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NEWS RELEASE

MARINE GROUP BOAT WORKS COMPLETES WORLD-CLASS FACILITY, LAUNCHES SUPERYACHT DIVISION AND PROVIDES ECONOMIC BOON FOR SAN DIEGO

*Reinvented Shipyard Lands Contract for
Billionaire Larry Ellison's Superyacht Ronin*

(Chula Vista, Calif., Feb. 16, 2007): You're number-four on *Forbes'* list of wealthiest Americans, worth nearly \$20 billion. So, where do you go when one of your most valuable "toys" needs some work? Up until this month, the answer may have been Europe, Asia or Australia. Now, it is San Diego.

Marine Group Boat Works has announced the completion of a nine-month, multi-million dollar construction project along San Diego Bay. The new facility includes the nation's largest travel lift, allowing San Diego to attract some of the biggest and most expensive boats from around the world. With the travel lift in operation, the facility is attracting very high profile customers including **Oracle CEO Larry Ellison**.

Ellison is known for his love of yachting. In fact, he's the owner of the nation's largest yacht, the *Rising Sun*. For him, *Ronin* is his "little yacht," built for speed at just 192 feet in length (making it number-28 on the list of largest yachts in the U.S.). By anyone's standards this is still a massive boat, and there are very few repair facilities in the world with the lifting capacity to handle its size. Now, there is one right here in San Diego.

"This new facility puts San Diego on the map for the international yachting community," said Todd Roberts, vice president of The Marine Group. "There is tremendous pent-up demand for a facility of this caliber here on the West Coast, made evident with high profile yacht owners like Ellison immediately signing on. We anticipate many more major players bringing their boats – and their dollars – to San Diego."

Local Economic Impact

So why did The Marine Group make the decision to increase its capacity at this time? Quite simply, because the boating world is changing – for the bigger. The market for "superyachts" – the term used to describe yachts in excess of 100 feet in length – is breaking statistical records worldwide, with demand growing by an unprecedented 80 percent in the last six years.

According to some industry estimates, for every \$1 spent on yacht repairs, another \$7 goes into the local economy, as owners and crews seek hotel rooms, restaurants, shopping and entertainment during the repair process, which can take anywhere from a few days to more than a year, depending on the scale of the project. The revenue potential for local coffers is huge, as yacht owners can expect to spend at least 10 percent of the vessel's purchase price in routine maintenance. For example, in Florida's Miami-Dade, Palm Beach and Broward Counties, superyacht owners contributed more than \$576 million to the local economy.

According to Roberts, there are currently about 650 superyachts under construction worldwide, and the repair capacity for them is simply inadequate. It is estimated that up to 75 percent of the decision-making process about where to have repairs done is driven by the location of the facility. The Marine Group is confident that San Diego will be a major draw for owners and crews now that a high-capacity facility is available.

The Marine Group reports that the number of projects at its facility has not increased dramatically since the completion of the new facility, but the value of those projects certainly has – in fact, several times over. *Ronin* is just one of the large boats that have arrived at The Marine Group. *HMS Surprise*, a magnificent replica of an 18th century Royal Navy frigate best known for her starring role in the 2003 Russell Crowe film *Master & Commander: The Far Side of the World*, also arrived in February. Another major project currently underway is the *Leightstar*, the 163-foot yacht owned by ear plug inventor/entrepreneur Howard S. Leight.

The Marine Group Story

Since the early-1980s, the yard, formerly known as South Bay Boat Yard, has made its home on one million square feet of land and water along the Chula Vista waterfront, quietly becoming San Diego's largest boat yard. In 2006, South Bay Boat Yard announced plans to re-invent itself in many ways – including developing an entirely new state-of-the-art facility, drastically enhancing its equipment capacity, and changing its name to reflect its new image.

In October 2006, The Marine Group announced the addition of a key member to its management team, former captain and project manager for the acclaimed *Atessa*, Fred Larsson, as director of superyacht operations. Larsson's international reputation and critical superyacht experience played a key role in attracting the *Ronin* to town.

About the Renovation

The \$6 million renovation project began in April 2006 and involved demolition of 20,000 square feet of structures and paving of four acres, construction of a 25,000-square-foot new office and workshop complex, and the construction of 150-foot piers for the massive new lift. Weighing in at 1.3 million pounds, the lift was transported to the Chula Vista site from Wisconsin in pieces aboard 19 18-wheeler trucks.

To put the massive transformation into perspective, prior to this major facility overhaul, The Marine Group had a lifting capacity of 100 tons (90 feet long and 22 feet wide). Now, the facility is able to accommodate loads up to 665 tons (220 feet long and 54 feet wide). This is only the second lift over 500 tons ever to be made in the U.S. and will be the largest operating in the U.S.

While The Marine Group's newly expanded facility allows it to handle larger boats, the yard will continue to service vessels of all sizes, estimating that approximately 50 percent of its business to be represented by yachts and the remaining 50 percent from Navy and other commercial boats.

"While we are excited to talk about our expanded capacities, it is important to emphasize that we will continue to work with boats of all sizes," explained Roberts. "Whether they are 600 pounds or 600 tons, we are committed to providing world-class service for all types of boats. Our new state-of-the-art facility simply allows us to do our jobs all that much better. We couldn't be prouder of what we have achieved here."

Marine Group Boat Works is a full-service repair facility located on San Diego Bay. The facility's services include repair, retrofit, conversion and custom painting for yachts, military and commercial vessels up to 665 tons. For more information, visit www.marinegroupbw.com or call (800) 281-5565 or (619) 427-6767.

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