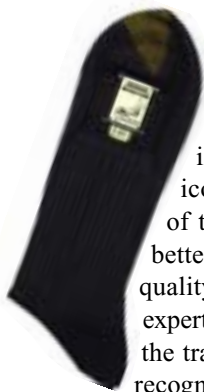


GOLDTOE®



THE MARKET

Everyone has a pair in their sock drawer, whether they realize it or not. The sock with the iconic “gold toe” has been a part of the American wardrobe for the better part of a century. Combining quality, heritage, style, and technical expertise into its diverse product lines, the trademarked knit-in gold toe is a recognized symbol identifying the

Gold Toe brand as the standard of quality and durability in hosiery.

Over the past 70 years, Gold Toe has grown from a small mill in Bally, Pennsylvania, to be the market leader in department store socks. Gold Toe sells men’s, women’s, and children’s socks in ath-



letic, casual, and dress styles in department stores nationwide. With a focus on comfort, quality, and durability, Gold Toe has consistently brought new ideas and innovations to the marketplace.

ACHIEVEMENTS

Driven from the beginning to develop a superior product, Gold Toe has pioneered many innovations in retailing and marketing over the company’s history.

By 1950 Gold Toe socks were being sold aggressively to only one major department store per city on a re-order basis, a new concept in retailing that made Gold Toe socks exclusive and not easy to find. The socks were shipped to each store as its existing stock was sold, in order to encourage retailers to keep inventories low and manage the flow of goods. By the end of World War II, Gold Toe socks emerged as one of the leading brands in America.

Today, Gold Toe brand socks can still only be found in department stores. In fact, the Gold Toe brand represents more

than one half of all department store sales of men’s socks in the United States. And in recent years, Gold Toe has been a leader in innovation in the hosiery industry. In 2003, the company launched the Gold Toe ADC (All Day Comfort)™ and Gold Toe MAX™ men’s lines, the first innovation in department store socks in decades.

HISTORY

When three young German immigrants arrived in the United States in the early part of the 20th century, they were among thousands of individuals who had come to share in the American experience. Fritz Stern, Fritz Bendheim, and J. Kugleman’s version of that dream was to combine a knowledge of fiber and yarn with new-world technology to produce the highest-quality sock for the best possible price. They founded two small mills in Pennsylvania; as a tribute to the country that adopted the trio, they named their company Great American Knitting Mills.

When Rudolf Abrams joined the company, he leveraged his engineering background and developed the “linenized toe,” using Irish linen that was two to three times stronger than cotton to knit the toes of every sock. The patented toe technology was Great American’s humble effort to answer the needs of Americans hard hit by the Great Depression. Consumers wanted hosiery that would wear better and last longer than ever before.

In the 1930s, a buyer from a major department store mentioned to Bendheim that his customers



couldn’t distinguish the socks with the “linenized toe” from other brands. In 1934, the men decided to wrap a gold thread of acetate around the linen to make Gold Toe socks identifiable at a glance. Before long, Americans everywhere were asking for the durable “sock with the gold toe.”

In 1949, Great American Knitting Mills manufactured just 20 different men’s styles. In 1980, the company began offering women’s styles, and children’s styles followed in 1986. Great American changed its corporate name in 2002 to Gold Toe Brands, Inc., to more clearly reflect the company’s strategic direction and to leverage the knitted-in branding element. Gold Toe Brands, Inc. executive and operations headquarters are in Burlington, North Carolina, and the company has a showroom and offices on Fifth Avenue in New York City. Today, Gold Toe is the third largest sock manufacturer in the United States, with more than 1,000 sock knitting machines producing dozens of new styles each season. In 2004, Gold Toe celebrates its 70th anniversary as an iconic American brand.



THE PRODUCT

Gold Toe uses only the finest quality yarns to knit each style of sock. The most popular styles have been around for decades, and loyal Gold Toe customers ask for them by name: Metropolitan, Canterbury, and of course, the Gold Toe Fluffie. The Fluffie is currently Gold Toe's longest-running style, in production since the 1930s. The Fluffie name derives from the acrylic yarn that makes up the sock. The bulky yet very soft style is often imitated, but there is only one Fluffie.

A company that has been around for as long as Gold Toe comes to know its customers very well. Gold Toe customers are loyal, frequently suggesting product improvements, and complaining when they can't find a certain style anymore. For instance, Gold Toe received email, letters, and phone calls when the "decor knit" style was dropped from the line because of retailers not purchasing enough volume. Those loyal customers can now find this style exclusively at www.goldtoe.com.

How can a 70-year-old sock brand inspire such loyalty? Gold Toe's focus-group research recently showed that the product's unparalleled quality provides the answer:

"I'm hell on socks, and I keep buying Gold Toe. I mean, you could tie something up with them, and they're gonna go right back and fit your feet and not slide down."

"If you're talking about socks . . . Gold Toe. They are the standard in socks."

"Gold Toe, everything they make is good. You expect it. They're not the cheapest, but you know they're going to work."

"I travel a lot, and at the airport you never know if you're gonna get pulled. But I've always got my Gold Toes on, so I'm always cool."



Gold Toe brand socks can be found at fine department stores nationwide, including Belk, Saks Incorporated, Lord & Taylor, Foley's, Kaufmann's, Strawbridge's, Filene's, Hecht's, Robinson May, Famous Barr, Meier & Frank, Bloomingdale's, Macy's, Goldsmith's Macy's, Burdines Macy's, Bon Macy's, Lazarus Macy's, Rich's Macy's, JC Penney, Dillard's, The Bonton, and Boscov's.

Gold Toe Brands, Inc., manufactures the following brands, available nationwide:

- Gold Toe — available at department stores



- Gold Toe Gear® — available at sporting goods stores
- Auro® and All Pro® — available at mass merchants
- Silver Toe® — available at national chain stores

RECENT DEVELOPMENTS

In a category that has remained unchanged for decades, Gold Toe is a leader in bringing innovation to hosiery. From the knitted-in "gold toe" to the patented "stay up" technology that keeps socks from sliding south, Gold Toe has innovation at its core.

The latest development from Gold Toe is the introduction of two new high-performance lines sold in department stores. With a sea of black dress socks available today in the men's sock section, Gold Toe ADC (All Day Comfort) is the only one to feature NASA-developed technology. The Outlast® yarns used to knit Gold Toe ADC socks absorb excess body heat when too much is created and release heat when needed most. This technology ensures that no matter the situation, clammy feet and overheating are much less likely to occur, assuring maximum comfort. In the men's and women's athletic sock sections, Gold Toe MAX high-performance socks feature smart fabric technologies to keep feet cool and dry and special construction technologies to provide the ultimate in comfort.

PROMOTION

What better advertisement than the famous knitted-in "gold toe," found on every Gold Toe sock in drawers across the country? This American icon, a revered part of the American cultural landscape, has served as the company's symbol of quality and durability for decades. In the mornings when getting dressed, people instinctively grab the socks with the gold toes; when those socks go on, there will be no holes and their feet will be comfortable all day. This ingenious combination of technological innovation and marketing savvy serves as Gold Toe's best promotional device.



The brand has thrived throughout the years primarily through word-of-mouth endorsements. From father to son, friend to friend, and sibling to sibling, Gold Toe socks are (sometimes literally) passed down from one generation to the next. Gold Toe socks are so ingrained in popular culture that they have been a clue on *Jeopardy* and are frequently seen on celebrities such as John Travolta, Jack Nicholson, and Eddie Murphy. Gold Toe developed a traditional advertising campaign for the first time in the company's history with the launch of Gold Toe ADC and Gold Toe MAX.



BRAND VALUES

Since the company's humble beginnings, Gold Toe has always stood for quality and durability. Americans trust Gold Toe to provide them with the best socks, and Gold Toe values that trust above all else. As Gold Toe looks forward to another 70 years of service, one thing remains clear: Fashion is always changing, but Gold Toe has never gone out of style.

THINGS YOU DIDN'T KNOW ABOUT GOLD TOE

- An average 90 seconds is needed to knit a sock on Gold Toe's knitting machines.
- In 1949, Great American Knitting Mills manufactured just over 330,000 pairs of socks in 20 different men's styles. Today, Gold Toe produces nearly 144 million pairs each year in 600 styles.
- Even though knitting technology has advanced in the past 70 years, 15 people still handle a single sock from start to finish in production.
- Socks were originally sized like shoes, until the invention of nylon, which allows for stretch and recovery.
- Socks used to be displayed in boxes with tissue, and are now hung on pegs and packaged with paper packaging.