

RUSTY LOPEZ®

THE MARKET

Over the years, hundreds of thousands of savvy Filipino shoppers throughout the Philippines have found it practical to make the Rusty Lopez showcases the first stopovers in their shopping mall itineraries. It actually makes sense, because one eventually discovers there is no need to navigate farther to find the footwear or accessory of his or her desire. Indeed, there are Rusty Lopez footwear, bags and belts for the widest spectrum of shoppers - the classically fashionable, the practical commuter, or the power dresser.

The Philippines' youthful population easily catches on to the latest fashion trends, particularly in its mega cities. Notwithstanding, the Rusty Lopez brand enjoys the trust of the mature generation as well, having been an established name since 1977. This provides Rusty Lopez wide latitude of tastes to cater to, which is evident in its expansive range of styles. Despite the proliferation of cheaper and less sturdy footwear from local and even foreign competition, the Rusty Lopez brand is buoyed by the steadily rising demand it experiences from both loyal clientele, and, first-time buyers.



With its population growing at an annual rate of over two percent, the Philippines is a compelling market for manufacturers of footwear who combine fashion and taste, durability, and affordability. Rusty Lopez is a standout brand in this respect, and enjoys continued and enduring patronage as a result. It is one of those rare local labels that its wearers just as proudly show off alongside foreign makes.

ACHIEVEMENTS

With that touch of design sophistication, as well as the snug, comfortable fit of Centropell creations, Russ and Rusty Lopez footwear hark to the traditions established by earlier Italian consultants. The exemplary performance of Maritalia Manufacturing Inc, the manufacturer of these brands, was recognized by the local

government of Marikina City when it awarded Maritalia Manufacturing with the Most Outstanding Small and Medium Entrepreneur (SME) Award 2002.

At the October 2003 Manila FAME - the only Philippine trade show held locally which conforms to accepted international standards - the Rusty Lopez brand was accorded the opportunity to interpret the designs of foreign consultant Rene Coster. It did so with great success.

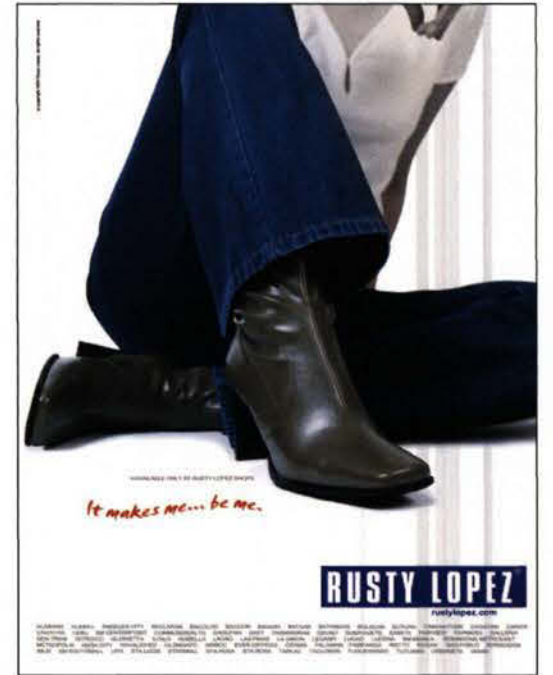
Considered keys to the company's success are product quality, customer service, wide access to manufacturers and distribution channels, and the skillful control of fixed and variable costs.

HISTORY

In 1977, it was Lolito Lopez who opened their first shoe store, Centropell, in the Cubao Shoe Expo. Almost three decades later, the tandem of Lolito and wife Lily Lopez now sit at the helm of a shoe business empire that is renowned for its commitment to the development, manufacturing and marketing of quality, authentic footwear under the following brands: CENTROPELL, RUSS and RUSTY LOPEZ. Today, Lolito

handles the financials and the marketing strategies while Lily engages in purchasing, as well as the product development and design aspects.

Building on the success of Centropell, the Lopezes positioned Rusty Lopez as the brand name that rivaled the best the local shoe industry had to offer. The popularity of the Rusty Lopez brand eventually exceeded the expectations of the holding companies. Today Rusty Lopez enjoys



one of the biggest market shares within the entire local shoe industry.

Its manufacturing arm is Maritalia Manufacturing, Incorporated, which was established on December 17, 1996. Maritalia was set up in Marikina through the joint efforts of Filipino and Italian shoemakers. Thus, MARI for MARIKINA and ITALIA is for Italy. Today, MARITALIA sits on a one-hectare property on E. Rodriguez Avenue in Sto. Niño, Marikina City. It houses state-of-the-art equipment designed for mass shoe production. Operating at full capacity, Maritalia can produce as many as 24,000 pairs of shoes in a month. All Maritalia machines are imported from Italy, where shoe production throughout a storied history has involved into an art form today. Run by a full-time staff of 300, the factory also proudly caters to employee comforts.

The company is a member of the Philippine Footwear Federation Incorporated.

THE PRODUCT

There is a Rusty Lopez for each and every family member. Consider the range: for the Men's Collection, there is a choice from dress, formal,



and casual shoes to sandals. Women can strut away with pairs of formal wear, boots or sandals. Even children can own long lasting and stylish pairs Rusty Lopez footwear too. All these can be matched with accessories - bags, wallets and belts.

Rusty Lopez products consist of men's, ladies', children's leather shoes and sandals. Centropell presents ladies' leather shoes and sandals, while Russ is a slipper brand. There are also pending trademarks for comfort shoes and exclusive/branded footwear.



Most of the raw material leather is imported from India, Pakistan, Korea and Taiwan while local leather is sourced from Valenzuela or Bulacan. The company is also constantly innovating with the incorporation of indigenous materials such as abaca and Iloco weave into its designs.

With the new millennium, the Rusty Lopez brand has also evolved to embrace other categories. Garments bearing the labels Nothing But Chic, Sports Luxe, and Ladies and Gentlemen for the corporate wear line will soon be on display. What to watch out for is the twin launch of a foot care line, "Feet In", which will carry items from

foot spray, to foot scrub and foot hygiene products, and more. The matching shoe care line will sell corks and shoeshine products, among others. Rusty Lopez gave away its free foot spray product in last year's promotional introductory salvo.

PROMOTION

Rusty Lopez, Centropell and Russ are favorites in ongoing department store promotions, even as the managing companies have now set their sights on export promotion through active participation in trade fairs such as the Manila FAME and the Hong Kong show. Major foreign target markets are Japan, other countries in Asia, the USA, the Middle East and Puerto Rico. At present, the company has regular buyers from UAE (Dubai and Abu Dhabi) as well as numerous, active inquiries from UK and Australia.



Conqueror International is managed by a team of qualified and experienced employees continually infused with new blood to keep the company young, alive and innovative. Its various marketing strategies include direct selling to specialty retailers, overseas importers and wholesalers. With its own manufacturing arm,

Rusty Lopez is capable of providing quality and quantity at competitively reasonable prices.

One strategy that has been adopted to increase visibility is the establishment of four anchor stores at key locations in Laoag, Bicol, Ozamis and Zamboanga. Before 2004 is over, a branch will be reopened in SM Southmall, while 18 stand-alone boutiques are due to be inaugurated together with 68 consignee stands.

More than the Christmas Season, Rusty Lopez noticeably focuses its sale efforts on the Back-To-School months. Creative media exposure and strategizing guarantees visibility on eight billboard sites, with five more under negotiations, as well as print ads via newspapers and glossy magazines, radio and TV. There is even a celebrity sponsorship program graced by very popular and much-admired personalities. And as part of the company's quarterly campaigns, the sales staff undergoes a change of uniform.

One memorable theme, "It Makes Me Be Me", was used in 2003 when Rusty Lopez launched its sale of boots.

BRAND VALUES

In late December 2003, the Rusty Lopez logo underwent a subtle makeover to achieve a more youthful look. It was just one of the many touches

intended to enhance the popular brand. Indeed, Rusty Lopez enjoys an unblemished reputation for quality and affordability with a wide range of footwear and accessories products for its broad market. Its image is untarnished by shoddy workmanship, and is further bolstered by the influence of its Italian and

other foreign consultants and the company's corresponding investments in Italian technology, machine and equipment.

Despite its image of being pricey brought about by its trend setting and high quality products, Rusty Lopez is surprisingly affordable, and its footwear line offers a comfortable fit matched with design sophistication. All these product attributes are consistently preserved by the company, thus further enhancing the brand's popular appeal and image.



THINGS YOU DIDN'T KNOW ABOUT RUSTY LOPEZ

- Rusty Lopez is a brand name and not the name of the company owners.
- Rusty Lopez' first celebrity model was famed celebrity Aga Muhlach.
- Rusty Lopez was significantly contributed to the Marikina City Local Government's production of "The World's Largest Shoes."
- Rusty Lopez in its early years was actually a Boutique for GARMENTS, and not a SHOE store.
- Rusty Lopez Alimall in Cubao was the first RUSTY LOPEZ boutique.