

MAINE STATE LEGISLATURE

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2008 ANNUAL REPORT

MAINE LOBSTER PROMOTION COUNCIL



INTRODUCTION

The Maine Lobster Promotion Council, by mandate, markets and promotes the sale of Maine lobster in local, regional, national and world markets year-round. The Council is the only organization that represents the entire Maine Lobster industry, including harvesters, dealers and processors. To ensure our equal representation of different facets of the industry, we have a board comprised equally of harvesters, dealers/processors and public members.

The Maine State Legislature established the Maine Lobster Promotion Council in 1991 at the request of the Maine lobster industry. The MLPC is a public instrumentality of the State, funded through assessments paid by lobster license holders. The MLPC is not a State Agency and receives no funding through the General Fund.

This document, Maine Lobster Promotion Council's 17th annual report, serves to convey the marketing communications and programming activities of the MLPC over the course of calendar year 2008.

Copies of the annual report are provided to the Maine State Legislature's Joint Standing Committees on Marine Resources and Appropriations and Financial Affairs, and to lobster industry associations, lobster co-ops and lobster zone management councils. These organizations are encouraged to make the report available to members in an effort to further communicate industry-wide marketing initiatives. Comments on the report and activities of the council are welcome at any time.



EXECUTIVE SUMMARY

According to the MLPC statute, “The council shall ... identify market areas that will provide the greatest return on the investments made by lobster license holders and undertake those media or promotional efforts that represent the most cost-effective use of a limited promotional budget.” In this annual report we will show how we have strived to meet this mandate set forth in our statute. We have focused on four areas that provide the greatest return on investment:

COMMUNICATIONS TECHNOLOGY



The Internet has provided the Council with an efficient and effective means of reaching limitless customers. We have embraced this technology, analyzing user data and developing a content-rich website that functions as sales staff, public relations executive, expert educator and customer service provider.

Our efforts in this area have earned us the #1 position on Google in searches for the term ‘Maine Lobster.’ We also achieved top rankings for search terms ‘lobster’ and ‘lobster recipes.’ These top rankings carry an estimated value of about \$1 million and create additional cost savings in printing and mailing expenses.

PUBLIC RELATIONS & EARNED MEDIA



While paid advertising carries a price tag largely beyond the Council’s budget, we gain print and broadcast media coverage through earned media. We continually build relationships with journalists, pitch stories about Maine Lobster and shape messaging for current events. This ensures that consumers and industry members read and hear credible stories about Maine Lobster and the industry on an ongoing basis. This coverage carried a value of approximately \$300,000 in 2008.

CHEF EDUCATION & RESEARCH



Independent research shows that as much as 75% of lobster is consumed in restaurants. This makes chefs and restaurant buyers very important customers for the Maine Lobster industry. The Council targets this group through the web site, educational events, public relations, and promotional materials. The Council directly reached approximately 10,000 chefs and seafood buyers in 2008 at trade shows and other events. Over 100,000 individuals viewed recipes on our web site. Over 400 chefs and culinary students viewed our educational video online.

BRAND POSITIONING



Research shows that Maine Lobster enjoys a preferred brand positioning. This has helped harvesters and dealers to sell an average of 20 million pounds of Maine Lobster each year from the 1950s through the 1990s. More recently, the harvest has more than tripled, to a high of 75 million pounds in 2006. The Council works hard to maintain and improve the preference for Maine Lobster so that dealers can sell near record amounts of Maine Lobster each year.

Brand positioning plays a role in communications technology, public relations and chef education, and extends far beyond these categories. We maintain brand positioning through marketing materials, advertising and events.

COMMUNICATIONS TECHNOLOGY

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COMMUNICATIONS TECHNOLOGY

INTERNET PRESENCE

In our efforts to provide the greatest return on investment, we have focused on maximizing our internet presence and utilizing advanced technology to optimize results. Our web site provides the two-fold benefit of:

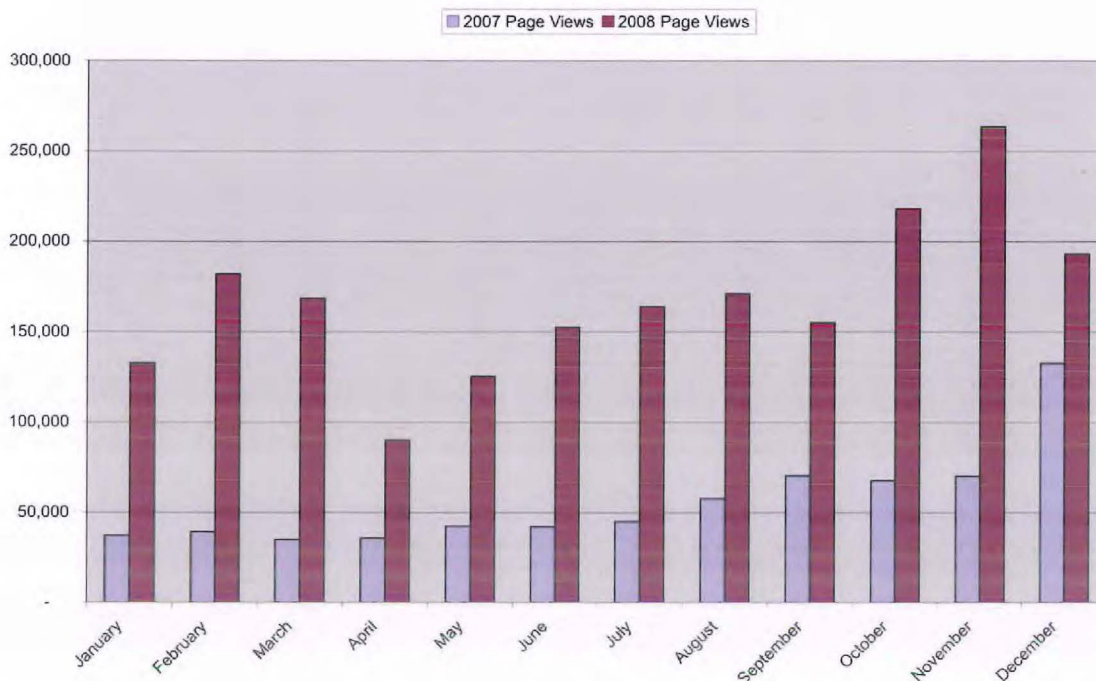
- Reaching far more people than traditional print materials and
- Costing far less than printing and mailing brochures

MLPC analyzed web statistics to determine visitor interests and refined and improved the web site in order to serve customer groups and consumers in a superior manner.

Our content-rich web site has helped us to develop and maintain the position of #1 on Google and Yahoo for 'Maine Lobster' searches, and to consistently rank in the top 5 on leading search engines for the search term 'Lobster' and top position for the term 'Lobster recipes'. This positioning has, collectively, an estimated value of \$1 million based on the cost that other companies pay for sponsored links, first-page positioning and 'click-through' advertising.

The MLPC web site received over 1 million visitors in 2008, with tens of millions of hits, and this number continues to grow every month. This enables the MLPC, representing the Maine Lobster Industry, to largely dominate the top information portals of the world-wide Internet and reach millions of consumers with our primary message that "Maine Lobster is the Finest in the World".

Monthly Website Pageviews



COMMUNICATIONS TECHNOLOGY

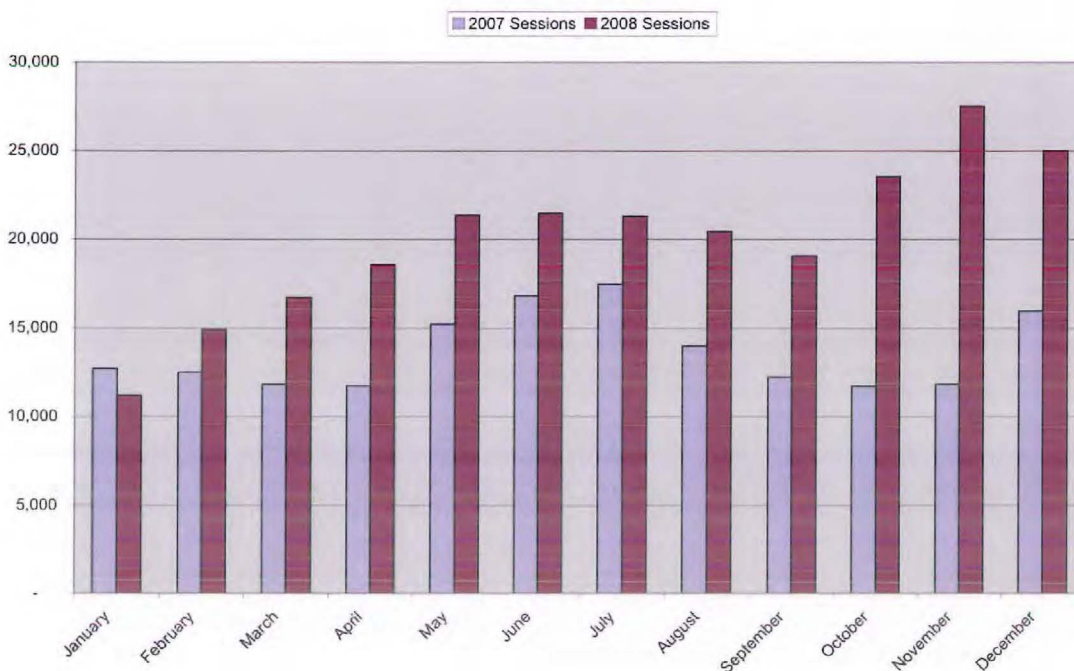
This outreach program and effort is so successful that the MLPC is scaling back print information and putting all of this information on the website for immediate and continuous availability for the millions of consumers in our target audience. This allows us to save money traditionally spent on printed materials while at the same time greatly expanding our outreach.

Traditional customer service typically costs an average of \$4 per customer transaction, including the cost of staff time to receive a request, postage to send information, and printing costs for brochures. The MLPC was limited by the amount of staff time available to handle requests, the cost of processing requests, and the cost of promoting the organization in order to receive requests. The content-rich web site now handles approximately 250,000 requests for information each year, with an estimated value of approximately \$1 million.

In line with the MLPC's directive of providing the most comprehensive and efficient marketing programs for the Maine Lobster Industry in the most cost effective manner, the MLPC has developed clear objectives for the web site, which are continuously monitored, which include:

- Development of unique and valuable information and educational resources relative to the Maine Lobster Industry for the average consumer;
- Developing and publishing compelling content that would differentiate the MLPC website from millions of other food and seafood related sites;
- Making the MLPC website a valuable tool for food service professionals to find out how and where to purchase authentic Maine Lobster direct from Maine sources;
- And, to make the MLPC website a useful and valuable tool to gauge consumer interest, evaluate buying habits and preferences, and stimulate increased demand for Maine Lobster as opposed to generic Lobster from other sources.

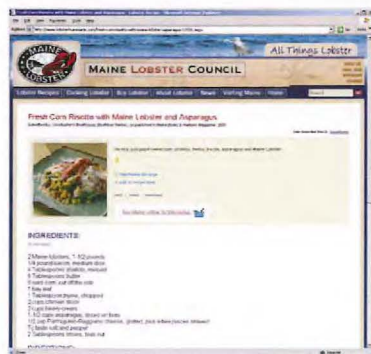
Monthly Website Visits



COMMUNICATIONS TECHNOLOGY

AREAS OF INTEREST ON WWW.LOBSTERFROMMAINE.COM

After carefully evaluating customers' interests and preferences, the MLPC updated and improved the website to align content and functionality with these interests. The site is now organized in six major categories based on our findings.



Recipes

Recipes are the primary draw for consumers and foodservice professionals. We developed the world's largest database of lobster recipes, and now have each recipe linked to a direct buy button to help convert recipe browsers to lobster buyers.



Cooking Tips

'Cooking Lobster' provides consumers and foodservice operators the information they need to be comfortable handling and cooking lobster -- information formerly published in brochure materials. This section provides up-to-date, comprehensive information on handling, cooking and storing lobster.



Buyers Guide

Buying Lobster section allows consumers and wholesale customers to easily choose an online or wholesale lobster supplier through a searchable database of lobster dealers. The online format is continually updated, unlike a printed list that would remain stagnant for at least one year.



About Lobster

This section provides information about the lobster industry and the MLPC. It also includes instructional and informational videos about Maine Lobster, including television ads and how-to videos.



News

The News section is updated continuously to reflect press releases and complimentary news articles about Maine Lobster. It also provides an online media kit that gives reporters instant access to the information they most frequently request.



Visit Maine

This section provides a searchable database of both foodservice and retail lobster sellers as well as customer recommendations and easy to use maps. This section benefits from our close association and cooperation with the Maine Office of Tourism, the Maine Tourism Association and the Maine Restaurant Association.

MEDIA RELATIONS

In 2008, the MLPC worked with reporters to create positive messages about Maine Lobster in local, industry and national media. We received an estimated \$300,000 in earned media over the course of the year. Our media relations effort was a combination of creating events to gain exposure, shaping messaging out of existing events and providing news-worthy information. The MLPC is increasingly becoming a valuable resource for journalists, writers, and broadcasters for information and commentary on the lobster industry. This provides us with valuable opportunities to reach broader audiences with our positive and supportive messaging.



MEDIA RELATIONS

POSITIVE MESSAGING

Maine Lobster Chef of the Year Competition

We re-instated this event in order to gain positive press and local awareness of Maine Lobster and the MLPC. We issued numerous press releases around the event, with resulting coverage in varied media including the Boston Globe, the Cape Cod Times, the Village Soup, the Associated Press, '207', and Maine Food & Lifestyle. The event worked well to raise the MLPC's profile within the State, a measure essential for support within the industry.



Public Service Announcements

The lobster harvesters were facing a challenging fiscal situation over the summer months because of the high cost of bait and fuel and weaker demand. Recognizing this, the MLPC developed a Public Service Announcement designed to increase awareness of and stimulate local demand for Maine Lobster. This resulted in increased sales and support from local retailers in August. Following the economic downturn in October, we developed a more targeted PSA designed to increase local live lobster consumption during a traditionally slow time of the year. This ad aired on over 40 radio stations in Maine for no charge with an airtime value of over \$30,000. It was part of a larger, very successful, marketing campaign in the fall.



German Documentary

We hosted a documentary television crew from Germany, resulting in a German-language documentary about the Maine Lobster industry. In addition to providing coverage in Germany where the show is aired, we are able to include the segment on our website to provide an international element for German viewers.



Monterey Bay Aquarium 'Cooking For Solutions'

The MLPC sponsored local celebrity chefs at a 'Sustainable Seafood' event held at Monterey Bay Aquarium and issued a widely distributed press release regarding our involvement and support of sustainable fisheries. The event and resulting press coverage helped to raise awareness of the Maine Lobster industry's sustainable fishing practices, a matter of increasing importance as consumers and chefs scrutinize their foods' origins.

MEDIA RELATIONS

CRISIS MANAGEMENT AND RESPONSE

The MLPC engages in crisis management on an as-needed basis. In 2008, the Maine Lobster Industry was faced with two separate crisis situations. The first was a health scare regarding the consumption of tomalley from Maine Lobster and the second was the financial crisis that hit in October. In both situations, the MLPC reacted quickly and effectively to minimize damage to the Maine Lobster industry. As the only organization that represents the interests of the entire Maine Lobster industry and also equipped with marketing, media relations, industry communications and government relations capabilities, the MLPC is uniquely qualified to help manage crisis situations.

Paralytic Shellfish Poisoning Scare

MLPC worked extensively with the press after the FDA issued a warning advising consumers not to eat the tomalley of Maine Lobster due to the possibility of contracting Paralytic Shellfish Poisoning (PSP). The resulting MLPC press messaging was effective in minimizing concerns in the U.S. about eating Maine Lobster, primarily because of its calm, reasonable, and authoritative tone. The MLPC worked closely and collaboratively with the Department of Marine Resources and the Maine Center for Disease Control in crafting our positive message.

The MLPC then followed up with and worked closely with representatives and staffers from Senator Snowe's office, Senator Collin's office, Congressman Allen's office, the National Fisheries Institute, the Northeast Food Export office, the Deputy director of Food safety at the FDA, the US State Department, and many others to effectively manage this potentially disastrous food safety and public health issue in a manner that protected and supported the Maine Lobster Industry.

Financial Crisis

With the falling price of lobster and the worldwide economic meltdown in October of 2008, we made a concerted effort to steer the press away from the 'doom and gloom' messaging to stories about the unique and generous ways Mainers were pitching in to help the industry. We also highlighted lobster as a 'great deal' rather than 'cheap' to help maintain its image as a premium seafood product. Articles appeared in the Associated Press, Portland Press Herald, Maine Biz, Bangor Dailey News and many more publications.

Governor's Task Force on Economic Sustainability

The MLPC attended a panel discussion about the state of the lobster industry in October 2008 and was struck by industry members' sincere interest in doing what was best for the industry. The clear problem was that there were no guidelines as to the best way to see the industry through the financial crisis or, thinking ahead, through any type of crisis such as low stocks, health scares, etc. The MLPC had discussed many of these issues with key members of the industry, including influential members of the Maine Lobsterman's Association (MLA) and the Downeast Lobsterman's Association (DELA), whose President is on our board of directors, and recognized the potential for tremendous negative impact on the industry. The MLPC immediately scheduled a meeting with Governor Baldacci and proposed action to address this lack of an overall plan for the industry. By the end of that week Governor Baldacci, who had also heard this message from industry representatives, most notably the MLA who had also met with the Governor that same week, had announced the formation of a Task Force on Economic Sustainability for the Maine Lobster Industry. The purpose of the task force is to develop a comprehensive strategic plan for improved support and marketing of Maine Lobster in order to ensure the economic prosperity and long-term sustainability of the industry.

The Executive Director of the MLPC was named as one of the three initial Task Force appointees.

CHEF EDUCATION

Independent research shows that as much as 75% of lobster is consumed in restaurants. This makes chefs and restaurant buyers very important customers for the Maine Lobster industry. The Council targets this group through the web site, educational events, public relations, and promotional materials. The Council directly reached approximately 10,000 chefs and seafood buyers in 2008 at trade shows and other events. Over 100,000 individuals viewed recipes on our web site. Over 400 chefs and culinary students viewed our educational video online.



CHEF EDUCATION

DVD

MLC created an educational DVD appropriate for both chefs and consumers. We created a new instructional video with Chef Wilfred Beriau and combined it with existing footage from the Culinary Institute of America. The DVD was primarily distributed through the American Culinary Federation (ACF) trade show.

This DVD presentation is now being used by ACF chapters all over the country to instruct aspiring chefs and professional chefs applying for certification as a Certified Executive Chef (CEC) meeting ACF's high standards in the preparation of Maine Lobster. This is just another way that we reinforce our premier positioning with professionals who are making decisions about what items to menu and serve in their restaurants.

Maine Restaurant Association Trade Show, Portland, ME

The MLPC used the MeRA annual trade show to connect with local and regional restaurant operators. We communicated information about upcoming promotions, available lobster marketing materials and general industry information. This helped to launch our successful Maine Lobster Passport program over the summer.

American Culinary Federation Conference, Las Vegas, NV

The MLPC attended this annual event for top food service professionals to promote and educate professional chefs from around the country in how to prepare, serve, and benefit from menuing Maine Lobster.

Approximately 75% of Maine Lobster sold nationally is sold through foodservice outlets. This makes chefs and restaurant buyers an extremely important target audience. The MLPC, in cooperation with Chef Wilfred Beriau, CEC, CCE, (former board member for the MLPC) prepared an instructional video on handling and preparing lobster. We packaged the video with other instructional materials such as recipe videos on a DVD and handed it out at the Conference. It was so well received that the ACF has included it in their online instructional video library at www.acfchefs.org.

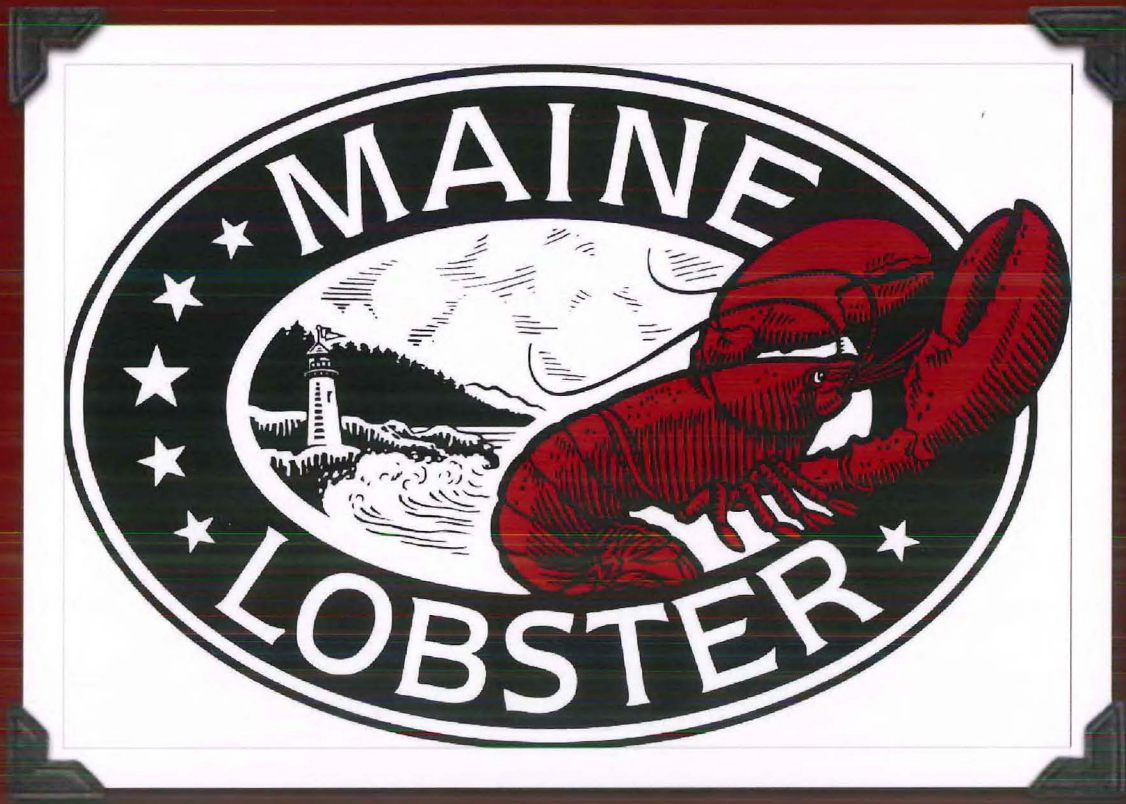


At the same conference, Chef Beriau competed for and won the title of Chef Educator of the Year. Chef Beriau is truly an ambassador for the Maine Lobster industry. The MLPC contributes to his efforts to promote Maine Lobster nationally and internationally throughout the year with product and educational materials.

BRAND POSITIONING

Research shows that Maine Lobster enjoys a preferred brand positioning. This has helped harvesters and dealers to sell an average of 20 million pounds of Maine Lobster each year from the 1950s through the 1990s. In the past 20 years, the harvest has almost tripled from historic averages. The Council works hard to maintain and improve the preference for Maine Lobster so that dealers can sell near record amounts of Maine Lobster each year.

Brand positioning plays a role in communications technology, public relations and chef education, but it also extends far beyond these categories. We maintain brand positioning through marketing materials, advertising and events.



BRAND POSITIONING

ADVERTISING

Event advertising

Due to our mandate to use the most cost-effective marketing means possible, the MLPC typically does only limited advertising such as trade show guides for shows in which we are participating. In the first part of the year, we ran local advertisements in the Fishermen's Forum show guide and local industry publications to promote the Marine Stewardship Council (MSC) events and seminar at the Forum. We also advertised in the MeRA newsletter to generate awareness of and participation in our Maine Lobster Chef of the Year competition.

Emergency Fall Advertising Campaign

In the fall of 2008, we ran a targeted, local advertising campaign designed to stimulate demand for live lobster as a result of the financial crisis (see Crisis Management). With a \$40,000 budget, we negotiated the following 4-week media schedule:

- ½ page ads in 14 weekly newspapers, providing coverage across the state
- radio spots on over 40 stations in Maine, with coverage doubled from the 20 paid stations with free public service announcements on the additional stations
- 60 second television ad on Fox23, running for three weeks in November and December
- Special lobster promotions in grocery stores and restaurants

The MLPC also worked with a group from Boothbay Harbor that raised money through a Lobster Maine-ia event and wanted to put their proceeds to marketing that would benefit the industry. The MLPC staff negotiated a television advertising campaign on WGME13 including production of a new :30 second commercial which MLPC staff wrote and directed. The 30 second television spot ran throughout the month of December during Oprah and the evening news, promoting Maine Lobster as both an ideal gift and a great party food.



You have a
★★ MILLION ★★
reasons to eat
MAINE LOBSTER
tonight

Maine Lobstermen and Dealers have banded together to offer their own economic stimulus package – they are offering unprecedented savings on up to ONE MILLION lobsters this Fall.

The Fall Harvest of Maine Lobsters is in full swing and the lobsters are at their peak – sweet, succulent and scrumptious. You can get them whatever way you like – Fresh, baked, boiled, lobster rolls, lobster stew, lobster newburg.

So get crackin'! All you have to do to take advantage of this 'stimulus package' is to go out and eat some lobster. Look for great prices in participating stores and restaurants.

Go to www.lobsterfrommaine.com
for All Things Lobster including:

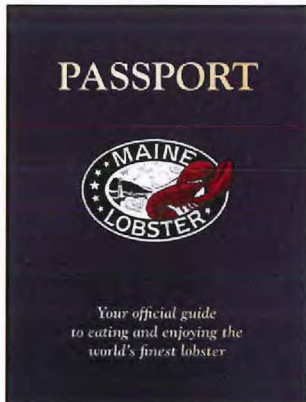
GREAT FALL LOBSTER RECIPES
INSTRUCTIONS FOR PREPARING AND COOKING LOBSTER
EVERYTHING YOU NEED TO KNOW TO ENJOY MAINE LOBSTER



Maine Lobster Council

BRAND POSITIONING

PROMOTIONAL MATERIALS:



Lobster Tales Newsletter

In 2008 the MLPC started the monthly newsletter update for industry members. The newsletter is emailed to industry members and provides monthly updates with information on MLPC activities and industry issues. Beginning in 2009, Lobster Tales will also be posted on the website.

Maine Lobster Passport

We took the eye-catching Maine Lobster Passport developed several years ago, and updated it with new information designed to drive consumers to the website. It contained information about cooking, preparing and purchasing lobster, as well as information about lobster activities such as boat tours and the Lobster Festival in Rockland.

The "Passport" far exceeded previous popularity in this new format, based on the return rate for contest cards. Over 500 cards were returned, entering participants into a drawing to win a lobster dinner for four. The passports were distributed through Maine restaurants, tourist centers, and Hannaford supermarkets.

Guide to Maine Lobster Brochure

MLPC updated the popular Guide to Maine Lobster brochure in 2008. The updated brochure was distributed through trade shows, visitor centers and foodservice/retail outlets throughout the state. This brochure provides users with all the basic information they need to purchase and prepare Maine Lobster, and refers them to the MLPC website for more comprehensive information.

Tank Clings

Research shows that consumers find plate shots of lobster more appetizing than the live product. To support the summer retail promotions, MLPC designed and produced a tank cling with appetizing lobster visuals designed to stimulate retail demand for Maine Lobster. We will continue to distribute these materials in 2009.

Booth

The MLPC designed and produced a new booth backdrop that is easily customizable so that it can be used at all our event functions making it much more usable and saving money on separate booth displays for different audiences and functions. This allows us to present visuals and information that best appeals to the target audience for each show, whether they are foodservice professionals, industry members or consumers.

BRAND POSITIONING

EVENTS

Each year, the MLPC participates in a selection of industry trade shows designed to provide the greatest impact and reach to key target audience members. In 2008, the MLPC participated in eight events, targeting seafood industry professionals, foodservice customers and consumers.

January	February International Boston Seafood Show	March Fishermen's Forum	April European Seafood Exposition MeRA Exposition	May Monterey Bay Aquarium Event	June
July American Culinary Federation National Convention	August Maine Lobster Festival	September	October Harvest on the Harbor	November Governor's Trade Mission to Canada	December

Fishermen's Forum: Rockland, ME

The Fishermen's Forum is the best time to network with key industry members, share information about MLPC marketing efforts and gather industry feedback. See 'Marine Stewardship Council' in this section for a summary of MLPC activities at the 2008 event.

International Boston Seafood Show: Boston, MA

The International Boston Seafood Show is the largest seafood show in the USA and attended by approximately 16,000 industry professionals including the top seafood buyers in the world. With the opportunity to reach key buyers, the MLPC promoted its new and improved Buyers Guide. This online searchable database allows buyers to quickly find a Maine Lobster supplier that meets their specifications in terms of size, product type and location. The Guide is updated continually so that the information remains accurate throughout the year.

European Seafood Exposition: Brussels, Belgium

Dane Somers attended the seafood show in Brussels to gather industry information, assess marketing efforts of Maine Lobster companies and other seafood companies, support Maine Lobster marketing efforts and make valuable industry contacts.

Maine Lobster Festival: Rockland, ME

The MLPC partnered with the Maine Lobster Festival to sponsor the 'Heritage Tent' at the Lobster Festival in August. This 5-day event drew visitors from around the country and world to enjoy Maine Lobster, events and activities. The MLPC took the opportunity to distribute information about Maine Lobster to Festival attendees, ultimately driving traffic to our web site.

Harvest on the Harbor: Portland, ME

The MLPC partnered with the Portland Convention and Visitors Bureau to help launch this fall event designed to increase tourist traffic during the fall shoulder season. The timing worked well for the MLPC, because fall is a time of abundant availability and high quality for Maine Lobster. The MLPC worked with leading local chef, Rob Evans, to sponsor a televised cooking segment that aired nationally on a top cooking and food network. We extended the impact of that segment by including it on our web site. The MLPC also sponsored a Maine Lobster Tent at the trade show portion of the event, where consumers were able to taste Maine Lobster, sample Maine Lobster bisque and take printed information which directed them to our web site for more complete information.

BRAND POSITIONING

OTHER ACTIVITIES

Marine Stewardship Council Certification

MSC Certification was an important initiative in 2008. Trends show that consumers and foodservice professionals are increasingly concerned about their food's origins, carbon footprint and sustainability. The MLPC had been investigating sustainability certification since 2006 and determined that the industry needed to be updated about this important trend. After completing a pre-assessment of the industry by an MSC-authorized certifying organization, the MLPC was ready to share the results with the industry and solicit feedback on the process of possibly moving forward with the certification process.

With that goal, the MLPC coordinated a series of events at the Fishermen's Forum designed to educate the industry about MSC certification. We invited top level representatives from MSC to speak at a dinner meeting with key industry leaders and at a general session open to all attendees. With that momentum, a group of individual industry members moved forward with an MSC task force comprised of members representing the entire industry. This group has taken the Maine Lobster industry into full assessment, a step that will hopefully result in MSC certification for the Maine Lobster industry within the next calendar year. The MLPC serves on the Committee that is overseeing this process.



MSC certification will compliment and reinforce the Certified Maine Lobster program that MLPC launched in 2006. The traceability element of the program would help to improve branding efforts.

Governor's Trade Mission to Canada

In November, Dane Somers took part in the Governor's Trade Mission to Vancouver and Toronto with the goal of developing new markets for Maine Lobster, both through the live market into Toronto and into the Chinese market through the gateway city of Vancouver. In these difficult and challenging times, it is extremely important to seek out every opportunity to enhance existing trade relationships, develop new higher value market segments and to strive to open new markets. The mission was successful in enabling Somers to make valuable contacts in both the Vancouver and Toronto markets. The MLPC will continue to work with these contacts during 2009 to bring new markets to fruition.

Fight Against Product Substitution

Since 2006, the MLPC has been working to reduce product confusion and substitution for Maine Lobster. The primary threats to Maine Lobster have been based on two FDA decisions:

-  To allow surimi products to drop the word 'imitation' from labeling, allowing the term 'lobster-flavored product' for a seafood that actually contains no lobster
-  To allow the term 'langostino lobster' to be used for unspecified crab products




MLPC has worked with legislators and industry organizations to try to reverse or clarify these FDA decisions. In August of 2008, MLPC hosted a committee from the Government Accountability Office that was reviewing the manner in which the FDA handled the 'langostino' decision. Over two days, we educated the GAO group about the Maine Lobster industry with plant tours, a lobster boat tour, and meetings with industry representatives. We also organized a meeting with key government and industry representatives to review the collective actions surrounding the 'langostino' issue. The GAO expects to issue a report on their findings in 2009.

BRAND POSITIONING

COLLABORATIVE RELATIONSHIPS

The Council has developed relationships with many complementary organizations throughout Maine and the country. These relationships help us to expand our marketing efforts, access information, generate marketing materials and more. Although the benefits of these relationships are varied, they all help us to create the presence of a larger and better-funded organization. Following a partial list of the organizations that we have worked with in 2008.



Maine Tourism

-  Maine Tourism Association
-  Maine Office of Tourism
-  Portland Convention and Visitors Bureau

Culinary

-  Maine Restaurant Association
-  Culinary Institute of America
-  American Culinary Federation
-  Southern Maine Community College (Culinary Education Program)






Export

-  Maine International Trade Center
-  Northeast Seafood Export

Harvester

-  Maine Lobstermen's Association
-  Downeast Lobstermen's Association
-  Massachusetts Lobstermen's Association

Maine Lobster

-  Department of Marine Resources
-  Lobster Institute
-  Lobster Advisory Council
-  Zone Councils
-  Gulf of Maine Research Institute

Marketing Boards

-  Alaska Seafood Marketing Board
-  Wild American Shrimp
-  Louisiana Seafood Marketing Board
-  Maine Potato Board
-  North American Wild Blueberry Association

FISCAL MANAGEMENT

The organization strives to maximize market impact of its expenditures through strict adherence to conservative fiscal policy.

The majority (97%) of revenue is generated through an assessment on lobster licensees, and additional sources of funding are sought from outside sources, such as grants.

An annual audit is compiled by an independent, external CPA accounting firm. A complete copy of the 2008 fiscal year audit is available upon request. The Auditors were satisfied that the MLPC had well managed and responsibly administered financial records, policies and procedures, and the accounting and financial management adhered to Generally Accepted Accounting Practices (GAAP) standards. The auditors had no recommendations for, nor suggested any, need for improvements.

Sources of funding

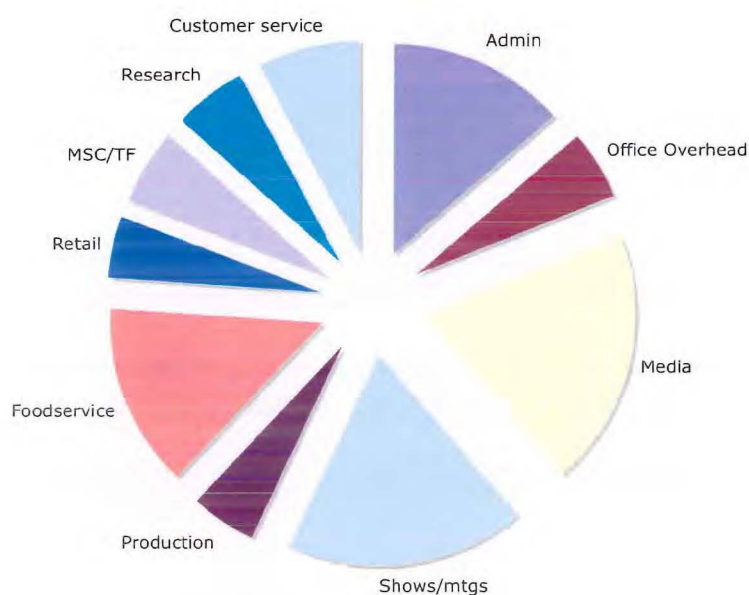
As mentioned above, 97% of the funding for the MLPC comes from license assessments from industry licensees. These include harvester licenses, wholesaler licenses, and transportation licenses. Additional funding comes from Grants and miscellaneous income. A priority for the MLPC in FY 2009 is to seek out additional grant opportunities to supplement the current funding levels as these levels are expected to decline slightly in the next few years. The MLPC, in FY 2009, is currently utilizing the resources of a professional grant writer to assist us in this important area. The MLPC does not receive any funding directly from State or Federal funds.

Uses of funding

The MLPC uses a detailed budget that is approved and overseen by the 9 member board of directors, representing diverse industry sectors including harvesters, dealers, processors, and the general public.

The MLPC has a very broad mandate and minimal funding so the entire board and staff is continuously focused on programs and activities which generate the most return on investment (ROI) in terms of supporting the industry through the marketing and promotion of Maine Lobster.

Expenses by Category



Financial Statements



**Maine Lobster
Promotion Council**

June 30, 2008

Reporting of the Council's Fund Financial Statements

Governmental fund - The Council's basic services are reported in a governmental fund, which focus on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Council's government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on pages 6 and 8.

For the year ended June 30, 2008, net assets changed as follows:

Beginning net assets	\$ 321,640
Increase in net assets	<u>16,769</u>
Ending net assets	<u>\$ 338,409</u>

This reflects a increase of approximately 5%.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. All other governmental revenues are reported as miscellaneous.

The following schedule presents a summary of general fund revenues for the fiscal year ended June 30, 2008, and the percentage of increases and decreases in relation to the prior year.

REVENUE	FY2008 AMOUNT	FY2007 AMOUNT	CHANGE	% INCREASE (DECREASE)
Intergovernmental	\$ 387,934	\$ 395,688	\$ (7,754)	(1.9%)
Sales of Promotional Materials	---	\$ 1,085	\$ (1,085)	(100%)
Grant Income	\$ 5,846	---	\$ 5,846	100%
Interest	\$ 6,149	\$ 5,474	\$ 675	12.3%
Miscellaneous	---	\$ 3,930	\$ (3,930)	100%
TOTAL REVENUE	\$ 399,929	\$ 406,177	\$ (6,248)	(1.5%)

Intergovernmental revenue decreased slightly for the second year in a row. This trend is expected to continue as efforts to reduce or limit the amount of new licenses issued increases. Since this source of revenue is directly tied to the number and type of licenses issued, we expect a slight downward trend of 1.5-2% per annum for the next few years or at best a stable revenue base.

The following schedule presents a summary of general fund expenditures (on page 7) for the fiscal year ended June 30, 2008, and the percentage of increases and decreases in relation to the prior year.

EXPENDITURES	FY2008 AMOUNT	FY2007 AMOUNT	CHANGE	% INCREASE (DECREASE)
Communications	\$ 4,369	\$ 2,050	\$ 2,319	113.10%
General Administrative and office	\$ 4,795	---	\$ 4,795	100%
Postage and shipping	\$ 6,225	---	\$ 6,225	100%
Professional services	\$ 18,956	---	\$ 18,956	100%
Storage and fulfillment	\$ 4,507	---	\$ 4,507	100%
Computer update	\$ 10,703	\$ 2,865	\$ 7,838	273.6
Staff salaries and benefits	\$ 158,776	\$ 135,560	\$ 23,216	17.10%
Miscellaneous	---	\$ 2,503	\$ (2,503)	(100%)
Certified Maine Lobster	---	\$ 77,871	\$ (778,710)	(100%)
Travel	\$ 12,254	\$ 8,207	\$ 4,317	52.60%
Programs	\$ 58,070	\$ 75,634	\$ (17,564)	(23.2%)
Marketing and promotions	\$ 34,575	\$ 62,347	\$ (27,772)	(44.5%)
Photography	---	\$ 12,567	\$ (12,567)	(100%)
Marine Stewardship Council	---	\$ 745	\$ (745)	(100%)
Market Research	\$ 6,251	\$ 500	\$ 5,751	1,150.20%
Web page	\$ 16,255	\$ 24,180	\$ (7,925)	(32.8%)
Trade Show	\$ 28,207	\$ 24,048	\$ 4,159	17.30%
Educations	---	\$ 41,369	\$ (41,369)	(100%)
Fisherman's Forum	---	\$ 1,424	\$ (1,424)	(100%)
Office overhead	\$ 11,346	\$ 51,605	\$ (40,259)	(78%)
Total expenditures	\$ 375,559	\$ 523,475	\$ (147,916)	(28.3%)

The significant decrease in overall expenditures reflects a return to a more conservative fiscal policy with a strong emphasis on efficacy and return on investment for marketing expenditures. In accordance with this stronger, more conservative fiscal policy there has also been a restructuring of account management with a much more detailed chart of accounts resulting in management tools which facilitate stronger, more focused management of expenses. Other seemingly significant variations in expenses from year to year are mostly attributable to changes in the detailed chart of accounts from FY 07 to FY 08. Staff salaries and benefits are higher due to the filling of a vacant position which existed for much of the previous fiscal year.

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