NOTICE TO INTERESTED PERSONS

1. You are hereby notified that a written submission has been filed on behalf of Regal Marine Industries, Inc. 401(k) Retirement Plan (the "Plan") with the United States Department of Labor (the "Department") seeking authorization, pursuant to class exemption 96-62 ("PTCE 96-62"), 61 FR 39988, July 31, 1996, as amended by 67 FR 44622, July 3, 2002, for an exemption from the prohibitions of section 406 of the Employee Retirement Income Security Act of 1974 (the "Act") and the sanctions resulting from the application of section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") to the proposed transaction (the "Proposed Transaction"), as described below.

2. The submission has met the requirements for tentative authorization under PTCE 96-62.

3. If authorized by the Department, pursuant to PTCE 96-62, the restrictions of section 406(a) and 406(b)(1) and (b)(2) of the Act and the sanctions resulting from the application of 4975 of the Code by reason of section 4975(c)(1)(A) through (E) of the Code shall not apply to the sale to Regal Marine Industries, Inc. (the "Employer") by individual accounts in an employee stock ownership plan (the "ESOP") of shares of common stock (the "Stock") of the Employer, a party in interest with respect to the ESOP.

4. The authorization, if granted, will not provide relief from the general fiduciary provisions of the Act or the Code, nor will such authorization constitute an endorsement by the Department of the Proposed Transaction that is the subject of this submission.

Background

5. A predecessor profit sharing plan to the Plan was established on July 31, 1978. The ESOP was established on August 1, 1987. On August 1, 1994, a 401(k) feature was added and the predecessor profit sharing plan and the ESOP were merged to form the Plan. Both the Plan and the ESOP are sponsored by the Employer. Since the merger, the Plan has acquired no additional shares of the Stock. Both the Plan and the ESOP provide for individual accounts for participants. The Plan has 1,171 participants, as of July 31, 2005. The Plan has assets totaling $13,601,516, as of July 31, 2005. Deferral contributions by participants and matching or profit sharing contributions by the Employer are invested in mutual funds.

6. The Employer, a sub-chapter S corporation, as of August 1, 2004, is engaged in the business of manufacturing sport boats, cruisers and sport yachts. Paul Kuck ("Mr. Kuck") is the Chairman of the Board of the Employer and the Employer's Chief Executive Officer. Mr. Kuck owns directly or through attribution, pursuant to section 267(c) of the Code, 85.93 percent (85.93%) of the Employer. Mr. Kuck is also the trustee of the Plan (the "Trustee") and a participant in the Plan.

7. The Employer only has one class of Stock. The Employer began issuing the Stock on October 2, 1969. As of July 11, 2006, there are 402,486.3109 shares of Stock issued and outstanding. The following shareholders own more than 10% of the Stock of the Employer:

Duane Kuck – 95,468.8158 shares (23.72%); Tim Kuck – 77,638.1025 shares (19.29%); and Pam Biddle – 44,364.0063 shares (11.02%).

8. It is represented that only the active and inactive participants who have individual accounts in the ESOP which hold the Stock will be affected by the Proposed Transaction. In this regard, it is represented that the individual accounts of 175 active and inactive participants hold in the aggregate 8,427.8056 shares of the Stock. At the discretion of the Trustee, a predecessor plan of the Plan acquired 5,000 shares of Stock in 1986 as an in-kind contribution. At the time of the contribution, the total value of the shares contributed was $78,000, or $15.60 per share, which was based on the 1985 year end valuation prepared by an independent, qualified appraiser. In 1992, the ESOP acquired 9,118 shares in two in-kind contributions (1,886 and 7,232). At the time of the contributions, the total value of the shares contributed was $205,155, or $22.50 per share, which was based on the 1991 year end valuation prepared by an independent, qualified appraiser. Based on a Department issued Interpretive Bulletin 94-3, the in-kind contributions do not constitute a prohibited transaction because the Employer contributed the Stock without the Employer having made a prior commitment to make such a contribution. Of the 14,118 shares originally contributed only 8,427.8056 remain in the Plan, because 5,690.1944 shares have been previously distributed to participants and then redeemed by the Employer. With respect to the in-kind contribution in 1986, the simple rate of return as of February 16, 2006 (excluding dividends), would be 615 percent (615%), or an average of 31 percent (31%) annually. With respect to the in-kind contribution in 1992, the simple rate of return as of February 16, 2006 (excluding dividends), would be 395 percent (395%), or an average of 28 percent (28%) annually. Dividends were paid on the shares in the Plan in the amount of $66,925 with respect to 2004, $100,317 with respect to 2005 and $36,694, with respect to 2006. There were no expenses charged to the accounts as a result of ownership of the Stock.

9. The fair market value of the Stock has been determined to be $111.47 per share, as per a fairness opinion prepared, on February 16, 2006, by Joseph E. MacHatton, CFA and Jess W. Wright, ASA with Sheldrick, McGehee & Kohler, LLC. This fairness opinion utilized the income and market approaches to value and applied a 10 percent (10%) discount for lack of control factor, because the Stock held by the individual accounts represents a minority interest. In addition, a fair market value of the Stock has been determined to be $110.77 per share, as per a fair market value appraisal prepared, on July 31, 2005, by Joseph E. MacHatton, CFA and Jess W. Wright, ASA with Sheldrick, McGehee & Kohler, LLC. This appraisal utilized the income and market approaches to value. It is represented that the fair market value of the Stock will be updated, as of the date the transaction is entered, by an independent, qualified appraiser.

10. Based on the February 16, 2006 fairness opinion, and the July 31, 2005, appraisal, the individual accounts would realize in the aggregate approximately, $939,447.49 or $933,548.03, respectively, on the sale of the Stock which would constitute approximately, 6.91 percent (6.91%) and 6.86 percent (6.86%), respectively, of the assets of the Plan which are currently invested in the Stock. It is represented that as the percentage of the assets of the Plan invested in the Stock continues to decline as additional cash contributions are made by the Employer, the Trustee of the Plan has determined that the ESOP portion of the Plan should be discontinued. The discontinuation of the ESOP is not a partial termination under section 4043 of

ERISA because the Plan is not subject to the Pension Benefit Guaranty Corporation (PBGC) requirements under Title 4 of ERISA.

11. The Employer desires to purchase the Stock from the Plan in order to save the expense of an annual valuation of the Stock and because the Employer understands that participants who have Stock allocated to their accounts would prefer to have the funds to invest in other investments offered in the 401(k) Plan, and participants who are terminated employees would like to receive a distribution in cash for their account balance in the ESOP. The Plan desires to sell Stock to the Employer for the same reasons the Employer wishes to purchase the Stock – the participants would prefer to invest the Stock sales proceeds in other 401(k) investments, or would like to receive the cash if they have terminated employment, and the Plan agrees with the Employer that eliminating the expense of an annual stock valuation would be desirable. As the Employer is a party in interest with respect to the Plan, the sale of the Stock to the Employer would be a prohibited transaction which is not permitted under the Act or the Code, unless the transaction is authorized by the Department.

12. The Plan has applied to the Department in order to obtain authorization for the sale of the Stock by the Plan to the Employer. It is represented that the sale of the Stock will increase the liquidity and diversification of the Plan's portfolio and will yield a reasonable rate of return. If the authorization is granted by the Department, the Proposed Transaction will be subject to the following conditions: (1) the transaction is a one-time transaction for cash; (2) the Employer purchases the Stock for a purchase price based on the fair market value of such Stock; (3) the fair market value of the Stock is determined by an independent qualified appraiser, as of the date the Proposed Transaction is entered; (4) the Plan will not be responsible for any of the fees or commissions associated with the sale of the Stock, including the cost of filing the application and notifying interested persons; (5) the sales proceeds from the Proposed Transaction will be credited to the Plan simultaneously with the transfer of title to the Stock to the Employer and each participant's share of the sale proceeds will be based on the portion of each such participant individual account balance invested in the Stock.

13. If the authorization is granted, the Proposed Transaction will take place within 30 days after the date of the final authorization of the Proposed Transaction by the Department.

14. It is represented that the Proposed Transaction poses little, if any, risk of abuse or loss to the Plan, the ESOP or the individual accounts, because the Proposed Transaction is a one-time transaction in which the purchase price for the Stock will be based on an independent valuation by a qualified independent appraiser, and the cash received will be allocated in proportion to the number of shares sold from each participant's account.

15. In reliance on PTCE 96-62, the Employer has identified as substantially similar to the Proposed Transaction the following two (2) individual exemptions granted by the Department within the past 60 months:

i. Prohibited Transaction Exemption 2003-14, issued to ACR Homes, Inc. Employee Stock Ownership Plan and Trust, 68 FR 34649 (June 10, 2003). This exemption permitted the past sale on August 28, 2001, by an employee stock ownership plan to the sponsoring employer of 3,600 shares of such employer's class A common stock for $511,250 in cash.

ii. Prohibited Transaction Exemption 2002-32 issued to Northwoods Bank of Minnesota Employee Stock Ownership Plan, 67 FR 42077 (June 20, 2002). This exemption permits the sale by individual accounts within a plan of certain shares of common stock of a bank holding company which is a party in interest with respect to an employee stock ownership plan.

16. As a person who may be affected by the Proposed Transaction, you have the right to comment on the Proposed Transaction. Written comments should be addressed to:

Office of Exemption Determinations
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Ave., NW
Room N-5700
Washington, D.C. 20210
Attention Submission No. E-00528

Comments may also be submitted by facsimile to 202-219-0204, and by e-mail to leblanc.angelena@dol.gov.

17. The comment period will close on August 22, 2006, 25 days following completion of the distribution of this Notice to Interested Persons. Final Authorization of the Proposed Transaction will not occur until the Department reviews all comments received in response to this Notice to Interested Persons.