry partners (including those below) provide additional expertise in establishing brand awareness and market adoption.

Strategic Alliances

Vibram®, a world-leading sole manufacturing and investor in the 1930s of the rubber sole ("sneaker"), considered to be one of the greatest innovations of the last century. Many fashion houses have selected Vibram for its quality of material, design and overall look. High profile collaborations include Emporio and Giorgio Armani, Prada Sport, Hugo Boss, Dolce and Gabbana and now -- Skins.

Genfort Factory Group, one of the world's leading suppliers of footwear and outerwear, will provide the capacity to deliver up to 50,000 pairs per day and the leverage to ensure timely, inexpensive shipment in time to meet all of the Company's needs.

Banfi Zambrelli has been retained to lead the direction of the Skins brand and will coordinate product design, website design, packaging and press kits. Banfi Zambrelli is lead by Salvano Banfi and Frank Zambrelli, two designers who have worked with Gucci, Chanel, Bally, Coach, Calvin Klein, Judith Leiber, Cole-Haan and Rockport.

Studio Dror, whose international clientele includes Puma, is in charge of designing the Skins and Bone product, packaging and displays and has contributed to the overall direction of the Skins brand.

Tronic Studio, the multimedia company for industry giants Nike and Adidas, has been retained to create a multimedia presentation to deliver the new Skins Footwear concept via the Internet and other e-mediums as well as in retailer locations, where compelling video will deliver the Company's message directly to its target consumers.

Factory PR, one of the nation's foremost apparel and footwear fashion PR agencies, will execute a full-scale public relations campaign. Following initial pre-launch deliveries to a select group of high-end, specialty retailers in November 2006, NY-based Factory PR will partner with SKNN to market the Skins Footwear line in high-end retailers nationwide.

Marketing & Media Campaigns

Skins initial marketing efforts will include celebrity-driven product placement events and press coverage in the most popular fashion-centric magazines, additional print publications garnering a viral buzz and the launch of a media-rich commercial website. A national roll-out to high-end retailers will coincide with the beginning of the Spring/Summer 2007 fashion season.

Future plans include full-scale launch to the middle retail market, where the majority of consumers purchase their apparel and footwear, including specialty or mall-based footwear retailers, allowing the Company to gain rapid, mass market appeal. Skins will be made in higher, middle and lower end categories, with a range of designs to fit consumers' unique style and tastes. The universal Bone structure and easily changeable Skins allow for mobility of applications, including licensing the Company's patent-pending design and technologies to other companies. Potential exists for major league or national athletic team endorsements or other specialized Skins.

MAKING SIGNIFICANT STRIDES

While competitors join the footwear race with new designs that compete with established industry leaders, Skins avoids significant barriers to entry by creating a new retail category that bridges the gap between footwear and apparel- positioning Skins as fashionable attire rather than just a functional necessity. A direct competitor simply does not exist.

The Company's proven business model follows in the successful footsteps of ancestors like Swatch, TM who re-created time telling with its incredibly popular, fashionable wristwatches based on consumers insatiable desire for personalization and individuality. To add to value drivers, SKNN's uniquely impressive management team and Board of Directors have secured substantial seed and first phase financing to position SKNN for tremendous long-term growth, while it establishes brand equity and distribution channels in the high-end retail market. Traveling at a swift pace, Skins plans to enter the mass market by early 2007, creating the possibility for increasing returns on investment. At the intersection of the high-growth apparel and footwear markets, Skins presents an exciting opportunity for investors to gain access in two, multi-billion dollar markets with a single step. □

Investment Highlights

❖ **Industry-First Offering** - SKNN was recently awarded a patent on its revolutionary new concept in footwear. By uniquely integrating form, fashion and innovative packaging, Skins footwear is easily scalable to mass merchants and appeals to consumers' insatiable need for a fashionable, versatile wardrobe.

❖ **Impressive Market Potential** - Targeting the highest growth segment (18-35 year-old consumers) of the estimated \$50 billion+ footwear market, SKNN is launching a commercial, global brand with no direct competitors.

❖ **Blue Chip Management** - Executives from Tommy Hilfiger, Stride Rite, Kohl's, AOL Time Warner, the Dallas Cowboy's, Rockport and Wilson Sporting Goods will serve as key players in establishing relationships with designers, retailers and customers alike.

❖ **Groundfloor Opportunity** - On the heels of a full-scale product launch for the Spring/Summer 2007 season, SKNN offers early investors a unique opportunity to maximize returns.

Experienced Leadership

Along with a host of key industry leaders retained to drive the Skins concept, Skins Inc. management and advisory board boast an impressive resume of market leaders and industry veterans. Full management, advisory board and strategic associate profiles are available online at: www.skinsfootwear.com.

Mark Klein, *President and CEO* - developed the Skins concept and is the former Sales Director on ICQ Mobile, the mobile instant messaging division of AOL Time Warner (NYSE: TWX), where he set sales and marketing strategies for ICQ's Value Added Service (VAS) wireless operations and handled technical and marketing deployments and workshops with operators. Klein is also a former senior marketing and sales executive for both Comverse Network Systems and Orais.com, and the former Sales Director of Convertbond.com.

Michael J. Rosenthal, *Chairman of the Board* - has served as Chairman and President of M.J. Rosenthal and Associates, Inc., an investment and consulting company, since 1986. His 20-plus years of investment banking experience includes posts as partner and managing director of Wesray Capital Corporation, and partner and managing director of M&As at Donaldson, Lufkin & Jenrette, Inc. Rosenthal previously served as Chairman, Director and/or CEO for American Vision Centers, Inc.; Northwestern Steel & Wire Company; Star Corrugated Box Co., Inc. Vector Distributors, Inc; and Wilson Sporting Goods Company. Rosenthal is an honors graduate of the New York University Law School and the Columbia University Graduate School of Business.

Dennis Walker, *VP of Sales* - is the former President of Innovative Solutions, and has consulted to the investment community and the footwear and fashion industries. Previous expertise includes: VP of Department Stores for Tommy Hilfiger; President of National Geographic Footwear, a K-Swiss company; and VP and Director of Sales at the Rockport Company, a Reebok International company. Walker has also served as both VP of Sales and VP of Marketing for Stride Rite Footwear (NYSE:SRR).

Jake Kamuonka, *VP of Finance and Operations* - is a former senior associate of Moody's Investors Service and an associate with Banc of America Securities, an investment banking firm. Kamuonka is the former controller for Hotbar.com, Inc., an internet company, and was the CFO for Park Terrace Properties, a real estate firm. Kamuonka is a graduate of Baruch College, and holds an MBA from NYU Stern School of Business.

Steve Reimer, *Director* - is the former Senior VP of Kohl's Department Store and has served as a consultant to B.T.M. Consulting. Reimer is also currently a board member of the Two Ten Footwear Foundation, a non-profit organization that provides educational and social services to individuals working in the footwear industry.

☐ To speak to an investor relations specialist about Skins, contact Ryan Mulhern at 866.633.1060 or email ryan@skinsfootwear.com.

☐ See the Skins revolution in 3D. Watch a product video at <http://www.skinsfootwear.com>.

☐ This is not an offer to buy or sell securities. Please contact a brokerage firm if you want to invest in Skins, Inc. (OTCBB: SKNN).

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