



**BY-LAWS OF THE
NATIONAL MARINE DISTRIBUTORS ASSOCIATION**

(As amended August 6, 2003)
(As amended November 15, 2000)
(As amended August 20, 1999)
(As amended August 4, 1993)
(As amended September 9, 1987)
(As amended September 23, 1981)
(As amended September 24, 1980)
(As amended September 26, 1979)
(As amended March 7, 1974)
(As amended March 16, 1972)
(As amended September 16, 1969)

ARTICLE I. PURPOSE

The objectives of this corporation are to engage exclusively in non-profit activities designed to promote the common business interests and improve the business conditions of wholesale distributors of marine accessories and of the marine industry in general. We believe that the wholesale distributor can best serve the needs of the marine industry by selling a minimum of 85% of its volume through independent marine outlets, that it is the mission of the distributor to supply, assist and promote the welfare of the independent marine outlets.

ARTICLE II. MEMBERSHIP

SECTION 1. TYPES OF MEMBERS

The membership of this Association shall consist of Regular and Charter members, Associate members and Manufacturers' Agent members, such membership being non-transferable.

Regular Members

Regular membership shall be open to any business entity, whether a person, firm, corporation or operating division of a corporation, which establishes, by meeting all of the following criteria in

Each of the three years immediately preceding the date of application that it is engaged in the wholesale distribution of marine accessories and:

1. Sells 85% of its annual marine volume to independent marine outlets.
2. Purchases from manufacturers who sell through distributors a minimum of three of the following categories of marine accessories for resale to independent marine outlets:
 - a. Paints and compounds
 - b. Hardware
 - c. Water safety equipment
 - d. Water skis and accessories
 - e. Cordage
 - f. Electronics
 - g. Pumps and/or plumbing supplies
 - h. Instruments
 - i. Propellers
 - j. Steering controls
 - k. Engines and/or engine parts
 - l. Trailer accessories
3. Employs a minimum of six full time employees who are engaged in the selling, inventorying, purchasing, warehousing, shipping, delivering, accounting and/or managing of marine accessories for sale to independent marine outlets.
4. Employs a minimum of two full-time sales persons selling marine accessories to independent marine outlets.
5. Services with marine accessories a minimum of 100 independent marine outlets.
6. Distributes a marine accessories catalog at least once every two years with a minimum of 100 being distributed to independent marine outlets.
7. Maintains a minimum annual self-owned inventory of marine accessories of \$ 500,000 at distributor cost for resale to independent marine outlets and maintains sufficient office and warehouse space to administer and accommodate such inventory.

The term "independent marine outlets" as used above means: a marine retail outlet, a marine repair facility, a commercial marine enterprise, a mobile marine repair technician, a governmental organization, an educational institution, and/or a marine original equipment manufacturer, in no way owned or controlled by the distributor or by the distributor's proprietor, partner, director, officer or controlling stockholder.

The term "annual marine volume" is defined as the net sales (after returns and allowances) in a twelve-month period of such marine items as marine accessories, motor and engine parts, boats, motors and trailers.

The term "marine accessory" is defined as such marine items as hardware, paints, compounds, water safety equipment, water skis and accessories, cordage, electronics, pumps and/or plumbing supplies, instruments, propellers, steering equipment and controls, engines and/or engine parts and

trailer accessories, but shall exclude proprietary marine items sold in conjunction with specified brands of boats, motors, trailers and other such major products.

Charter Members

Charter Members are those members who were regular members on March 7, 1974. Unless otherwise specified herein, Charter Members have all the privileges and obligations of Regular Members.

Associate Members

Any person, firm or corporation upon written application, who is primarily engaged in the business of supplying wholesale marine distributors, parts, accessories and services for the marine industry, or to original equipment manufacturers serving the marine product industry, and who meets such other uniform requirements as may be established by the Board of Directors, shall be eligible for election to Associate Membership.

Manufacturers' Agent Members

Any person, firm or corporation upon written application, who primarily represents suppliers in the sale of parts, accessories and services for the marine products market, to wholesale marine distributors or original equipment manufacturers, and who meets such other uniform requirements as may be established by the Board of Directors, shall be eligible for election to Manufacturers' Agent Membership.

SECTION 2. APPLICATION

Application for Regular, Associate or Manufacturers' Agent membership shall be made in writing by the applicant by submitting a fully completed membership application form to the Executive Director. A check for the initiation fee, as determined by the Board of Directors, shall accompany the application, but neither the receipt of the application and the initiation fee, nor the deposit in a bank of the initiation fee, shall constitute acceptance as a member of the Association.

The fully completed membership application form will be forwarded to the Membership Committee, which shall make a recommendation for or against approval to the Board of Directors. Memberships may be granted only by the Board of Directors.

Either the Membership Committee or the Board of Directors may require the submission of information in addition to that on the membership application form, or satisfactory verification of the information submitted, for the purpose of demonstrating that the applicant meets the criteria for membership.

Applicants accepted for membership will be promptly notified and billed for the dues then payable. Upon payment of such dues, an applicant will become a member of the Association and will be entitled to all rights and privileges of their membership.

Applicants who do not meet the criteria for membership will be notified and the initiation fee will be returned.

SECTION 3. DURATION

Unless membership is voluntarily withdrawn by the applicant or revoked by the Board of Directors in accordance with Sections 4 and 5 respectively, all memberships in the Association shall be renewed annually by payment of dues as determined by the Board of Directors and the submission of a certificate stating that membership criteria are met. In the event that the Board of Directors shall determine that there is reasonable doubt as to the accuracy of the Annual Certification made by any member with respect to membership requirements, it may direct such member to submit a completed questionnaire relating to membership requirements.

The Board of Directors may require the submission of information in addition to that on the optional membership questionnaire or satisfactory verification of the information submitted for the purpose of demonstrating that the member meets the criteria for membership.

SECTION 4. VOLUNTARY WITHDRAWAL

Membership in the Association may be voluntarily withdrawn by the member by giving written notice to the Executive Director at least two (2) months prior to the end of the Association's fiscal year in which the withdrawal occurs, provided that prior to the effective date of such withdrawal, payment shall be made in full by the member to the Association of all dues for such fiscal year.

SECTION 5. REVOCATION

The Board of Directors may revoke the membership of any member if any of the following occurs:

- a. Failure of such member to pay dues within 60 days after receipt of dues notice or failure to pay the amount of dues applicable to such member under a formula adopted by the Board of Directors.
- b. Failure of such member to comply fully with the rules and regulations established by the Board of Directors.
- c. False statements made by the member in the information supplied at the time of application for membership or on the Annual Membership Certification, and/or dues computation forms. The Board of Directors may require satisfactory verification of information submitted on the dues computation form.

The Board of Directors shall revoke the membership of a Charter Member if such Charter Member shall fail to meet five (5) of the specified membership requirements for Regular Members for two consecutive years, or shall fail to demonstrate to the satisfaction of the Board that it meets such membership requirements and pay proper dues in relation to true annual volume.

The Board of Directors shall revoke the membership of any Regular Member if such member shall fail to meet all of the applicable membership requirements for two consecutive years, or shall fail to demonstrate to the satisfaction of the Board that it meets such membership requirements or shall fail to pay proper dues in relation to true annual volume.

In the event that the Board of Directors determines that any membership is subject for revocation, the member affected will be promptly notified and given an opportunity to present his position orally and/or in writing to the Board. Thereafter, the Board may or shall revoke membership as applicable, if the Board determines that such action is justified.

SECTION 6. TRANSFERS

Whenever ownership interest in a business entity that is a Charter Member of the Association is transferred or passes by sale, descent, devise, gift or operation of law, such that 51% of the outstanding shares, or other indicia of ownership, or the power to elect the majority of the Board of Directors, rests with a person or persons other than the person or persons holding such ownership on March 7, 1974, that member's Charter Membership shall cease to exist. The business entity may apply to become a Regular Member upon certification that, at the time of application, it meets all of the criteria for Regular Membership as defined in Section 1 of this Article, provided however, that it will not be necessary that such member has met all of the criteria for Regular Membership in each of the last three years, immediately preceding the date of application.

ARTICLE III. - THE BOARD OF DIRECTORS

SECTION 1. POWERS

The property and affairs of the Corporation shall be managed by a Board of Directors, which shall have the powers of the Corporation, and all such powers and authority as are necessary or convenient to the attainment of the objects and purpose of this Corporation.

SECTION 2. TERM AND COMPOSTION

The Board of Directors shall consist of nine (9) Regular or Charter members, two (2) Associate members and one (1) Manufacturers' Representative member. Regular or Charter members shall serve a staggered three (3) year term. Associate and Manufacturers Representative members shall also serve a staggered three (3) year term. The immediate Past President shall also serve as a member, ex officio, of the Board of Directors without a vote.

SECTION 4. QUORUM

Seven (7) members of the Board of Directors shall constitute a quorum for the transaction of business. No determination of the Board shall be effective unless made with the affirmative vote of the majority in the number of those present at any meeting. In the absence of the President and the Vice-President, the quorum present may choose a Chairman for the meeting. If a quorum is not present, the director or directors present may adjourn the meeting to a later date, not more than fifteen days later.

SECTION 5. ABSENCE

Should any Director absent himself from three consecutive meetings of the Board, a majority of the remaining Directors may, at said third meeting or the next succeeding meeting, remove said Director from office.

SECTION 6. VACANCIES

Vacancies resulting from resignation, death, removal or from any other cause shall be filled by the President, and the Director, so chosen shall hold office until the expiration of the term of the vacancy, or until such earlier time as a successor Director shall have been elected by the Charter and Regular Members at any Annual or Special Meeting.

SECTIONS 7. REMOVAL

Any one or more of the Directors may be removed from office with or without cause, at any time, by a vote of two thirds of the Members present at any special meeting called for that purpose.

SECTION 8. ACTION WITHOUT MEETINGS

Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board or such committee as the case may be, and such written consent is filed with the minutes or proceedings of the Board or Committee. For the purposes hereof a consent obtained by facsimile, e-mail or other electronic means shall constitute a writing.

ARTICLE IV. OFFICERS

SECTION 1. GENERAL

The Officers of the Association shall be a President, Vice-President, and Secretary-Treasurer. The Officers shall be elected by the Board of Directors for a term of one (1) year. Only Regular and Charter members may serve as Officers.

SECTION 2. ASSISTANT OFFICERS

The Corporation may have such assistant officers as shall be determined from time to time by the Board of Directors.

SECTION 3. THE PRESIDENT

The President shall preside at all meetings of the Association and of the Board of Directors, and shall be a member ex officio, and with right to vote, of all committees of the Association, provided, however, that unless he is a director, the President shall be the chief executive officer and shall have general charge, supervision and authority over all of the business and affairs of the Association. He shall perform such other duties as are incident to his office or as are properly required of him by the Board of Directors or these by-laws.

SECTION 4. THE VICE-PRESIDENT

The Vice-President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and he shall otherwise perform such duties as shall be prescribed by the Board of Directors, the President, and these by-laws.

SECTION 5. SECRETARY-TREASURER

The Secretary-Treasurer shall supervise the keeping of all the records and minutes of the Association and shall supervise the deposit and disbursement of all Association funds.

SECTION 6. EXECUTIVE DIRECTOR

The Board of Directors may appoint a member or officer to serve as Executive Director or it may contract with an independent contractor to perform the duties of Executive Director to give notice of and attend all meetings of the Association and to carry into execution all orders, votes and

resolutions not committed to the responsibility of an officer; keep a list of all the members of the Association; to collect the fees, annual dues and subscriptions; to notify the officers and members of the Association of their election; to notify members of their appointment of committees; to furnish the Chairman of each Committee with a copy of the resolution appointing the same, and at his request, give notice of the meetings of the Committee; to prepare, under the direction of the Board of Directors, an annual report of the transactions and condition of the Association and generally to devote their best efforts to forwarding the business and advancing for the interests of the Association. The Executive Director shall further keep an account of all moneys received and expended for the use of the Association, and shall make disbursements for regular operating expenses of up to \$ 500.00, others only upon approval of the Board of Directors. He shall deposit all sums received in a bank, or banks, or trust company approved by the Board of Directors, and account therefore at the annual meeting when called upon by the President. He shall have an annual review made of the Association books by a certified public accountant. The funds, books, and vouchers in his hands shall at all times be under the supervision of the Board of Directors and subject to its inspection and control, and at the expiration of term of appointment or contract shall deliver over to the Board of Directors, or to a person designated by the Board of Directors, all books, moneys and other property.

ARTICLE V. COMMITTEES

SECTION 1. MEMBERSHIP COMMITTEE

The Membership Committee shall consist of seven (7) persons appointed by the President. The Committee shall be made up of five (5) Regular or Charter Members, one (1) Associate Member and one (1) Manufacturers' Representative Member. It shall be the duty of the Membership Committee to solicit applications for membership and to make recommendations to the Board of Directors concerning the qualification of such applicants. It shall make a report at least annually to the Board concerning its activities.

SECTION 2. OTHER COMMITTEES

The President may, at any time, appoint other committees to serve at his discretion, to assist him in carrying out his duties and responsibilities

SECTION 3. COMMITTEE QUORUM

A majority of a Committee of the Association shall constitute a quorum either in person or by correspondence for the transaction of business, unless such committee shall provide otherwise.

ARTICLE VI. MEETINGS

SECTION 1. MEMBERS

The annual meeting of the Charter and Regular Members of the Association shall be held on such date and time prior to December 30 of each year and shall be determined by the Board of Directors. Special meetings of the Charter and Regular members may be called by the Board of Directors at

their discretion. The presence in person or by proxy of a majority of the Regular and Charter Members of the Association shall be necessary to constitute a quorum for the transaction of business at any meeting. Each Regular and Charter Member shall have one vote. Other members may be present, but may not vote. A Charter or Regular Member firm or corporation may be represented at any meeting by any partner, officer, or other designated person. All questions, the manner of deciding which is not otherwise prescribed, shall be decided by majority vote of the members present in person or by proxy. Every Regular and Charter Member may vote by proxy. Proxies shall be in writing and revocable at the pleasure of the Charter and Regular Members executing the same. Unless the duration of the proxy is specified, it shall be invalid after eleven months from the date of its execution.

Any action required to be taken at an annual or special meeting of the members of the corporation, or any other action which may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a majority of the members entitled to vote with respect to the subject matter thereof. Such consent may be in electronic form and such shall constitute a writing for the purposes of these bylaws.

SECTION 2. BOARD OF DIRECTORS

The Board of Directors shall meet annually after the Annual Meeting of the members and at such other regular times as the Board may determine. The President may call a special meeting of the Board at his discretion, and shall call such special meetings at the request of two directors.

SECTION 3. PLACE

Meetings of the Charter and Regular Members and Directors may be held within or without the State of Delaware at such place as may be designated in the call of the meeting.

SECTION 4. NOTICE

Notice of each meeting of the members may be sent via mail, facsimile, e-mail or other electronic means to the last recorded street address or electronic address of each Charter and Regular Member at least thirty (30) days before the time set for the Annual Meeting and at least five (5) days before the time set for a special meeting. Notice of each meeting of the Board of Directors may be sent via mail, facsimile, e-mail or other electronic means to the last recorded street or electronic address of each director at least five (5) days before the time set for said meeting. Notices of all meetings shall set forth the time, date and place thereof, and if a special meeting, the business to be transacted thereat.

No business other than that specified in the notice shall be transacted at a special meeting of the Charter and Regular Members or Directors of the Association.

SECTION 5. WAIVER OF NOTICE

A waiver in writing signed by a Charter or Regular Member or Director entitled to notice of any meeting, whether before or after the time for such meeting, shall be deemed equivalent thereto. Presence at any meeting, except for the purpose of contesting notice thereof, shall constitute a waiver of such notice.

ARTICLE VII. FINANCIAL

SECTION 1. DUES

The dues of the Association shall be payable by the Charter, Regular, Associate and Manufacturers' Agent members in such amounts and at such times as shall be prescribed by the Board of Directors.

SECTION 2. CHECKS, ETC.

All checks notes, drafts, acceptances and other obligations of the Association shall be signed as directed by resolution of the Board of Directors.

SECTION 3. BOND

The Executive Director shall give to the Association a bond, in an amount to be determined by the Board of Directors, as security for the faithful discharge of his duties.

ARTICLE VIII. INDEMNITY

The Association shall indemnify, defend and hold harmless each person who shall serve at any time as a Director or Officer of the Association from and against any and all claims and liabilities to which such person shall have become subject by reason of his having been a Director or Officer of this Association, or by reason of any action alleged to have been taken or omitted by him as such director or officer and shall reimburse each such person for all legal and other expenses reasonably incurred by him in connection with any such claim or liability; provided, however, that no such person shall be indemnified against or be reimbursed for any expense occurred in connection with any claim or liability arising out of his own negligence or willful misconduct. The rights accruing to any person under the foregoing provisions of this Article shall not exclude any other right to which he may legally entitled, nor shall anything here in contained restrict the right of the Association to indemnify or reimburse such person in any proper case even though not specifically herein provided for. The Association, its Directors, Officers, Employees and Representatives shall be fully protected in taking any direction or making any payment under this article, or in refusing to do so, in reliance upon the advice of counsel.

ARTICLE IX AMENDMENTS

These by-laws may be amended, repealed, or altered either in whole or in part by a vote of two-thirds of a quorum of the Regular and Charter Members at any duly organized meeting of the Association, or by mail, e-mail or other electronic means provide the proposed change is submitted to the last record of address (either such physical or electronic address) for each Charter and Regular Member at least thirty (30) days before the time of the meeting which is to consider the change or the closing date of any mail or electronic ballot.