



**ICAST 2008 Industry Breakfast
State of the Industry
July 15, 2008
Las Vegas Convention Center**

RANDY LEMCKE, ASA BOARD OF DIRECTORS CHAIRMAN

Good morning. I'm Randy Lemcke, Vice President for Plano Molding Company and Chairman of the Board for the American Sportfishing Association. I want to thank you for being here this morning and for your support of ICAST 2008. My thanks go to the members of ASA's Board of Directors and our committee members for all their commitment to our industry. I also want to thank our ICAST 2008 sponsors for their generous support of the show. Let's give everyone a round of applause.

This year marks the 75th anniversary for the association. Over 75 years, this industry has weathered some tough times. In fact, the association formed in 1933 to look out for the interests of the sportfishing industry as the country struggled to get out from under the Great Depression. And the association is still looking out for our best interests.

Times are tough, no doubt about that, but staying home and hoping business finds you isn't the best business strategy. This being Las Vegas, I'm going to wager a guess that's what brought many of you to the show. You made a good choice. This is where our industry gets together and conducts business. There is nowhere else in the world like ICAST. Once again, thank you for being here.

I also want to remind you that next year, the show will be in Orlando, Florida. Given the strength of the southeast fishing market, particularly in Florida, the Board and the Show Committee feel we are well positioned to see continued growth for the show in this venue. I plan on seeing you there next year.

There is a lot going on at ICAST. I'd like to invite all of you to this evening's "Chairman's Industry Awards Reception" which is hosted by Plano. The Chairman's Reception is where we'll announce the winners of the New Product Showcase competition. The party starts at 6:00 at the Las Vegas Hilton in Ballroom B and C.

I also invite everyone to check out the MAATS show floor. From this show forward, MAATS will be co-locating with us and will be with us in Orlando.

If you can stand one more invitation, I would also like to invite you to the Sportfishing Summit this October on Galveston Island, Texas. We're going to focus on our rapidly changing business environment from China's pricing increases, to fisheries management to product distribution and the upcoming November elections. There are Save the Date cards on the tables. Please put the Summit on your calendars.

Folks, access to marine fishing continues to be a significant threat to our industry's future. The bad guys are still after us spouting predictions with little or no science to back them up.

We need to continue to make sure that we are represented at every table where decisions about our future are being made. Darrell Lowrance will be speaking to you about that in a few minutes.

Also on the agenda this morning is Frank Peterson, head of the Recreational Boating and Fishing Foundation. Frank and his team are doing some great stuff – best I've seen - to get more people involved in fishing and boating.

By a show of hands, how many of you know the source of RBFF's funding? OK, I know this may come as a surprise, but – it's us. Dollars from the federal excise tax on fishing tackle is RBFF's chief funding source. ASA was a key player in setting up the foundation to launch and manage a national campaign to get people out on the water. Let's do everything we can to help the foundation succeed in its efforts.

MIKE NUSSMAN, ASA PRESIDENT AND CEO REMARKS

Thank You, Randy. Good morning everyone. Thanks for being here.

On behalf of the Board of Directors and ASA's staff, it's my pleasure to welcome you to Las Vegas and ICAST 2008. First, I want to recognize the effort and dedication it takes to produce ICAST. My thanks go to each member of our Board of Directors and the Show Committee as well as our industry partners for their continued support. I'd also want to thank our staff for all their hard work. Putting on a show like ICAST requires a team effort and the entire ASA team—members and staff alike—have pulled together to produce a great show. Let's give them a hand.

Before I go on, I'd like to recognize Randy Lemcke. His term as Chairman of ASA's Board ends in September. Randy, I've enjoyed working with you and your leadership over the past two years has been a great asset for our association. If you would, please join me in thanking Randy for all of his hard work on behalf of the entire industry. Randy, thank you from all of us!!

As Randy said, this is a very special year for us. In 2008, ASA is celebrating 75 years of serving the sportfishing industry. From the Associated Fishing Tackle Manufacturers to the American Fishing Tackle Manufacturers Association to ASA, we have been looking out for your best interests.

Our records show that when it comes to the industry, many issues have remained the same. Access to fishing and abundant resources - increasing participation in the sport - creating innovative new products to excite anglers - expanding business opportunities - and keeping watch over policy issues that could affect the industry have all been topics of conversation and debate for seventy-five years.

In fact, back in 1958, a writer for *The New Yorker* attended a meeting of the Associated Fishing Tackle Manufacturers where he spoke with association President Andy Boehm of P & K Fishing Tackle.

Boehm described the meeting as an exchange of ideas to find ways to get more boys, girls and adults to take up fishing. According to Boehm, they discussed the number of fishing licenses sold in 1957 and how it compared with the previous years, and what steps to take to increase license sales – Does that sound familiar?

So, although we have seen many changes over the past 75 years, a lot of the industry's issues and concerns remain the same. One thing that continues to be a high priority for us is advocating on behalf of our members. It's our way of keeping watch on the existing and potential laws and policies that affect your businesses and for that matter, the sport itself.

To ensure that we're on track representing your interests, every other year we survey our members about their concerns. Earlier this year, we asked you to tell us your concerns about the industry and what we, as your association, needed to focus on. Tops on your list were the number of anglers participating in the sport, profit margins across the industry, and the state of the economy. However, what you asked us to focus on were efforts to increase participation in the sport and access to fishing opportunities. I'll speak to those in a minute.

But if you will, please indulge me in an "atta boy" moment for the ASA staff. In 2002, slightly more than 25 percent of the survey respondents gave us a "Very Good" or "Excellent" rating in our overall performance. This year, nearly 60 percent said we were doing a "Very Good" or "Excellent" job. That's a long way from perfect, but I'm proud to say we're headed in the right direction!

Over the years, I've never given my ICAST speeches a title and I not really sure why. But this year, given everything that is going on in the world, I did give some thoughts to what would be the right title for my remarks. I concluded that the appropriate title would be - *Boy, Do We Live in Interesting Times*.

Of course, I simply lifted the title from what I thought was the ancient Chinese proverb or curse, *May You Live in Interesting Times*. But, wanting to be sure, I did some fact checking to make sure I had the phrase correct. I was surprised to learn that Chinese scholars know of no such proverb or curse. So despite my best efforts to knock off a Chinese product (Sorry Marc), it appears that I've merely copied a western invention.... But I think the title works so I'm sticking with it.

As I look around the country at the state of the economy and our industry, I really wish I could tell you that everything was in terrific shape. I can't. And that's not news to any of you. Domestically, we seem to be caught between the weakening housing market and surging fuel prices and it's anyone's prediction where those trends will take us.

Of course, the impact is being felt throughout the economy, not just in our industry. We've all seen the news on new car sales, and new boat sales seem to be following the same pattern. According to the National Marine Manufacturers Association, retail sales of new boats were down 20 percent during the first quarter of 2008 compared to the same time last year. Heck, even Starbucks is cutting back so now there must be substantial weakness out there.

At the same time we're experiencing a difficult economy, our industry is going through a variety of changes from top to bottom, from manufacturing to retail. Over the past 30 years, our industry has shifted from manufacturing in the US, to where

today, most of the industry's manufacturing is offshore. This transition has taken the industry through a variety of countries over the time period, with the current favorite being China.

Of course, China itself is in the throes of major change. Domestically, China has taken on the challenge of the Summer Olympics, set to kick off in three weeks in Beijing. Plus this year, between its worst winter storm in 50 years and the May earthquake that killed more than 60,000 people and caused millions to lose their homes, China experienced a significant disruption to its transportation and economy.

These shocks, coupled with changes in China's currency, along with surging world oil and commodity prices, mean the days of stable or declining prices from China are over, at least for a while. In fact, over the last 18 months, the average customs price on rods from China coming into this country increased by 20 percent.

Folks, what we have here is a perfect storm of business instability. And to top it all off, we've got a Presidential election cycle that started....well I can't remember when it started, it was so long ago.

So far, all the major candidates, Senators Clinton, McCain, and Obama have collectively spent more than three quarters of a billion dollars telling us that things stink! Whether it's the war, fuel prices, home values - you name it...they all stink. It's no wonder that consumer confidence has dropped by nearly 50 percent since the Presidential campaign started.

However, there is good news, on November 4th, we will elect a new President. I don't know who it will be, but we'll have a new one. And on November 5th, that message, that consistent drumbeat we've heard for the last year will change. The loser camp will spend some time figuring out who's to blame for the loss. And from the winner...we'll start hearing a very different message...things are improving, things are getting better!

So – personally - I'm betting that with a new administration, with stabilization of the housing market and fuel prices leveling off, by the first of the year, we'll start to see the economy move in a good direction. This industry and the sport have been through tough times before and this one will be no different.....

One of the very best parts of my job is that I get to talk to a number of our industry leaders on a regular basis. And I learn something new each and every time. As I've talked with our members about business in general, I've asked each of them- What are the 2 or 3 things they plan to do in this challenging business climate. Echoing what Randy said earlier, staying home and waiting it out wasn't one of them. What they did tell me I found interesting and I thought I'd share a couple of their thoughts with you this morning.

The number one thing on which there was a clear consensus was – don't blame the category or the economy. Many business sectors are having a tough time. As one of our members put it – and I quote – "It's easy to say everyone's numbers are down, so I need to accept that my numbers are going to be down too. Well, frankly, that doesn't work! Rather than sitting around waiting for business to get better, we've instructed our staff to get out there and make it better. And that's not just sales staff. From admin to customer service, we want everyone in our company to know

that there is always opportunity for people who know where to look. It just positions us better for the future." End quote

Another nugget of wisdom was in tough times make sure you protect your most valuable assets. Here's how another of our members described it – and I quote again – "Despite tough times, you have to hold onto what's most important to your business. Whether it's maintaining key equipment, your most productive staff or your relationships with special customers or vendors, you have to protect what keeps your company running. When the business cycle comes back around, you'll be right there with it." End quote

I think there is a lot of truth in both those ideas.

Earlier, I mentioned our recent member survey and the priority issues for the association. One of the issues that clearly came out at the top was increasing access to fishing opportunities. Most of you are aware that we're engaged in a contentious fight on the west coast to preserve anglers' rights to fish in public waters. Folks, we've got to stay engaged in this issue no matter where it comes up. This morning, Darrell Lowrance, would like to speak to you about it. Darrell is a long-time ASA member, a former Chairman of the Board, currently serves on ASA's Board, and is a member of our Government Affairs Committee. Darrell, thank you and welcome.

DARRELL LOWRANCE, ASA BOARD OF DIRECTORS AND GOVERNMENT AFFAIRS COMMITTEE MEMBER

Thank you Mike. And thank you ladies and gentlemen for a few moments of your time. I am here today on the behalf of my colleagues on the ASA Government Affairs Committee.

In my career I have seen this industry face many challenges, but I have not witnessed a challenge as great as the current movement to close large sections of our oceans to recreational fishing. And attempting to do so without the support of sound science.

I am sure you have seen media reports claiming that most fish stocks are overfished - the oceans are dying - and there will be no more sustainable fish populations by the middle of this century. Ocean closures are offered as the answer to these purported problems.

I am proud to say that our association has worked diligently and sensibly to meet this challenge in California and other states. In California, ASA and its partners are implementing a plan that is minimizing closures. We are also working in Oregon, Washington, and other states as well as at the federal level to ensure the least damage possible to our industry.

As a former Chairman of ASA's Board of Directors and a current member of the Government Affairs Committee, I can tell you the issue of closures is front and center, but success takes significant staff effort and financial resources.

ASA members such as Shimano, AFTCO Bluewater, Wright-McGill, the National Marine Manufacturers Association and the Sportfishing Association of California have given significant amounts of money to this cause.

ASA has doubled its government relations annual budget in addition to these generous donations. I realize the economy is slowing but irrational environmental groups continue to direct millions of dollars every year to closing the ocean to recreational fishing.

Our Association needs one million dollars each year to fight this movement. The battle rages on and for that reason I encourage you to use the pledge forms on the table in front of you.

A collection box is located in the Industry Resource Center on the show floor.

Please consider the future of this industry. Consider the successes of our association. If ASA has the resources, it will make a difference.

Thank you for your time this morning and your support.

MIKE NUSSMAN REMARKS, CONTINUED

Darrell, thank you! We appreciate your leadership and guidance in this area. Folks, please stop by the Industry Resource Center if you have questions about this issue.

Going back to the member survey, another issue that you rated as a top priority for the association was getting people out there fishing, Selling our sport! As Randy mentioned, a number of years ago, ASA looked out across the landscape and saw several things – fishing participation was declining and there was no one entity that had the ability or real dollars to focus on turning that decline around. In creating the Recreational Boating and Fishing Foundation, we sought to address this very important need.

I'm happy to say that over the past 14 months, under Frank Peterson's leadership, RBFF has put into place several programs that will have a real impact on participation. I'm now going to turn the program over to Frank. Frank....

FRANK PETERSON, RBFF PRESIDENT AND CEO

Good morning. And thank you Mike for having me here today.

Like Randy said, the industry is facing some tough times, but we must remain optimistic because "this too shall pass."

I'm here to show you some dynamic things RBFF has developed over the last year to help promote and grow the sport.

First and foremost, we're generating enthusiasm and excitement about fishing and boating. I'll show you examples of that excitement and momentum in just a couple of minutes.

Simply put, RBFF is targeting three audiences: Lapsed Anglers, Avid Anglers and Newcomers.

And how are we doing that? With a state-of-the-art Web Site, direct mail marketing, advertising, strategic public relations and aquatic education grants.

All of these are stamped with our Take Me Fishing and Anglers' Legacy brands.

I'll start with lapsed anglers – the group who used to participate, but for one reason or another, has fallen off the radar.

Our efforts to reel in lapsed anglers have hit new highs this year.

For the first time, we partnered with 30 states to launch a nationwide Take Me Fishing direct mail marketing program.

States sent direct mail to nearly 2 million lapsed anglers to encourage them to renew their fishing licenses and give back to the sport they enjoy.

Lapsed anglers, avid anglers and newcomers can find all they need to know on our new Take Me Fishing Web site. There, they can learn, plan and equip themselves for a day of fishing and boating.

The Take Me Fishing Dot Org is now THE MOST comprehensive fishing and boating Web site available nationwide --- with more than 12 thousand places to fish and boat.

Since April, only three months ago, when the site re-launched, Take Me Fishing Dot Org has received nearly 1 million unique visitors. We had that many for the WHOLE YEAR last year.

And we expect anywhere from 2 to 3 million visits this year. Obviously people are still interested in boating and fishing or we wouldn't have these remarkable results!!

By driving fishing license sales like never before – Web visitors will be buying more equipment. And more equipment sales mean more money for conservation and for your industry.

But that's only the beginning. Everyday we're doing more and more to enhance and leverage this very valuable Web site.

On to our avid anglers –

We target them with our Anglers' Legacy program by asking them to take the pledge to take someone new fishing – Essentially recruiting them to be part of a national movement to protect the legacy of the sport.

We collect these important pledges at events --and through promotional partnerships with various retailers and media groups.

When I participated in my first ICAST last year, the Anglers' Legacy program was more than a year old and we had only 8,200 pledges. Today as I stand here we have about 58,000. By March 31st, we expect a total of 130,000.

And we couldn't have done it without our industry partners. At ICAST last year, we had about 50 partners and today we have 250.

Most of you are in the room today --- and I thank you.

So what do these pledges mean to the fishing industry?

Based on a survey that we did last year, 58,000 pledges means - 228 thousand people were introduced to fishing - 102 thousand fishing licenses were purchased AND - 6 point 1 million dollars were generated for the fishing industry

Of course, some of my staff will tell you that I always think we can do more and I can assure you . . . we will.

For our newcomers - Not only do we ask auids to introduce them to the sport, but we also make grants to organizations that teach fishing and boating to children.

This year so far, we've granted about 780 thousand dollars to nine different programs. Our ultimate goal is to introduce fishing and boating to one million kids a year.

Ladies and gentlemen, this sport is coming back!

Now I'll stop talking and show you what I mean:

We intend to keep the momentum going, we ask that you work with us to keep the sport growing!!

Thank you, all. Now I'll turn the program back over to Mike.

MIKE NUSSMAN, CONTINUED

Thank you, Frank, for the outstanding effort that you and your staff are putting into the Take Me Fishing and Anglers' Legacy campaigns. Folks, let's all do our part to get out there and sell the sport!

We really are our own best ambassadors. Frank and his staff will be at the Industry Resource Center throughout the show and will answer any questions you may have about getting involved.

But what keeps people coming back to fishing? Certainly it's about having fun, but what makes fishing fun? It's finding and using the latest and greatest product innovations. And ICAST is all about innovation.

What better way to mark the association's 75th year of serving the this industry than to ask anglers themselves which products were most instrumental in shaping the sport over the past seven and a half decades.

With input from our members, avid anglers and other angling experts, we developed a list of products that spanned six categories, including accessories, electronics, lines, lures, rods and reels.

Then, we enlisted RBFF's Anglers' Legacy Ambassadors, thousands of the country's most avid anglers, to select the top 10 most innovative sportfishing products.

We've done our best to keep the list a secret until today. So here they are, fishing's top ten products!

After 72 years, the Original Floater Minnow, launched in 1936 by Rapala, is still one of the most successful and widely copied hard lures in sportfishing's history.

The Spring Loaded Bobber, introduced in 1947 by Nibble Nabber, made suspending a baited hook at a desired depth simpler and easier. Even today this item is virtually in every angler's tackle box.

The Mitchell 300, launched in 1949, was the first commercially successful spinning reel, and is still one of the most widely used reels.

The Creme Plastic Worm, introduced in 1949 by Nick Creme, changed the sport forever as the first realistic artificial worm.

Also introduced in 1949, the Closed Face Spincast Reel, made by the Zero Hour Bomb Company, or ZEBCO, made fishing easy and affordable for everyone.

In 1957, Lowrance Electronics introduced the Lowrance Fish Lo-K-Tor. This "Little Green Box" introduced anglers to the use of sonar in locating fish.

Monofilament Line, first introduced in 1958 by DuPont Stren, improved the durability, affordability and casting ability of fishing line while reducing its visibility to fish.

The Minn Kota Trolling Motor, launched in 1958, was the first electric gear-driven trolling motor to give anglers the ability to quietly maneuver and position their boats.

In 1972, the Fenwick High Modulus Graphite Rod was introduced to the market. With its super-sensitive carbon fibers, this rod revolutionized fishing rods and how anglers fished.

And In 1976, Shakespeare introduced the Ugly Stick. With its special construction, the Ugly Stick was an affordable, unbreakable and dynamic fishing rod still in use today.

Ladies and gentlemen, as judged by thousands of avid anglers across the United States, these are the top 10 fishing products of the past seven and a half decades. Let's give these great products and their inventors a big round of applause.

This year, hundreds of innovations in gear and accessories are on display across the hall in the New Product Showcase. I hope that 75 years from now, some of them will be recognized as the most innovative products of our time.

Thank you for joining us this morning and have a great show!