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State of the U.S. Travel Goods Market: Third Quarter 2009 Update (In U.S. Dollars)



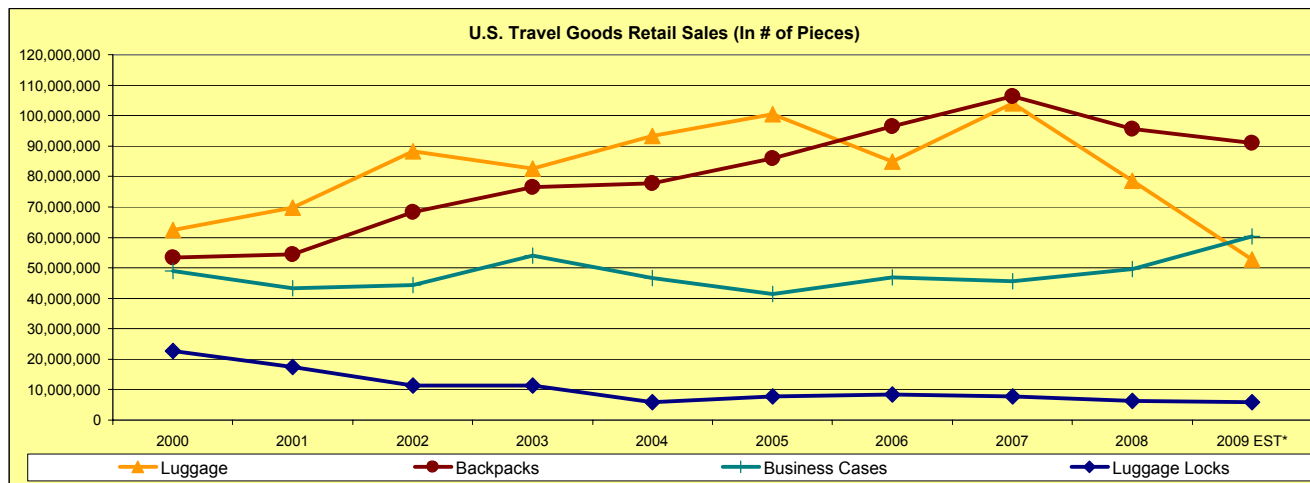
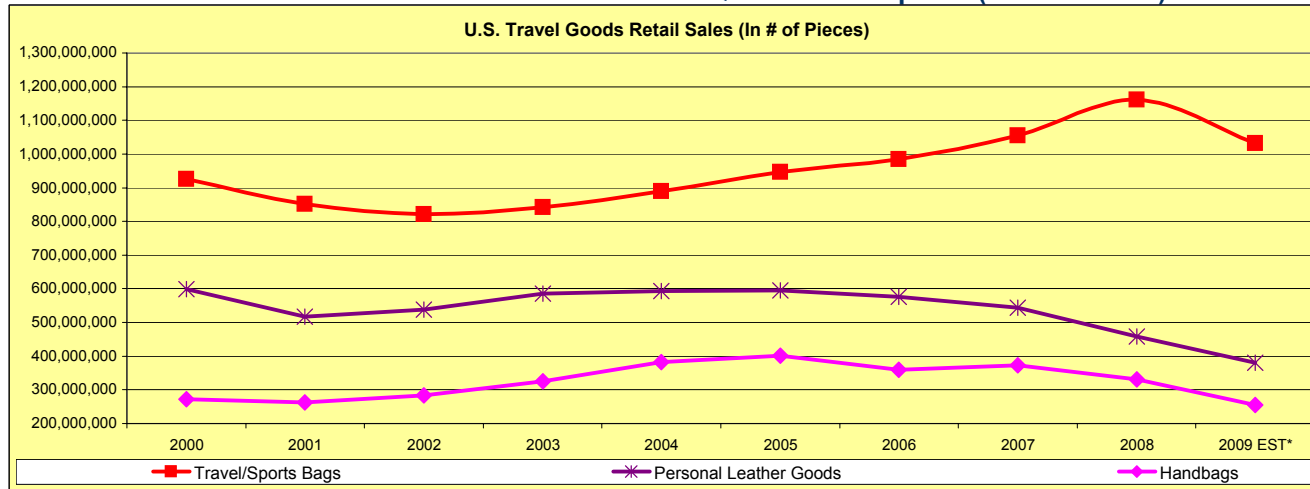
In US \$s	2000	2001	2002	2003	2004	2005	2006	2007	2008	Jan - Sept 2008	Jan - Sept 2009	Aug - Sept 2008	Aug - Sept 2009	% Change 08-09 YTD	% Change Fall 08-Fall 09
Luggage	\$2,306,524,680	\$2,253,034,561	\$1,724,264,402	\$1,684,058,647	\$2,064,098,506	\$2,218,737,630	\$2,105,115,311	\$2,308,014,911	\$1,788,988,257	\$1,306,671,706	\$968,700,384	\$330,098,485	\$233,267,194	-25.9%	-29.3%
Business Cases/Computer Bags	\$1,084,734,206	\$961,956,890	\$802,325,665	\$828,506,562	\$869,229,641	\$815,116,676	\$1,025,225,747	\$976,472,104	\$879,680,455	\$667,732,864	\$511,913,149	\$160,233,388	\$111,538,802	-23.3%	-30.4%
Travel/Sports Bags	\$5,780,476,874	\$5,268,794,771	\$4,738,094,840	\$4,698,892,035	\$5,026,250,688	\$5,524,431,875	\$6,272,425,374	\$6,701,192,160	\$6,687,627,521	\$4,936,752,633	\$4,167,494,683	\$1,240,748,893	\$957,917,626	-15.6%	-22.8%
Handbags	\$4,745,382,122	\$4,695,324,433	\$4,666,967,703	\$5,360,684,167	\$6,819,588,546	\$7,762,062,327	\$8,038,461,677	\$8,971,739,494	\$7,915,172,693	\$5,996,438,530	\$4,879,007,997	\$1,373,537,707	\$1,099,440,438	-18.6%	-20.0%
Personal Leather Goods	\$2,144,011,748	\$1,845,492,352	\$1,817,325,567	\$1,969,928,287	\$2,149,717,414	\$2,194,559,417	\$2,149,178,496	\$2,244,284,178	\$1,954,616,394	\$1,425,281,357	\$1,190,398,515	\$330,333,563	\$271,455,417	-16.5%	-17.8%
Backpacks	\$1,139,542,524	\$1,144,088,997	\$1,112,556,841	\$1,133,930,534	\$1,164,208,759	\$1,180,428,393	\$1,363,557,832	\$1,435,749,328	\$1,246,343,607	\$1,049,534,464	\$1,067,595,497	\$242,844,432	\$192,980,893	1.7%	-20.5%
Luggage Locks (Base Metal)	\$52,452,641	\$42,216,642	\$28,337,081	\$20,170,351	\$19,849,857	\$22,139,473	\$29,522,145	\$28,108,031	\$23,090,982	\$17,853,066	\$14,031,818	\$5,296,759	\$2,741,970	-21.4%	-48.2%

* All numbers are TGA estimates. 2009 Estimate based on data through third quarter 2009. Please see last page for explanation and sources.



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State of the U.S. Travel Goods Market: Third Quarter 2009 Update (In # of Pieces)



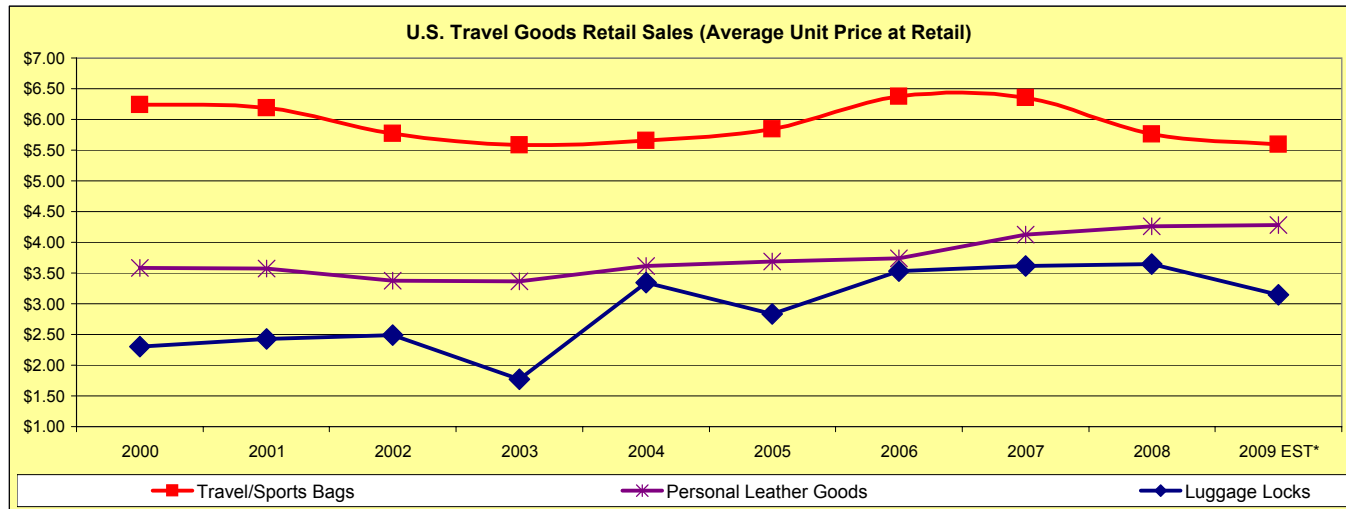
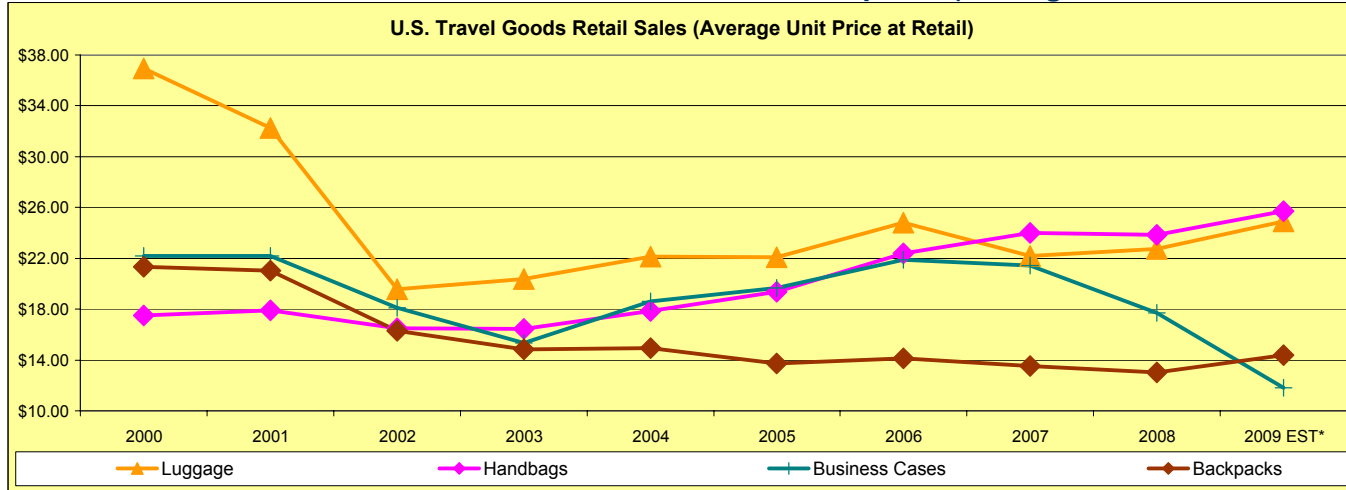
# of Pieces	2000	2001	2002	2003	2004	2005	2006	2007	2008	Jan - Sept 2008	Jan - Sept 2009	Aug - Sept 2008	Aug - Sept 2009	% Change 08-09 YTD	% Change Fall 08-Fall 09
Luggage	62,414,504	69,858,885	88,220,727	82,579,792	93,211,158	100,378,049	84,927,494	104,065,302	78,593,480	57,872,812	38,877,651	12,669,700	9,960,262	-32.8%	-21.4%
Business Cases/Computer Bags	48,864,896	43,346,374	44,279,513	54,066,786	46,645,719	41,414,006	46,849,567	45,510,662	49,653,196	35,665,284	43,273,591	8,304,665	8,415,881	21.3%	1.3%
Travel/Sports Bags	926,053,439	851,711,150	821,297,326	841,662,621	889,029,541	945,847,594	983,971,134	1,055,103,863	1,160,656,196	838,078,981	744,613,538	221,429,481	181,264,353	-11.2%	-18.1%
Handbags	271,430,408	261,931,624	283,100,737	325,526,649	382,416,788	400,935,489	358,963,081	373,600,280	331,867,990	247,017,177	189,864,749	54,040,470	42,126,832	-23.1%	-22.0%
Personal Leather Goods	598,785,739	517,165,635	538,793,620	585,679,011	594,168,903	595,613,564	575,459,194	544,070,958	458,496,513	335,448,528	278,028,570	73,969,364	61,939,354	-17.1%	-16.3%
Backpacks	53,413,499	54,460,841	68,374,045	76,487,939	77,824,834	85,897,973	96,483,376	106,251,746	95,691,717	78,140,243	74,351,262	17,726,767	14,100,723	-4.8%	-20.5%
Luggage Locks (Base Metal)	22,787,173	17,431,077	11,358,971	11,418,013	5,936,988	7,823,097	8,348,131	7,766,792	6,339,390	4,764,221	4,462,448	1,266,062	840,448	-6.3%	-33.6%

* All numbers are TGA estimates. 2009 Estimate based on data through third quarter 2009. Please see last page for explanation and sources.



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State of the U.S. Travel Goods Market: Third Quarter 2009 Update (Average Unit Price At Retail)



Avg Unit Price At Retail	2000	2001	2002	2003	2004	2005	2006	2007	2008	Jan - Sept 2008	Jan - Sept 2009	Aug - Sept 2008	Aug - Sept 2009	% Change 08-09 YTD	% Change Fall 08-Fall 09
Luggage	\$36.95	\$32.25	\$19.54	\$20.39	\$22.14	\$22.10	\$24.79	\$22.18	\$22.76	\$22.58	\$24.92	\$26.05	\$23.42	10.4%	-10.1%
Business Cases/Computer Bags	\$22.20	\$22.19	\$18.12	\$15.32	\$18.63	\$19.68	\$21.88	\$21.46	\$17.72	\$18.72	\$11.83	\$19.29	\$13.25	-36.8%	-31.3%
Travel/Sports Bags	\$6.24	\$6.19	\$5.77	\$5.58	\$5.65	\$5.84	\$6.37	\$6.35	\$5.76	\$5.89	\$5.60	\$5.60	\$5.28	-5.0%	-5.7%
Handbags	\$17.48	\$17.93	\$16.49	\$16.47	\$17.83	\$19.36	\$22.39	\$24.01	\$23.85	\$24.28	\$25.70	\$25.42	\$26.10	5.9%	2.7%
Personal Leather Goods	\$3.58	\$3.57	\$3.37	\$3.36	\$3.62	\$3.68	\$4.12	\$4.12	\$4.26	\$4.25	\$4.28	\$4.47	\$4.38	0.8%	-1.9%
Backpacks	\$21.33	\$21.01	\$16.27	\$14.82	\$14.96	\$13.74	\$14.13	\$13.51	\$13.02	\$13.43	\$14.36	\$13.70	\$13.69	6.9%	-0.1%
Luggage Locks (Base Metal)	\$2.30	\$2.42	\$2.49	\$1.77	\$3.34	\$2.83	\$3.54	\$3.62	\$3.64	\$3.75	\$3.14	\$4.18	\$3.26	-16.1%	-22.0%

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State of the U.S. Travel Goods Market: Third Quarter 2009 Update

Notes, Definitions & Sources

Notes: The retail sales numbers are TGA estimates based on certain assumptions regarding the U.S. travel goods market. Those assumptions are:

- Most of the travel goods sold in the United States are imported. The % of the U.S. travel goods market supplied by imports varies depending on the type of product.
- Most imports of travel goods take 3-4 weeks to travel from the U.S. port of entry to retail store shelves and to consumers. Therefore, in order to develop a more accurate picture of the U.S. retail market, TGA has based its retail sales estimates for each year based on the import data for the twelve month period ending November 30 of that year. For example, the retail sales estimate for 2008 is based on U.S. import data for the period December 1, 2007 - November 30, 2008.
- Based on the data available for 2008, TGA estimates that imports currently account for 99% of the U.S. luggage market, 99% of the U.S. business case/computer bag market, 99% of the U.S. travel & sports bag market, 99% of the U.S. handbags market, 90% of the U.S. personal leather goods market, 99% of the U.S. backpack market and 99% of the luggage lock market.
- Travel goods are typically imported one of three ways:
 - 1) by a wholesaler, who then sells the product, at a mark-up, to a retailer, who then sells the product, at a mark-up, to the U.S. consumer;
 - 2) directly by a retailer, who then sells the product, at a mark-up, to the U.S. consumer; or
 - 3) by a wholesaler who sells the product, at a mark-up, to a customer who then provides the product for free or at low cost to its customers/clients for promotional purposes (duffel bags, etc.).
- In order to reflect the mix of different selling patterns and the estimated mark-up at each step in the process, TGA utilizes multipliers for 2008 of 2.5 for luggage, 2.6 for business cases/computer bags, 2.0 for travel/sports bags, 2.6 for handbags, 2.1 for personal leather goods, 2.6 for backpacks and 2.7 for luggage locks to estimate the retail value of U.S. travel goods sales. Please note that these multipliers are somewhat lower than in previous years because of price pressures in the later half of 2008.
- TGA then applies a similar type of formula to estimate the retail value of U.S. production.
- Please note that based on available anecdotal data, TGA assumed that 7.5% of luggage imports and 5% of U.S. imports of all other types of travel goods in 2008 (particularly in the fourth quarter) were not sold due to the unusually difficult economic climate and, instead, were held as unsold inventory going into 2009.
- Please note that the average unit price for luggage is based on the unit price for each individual piece of luggage, NOT the unit price for a set.
- EXAMPLE (Size of the U.S. Luggage Market 2008):
U.S. imports (landed duty-paid value): \$755,466,736 + wholesale/retail markup = $755,466,736 \times 2.5 = \1.89 billion (Estimated Retail Value of Imports) + \$19 million (Estimate Retail Value of U.S. production, estimated at 1% of market) = \$1.91 billion * 0.925 (assumes 7.5% of product held over as inventory) = \$1.789 billion = Size of U.S. Luggage Market in 2008.

Definitions:

- **Luggage** - Includes all types of luggage, including luggage sets.
- **Business Cases/Computer Bags** - Includes all types of brief and attache cases and computer bags as well as school satchels and occupational luggage.
- **Travel/Sports Bags** - Includes all types of duffel bags, totes, garment bags, and all other types of travel and sports bags. Does NOT include golf bags, insulated food and beverage bags, or musical instrument cases.
- **Handbags** - Includes all types of women's purses and handbags, except for large tote bags.
- **Personal Leather Goods** - Sometimes described as flat goods or goods ordinarily carried in the pocket or in the handbag. Includes all types of wallets, PDA Cases, cell phone cases, glass cases, business card holders, portfolios, calendar books, CD/DVD cases, cosmetics cases, MP3 player cases, etc, regardless of the material on the outer surface (leather, plastic, textile).
- **Backpacks** - Includes all types of backpacks (except leather backpacks and computer case backpacks) regardless of end use (i.e. school, travel, hiking, etc.).
- **Luggage Locks (Base Metal)** - Includes all metal-based locks specifically designed for use with luggage and other travel goods.

Sources:

- U.S. Production Estimates: Based on *Investigation 332-480: Certain Textile Articles: Travel Goods of Textile Materials*, U.S. International Trade Commission, Published October 31, 2007, historical trends and other anecdotal information.
- U.S. Landed/Duty-Paid Imports, U.S. International Trade Commission's Trade Dataweb from U.S. Customs Service and U.S. Census Bureau data, <http://dataweb.usitc.gov>.