

2011 ANNUAL REPORT



Dear Colleagues:

Perspective. It is hard to keep a broad perspective when you are fighting for survival. 2010 was a difficult year as new boat sales continued their precipitous fall from 2006 peaks. For most marine manufacturers it was the year recovery began and wholesale shipments grew significantly from all time lows of 2009. It was also the year in which most of North America experienced terrific boating weather and conditions as we saw boating participation grow to more than 70 million adult Americans. We often fail to recognize that these 70 million boating participants and a large installed base of 17 million boats is one of our strongest assets. Businesses serving the existing boater fared pretty well in 2010.

No one knows what 2011 will bring. But, as of press time, the US economy is growing, consumer confidence is rising, consumer spending is growing and some are predicting new boat sales will be up 10 percent in 2011. Looking forward is usually more productive than looking back. In terms of new boat manufacture and sales, that is probably particularly true. Things have changed and 2010 will be the new baseline against which we measure the success of recreational boating in the future.

Our top priority is to help you, our members, succeed. To do that, NMMA is focused on just two broad objectives: public policy advocacy and expanding the market for recreational boating. The challenge in 2010 was figuring out how to grow boating while protecting what the industry had built to date—amidst the global economic recession. NMMA took steps to remain a vibrant leader for recreational boating. In spite of significant cuts in budgets and staffing (much like you probably experienced) your Association has not let down for a moment, adding value to your company with our work in public policy advocacy and our efforts to grow boating. All that we do, including boat shows, marketing communications, statistics and research, certification and more, support those two core objectives.

Our advocacy successes in 2010 include working with Congress and the Small Business Administration to develop viable floorplan financing options, helping protect the boater and the boat manufacturer on the issue of increased ethanol (E15) in gasoline, harmonizing U.S. and Canadian engine emission regulations, fighting for changes in marine fisheries management, and countless milestones working with policy makers across the country to shape and guard the boating experience for millions of boaters.

Our work on Capitol Hill is nothing short of impressive and has grown to be more meaningful than ever before. We have been effective in many of our efforts as a result of our bi-partisan political action committee, BoatPAC. However, moving into 2011 and looking at the future of our industry we must be able to continue to support pro-boating representatives in Congress with our BoatPAC and that requires your direct participation.

Our marketing efforts, with significantly less resources, were highly productive in keeping boating top of mind for consumers with public relations outreach and aggressive social media strategies. We brought qualified customers to your displays in our boat shows and extended the reach of boat shows with the internet and the NMMA Advantage program. We continued to create a better boating experience through product certification and analyzed the industry, providing comprehensive research and statistics to help you better understand the industry and make informed decisions to grow your business. And, ground breaking research on the relative influence of fourteen different marketing channels on the boat buying decision was made available to all members at no additional cost.

Make no mistake that the long-term outlook for boating remains bright. Boaters' passion for boating is strong and will not go away. Population will continue to grow. In fact, according to the U.S. Census Bureau, in the next four decades the U.S. population is projected to increase from 300 million to 440 million people. It shouldn't be lost on our industry that getting just one-third of those additional 140 million Americans interested in boating with quality, targeted industry promotion, could account for approximately 66 percent more boaters by 2050.

You are the NMMA. Through our boards you decide where we focus the resources you provide us. Collectively, we work to create, promote and protect an environment where you have an opportunity to prosper. Public policy advocacy and market expansion will remain our focus in 2011.

Thank you for your past, present and future support. Your involvement is the strength of NMMA and makes us the recreational boating industry's premier association. Your support, involvement and willingness to act when called upon are what make NMMA successful. In turn, we will continue to be your advocate, marketing partner, research team, and more. We welcome your input, ideas and suggestions.

Our mission is your success.



Thomas J. Dammrich
President

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FINANCIALS

2010 SOURCES OF REVENUE

Revenue to fund NMMA programs was \$10.3 million for the twelve months ending September 30, 2010. Net Boat Show Revenue accounted for 38% of revenues, and included results from the newly acquired New England Boat Show, as well as profits from the sale of the Toronto Boat Show in March, 2010. The Grow Boating Initiative (GBI) and Discover Boating accounted for 11% of the revenue in 2010, the second full year of the GBI assessment redirection effort. Dues accounted for 20% of revenue, reflecting a total NMMA membership base of more than 1,300 members. Certification programs and products accounted for 14% of revenue, while International Marketing Programs provided 6% of revenue. Affiliate Programs and Miscellaneous revenue sources provided 1% of total revenue.

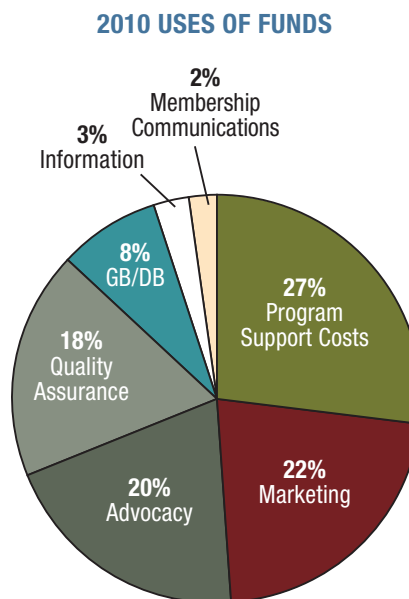
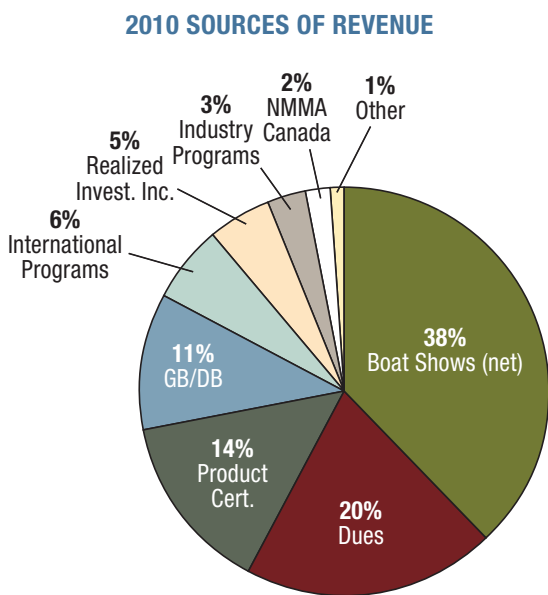
2010 USES OF FUNDS

NMMA Program Expenses for the period ending September 30, 2010 were \$10.2 million, exclusive of show operations.

During FY10, NMMA continued to add significant value to its members' companies and the greater recreational boating industry. Significant issues addressed by Government Relations (GR) include: enhancing credit availability for marine manufacturers and dealers via the SBA Dealer Floorplan Pilot Program, successful exclusion of all marine dealers from new regulations in the Dodd-Frank Wall Street Reform Legislation, organizing a 50-member strong Styrene Task Force, and opposing the introduction of E15 and the EPA's partial waiver for E15.

NMMA continued to expand its social media presence on Facebook with the release of "Making Waves", an on-line game that helped increase the number of Discover Boating's Facebook fans to 39,000. The *Recreational Boating Statistical Abstract* was expanded with an enhanced import/export section. Membership created the NMMA educational webinar series, hosting 12 webinars during the year.

Throughout all functional areas, in a difficult environment with reduced resources, NMMA continued to produce significant value for the industry.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS		2010	2009
CURRENT ASSETS			
	Cash and cash equivalents	\$3,761,173	\$2,237,765
	Investments	13,131,065	9,520,352
	Accounts receivable, net of allowances for uncollectible accounts of \$79,318 in 2010 and \$240,165 in 2009	6,080,459	7,074,487
	Receivables from affiliated associations	31,130	11,723
	Prepaid expenses and other assets	2,378,412	1,957,797
	Total current assets	25,382,239	20,802,124
NON-CURRENT ASSETS			
	Capital assets		
	Intangible assets, net of accumulated amortization of \$23,961,090 in 2010 and \$24,890,223 in 2009	2,571,714	2,572,500
	Office equipment, show equipment and leasehold improvements, net of accumulated depreciation of \$3,045,944 in 2010 and \$3,976,385 in 2009	199,495	369,000
	Computer software development costs, net of accumulated depreciation of \$1,524,118 in 2010 and \$1,242,017 in 2009	343,174	600,977
	Capital assets, net	3,114,383	3,542,477
	Other non-current assets	612,221	564,968
	Total non-current assets	3,726,604	4,107,445
TOTAL ASSETS		\$29,108,843	\$24,909,569

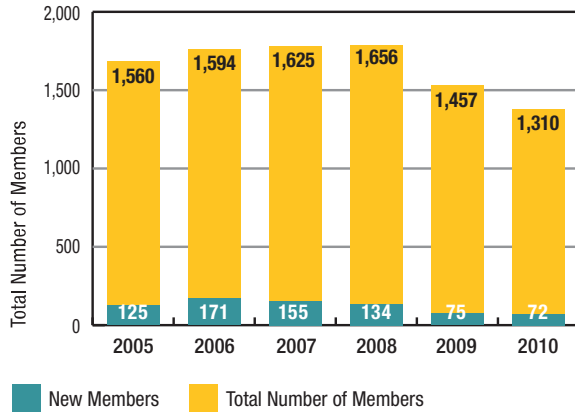
CONSOLIDATED STATEMENTS OF ACTIVITIES

LIABILITIES AND NET ASSETS		2010	2009
CURRENT LIABILITIES	Accounts payable and accrued liabilities	\$2,186,427	\$1,884,947
	Deferred revenues	12,770,111	14,854,644
	Deferred revenues—Grow Boating Initiative	679,299	565,290
	Current portion of long-term debt	250,000	—
	Total current liabilities	15,885,837	17,304,881
NON-CURRENT LIABILITIES	Accrued pension liability	6,610,892	4,032,411
	Long-term debt, net of current portion	750,000	—
	Other non-current liabilities	687,221	639,968
	Total non-current liabilities	8,048,113	4,672,379
TOTAL LIABILITIES	23,933,950	21,977,260	
NET ASSETS	Unrestricted	5,174,893	2,932,309
	Total net assets	5,174,893	2,932,309
TOTAL LIABILITIES AND NET ASSETS	\$29,108,843	\$24,909,569	

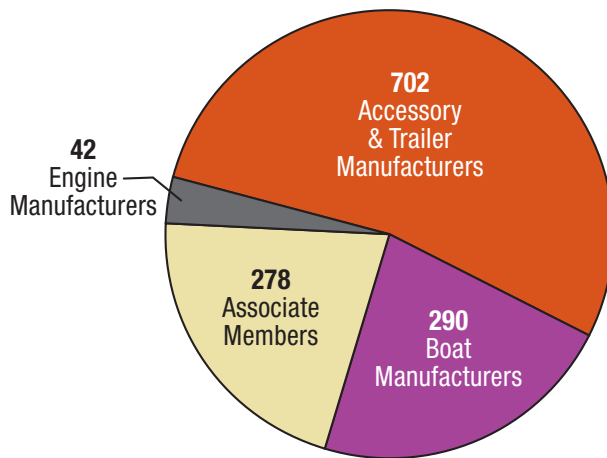
NMMA MEMBERSHIP

NMMA Memberships provides the resources of a dynamic, responsive organization to help grow your business. Members' business priorities set NMMA's agenda and drive the association's programs and activities.

MEMBERSHIP



DIVISIONAL BREAKOUT



NEW PROGRAM LAUNCHED—NMMA WEBINAR SERIES:

The NMMA Webinar Series helps members keep informed about the latest industry news and learn first-hand from industry experts. Rolled out in late 2009, the new NMMA-sponsored series addressed industry-specific issues and topics of interest to association members, including marketing trends and economic conditions. Webinar sessions in 2010 included:

- Facts about the New and Improved SBA Dealer Floor Plan Loan Program
- Producing and Using Video within the New Media World
- Marketing Automation and Content Targeted Messaging
- So Consumers Found Your Website... Now What? Get TIPS on How to Turn Them Into Sales!
- Marine 3.0—The Power of Social Marketing
- The 5 Greatest Secrets of Selling at Boat Shows

NMMA Webinars are a benefit of NMMA membership; there is no cost for members to participate. Members can download past presentations at no cost at NMMA.org.

GOVERNMENT RELATIONS

NMMA provides leadership on key issues of industry-wide importance to protect members' interests. NMMA works to shape public policy at the federal, state and local levels to help recreational boating grow and thrive.

FEDERAL

Dealer Floorplan Financing Extension

NMMA succeeded in including legislative language to extend the Small Business Administration (SBA) Dealer Floorplan Pilot Program (DFP) to three years. This legislation extended the DFP program for marine dealers to 2013 from its original expiration date of September 2010, raised loan caps from \$2 million to \$5 million and enabled a 100% advance rate. To achieve this outcome, NMMA recruited support from Small Business Committee Chair Mary Landrieu and Ranking Member Olympia Snowe, White House officials and Members of the House. NMMA President Thom Dammrich provided testimony before the U.S. Senate Committee on Small Business in June. The enhancements to the program should increase lender participation in the marine floorplan space. NMMA continues to work with SBA to ensure the legislative changes are properly implemented.

Exclusion of Marine Dealer Regulation in Financial Reform Bill

NMMA succeeded in obtaining an exclusion of marine dealers from new regulations under the Consumer Financial Protection Bureau in the Dodd-Frank Wall Street Reform Legislation. This sweeping legislation originally included new, onerous reporting, documentation and the practices regulations on product dealers that would have constricted the retail marine lending environment. Initially, only auto dealers were exempted in the House bill; no dealers were exempt in the Senate bill. NMMA worked successfully during conference negotiations to expand and broaden the auto exclusion to include marine and RV dealers. Led by Senator Bill Nelson (D-Fla.), a bipartisan group of eight U.S. Senators sent a letter to conferees urging for the inclusion of a marine dealer exemption.

Ethanol

NMMA succeeded in prevailing upon EPA not to approve E15 for marine engines and boat motors. Although only a partial victory for the marine industry, EPA's decision to approve only a partial waiver reflects significant outreach by NMMA to EPA through formal comments, coalition activities, meetings with the Agency, and Congressional pressure. Largely through the efforts of NMMA and its boating partners, nearly 60,000 boaters contributed to grassroots campaigns on the issue. The Agency's decision to proceed with a partial waiver is legally questionable and NMMA is challenging it in the courts. NMMA testified at an EPA hearing on misfueling control proposals and will continue to engage the Agency on this issue.

REGULATORY

Brazil Tariffs Averted

Brazil obtained authorization from the World Trade Organization (WTO) to impose trade sanctions on U.S. imports in retaliation for the failure by the United States to comply with a WTO dispute ruling condemning U.S. government subsidies to cotton farmers. The Brazilian government published a list of products subject to retaliatory duties that included boats and outboard engines. NMMA worked with the Brazil Trade Coalition and lobbied the Administration and Congress to negotiate in earnest with Brazil toward a final agreement. In April 2010, the U.S. and Brazil came to an agreement that resulted in Brazil holding off on imposing its planned retaliatory tariffs until U.S. law can be amended in the 2012 Farm Bill. This agreement ensures that U.S. made boats will not be subject to additional retaliatory tariffs.

Clean Boating Act Implementation & Marine Sanitation Device Standard

Due to NMMA's success in the passage of the Clean Boating Act, EPA exempted recreational vessels of all sizes from its Vessel Permit. NMMA continued to engage EPA and the U.S. Coast Guard as the agencies study discharges from all vessels and develop best practices for boaters. NMMA has formed a task force and provided comments to EPA on marine sanitation devices to assist it in evaluating two petitions to amend the 25-year-old standards.

Mandatory Life Jacket Wear

NMMA is representing the industry as a member of the Coast Guard Work Group on Mandatory Life Jacket Wear, which will provide advice and counsel to the U.S. Coast Guard and NBSAC on whether to adopt any future mandatory life jacket policy. NMMA insisted that the USCG conduct research prior to any action by the committee. The Coast Guard has finished its research and the committee is beginning deliberations.

Uniform Certificate of Title Act for Boats

NMMA and the National Marine Bankers Association represented the marine industry in the drafting sessions for a new Uniform Boat Titling Law. The National Conference of Commissioners on Uniform State Laws (NCCUSL), which drafts the Uniform Commercial Code, established a drafting committee to prepare a Uniform Boat Titling Law. NMMA and the NMBA were key participants at the drafting sessions held in October 2009, March 2010 and October 2010. This work ensured the successful "first reading" of the bill by NCCUSL in June 2010. NMMA has reached out to the marine industry to ensure that the uniform law is well drafted and will be in a form that can be enacted by the states. Once the draft is approved in June 2011, NCCUSL will actively seek, with NMMA and others, to have the model law adopted in all states.

COMMUNICATIONS & ADVOCACY OUTREACH

Communications

NMMA and government relations staff were cited in 100 stories in national, local and Capitol Hill-focused publications, resulting in a total of more than 65 million impressions in 2010. The department's twice-monthly e-newsletter, *The Washington Wave*, continues to communicate important legislative and regulatory news to Congressional staff, federal and state government officials, boating community partners, the media and NMMA members with a subscription base of 2,400.

NMMA's Political Action Committee (PAC)

NMMA BoatPAC receipts will end 2010 with \$33,621.06 cash on hand, down 42% from 2009 levels. BoatPAC raised a total of \$73,937.53 for the 2009/2010 election cycle. Individual participation has also declined 36% since 2009. BoatPAC raised its most substantial dollars during the 2010 American Boating Congress, bringing in \$22,286.65, a 19% increase from 2009.

American Boating Congress (ABC)

More than 140 industry representatives from 30 states attended ABC 2010 and made their voices heard both during the conference and in the halls of Congress. Attendees conducted more than 100 visits to Members of Congress and their staffs and heard from a number of legislators and policy specialists, including Senator David Vitter (R-La.), Senator Susan Collins (R-Me.), Representative Suzanne Kosmas (D-Fla.), Senate Small Business Committee Deputy Staff Director Kevin Wheeler on behalf of Senator Mary Landrieu (D-La.), senior White House advisor Ginger Lew, political analyst Charlie Cook and economist Dr. Ken Mayland. Representative John Shadegg (R-Ariz.), a long-time boater and boating champion, was presented with a Lifetime Achievement Award for his contributions to the industry at a luncheon in his honor. Guests from the Environmental Protection Agency, the Small Business Administration, the National Highway Traffic Safety Administration and the U.S. Coast Guard also spoke at various pre-meetings before the conference.



The North Carolina delegation (Jim Hardin and Kris Carroll, Grady-White; Joan Maxwell, Regulator; Ron Brown, Ilmor Engineering; Mike Bradley, NC Boating Industries; accompanied by NMMA Director of Marketing Communications Ellen Hopkins) visits with Congressman Walter Jones (R-NC, 3rd District) in his office during the American Boating Congress.

ENVIRONMENTAL HEALTH & SAFETY

Greenhouse Gas Testing

NMMA conducted tests of greenhouse gas (GHG) emissions in an effort to develop standard emissions factors so that engine manufacturers will avoid having to test each engine for emissions each year. The tests, completed in October, resulted in N₂O and CH₄ emission data from I-4, V-6, 5.0L, 5.7L and 8.2L engines as well as a variety of catalysts. The next phase of testing will be collection of methane emission data from outboards and PWCs.

CARB Evaporative Emission Regulation

NMMA worked with the California Air Resources Board to craft an economically and technically feasible regulation that will reduce evaporative emissions from recreational boats. NMMA has successfully opposed many of the more burdensome requirements in the proposal, such as onboard vapor recovery. NMMA continues to oppose boat builder certification, which if successful, will essentially harmonize the CARB rule with the EPA rule. To date there have been considerable delays finalizing this rule with still no board hearing scheduled.

Outboard Marine Fuel Tank Safety Efforts

After an extensive lobbying and education effort that included the U.S. Coast Guard (USCG), the Environmental Protection Agency (EPA) and NMMA members, EPA agreed to extend the implementation date for the EPA and CARB outboard marine fuel tank (OMT) regulation to January 1, 2011. This is a result of issues arising from fuel spillage caused by the 5 psi pressure requirement in the rule. Fuel tank manufacturers used the additional one year to resolve this issue and ABYC, NMMA and the USEPA have been working together to ensure any OMTs offered for sale in the U.S. are safe.



NMMA members gather to test greenhouse gas emissions. Pictured in the first row: Mel Cahoon, Volvo Penta; John McKnight, NMMA; Jeff Wasil BRP; Back row: Roy Giacomazii, HH&A consultant; Jeff Dudaranke, Mercury; Harold Haskew, HH&A consultant; Mike Reichenberger, Mercury Marine; Mark Riechers, Mercury; Rich Kolb, Volvo Penta; Not pictured: Dave Wilson, Volvo Penta; Bill Viem, BRP; Jerry Oliver, BRP

STATE

Florida Boating Access Grants

A three-year effort to increase boating access funding resulted in a revised grant program that is open to cities and counties wanting to build boat ramps, marina improvements and other services for boaters. NMMA supported legislation and filed suit against the Department of Community Affairs in 2008 in order to get the program open for boating access grants. The grant program, which is also open to grant applications from one other funding category, totals \$9 million per year for the next 10 years.

Lemon Law Review

A 65-page review of lemon laws of all types and how they could be used by consumers regarding their boat and engine purchases has been completed, providing a basis for future opposition to lemon laws should the need arise. The review focused on Alaska, New Jersey, Florida, North Carolina, Texas, New York, California, Michigan and Minnesota; these states were selected based on their market share and importance to the marine industry. The report found that outside of California and Alaska, no specific law addresses marine products. However, numerous Uniform Commerce Codes and other provisions do provide multiple routes to address non-conforming warranty issues that could lead to refunds and/or product replacement.

Louisiana “Buy-Back” Reform

After years of advocacy on this issue, NMMA was successful in influencing new legislation effective January 1, 2011. The new legislation will prevent marine dealers from demanding the repurchase of inventory when the dealer initiates the termination/non-renewal of a contract, unless the dealer can show cause as defined in the legislation and the inventory is in “new or like new” condition.

Minnesota Contract Bill

Despite substantial lobbying efforts by marine dealers, the Minnesota legislature supported NMMA’s opposition to a bill that would have placed significant mandates on the content of contracts between marine dealers and manufacturers. The bill targeted marine, ATV and snowmobile manufacturers.

California Air Resources Board Transparency

A newly enacted law proposed by manufacturers of marine engines, ATVs and other off-road vehicles now requires CARB to adopt a written penalty policy based on six objective criteria, focused primarily on the violation’s impact on air quality. The law also requires CARB to be more transparent in explaining alleged violations as well as CARB’s basis for proposed penalties. NMMA provided a substantial amount of support to the coalition formed to force CARB to establish these written policies.

Illinois Wireless “Kill Switch”

After two years of advocacy at the request of AMD members, NMMA was successful in the enactment of a law overturning the state’s ban on wireless “kill-switch” tethers.



NMMA President Thom Dammrich wrote a letter to the editor on ethanol and boats that was published in The Hill, an influential Washington, DC newspaper, read by legislators and their staffs.

MARKETING COMMUNICATIONS

NMMA's marketing and communications team delivers positive messages about boating to influential audiences and provide critical support to government relations, certification and other programs.

IN-HOUSE ADVERTISING

Plans, executes and supports marketing, advertising and promotions for NMMA boat shows, trade events, departments and programs.

- Boat shows advertising garnered in excess of 600,000,000 paid media impressions and 200,000,000 in added value media impressions. Heavier sports schedules were added to the TV buys in an effort to increase awareness of shows.
- Moved to digital printing for most in-house publications reducing printing costs by approximately \$60,000.

INTERNET MARKETING

Supports NMMA and Discover Boating marketing, advertising and communication needs online.

- Discover Boating launched Making Waves on Facebook, a series of online fishing, power boating, and water sports games, designed to put users in the virtual captain's chair to experience the fun of boating. Tapping into Facebook's U.S. network of 120–150 million users introduced Discover Boating to a large, self-targeted audience of potential boaters. To date, Making Waves has generated:
 - More than 300 million impressions from the online media buy
 - 28,319 sweepstakes entries
 - 8,960 DVD requests (33% conversion)
 - 8,500 Discover Boating newsletter requests
 - Nearly 39,000 Facebook fans
 - 100,000 players
- Search Engine Optimization efforts for DiscoverBoating.com resulted in more than 278,000 unique visitors in 2010, a 35% increase from 2009; 75% of all DiscoverBoating.com traffic comes from natural search engines.
- Boat Show website traffic for the 2010 winter season increased more than 40% to 1,172,676 visits, compared to the same time frame for 2009. Time spent on the sites nearly doubled with the introduction of NMMA Advantage. Facebook fan pages were created for a test group of shows to great success; going forward; all show sites will have corresponding Facebook fan pages.
 - More than 2600 boats were listed on the show sites
 - More than 104,000 shoppers visited NMMA Advantage sites as of February 2010
 - There were almost 120,000 shops of the boats listed on the show websites
- NMMA.org was redesigned, with a new look and increased functionality. The new design features simplified navigation, individual logins, and content management for stakeholders. The site also features expanded statistics and affiliates sections, a consolidated newsroom, online conference registration and new warranty law and members' news features. A product ordering function is also planned.



PUBLIC RELATIONS

Communicates with all industry audiences—members, legislators and other policy makers, media, and consumers—to promote the boating lifestyle, share important industry news and information and support members' interests to help them grow their business. Top accomplishments in 2010 include:

- Created positive awareness among consumers for the boating lifestyle, generating 62 million media impressions in top consumer media outlets such as ESPN, *Huffington Post*, *Miami Herald*, *Chicago Tribune*, WGN-TV, *New York Post* and more.
- Managed media inquiries and proactively pitched stories on behalf of the industry that accurately and positively delivered key messaging, totaling 277 million media impressions and 1,172 news stories.
- NMMA's PR team continues to make an impact on legislators and regulators on Capitol Hill and state capitols around the country as they make policy decisions that affect marine businesses. This includes news coverage on the Small Business Act and floorplan financing in 2010 and what continues to be secured for ethanol.
- Promoted NMMA boat shows, helping to drive attendance by reaching 1.5 billion media impressions and 3,000 news stories, increasing news coverage over last year by 17%.



DISCOVER BOATING CANADA

The targeted campaign achieved increases on critical measures, despite a 13% budget reduction, delivering key messages to new and potential boaters on affordability, how to get started in boating, and benefits of the boating lifestyle. The bilingual campaign included public relations, online advertising, shows and events, social media, magazine and updates to DiscoverBoating.ca.

- Media: an aggressive online advertising effort ran from April through July and generated more than 167 million impressions, an increase of 782,456 from FY09, and 184,932 clicks on DiscoverBoating.ca, surpassing the previous years total by 5,190. Discover Boating DVD orders totaled 2,340, a 50% decrease from the previous year, due most likely to the 2010 economy.
- Public Relations: DB Canada's PR team secured more than 25 million impressions during FY10, a 14% increase from the previous year, despite a 22% budget reduction.
- Contest: a contest offering consumers the chance to win \$10,000 for a boat purchase generated 15,183 entries from across Canada; 14% of these requested more information from Discover Boating.
- Social Media: The Discover Boating Canada Facebook page audience quadrupled, thanks to the Making Waves boating game and a targeted advertising campaign, which generated more than 48 million impressions and nearly 7,600 visits to the Facebook page.



SHOWS & SPONSORSHIP

CONSUMER BOAT SHOWS

Boat and sport shows engage the public and provide the industry with quality sales events and venues. Shows revenue provides funding for programs and initiatives that benefit the entire recreational boating industry.

- NMMA's consumer boat show portfolio changed in 2010 with the sale of the Toronto International Boat Show® and acquisition of the New England Boat Show®. NMMA's marketing efforts led to increased attendance at the New England Boat Show; exhibitors were pleased with resulting sales and lead generation.
- The New York Boat Show® returned to its traditional mid-January dates with a new five-day format. Exhibitors were delighted with the 51% increase in attendance.
- The Kansas City Boat & Sportshow® increased 60% in size; all area dealers participated in the show.
- The Tampa Boat Show® launched the new Discover Boating Dock, featuring on-water demonstrations and interactive educational programs. Exhibitors and consumers raved about this experiential attraction.
- New dynamic pricing structures (sliding scale, early-bird and added value) were introduced to reduce exhibitor expense and reward exhibitors who made early space commitments.
- A new Exhibitor Marketing Rewards program was tested at the Minneapolis Boat Show®. The pilot program generated thousands of dollars in additional exhibitor advertising to support the show and created friendly competition among area dealers.
- The Chicago Boat, RV & Outdoors Show® secured a pre-show promotion with Mountain Dew that delivered a discount coupon on 4 million cans distributed throughout the Chicago metro area.



SPONSORSHIP

Funds generated through sponsorship support and enhance NMMA's consumer and industry events and programs.

- The NMMA sponsorship team increased its sponsorship revenue for the American Boating Congress by 27% compared to the previous year.
- Sponsorship budget expectations were exceeded for seven NMMA boat shows.
- NMMA sponsorship helped drive awareness and support for boating with special activities including the organization of "Sail for Haiti", securing 850 sails for the Haiti relief effort.



TRADE SHOWS

NMMA, as co-owner with *Professional Boatbuilder* magazine, produces the annual International Boatbuilders Exposition & Conference (IBEX). The International Boatbuilders Exposition & Conference focuses on the aftermarket and OEM segments of the marine industry. The Marine Aftermarket Accessories Trade Show (MAATS) is now part of IBEX having merged into the IBEX show as an Aftermarket Pavilion. NMMA also produces a USA pavilion at the annual Marine Equipment Trade Show (METS) in Amsterdam, Holland.

International Boatbuilders' Exhibition & Conference (IBEX)

IBEX 2010 took place September 28–30 at the Kentucky Exposition Center in Louisville, Kentucky. The show was highly successful:

- Nearly 550 companies exhibited at the show, an 11% increase from the previous year
- Attendance topped 5,100, a 13% increase from 2009
- Strong international presence, with more than 500 international participants, representing more than 60 countries

Marine Aftermarket Accessories Trade Show (MAATS)

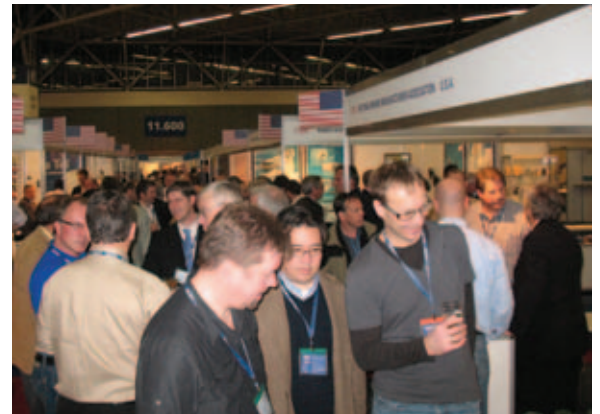
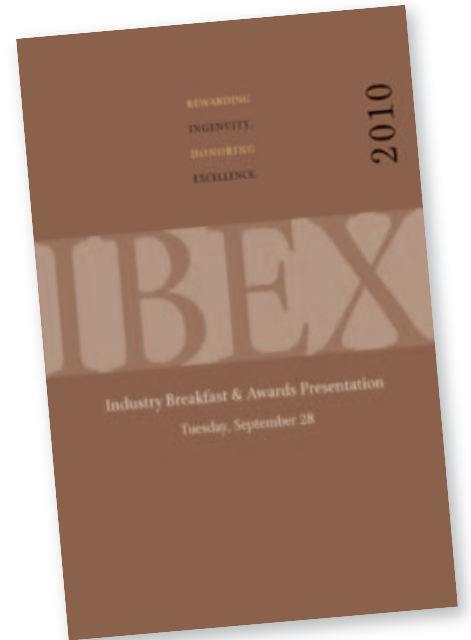
The Marine Aftermarket Accessories Trade Show merged with IBEX, and was held as a Pavilion at the 2010 IBEX show. IBEX hired Minding Your Business, a strategic marketing firm to assist with IBEX and MAATS positioning and outreach in 2010. The firm conducted numerous surveys and interviews. Results indicated:

- The majority of past IBEX and MAATS attendees and exhibitors were supportive of MAATS being held with IBEX.
- Participants agreed that MAATS was an important annual event for their company.
- The majority of respondents felt that MAATS should maintain its own brand identity, while also agreeing that MAATS should be held with IBEX.
- Seventy-three companies participated in the MAATS Pavilion, representing 9,100 NSF of space.

INTERNATIONAL MARKETING

The Marine Equipment Trade Show (METS) was the largest METS to date, with a slight increase in attendance compared to 2009. Seventy NMMA members participated in the U.S.A. Pavilion; great traffic brought a fantastic response from participants. More than 140 members were represented throughout the show.

The U.S.A. Pavilion Reception held on Wednesday, November 17, and sponsored by Polyform U.S. and the Miami International Boat Show, was well attended.



QUALITY ASSURANCE

NMMA oversees industry best practices in quality, safety, consumer satisfaction and training to improve the boating experience for the public.

- NMMA Certification remains the benchmark for product safety and standards compliance, with 290 boat and yacht manufacturers and 33 boat trailer manufacturers certified in the 2010 model year. Growth is expected for the 2012 model year, with several new builders actively pursuing certification in both programs.
- NMMA continues to strengthen the comprehensive nature of the Boat and Yacht Certification Program by including additional American Boat & Yacht Council (ABYC) standards. Beginning with the 2012 model year, NMMA Certified boats and yachts will be inspected to ABYC A-14, Gasoline and Propane Detection, and A-28, Galvanic Isolators. The standards basis for both the 2011 and 2012 model years can be found on the NMMA Certification Website.
- NMMA and the National Association of Trailer Manufacturers (NATM) completed the inaugural year of the joint-inspection program aimed at giving boat trailer manufacturers both an NMMA Certification Inspection and an NATM Compliance audit during one visit by a joint inspector. Nearly 50% of NMMA Certified boat trailer manufacturers took advantage of this program during its first year.
- NMMA's Oil Certification Committee (OCC) has recognized the evolution of marine engines to engines that now include exhaust after treatment systems (i.e., engines with catalyts). The engines in this growing segment of the industry have unique lubrication demands and require special marine oil. Thus a new four-stroke cycle engine oil specification has been developed, NMMA FC-W Catalyst Compatible®. The certification and oil registration programs for this lubricant assure OEMs will be supported with high quality oil formulations for their products.

CUSTOMER SATISFACTION INDEX (CSI) PROGRAM

NMMA's Marine Industry CSI program announced the recipients of the 2010 Marine Industry CSI Awards in July. A total of 44 manufacturers in 17 categories were recognized for excellence in customer service, having achieved and maintained an independently-measured score of 90 percent or higher in initial customer satisfaction for the year. The 2010 Marine Industry CSI Awards manufacturers were presented at the 2010 IBEX Industry Breakfast.

More than 90 manufacturers participated in the 2010 Marine Industry Program and more than 40,000 surveys were completed by consumers during the 2010 program period. In addition, more than 10 manufacturer training programs were conducted to support the use of program data by participating manufacturers.

For 2011, NMMA has received approval for a new Marine Industry CSI Program. To fill the gap in independent product research within the marine industry, NMMA has been working with its research partner to develop a cost-effective way to give manufacturers detailed feedback from consumers on product satisfaction. The new NMMA program will also reward consumers who provide feedback on their satisfaction levels.

For manufacturers, the new CSI research is an extension of the already successful CSI program and will provide the following:

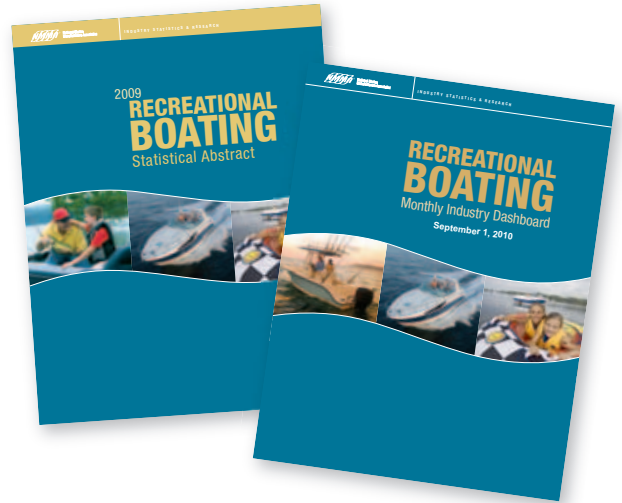
- Upgraded real-time dashboard reporting of CSI data
- Net promoter reporting
- Industry prospect (pre-sale) satisfaction measurements
- On-going problems per 100 and product quality measurements
- Improvements to NMMA Quality Awards methodology
- NMMA Quality Awards website allowing consumers to find award-winner information and view corporate and product videos
- Consumer access to valuable benefits and services for simply participating in the NMMA CSI program
- Overall improved CSI marketing tools made available to every participating OEM



INDUSTRY DATA & RESEARCH

NMMA collects, analyzes, tracks and delivers industry-wide and niche-specific data critical to sound decision making in today's dynamic marketplace.

- Published the *2009 Recreational Boating Statistical Abstract* with an expanded import/export section and data on boat use and boater behavior for 2005–2009.
- Established a new *Industry Dashboard* report, published monthly, which provides a snapshot of the recreational boating marketplace along with key economic and related industry data. NMMA members can access this report in the Statistics Center of Knowledge Research Library on nmma.org.
- Created online Center of Knowledge Research Library. Contents include:
 - Boat Show Purchase Influence Study
 - NMMA 2010 Boating Industry Marketing Influence Study
 - NMMA Recreational Boating Monthly Industry Dashboard Report
 - NMMA Boat Inventory Report
 - NMMA Boat Registrations Report
 - NMMA Boating Statistical Abstract
 - Boating and fishing studies
 - Economic forecasts and impact studies
 - Sports participation studies
 - RV articles



AFFILIATE PROGRAMS

NMMA affiliates provide an important forum for exchanging ideas and news, and establish a unified voice for specific businesses regarding critical issues such as product standards, public policy advocacy and regulatory issues.



BTMA (Boat Trailer Manufacturers Association)

Mandatory Trailer Brakes Standard Proposal

The Boat Trailer Manufacturers Association (BTMA) endorsed a plan to work jointly with the National Association of Trailer Manufacturers (NATM) to develop a standard for trailer brakes. BTMA and NMMA ensured that the National Association of Trailer Manufacturers effort would include boat trailer manufacturers concerns in a task force to develop a draft standard.

“Trailer Roundup” at the American Boating Congress

In May 2010, NMMA, BTMA and NATM teamed up to host regulators from the Department of Transportation to discuss issues of concern to the agency and manufacturers. In addition, General Motors gave a presentation on the future of vehicles capable of towing a boat. These sessions created open dialogue between trailer regulators and manufacturers.



NATIONAL MARINE BANKERS ASSOCIATION (NMBA)

- Formed a new Service Company Committee to address the ever-changing legislative landscape facing this segment of the marine lending market
- Introduced conference breakout sessions to NMBA's annual conference, in an effort to more fully engage all elements of the marine lending market
- Participated in talks with the Small Business Administration (SBA) in an effort to help them rewrite portions of the SBA's Dealer Floor Plan (DFP) Program for marine and other dealerships that use and need floor plan financing. Changes include raising loan caps from \$2 million to \$5 million and providing a loan guarantee of 75% on floor plan lines of credit with a 100% advance rate.
- Developed a promotional campaign targeted at banks to educate lenders about the many business advantages of entering the marine lending industry, and to promote the benefits of retail and floor plan lending.



PERSONAL FLOTATION DEVICE MANUFACTURERS ASSOCIATION (PFDMA)

During the April 2009 National Boating Safety Advisory Council (NBSAC) meeting, PFDMA was instrumental in the passage of a resolution calling for the U.S. Coast Guard to make significant changes to the way life jackets are regulated. To complement this resolution, the PFDMA is currently undergoing extensive work to:

- Introduce a consolidated wearable North American PFD standard
- Overhaul the PFD reclassification system
- Introduce alternative test laboratories
- Develop risk-based alternatives for assessing PFD performance, all leading toward the proposed adoption/harmonization with the ISO PFD standards. A final draft for the consolidated North American PFD standard is scheduled for completion in March 2011.



STATES ORGANIZATION FOR BOATING ACCESS (SOBA)

In keeping with SOBA's reputation as a national leader in boating access, innovation, research and design, SOBA has completely revised and restructured its popular Operations and Maintenance manual. Published electronically, the updated document is a hands-on guide designed to help users establish procedures for the successful operation and maintenance of boating facilities. This manual is in addition to SOBA's DVD (published in 2010) that demonstrates the best-methods for boat ramp construction. When used in conjunction with the SOBA *Design Handbook*, these two publications provide comprehensive, up-to-date and easy-to-use information about building and maintaining safe and effective boat ramps. These publications can be ordered from SOBA's website: sobaus.org.

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