PREMIERA FOOTWEAR

Fashion-Forward Women's Shoes
Designer and Manufacturer

Seeks Lender Commitments In The Amount Of

$250,000

April1, 2004

Business Plan Highlights:

- *High-end U.S. designer and manufacturer of trendy, women's footwear*
- *Exploits need for top designs, modest prices & shortest production cycle*
- *Target market is $4.4 billion, involving 8 million fashion-conscious women*
- *Owners have pedigreed background and are supported by key advisors*

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Premiera Footwear, Inc.
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Executive Summary

Footwear is a $54 billion industry in the U.S., with women accounting for over 60% of sales. In recent years, increased reliance on overseas manufacturers has lowered prices and high technology has shortened the production cycle, accelerating consumer migration toward better designed, trendier shoes. In the process, however, U.S. design innovation has substantially deteriorated, with predictable mimics of existing Italian designs becoming the norm. Premiera Footwear intends to revitalize the U.S. women's footwear industry, by leveraging unsurpassed American design aptitude and technological savvy, with highly developed overseas artisan factory relationships, to generate trend-setting footwear at modest prices and unbeatable product turnaround times. In 2004, the market for high fashion shoes, targeting 18 to 35 year-old women in the six fashion-leading metropolitan areas of the U.S. is projected to be $4.4 billion — by 2008, this figure is expected to reach $5.6 billion, an average annual increase of 6.1%. Keys to success will include establishing a high-profile retail store and design studio in Manhattan, NY, conducting an effective, multi-channel marketing campaign, optimizing key operating processes and strategic supply chain alliances, and promoting research and development of new services and markets. The owner-founders possess heavy industry experience and will be supported by key personnel and advisors.

Company. Premiera Footwear is a recognized U.S. designer and manufacturing agent of fashion-forward, women's footwear, under its own brand and on behalf of several retail giants. It is a Washington S corporation, with administrative offices in California and New York, which is seeking to expand its retail presence.

Products and Services. The company creates original women's footwear designs that are handcrafted in artisan factories, for sale under its branded name, on both the retail and wholesale level, and it also acts as a design and manufacturing agency for other footwear companies, on a commissioned or retained basis.

Market. In 2004, the market for upscale, trendy footwear, involving 8.1 million style-conscious women, aged 18 to 35, in six targeted, fashion-leading metropolitan cities in the U.S. is estimated to be over $4.4 billion — by 2008, this figure is expected to reach $5.6 billion, which is an average annual increase of 6.1%.

Industry. The U.S. women's footwear industry is dominated by large, branded companies that rely on overseas manufacturing ties and design agency services that only create predictable product — high overhead, reactionary design mentality, and pressure to unload obsolescent inventory have resulted in a stale industry.

Strategy. Strategic objectives include maximizing company revenues, by establishing a high-profile, retail presence in Manhattan, NY; promoting Premiera offerings, through effective, multi-channel marketing; optimizing key operating process; and promoting research and development of new products and new markets.

Implementation. The operating plan centers on identification and build-out of suitable commercial space in Manhattan, NY, to launch the company's inaugural retail outlet and design studio, by October 1, 2004. The marketing plan relies on multi-channel advertising and strategic alliancing to generate exposure and sales.

Management. The owner-founders possess a wealth of women's footwear industry experience and are both graduates of the famed Ars Sutoria shoe design school in Milan, Italy. They will be supported by an equally experienced Director of Operations, along with professional advisors in both law and accounting.

Risk Assessment. Premiera is positioned to revitalize the U.S. women's footwear industry, by leveraging unsurpassed design capabilities, high technology, artisan craftsmanship, and worldwide contacts. Key success factors, along with critical risk factors, have been evaluated — business success is highly achievable.

Financial Summary

Premiera Footwear is seeking lender commitments, totaling $250,000, by April 1, 2004. This cash infusion would result in substantial revenue and income growth, during the five-year planning period, and position the company for further growth and expansion, within the U.S. and worldwide.

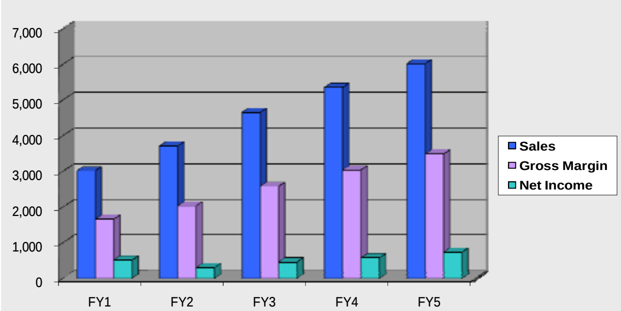
Capitalization Plan. Premiera proposes to pursue its strategic objectives, by obtaining lender commitments, totaling $250,000, by April 1, 2004. This cash infusion would be used to cover identifiable working capital requirements, totaling $150K, along with identifiable capital expenditure requirements totaling $40K, comprised of property, plant and equipment, and to establish contingent cash reserves, totaling $60K.

Projected Operating Results. Sales are projected to rise, from $3,008K, in FY1, to $6,013K, in FY5. During this period, net income is projected to increase, from $500K in FY1, to $734K in FY5. Monthly net cash flow reflects seasonal variation; minimum cash balance is $60K and ending FY5 cash balance is $2,381K.

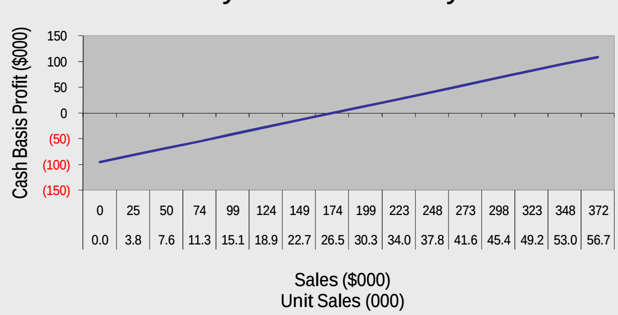
Projected Operating Highlights ($000)

Start-Up: 4/1/04	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY1	FY2	FY3	FY4	FY5
Sales	226	335	227	172	226	255	270	355	366	149	194	233	3,008	3,704	4,644	5,348	6,013
Gross Margin	122	179	123	94	122	138	148	193	201	87	114	132	1,653	2,029	2,570	3,036	3,486
Operating Expenses	70	67	67	69	97	68	84	81	81	82	83	80	929	1,613	1,939	2,232	2,449
Net Inc. Before Int./Taxes	52	112	56	25	25	70	64	112	120	5	31	52	724	416	631	804	1,037
Net Income	36	78	38	17	17	48	44	78	83	3	22	36	500	294	450	570	734
Percentages:																	
Gross Margin/Sales	54%	53%	54%	55%	54%	54%	55%	54%	55%	58%	59%	57%	55%	55%	55%	57%	58%
Net Income/Sales	16%	23%	17%	10%	8%	19%	16%	22%	23%	2%	11%	15%	17%	8%	10%	11%	12%
Net Cash Flow	54	(119)	(185)	164	128	(82)	(12)	75	(61)	(46)	167	132	215	181	423	540	712
Cash Balance - Ending	364	245	60	224	352	270	258	333	272	226	393	525	525	706	1,129	1,669	2,381

Projected Operating Highlights By Year ($000)



Monthly Breakeven Analysis



Financial Indicators

	FY1	FY2	FY3	FY4	FY5
Profitability %'s:					
Gross Margin	55%	55%	55%	57%	58%
Net Profit Margin	17%	8%	10%	11%	12%
Return on Assets	48%	24%	25%	24%	23%
Return on Equity	91%	35%	35%	30%	28%
Activity Ratios:					
Accounts Receivable Turnover	8.20	8.01	8.19	8.19	8.02
Collection Days	43.88	44.92	43.95	43.95	44.90
Inventory Turnover	7.16	8.25	8.55	8.77	8.96
Accounts Payable Turnover	8.00	8.00	8.00	8.00	8.00
Asset Turnover	2.90	3.00	2.62	2.23	1.89
Debt Ratios:					
Debt To Equity	0.88	0.46	0.37	0.29	0.22
Short-Term Liabilities To Liabilities	0.48	0.36	0.47	0.53	0.57
Liquidity Indicators:					
Current Ratio	4.30	8.70	7.81	8.41	9.63
Quick Ratio	3.61	7.54	6.94	7.66	8.94
Net Working Capital ($000)	772	1070	1525	2089	2830
Interest Coverage Ratio	80.56	-104.50	N/A	N/A	N/A
Additional Indicators:					
Assets to Sales Ratio	0.34	0.33	0.38	0.45	0.53
Debt To Assets Ratio	47%	31%	27%	22%	18%
Current Debt To Total Assets Ratio	23%	11%	13%	12%	10%
Acid Test	2.25	5.09	5.05	5.93	7.27
Sales To Equity Ratio	5.44	4.37	3.58	2.87	2.32
Dividend Payout %	0%	0%	0%	0%	0%

Company

Premiera Footwear is a recognized U.S. designer and manufacturer of fashion-forward women's footwear, under its own brand and on behalf of several retail giants. It is a Washington S corporation, with administrative offices in California and New York, seeking to expand its retail presence.

Mission-Vision. The company's five-year mission is to become the leading branded provider and design manufacturer of trend-setting women's footwear in the U.S. By establishing an upscale, retail presence in Manhattan, NY, that complements its wholesale distribution of branded shoes in high-end boutiques, throughout the country, by leveraging its design agency and overseas manufacturing capabilities to satisfy the customized needs of such retail behemoths as Nine West, Steve Madden and Bebe, and by optimizing its key operating processes to minimize costs and turnaround time, Premiera Footwear intends to dominate competition in mid to high-end markets. The long-term vision is to become synonymous with unique and sexy women's footwear styling, and to expand Premiera's presence to fashion capitals, around the world.

Business Opportunity. Footwear is a $54 billion industry in the U.S., with women accounting for over 60% of sales.[1] In recent years, two major phenomena have accelerated general consumer migration toward better designed, trendier shoes — a dramatic shift, from high-priced, domestic manufacturers to lower-priced overseas manufacturers, and tremendous globalization and shortening of the production cycle, due to technological advances in communication.[2] However, in the process, U.S. design innovation has substantially deteriorated, with predictable mimics of existing Italian designs becoming the norm. Premiera Footwear intends to revitalize the U.S. women's footwear industry, by leveraging unsurpassed American design aptitude and technological savvy, with highly developed overseas artisan factory relationships, to generate trend-setting footwear at modest prices and unsurpassed product turnaround times. In 2004, the market for high fashion shoes, targeting 18 to 35 year-old women in the six fashion-leading metropolitan areas of the U.S. is projected to be $4.4 billion — by 2008, this figure is expected to reach $5.6 billion, reflecting an average annual increase of 6.1%.[3] Keys to success will include establishing a high profile retail store and design studio in Manhattan, NY, conducting an effective, multi-channel marketing campaign, optimizing key operating processes and strategic alliances, and promoting research and development of new services and markets. To achieve these objectives, Premiera is actively seeking loan commitments of $250,000, by April 1, 2004.

Legal Entity and Ownership. In 2001, Premiera Footwear, Inc., established itself as a Washington S corporation, operating as Primiera Footwear. Its two shareholders, Lan Contino and Nicolas Luciano, each hold a 50% ownership interest and participate equally in day-to-day management duties.

History. The owner-designers share a 9-year history, while working in the women's shoe department of Nordstrom, and were roommates at the esteemed Ars Sutoria, a shoe design school in Milan, Italy. Mr. Luciano went on to design shoes for a women's private label, while Mr. Contino designed shoes for Bebe, David Aaron, Skechers, and Mia. In 2001, they seized an opportunity to merge their superlative design skills, technological advances in the industry, and well-honed overseas manufacturing relationships, by forming Premiera.

Location and Facilities. The company presently maintains administrative and operating offices in Secaucus, NJ, Seattle, WA, and Emeryville, CA. In late 2003, the Seattle office will be vacated, in favor of a temporary office in New York, NY, to oversee the build-out of a high-profile retail store, design studio, and showroom in Manhattan, scheduled for a grand opening, on October 1, 2004. West Coast activities will continue to be administered from the office in Emeryville, CA.

Financial History
Inception To Business Plan Start-Up ($000)

	Actual 2002 *	Forecasted 2003	Forecasted 3/31/04
NET INCOME:			
Sales	1,817	780	532
Cost of Goods Sold	1,364	156	177
Gross Margin	453	624	355
Operating Expenses	480	490	144
Net Income (Loss)	(27)	134	211
ASSETS:			
Cash or Cash Equivalents	34	13	60
Accounts Receivable	9	142	170
Inventory	30	30	90
Other Current Assets	5	0	2
Property, Plant & Equipment		2	
Total Assets	78	187	322
LIABILITIES:			
Accounts Payable	28	45	183
Other Current Liabilities	125	86	86
Total Liabilities	153	131	269
EQUITY:			
Paid-In Capital	(21)	24	(190)
Retained Earnings	(54)	32	243
Total Equity	(75)	56	53
Total Liabilities & Equity	78	187	322

NOTE: 2002 reporting reflects grossed-up sales and cost of sales, while 2003 & 2004 reflect sales accounting, based on net transactions.

Products and Services

The company creates original women's footwear designs that are handcrafted in artisan factories, for sale under its branded name, on both the retail and wholesale level, and also acts as a design and manufacturing agency for other footwear companies, on a commissioned and retained basis.

premiera

Fashion-Forward Women's Footwear

Business Summary. Premiera Footwear intends to become the premier branded designer and manufacturer of fashion-forward women's footwear, in the U.S. Already a recognized design manufacturing agency, relied upon by industry behemoths, like Nine West, Steve Madden, and Bebe, it plans to launch its own high-profile retail presence, by establishing an inaugural store in Manhattan, NY, by October 2004. This facility will integrate upscale retail space, with the company's design studio and a product showroom, positioning Premiera to become a leading design presence in the footwear industry. Primary revenues will be generated from sales of branded footwear, at the retail and wholesales levels, and from commissions and retainers earned, from design and manufacturing agency services offered to big footwear

STEVE MADDEN

NINE WEST

bebe

Premiera Branded Footwear

The company offers original designs, meticulously handcrafted in Italian artisan factories and then sold in some of the finest boutiques, around the world.

- ***Retail:*** In October 2004, Premiera will launch its inaugural retail store in high-profile Manhattan, NY, integrating retail space with the company's design studio and showroom.
- ***Wholesale:*** Premiera branded footwear is featured in *Seventeen, Women's Wear Daily, Cosmopolitan, Footwear News*, and *Lucky.*

AVG. UNIT REVENUE

Retail: $95/Pair
Wholesale: $39/Pair

Gross Margin: 37%

Design & Manufacturing Agency

The company also designs and manufactures women's footwear for other leading footwear companies, such as Nine West, Steve Madden, and Bebe.

- ***Commission Basis:*** With the fastest turnaround time in the industry, Premiera is relied upon by retail shoe giants to quickly execute designs and large-scale manufacturing.
- ***Retainer Basis:*** Premiera hones its trendsetting instincts, with trips to fashion capitals of the world, making it a prized consultant.

AVG. UNIT REVENUE

Commission: $2.16/Pair
Retainer: $8,500/Client

Gross Margin: 100%

Fulfillment. The owners have cultivated manufacturing alliances with artisan factories in Italy, Brazil and China, which are based on near-exclusivity and combine old-world craftsmanship with state-of-the-art technologies — these capabilities, linked with Premiera processes, result in industry-leading turnaround times.

Competitive Comparison. Premiera possesses women's footwear design capabilities that have been all but lost in the U.S. By merging this competitive edge with dependable, overseas manufacturing capabilities, and a high-profile retail presence in Manhattan, NY, the company intends to quickly dominate competition.

Future Development. The company plans to leverage the success of its inaugural store, by expanding its retail presence to metropolitan fashion centers, around the globe. Following its emergence as an industry leader, Premiera plans to forge strategic alliances that will lead to other synergistic business opportunities.

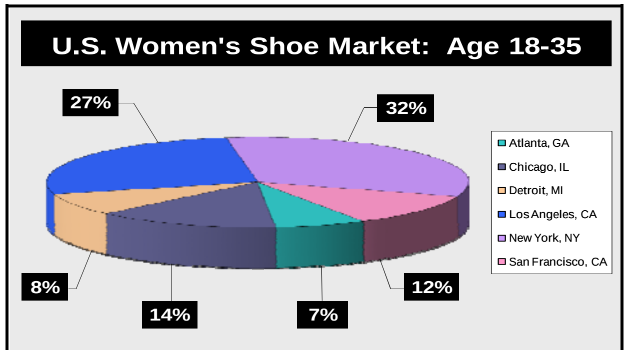
Market and Industry

In 2004, the market for trendy footwear, involving 8.1 million style-conscious women, aged 18 to 35, in six targeted, fashion-leading metropolitan cities in the U.S. is estimated to be over $4.4 billion — by 2008, this figure is expected to reach $5.6 billion, an average annual increase of 6.1%.

General Market Analysis. In 2000, U.S. personal consumption of footwear totaled $46.8 billion, an average annual increase of 5.2%, from 1995 — extrapolation through 2003 suggests that the current U.S. market for shoes is about $54 billion.[4] Women typically outspend men for shoes, in a ratio of 3:2, accounting for an estimated 60% of total sales.[5] But, while men typically purchase 2 to 4 pairs per year, women will buy up to 8 pairs,[6] creating constant pressure to shorten shelf-life and accelerate design and production cycles.

Market Segmentation. Premiera has targeted demand in six fashion-leading metropolitan areas in the U.S. to market its branded footwear and design agency services. In 2004, the 8.1 million women, aged 18 to 35, that represent 12.9% of the population in these targeted markets, are projected to spend $4.4 billion on fashion-forward, design-conscious shoes — by 2008, this figure is expected to reach $5.6 billion, an average annual increase of 6.1%.[7] Consolidated metropolitan areas that have been targeted include **New York, NY** (32%), **Los Angeles, CA** (27%), **Chicago, IL** (14%), **San Francisco, CA** (12%), **Detroit, MI** (8%) and **Atlanta, GA** (7%). These represent 15% of the total U.S. women's footwear market and heavily influence national patterns.

Secondary Markets. In addition to its U.S. markets, Premiera can expect to sell well in non-U.S. venues, including the UK, Europe, Asia , Canada & Australia.



U.S. Fashion Centers	U.S. Women's Shoe Market, Age 18-35 ($000) 2004	2005	2006	2007	2008	Annual Growth Rate
Atlanta, GA	308,700	328,700	350,000	372,600	396,700	6.5%
Chicago, IL	622,500	657,400	694,200	733,100	774,200	5.6%
Detroit, MI	352,900	371,900	391,900	412,900	435,100	5.4%
Los Angeles, CA	1,192,800	1,274,600	1,362,000	1,455,400	1,555,200	6.9%
New York, NY	1,440,500	1,518,600	1,600,900	1,687,700	1,779,200	5.4%
San Francisco, CA	512,800	548,000	585,600	625,800	668,700	6.9%
Total	4,430,200	4,699,200	4,984,600	5,287,500	5,609,100	6.1%

General Industry Characteristics. The U.S. women's footwear industry is dominated by several large, branded companies that rely on overseas manufacturing ties and design agency services to crank out predictable product lines — large overhead and reactionary design mentality have resulted in a stale industry.

KEY COMPETITOR	STRENGTHS	WEAKNESSES
Branded Footwear: ♦ *Steve Madden* ♦ *Charles David* ♦ *BCBG*	Large market share; deep-pocket financing supports large infrastructure, big advertising budgets, and own warehousing and distribution.	Old school design mentality cannot react to trends; large overhead and obsolescent inventories requires high volume sales, at big discounts.
Design Agency Services: ♦ *Inter-Pacific (Los Angles)* ♦ *Dynasty (Los Angeles)* ♦ *Pagoda (St. Louis)* ♦ *Bennett (Boston)*	Large design and development teams located worldwide; reliable quality & delivery; oversee manufacturing, from overseas offices.	Large organizations with high overhead; requires higher pricing to maintain margins; designs are predictable or recognizable knock-offs.

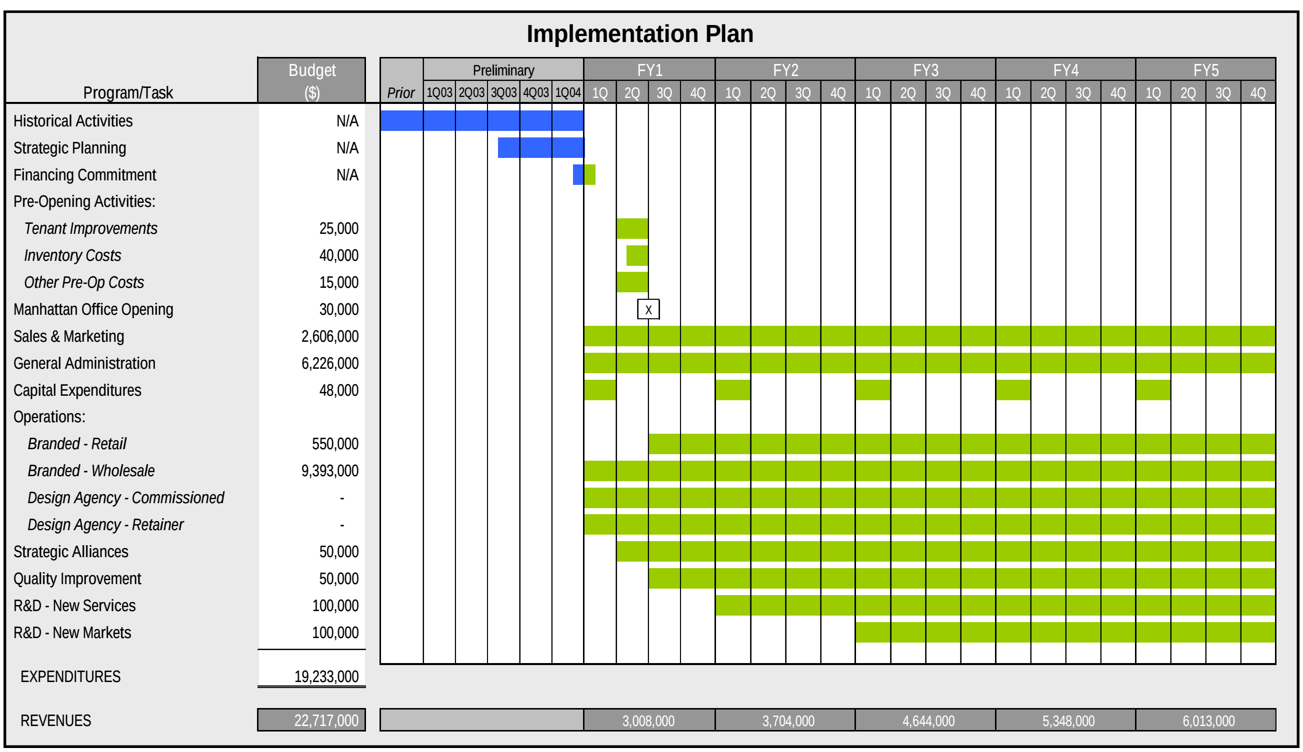
Competitive Edge. Premiera possesses unsurpassed design aptitude and highly developed overseas artisan factory relationships, which will be leveraged with state-of-the-art technological savvy, to generate trendsetting women's footwear at modest prices, featuring the fastest product cycle times in the footwear industry.

Strategy and Implementation

Strategic objectives include maximizing revenues, by establishing a high-profile retail presence in Manhattan, NY; promoting company offerings, through effective, multi-channel marketing; optimizing key operating process; and promoting research & development of new products and markets.

Strategic Objectives. The company's five-year mission is to become the leading branded provider and design manufacturer of trend-setting women's footwear in the U.S. Strategic objectives include: (1) maximizing company revenues, by establishing a high-profile retail presence, in Manhattan, NY; (2) marketing the company's offerings, through multi-channel advertising; (3) optimizing key operating processes to minimize cost structure and assure customer satisfaction; (3) and sustaining robust research and development.

- *Maximize Company Revenues:* Further business expansion requires that the company ensure brand awareness, by establishing a multi-purpose, retail outlet in the heart of the fashion capital of the world. This will entail: (a) locating and occupying prime, leased commercial space in Manhattan, NY, that will provide a signature, retail presence and will also house a design room and showroom; (b) installing furniture, fixtures & equipment ; (c) hiring qualified salespeople; (d) assuring current inventory, by financing expanded overseas manufacturing of Premiera footwear; and (e) completing all other pre-operating tasks, necessary to ensure a successful opening, by October 1, 2004.
- *Effectively Market Company Offerings:* The company will conduct a multi-channel marketing campaign that includes heavy reliance on print media, direct mailing, web-based advertising, tradeshows, in-house and contracted sales representatives, and strategic alliances with customer groups.
- *Optimize Key Operating Processes:* The company will minimize its cost structure, by migrating from P.O.-financing to internal financing of manufacturing shipments, and will assure long-term customer satisfaction, by periodically evaluating operating processes to ensure continual improvement.
- *Promote Research and Development:* Long-term success will rely on a robust research and development program, which focuses on new services and markets and also studies the economic benefits of internal warehousing, owned manufacturing facilities in Asia, and design studios in Europe.



Management and Risk Assessment

The owner-founders possess a wealth of relevant industry experience, and are both graduates of the famed Ars Sutoria shoe design school in Milan, Italy. They will be supported by an equally experienced Director of Operations, along with professional advisors in both law and accounting.

Management Team. The company is led by its owner-founders, who occupy the positions of CEO and President, and by an experienced Director of Operations — they are supported by key professional advisors.

Lan Contino
Chief Executive Officer
15 years in the women's footwear industry, involving buying, selling, design & manufacturing. Nordstrom, Steve Madden, Skechers and Bebe. Graduate: Ars Sutoria, Milan, Italy.

Nick Luciano
President
17 years of experience in women's footwear, including sales, design and global manufacturing. Previously, Nordstrom and Topline Footwear. Graduate: Ars Sutoria, Milan, Italy.

Paul Postrio
Director of Operations
15 years of relevant experience, involving every aspect of retail buying and general operations. Merchandiser for over 150 Bebe stores and a women's shoe buyer for Nordstrom.

<u>Key Functional Support</u>. The owners will rely on experienced staff and top-caliber advisors or consultants:

- *Legal Counsel* — **Randolf Hancock**, attorney, Seattle, WA.; corporate and general business matters.
- *Accountant* — **James Witten**, CPA, Hicksville, NY; general corporate tax, accounting & audit support.

Personnel Plan

Start-Up: 4/1/04	1QY1	2QY1	3QY1	4QY1	1QY2	2QY2	3QY2	4QY2	1QY3	2QY3	3QY3	4QY3	1QY4	2QY4	3QY4	4QY4	1QY5	2QY5	3QY5	4QY5	FY1	FY2	FY3	FY4	FY5
Personnel Count																									
Sales & Marketing	0	0	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1	2	2	2	2
General & Administrative	5	5	6	6	7	7	7	7	8	8	9	9	10	10	10	10	10	10	10	10	6	7	9	10	10
Payroll Count	5	5	7	7	9	9	9	9	10	10	11	11	12	12	12	12	12	12	12	12	7	9	11	12	12
Contracted Labor	0	0	0	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	0	2	2	2	2
Total Personnel	5	5	7	7	11	11	11	11	12	12	13	13	14	14	14	14	14	14	14	14	7	11	13	14	14
Labor Costs ($000)																									
Sales & Marketing	0	0	11	13	38	37	38	35	39	38	40	37	41	40	42	39	42	41	43	40	24	148	154	162	166
General & Administrative	75	78	83	83	104	104	104	104	125	125	134	134	161	161	161	161	175	175	175	175	319	416	518	644	700
Payroll	75	78	94	96	142	141	142	139	164	163	174	171	202	201	203	200	217	216	218	215	343	564	672	806	866
Payroll Burden	17	18	22	22	33	32	33	32	38	38	40	39	47	46	47	46	50	50	50	50	79	130	155	186	200
Contracted Labor	0	0	0	0	79	65	93	45	98	81	116	56	110	90	130	63	121	99	143	69	0	282	351	393	432
Total Labor Costs	92	96	116	118	254	238	268	216	300	282	330	266	359	337	380	309	388	365	411	334	422	976	1,178	1,385	1,498

<u>Key Success Factors</u>. The company assumes that the existence of the following factors or assumptions would positively influence business success, and that these factors or assumptions will, in fact, **occur**:

- *Lender financing will be available in the amount requested, based on reasonable plan projections.*
- *Establishment of NY facilities will be successful and operating processes can be quickly optimized.*
- *Consumer demand will remain high in targeted markets and marketing channels will be effective.*

Contingency Plan

Contingent Event	Likely Consequence	Management Response
Lender financing cannot be obtained, in the amount sought.	Deferral of large, cash-intensive initiatives; slower revenue growth.	Pursue business plan, in modified form; seek investor support.
Delays or operational problems retard scheduled grand opening.	Lower than projected FY1 results; reduced sales, income and cash.	Cash surplus exists to cover contingencies; adopt recovery plan.
New competition or recession weaken overall market demand.	Reduced market share; lower revenue and income growth.	Emphasize marketable distinctions; cut prices; forge alliances.

Capitalization Plan

Premiera Footwear is seeking lender commitments, totaling $250,000, by April 1, 2004, to fund identifiable working capital and capital expenditure requirements of $190,000, and to provide contingent reserves, totaling $60,000. Loan collateral exists and later-round financing may occur.

Start-Up Condition. The company's start-up requirements total $572K, including $310K in cash, $170K in accounts receivables, $90K in inventory, and $2K in property, plant & equipment. Resources total $322K, including accounts payable and current liabilities, totaling $269K, plus net owner investments, totaling $53K.

Capitalization Plan. Premiera proposes to fund significant business expansion, by obtaining lender commitments, totaling $250,000, by April 1, 2004. This cash infusion would be used to cover identifiable working capital requirements, totaling $150K, along with identifiable capital expenditure requirements totaling $40K, comprised of property, plant and equipment, and to also establish contingent cash reserves, totaling $60K.

CAPITALIZATION PLAN ($000)

REQUIREMENTS		RESOURCES	
YTD Expenses Thru 3/31/04:		Liabilities:	
Cost of Goods Sold	177.0	Accounts Payable	183.0
Operating Expenses	144.0	Other Current Liabilities	86.0
Less: Sales	532.0	Short-Term Loans	0.0
		Long-Term Loans	0.0
		Lender	250.0
YTD Loss (Gain)	(211.0)	Total Liabilities	519.0
Start-Up Assets:		Net Investments (% Ownership):	
Cash	310.0	N. Luciano (50%)	26.5
Accounts Receivable	170.0	L. Contino (50%)	26.5
Inventory	90.0		
Other Current Assets	2.0		
Property, Plant & Equipment	0.0		
Deferred Charges	0.0		
Accum. Deprec. & Amort.	0.0		
Total Start-Up Assets	572.0	Total Investments	53.0
TOTAL REQUIREMENTS	572.0	TOTAL RESOURCES	572.0

BUSINESS PLAN START DATE: APRIL 1, 2004

Total Resources Available	572.0	Start-Up ASSETS	572.0
Less: Assets Purchased	572.0	Start-Up LIABILITIES	519.0
Start-Up Loss (Gain)	0.0	Start-Up EQUITY	53.0

USE OF PROCEEDS	
Working Capital:	
Accounts Receivable	130.0
Inventory	156.0
Accounts Payable	(136.0)
Contingency Fund	50.0
Total Working Capital	200.0
Capital Expenditures:	
Property, Plant & Equip.	40.0
Contingency Fund	10.0
Total Capital Expenditures	50.0
TOTAL USES	250.0

Collateral and Possible Later-Round Financing. As security for the loan commitments, the owners will make underlying company assets available as collateral. The company's competitive advantages and New York retail expansion are expected to result in broad acceptance in targeted U.S. markets. If future business opportunities that would facilitate further growth are identified, then Premiera may seek additional financing.

Sales

Sales for FY1 through FY5 are forecasted to be $3.0 million, $3.7 million, $4.6 million, $5.3 million and $6.0 million, respectively. Primary revenues are generated from sales of Premiera branded footwear, at retail and wholesale, and design agency fees, on commissioned and retained bases.

Forecasted Sales and Cost of Goods Sold ($000)

Start-Up: 4/1/04	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY1	FY2	FY3	FY4	FY5
Unit Sales (3):																	
Dolce Vita Branded:																	
Retail							168	211	316	337	516	347	1,895	3,790	4,211	4,335	4,335
Wholesale	4,000	6,000	4,000	3,000	4,000	4,487	4,513	6,000	6,000	2,000	2,513	3,487	50,000	60,025	74,975	83,948	92,284
Design Agency:																	
Commissioned	28,704	43,056	28,704	21,759	28,704	32,870	32,407	43,056	43,055	14,352	18,056	25,463	360,186	406,943	541,205	687,500	831,945
Retained	1	1	1	1	1	1	1	1	1	1	1	1	12	18	24	30	36
Total Unit Sales	32,705	49,057	32,705	24,760	32,705	37,358	37,089	49,268	49,372	16,690	21,086	29,298	412,093	470,776	620,415	775,813	928,600
Unit Price ($/Unit) (2):																	
Dolce Vita Branded:																	
Retail	95	95	95	95	95	95	95	95	95	95	95	95					
Wholesale	39	39	39	39	39	39	39	39	39	39	39	39					
Design Agency:																	
Commissioned	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16	2.16					
Retained	8,000	8,000	9,000	8,000	8,000	9,000	8,000	8,000	9,000	8,000	8,000	9,000					
Forecasted Sales ($000) (1):																	
Dolce Vita Branded:																	
Retail							16	20	30	32	49	33	180	360	400	412	412
Wholesale	156	234	156	117	156	175	176	234	234	78	98	136	1,950	2,340	2,925	3,276	3,604
Design Agency:																	
Commissioned	62	93	62	47	62	71	70	93	93	31	39	55	778	879	1,169	1,485	1,797
Retained	8	8	9	8	8	9	8	8	9	8	8	9	100	125	150	175	200
Total Sales	226	335	227	172	226	255	270	355	366	149	194	233	3,008	3,704	4,644	5,348	6,013
Unit COGS ($/Unit):																	
Dolce Vita Branded:																	
Retail	30	30	30	30	30	30	30	30	30	30	30	30					
Wholesale	26	26	26	26	26	26	26	26	26	26	26	26					
Design Agency:																	
Commissioned																	
Retained																	
Forecasted COGS ($000):																	
Dolce Vita Branded:																	
Retail	0	0	0	0	0	0	5	6	9	10	15	10	55	114	125	128	128
Wholesale	104	156	104	78	104	117	117	156	156	52	65	91	1,300	1,561	1,949	2,184	2,399
Total Cost of Goods Sold	104	156	104	78	104	117	122	162	165	62	80	101	1,355	1,675	2,074	2,312	2,527

NOTES: (1) FORECASTED SALES: The company benefits from four major revenue streams -- three of these were ongoing, as of March 31, 2004, and a fourth, Premiera Branded-Retail, is anticipated to commence October 1, 2004, with the opening of a retail outlet, in Manhattan, NY.

All revenue streams, except for Design Agency - Retained, are subject to seasonality, which results in monthly variations in sales, as follows:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
8%	12%	8%	6%	8%	9%	9%	12%	12%	4%	5%	7%	100%

Exception is FY1, Premiera Branded-Retail:

Oct	Nov	Dec	Jan	Feb	Mar	Total
9%	11%	16%	18%	27%	18%	100%

FY1 annual figures, reflect 2004 targets, proportionalized by month to reflect seasonality, except Design Agency-Retained, which is evenly prorated.

FY2 thru FY5 growth for revenue streams, affected by seasonality, reflect the following year-to-year percentage increases:

Premiera Branded-Retail: FY2/FY1 = 100%; FY3/FY2 = 11%; FY4/FY3 = 3%; FY5/FY4 = 0%.

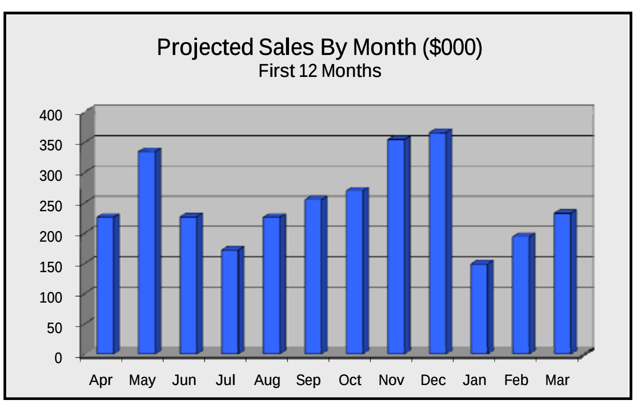
Premiera Branded-Wholesale: FY2/FY1 = 20%; FY3/FY2 = 25%; FY4/FY3 = 12%; FY5/FY4 =10%.

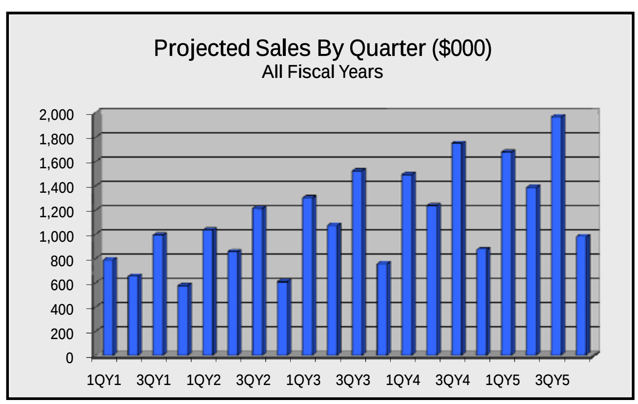
Design Agency-Commissioned: FY2/FY1 = 13%; FY3/FY2 = 33%; FY4/FY3 = 27%; FY5/FY4 = 21%.

FY1 thru FY5 annual targets for Design/Agency-Retained: = $100K, $125K, $150K, $175K and $200K, respectively.

(2) UNIT PRICE: Note that Design Agency-Commissioned = $12.00 wholesale price x 18%; Design Agency-Retained = Forecasted Sales/Unit Sales.

(3) UNIT SALES: For Design Agency-Commissioned, unit sales are as given; for all other revenue streams, unit sales = Forecasted Sales/Unit Price.





Net Income

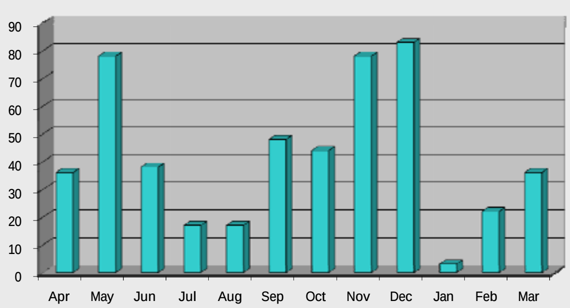
Net income for FY1 is projected to be $500K — following absorption of new personnel, projected net income is $294K in FY2, rising to $734K in FY5. During this period, gross margin percentage ranges from 55% to 58% and net income, as a percent of sales is: 17%, 6%, 10%, 11% and 12%.

Projected Income Statement ($000)

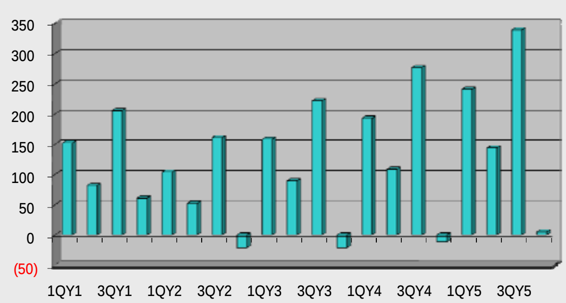
Start-Up: 4/1/04	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY1	FY2	FY3	FY4	FY5
Sales	226	335	227	172	226	255	270	355	366	149	194	233	3,008	3,704	4,644	5,348	6,013
Cost of Goods Sold	104	156	104	78	104	117	122	162	165	62	80	101	1,355	1,675	2,074	2,312	2,527
Production Labor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cost of Sales	104	156	104	78	104	117	122	162	165	62	80	101	1,355	1,675	2,074	2,312	2,527
Gross Margin	122	179	123	94	122	138	148	193	201	87	114	132	1,653	2,029	2,570	3,036	3,486
Gross Margin/Sales %	54%	53%	54%	55%	54%	54%	55%	54%	55%	58%	59%	57%	55%	55%	55%	57%	58%
Operating Expenses:																	
Sales & Marketing Labor	0	0	0	0	0	0	4	4	3	4	4	5	24	430	505	555	598
Advertising & Promotion (1)	3	3	3	3	30	3	3	3	3	3	3	2	62	90	122	124	126
Sales & Marketing	3	3	3	3	30	3	7	7	6	7	7	7	86	520	627	679	724
Sales & Markeing/Sales %	1%	1%	1%	2%	13%	1%	3%	2%	2%	5%	4%	3%	3%	14%	14%	13%	0
General & Admin. Labor	25	25	25	26	26	26	28	28	27	28	28	27	319	416	518	644	700
Payroll Burden (2)	6	6	5	6	6	6	7	7	8	7	7	8	79	130	155	186	200
Rent & Utilities (3)	2	2	2	2	2	3	8	8	8	8	8	7	60	54	55	56	58
Insurance	1			1			1			1			4	7	7	7	7
Leased Vehicles & Equip.	1	1	1	1	1	1	1	1	1	1	1	1	12	12	12	12	12
Office Expense	1		1		1		1		1		1		6	6	6	6	6
Communications	1	1	2	1	1	2	1	1	2	1	1	2	16	17	19	22	24
Professional Services (4)	9	9	8	9	9	8	9	9	8	9	9	8	104	128	155	172	185
Travel & Entertainment (5)	12	12	11	12	12	11	12	12	11	12	12	11	140	168	202	242	290
Depreciation & Amort.	1		1		1		1		1		1		6	12	10	10	21
Other (6)	8	8	8	8	8	8	8	8	8	8	8	9	97	143	173	196	222
Gen.& Administrative	67	64	64	66	67	65	77	74	75	75	76	73	843	1,093	1,312	1,553	1,725
Gen. & Admin./Sales %	30%	19%	28%	38%	30%	25%	29%	21%	20%	50%	39%	31%	28%	30%	28%	29%	29%
Total Operating Expenses	70	67	67	69	97	68	84	81	81	82	83	80	929	1,613	1,939	2,232	2,449
Net Income Before Int./Taxes	52	112	56	25	25	70	64	112	120	5	31	52	724	416	631	804	1,037
Interest Expense (7)	1	1	1	1	1	1	1	1	1	0	0	0	9	(4)	(12)	(12)	(12)
Tax Expense (8)	15	33	17	7	7	21	19	33	36	2	9	16	215	126	193	246	315
Net Income	36	78	38	17	17	48	44	78	83	3	22	36	500	294	450	570	734
Net Income/Sales %	16%	23%	17%	10%	8%	19%	16%	22%	23%	2%	11%	15%	17%	8%	10%	11%	12%

NOTES:
(1) Reflects multi-channel marketing campaign, including print and web-based advertising, tradeshows and strategic alliances.
(2) Assumes 23% payroll burden rate, covering federal and state statutory burdens, plus employee vacation and medical benefits.
(3) Reflects rent & utilities associated with permanent administrative offices in Emeryville, CA; temporary administrative offices in NYC (3/04 thru 9/04); and a multi-purpose retail outlet and design showroom, in Manhattan, NY (10/04 and beyond).
(4) Reflects professional services, including legal, accounting and IT, along with third party outsourcing of warehouse functions.
(5) Reflects need to service customer, supplier and manufacturing arrangements, in Italy, Brazil, China and throughout the U.S.
(6) Expenses for FedEx, foot models, samples, product development supplies, bad debt expense, merchant fees and miscellaneous.
(7) Reflects interest on primary loan, assuming a 2-year term, with a principal amount of $250,000, bearing 11% interest.
(8) Assumes cumulative, effective federal and state income tax of 30%.

Projected Net Income By Month ($000)
First 12 Months



Projected Net Income By Quarter ($000)
All Fiscal Years



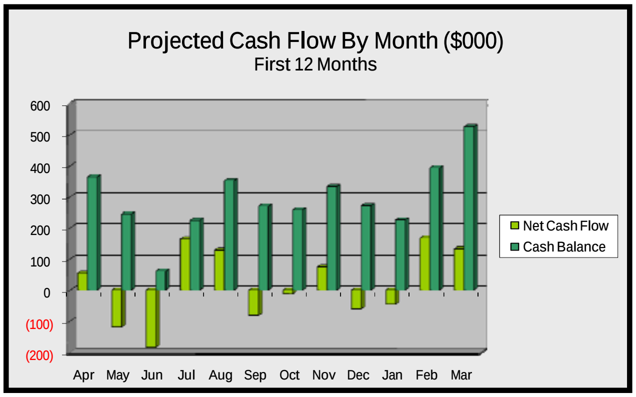
Cash Flow

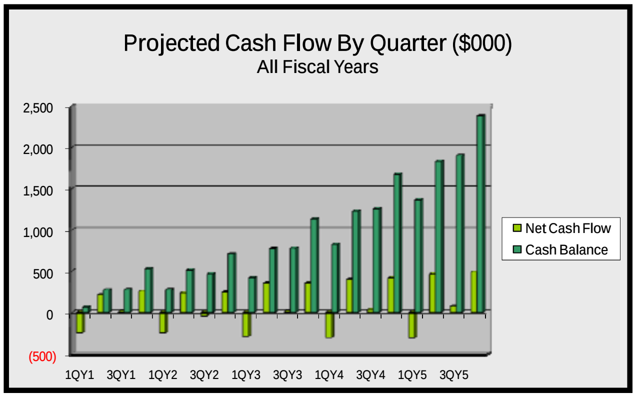
Net cash flow is intermittently negative, reflecting seasonal variation in key cash determinants, such as accounts payable, accounts receivable, and inventory. Ending cash balance for FY1 is $525K, rising to $2.4 million in FY5. The minimum cash balance is $60K, occurring in Month 3.

Projected Cash Flow Statement ($000)

Start-Up: 4/1/04	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY1	FY2	FY3	FY4	FY5
Net Income	36	78	38	17	17	48	44	78	83	3	22	36	500	295	449	568	729
Plus:																	
Depreciation & Amort.	1	0	1	0	1	0	1	0	1	0	1	0	6	12	10	10	21
Increase (Decrease) In:																	
Accounts Payable (1)	162	112	(350)	12	200	(32)	(11)	161	(79)	(303)	19	199	90	30	85	58	46
Other Current Liab.													0	0	0	0	0
Short-Term Notes (2)	(10)	(11)	(10)	(11)	(10)	(11)	(10)	(11)	(10)	(11)	(10)	(10)	(125)	(125)	0	0	0
Long-Term Notes													0	0	0	0	0
Paid-In Capital													0	0	0	0	0
Sources of Cash	153	101	(359)	1	191	(43)	(20)	150	(88)	(314)	10	189	(29)	(83)	95	68	67
Less:																	
Increase (Decrease) In:																	
Accounts Receivable (3)	47	214	(52)	(105)	26	54	28	89	51	(203)	(61)	59	147	23	83	66	60
Inventory (4)	76	84	(84)	(41)	41	21	8	64	5	(62)	(74)	34	72	(1)	34	16	15
Other Current Assets													0	0	0	0	0
Prop., Plant & Equip. (5)	12				13	12							37	9	4	14	9
Deferred Charges													0	0	0	0	0
Dividends													0	0	0	0	0
Uses of Cash	135	298	(136)	(146)	80	87	36	153	56	(265)	(135)	93	256	31	121	96	84
Net Cash Flow	54	(119)	(185)	164	128	(82)	(12)	75	(61)	(46)	167	132	215	181	423	540	712
Cash Balance - Beginning	310	364	245	60	224	352	270	258	333	272	226	393	310	525	706	1,129	1,669
Cash Balance - Ending	364	245	60	224	352	270	258	333	272	226	393	525	525	706	1,129	1,669	2,381

NOTES: (1) Reflects monthly changes in account balances, as presented in the Financial History and Balance Sheet.
(2) Represents monthly repayment of principal, relating to 2-year note, in the amount of $250,000, bearing 11% interest.
(3) Reflects monthly changes in account balances, as presented in the Financial History and Balance Sheet.
(4) Reflects monthly changes in account balances, as presented in the Financial History and Balance Sheet.
(5) Includes purchases of computers ($45K), Manhattan, NY, build-out costs ($23K) and Emeryville, CA, furniture, fixtures & equipment ($5K).





Balance Sheet

Total assets are projected to increase, from $1.0 million at year end FY1, to $3.2 million, by year end FY5. Working capital does not fall below $328K in Month 1, FY1, and grows to $772K, by year end FY1. Debt-to-equity ratio declines, from 0.88 at year end FY1, to 0.22 at year end FY5.

Projected Balance Sheet ($000)

Start-Up: 4/1/04	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	FY1	FY2	FY3	FY4	FY5
ASSETS																	
Cash	364	245	60	224	352	270	258	333	272	226	393	525	525	706	1,129	1,669	2,381
Accounts Receivables (1)	217	431	379	274	300	354	382	471	522	319	258	317	317	340	423	489	549
Inventory (2)	166	250	166	125	166	187	195	259	264	202	128	162	162	161	195	211	226
Other Current Assets	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Current Assets	749	928	607	625	820	813	837	1,065	1,060	749	781	1,006	1,006	1,209	1,749	2,371	3,158
Property, Plant & Equipment	12	12	12	12	25	37	37	37	37	37	37	37	37	46	50	64	73
Deferred Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Depreciation & Amort.	1	1	2	2	3	3	4	4	5	5	6	6	6	18	28	38	59
Long-Term Assets	11	11	10	10	22	34	33	33	32	32	31	31	31	28	22	26	14
Total Assets	760	939	617	635	842	847	870	1,098	1,092	781	812	1,037	1,037	1,237	1,771	2,397	3,172
LIABILITIES																	
Accounts Payable (3)	345	457	107	119	319	287	276	437	358	55	74	273	273	303	388	446	492
Other Current Liabilities	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86
Short-Term Notes Payable (4)	(10)	(21)	(31)	(42)	(52)	(63)	(73)	(84)	(94)	(105)	(115)	(125)	(125)	(250)	(250)	(250)	(250)
Current Liabilities	421	522	162	163	353	310	289	439	350	36	45	234	234	139	224	282	328
Long-Term Notes Payable	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Long-Term Liabilities	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Total Liabilities	671	772	412	413	603	560	539	689	600	286	295	484	484	389	474	532	578
EQUITY																	
Paid-In Capital	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)	(190)
Retained Earnings	279	357	395	412	429	477	521	599	682	685	707	743	743	1,038	1,487	2,055	2,784
Total Equity	89	167	205	222	239	287	331	409	492	495	517	553	553	848	1,297	1,865	2,594
Total Liabilities & Equity	760	939	617	635	842	847	870	1,098	1,092	781	812	1,037	1,037	1,237	1,771	2,397	3,172

NOTES: (1) Sales on credit assumed to be 96%, subject to 45-day collection period.

(2) Estimated balances, based on Monthly Cost of Sales x 12 months, divided by inventory turns per year, which for FY1 thru FY5 are 7.5, 8.7, 9.0, 9.2 and 9.4, respectively, based on average period of stock on hand for Branded Premiera-Retail (4 months) and Premiera-Wholesale (1 month), weighted by relative allocations of gross sales to each revenue stream.

(3) Estimated balances, assuming 1% of expenses paid in cash and an average 45-day payment period.

(4) Reflects declining principal balances, relating to 2-year loan for $250,000, bearing 11% interest, assumed to occur, by April 1, 2004.

<u>Key Financial Indicators</u>. Working capital is not anticipated to fall below $328K, once lender commitments are obtained, and it is expected to increase from $772K at the end of FY1, to $2,830K, by the end of FY5. The debt-to-equity ratio proportionally declines, from 0.88 at the end of FY1, to 0.22, by the end of FY5.

Management Representation. The financial projections included in this business plan represent, to the best of management's knowledge and belief, the results of operations, cash flow, and account balances, which would likely occur, assuming Premiera Footwear obtained lender commitments, totaling $250,000, by April 1, 2004, in support of operations commencing on that date. Management further asserts that the assumptions underlying these financial projections are reasonable and well supported, and that the resulting financial presentations were prepared in conformity with generally accepted accounting principles, but were not compiled, nor examined, by an independent public accountant, and should not be so evaluated.

References

ENDNOTES:

1 *Company, Business Opportunity, Page 4:* See Endnote 4, for Business Confidant analysis of 2002 U.S. footwear market, utilizing U.S. Census Bureau sources to estimate $54 billion market, with women driving 60% of demand.

2 *Company, Business Opportunity, Page 4:* AZCentral.com article, entitled "High-Fashion Footwear Comes to the Masses", taken from Washington Post article, by Margaret Webb Pressler, dated April 16, 2002, and found at http://www.azcentral.com/ent/style/articles/0417shoes.html, discussing the shift in production from domestic manufacturers, which 30 years ago, produced shoes for 90% of the U.S. market, to lower priced overseas manufacturers, now accounting for 94% of the market, a phenomenon also confirmed by a 10-page slideshow, entitled "Current Highlights of the Nonrubber Footwear Industry", found at http://www.geog.ucsb.edu/~sweeney/research/curr_high.pdf.

3 *Company, Business Opportunity, Page 4:* See Business Confidant market analyses, utilizing Endnote 7 sources.

4 *Market and Industry, General Market Analysis, Page 6:* U.S. Census Bureau, at http://www.census.gov, following links at "Statistical Abstract" and "2002 Edition", to "Section 13. Income, Expenditures and Wealth" and following link at "631-679" , to Table No. 648, p. 423, at http://www.census.gov/prod/2003pubs/02statab/income.pdf, entitled "Personal Consumption Expenditures in Current and Real (1996) Dollars by Type: 1990 to 2000", citing the total U.S. personal consumption of shoes, in 1995 and 2000 expenditures, to be $31.5 and $46.8 billion, respectively.

5 *Market and Industry, General Market Analysis, Page 6:* Ibid., p. 431, Table No. 650, entitled "Average Annual Expenditures of All Consumer Units by Race, Hispanic Origin, and Age of Householder: 2000", citing annual household expenditure for apparel, including footwear, to be $725 for Women and Girls" and $440 for "Men and Boys".

6 *Market and Industry, General Market Analysis, Page 6:* Business Reporter, Industry Report, dated March 7, 2002, at http://www.activemedia-guide.com/apparel_industry.htm, discussing apparel industry outlook for 2002, and citing relative frequency of annual purchases of shoes by men and women in latter article section, entitled "Footwear".

7 *Market and Industry, Market Segmentation, Page 6:* U. S. Census Bureau, American Factfinder, at http://factfinder.census.gov/servlet/BasicFactsTable?_lang=en&_vt_name=DEC_2000_SF1_U_GCTP5_US10&_geo_id=01000US, citing CMSA populations for 6 targeted fashion centers; then applying U.S. Census Bureau, American Factfinder, at http://factfinder.census.gov/servlet/SAFFPeople?geo_id=&_geoContext=&_street=&_county=&_cityTown=&_state=&_zip=&_lang=en&_sse=on, utilizing state selections (GA, MI, IL, NY, CA) and Report No. PCT12. Sex By Age, link entitled "Sex By Single Years of Age", to determine % of female population, relative to total state population, for each state in which a CMSA population center has been targeted; then utilizing U.S. Census Bureau, 2002 Statistical Abstract, Section 13, Expenditures and Wealth, found at http://www.census.gov/prod/2003pubs/02statab/income.pdf, referencing Report No. 648, citing 2000 consumer expenditures on shoes to be $46.8 billion, and dividing by total consumer units of 109.4 million, cited in Report No. 639, to determine average annual per capita expenditure; then applying average annual increase in U.S. shoe expenditures of 5.2% (Endnote 4); plus, U.S. Department of Commerce, Population Projections: States, 1995 - 2025, Table 1, Total Population and Net Change for States: 1995-2025, found at http://www.census.gov/prod/2/pop/p25/p25-1131.pdf, citing 2000 and 2010 populations, by state, to extrapolate average annual growth, from 2001 thru 2008.

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