MARINE PRODUCTS CORP
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UNITED STATES SECURITIES AND EXCHANGE OMMISSION

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SCHEDULE 14A

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Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant **x**
Filed by a Party other than the Registrant **o**

Check the appropriate box:

x Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Rule §240.14a-12

MARINE PRODUCTS CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

MARINE PRODUCTS CORPORATION
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
2170 Piedmont Road, NE, Atlanta, Georgia 30324

TO THE HOLDERS OF THE COMMON STOCK:

PLEASE TAKE NOTICE that the 2005 Annual Meeting of Stockholders of Marine Products Corporation, a Delaware corporation (Marine Products or the Company), will be held at the Company s offices located at 2170 Piedmont Road, NE, Atlanta, Georgia, on Tuesday, April 26, 2005, at 12:00 noon, or any adjournment thereof, for the following purposes:

1. To elect three Class I directors to the Board of Directors;

2. To amend the Certificate of Incorporation of the Company to increase the number of authorized shares of capital stock to 75,000,000 shares;

3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Proxy Statement dated April 4, 2005 is attached.

The Board of Directors has fixed the close of business on March 17, 2005 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

Stockholders who do not expect to be present at the meeting are urged to complete, date, sign and return the enclosed proxy. No postage is required if the enclosed envelope is mailed in the United States.

BY ORDER OF THE BOARD OF DIRECTORS

Linda H. Graham, Secretary

Atlanta, Georgia
April 4, 2005

PROXY STATEMENT

This Proxy Statement and a form of proxy were first mailed to stockholders on or about April 4, 2005. The following information concerning the enclosed proxy and the matters to be acted upon at the Annual Meeting of Stockholders to be held on April 26, 2005, is submitted by the Company to the stockholders in connection with the solicitation of proxies on behalf of the Company s Board of Directors.

Three-for-two stock split The Board of Directors, at their meeting on January 25, 2005, authorized a three-for-two stock split to stockholders of record on February 10, 2005, payable on March 10, 2005. **All share, per share and market price data herein have been adjusted for this split and the stock split effective March 10, 2004.**

SOLICITATION OF AND POWER TO REVOKE PROXY

A form of proxy is enclosed. Each proxy submitted will be voted as directed, but if not otherwise specified, proxies solicited by the Board of Directors of the Company will be voted in favor of the candidates for election to the Board of Directors.

A stockholder executing and delivering a proxy has power to revoke the same and the authority thereby given at any time prior to the exercise of such authority, if he so elects, by contacting either proxy holder or by attending the meeting and voting in person. However, a beneficial stockholder who holds his shares in street name must secure a proxy from his broker before he can attend the meeting and vote.

CAPITAL STOCK

The outstanding capital stock of the Company on March 17, 2005 consisted of 39,204,627 shares of Common Stock, par value $0.10 per share. Holders of Common Stock are entitled to one vote (non-cumulative) for each share of such stock registered in their respective names at the close of business on March 17, 2005, the record date for determining stockholders entitled to notice of and to vote at the meeting or any adjournment thereof.

A majority of the outstanding shares will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business. In accordance with the General Corporation Law of the state of Delaware, the election of the nominees named herein as Directors will require the affirmative vote of a plurality of the votes cast by the holders of shares of Company Common Stock entitled to vote in the election provided that a quorum is present at the Annual Meeting. In the case of a plurality vote requirement (as in the election of directors), where no particular percentage vote is required, the outcome is solely a matter of comparing the number of votes cast for each nominee, with those nominees receiving the most votes being elected, and hence only votes for director nominees (and not abstentions or broker non-votes) are relevant to the outcome. In this case, the three nominees receiving the most votes will be elected. The affirmative vote of holders of a majority of the outstanding shares of Common Stock of the Company is required for approval to amend the certificate of incorporation to increase the number of authorized shares of capital stock to 75,000,000. With respect to the proposal to approve the amendment to the Company s certificate of incorporation, abstentions and broker non-votes will have the effect of a vote against the proposal. There are no rights of appraisal or similar dissenter s rights with respect to any matter to be acted upon pursuant to this Proxy Statement. It is expected that shares held of record by officers and directors of the Company, which in the aggregate represent approximately 65.8 percent of the outstanding shares of Common Stock, will be voted for the nominees for directors and in favor of the proposal to increase the number of authorized shares to 75,000,000.

The executives named in the Summary Compensation Table, and the name and address of each stockholder (or group as that term is used in Section 13(d)(3) of the Exchange Act) who owned beneficially five percent (5%) or more of the shares of Common Stock of the Company on March 17, 2005, together with the number of shares owned by each such person and the percentage of outstanding shares that ownership represents, and

information as to Common Stock ownership of the directors and executive officers of the Company as a group (according to information received by the Company), are set out below:

Name and Address of Beneficial Owner	**Amount Beneficially Owned (1)**	**Percent of Outstanding Shares**
R. Randall Rollins Chairman of the Board 2170 Piedmont Road, NE Atlanta, Georgia	23,708,420) (2	58.6
Gary W. Rollins President and Chief Executive Officer, Rollins, Inc. 2170 Piedmont Road, NE Atlanta, Georgia	23,675,206) (3	58.5
FMR Corporation 82 Devonshire Street Boston, Massachusetts	4,032,870) (4	10.0
Richard A. Hubbell President and Chief Executive Officer 2170 Piedmont Road, NE Atlanta, Georgia	1,214,550) (5	3.0
James A. Lane, Jr. Executive Vice President and President, Chaparral Boats, Inc. 2170 Piedmont Road, NE Atlanta, Georgia	309,956) (6	**
	)	**

Name and Address of Beneficial Owner	Amount Beneficially Owned (1)	Percent of Outstanding Shares
Ben M. Palmer Vice President, Chief Financial Officer and Treasurer 2170 Piedmont Road, NE Atlanta, Georgia	242,258 (7	
Linda H. Graham Vice President and Secretary 2170 Piedmont Road, NE Atlanta, Georgia	246,452) (8	**

** Less than one percent

(1) Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.

(2) Includes 106,920 shares of the Company Common Stock held as Trustee, Guardian, or Custodian for his children. Also includes 109,296 shares of common stock in two trusts of which he is Co-Trustee and as to which he shares voting and investment power. Also includes 22,654,280 shares of the Company held by RFPS Management Company III, L.P. of which RFA Management Company, LLC (General Partner), a Georgia limited liability company, is the general partner. The voting interests of the General Partner are held by two revocable trusts, one of which each of Gary or Randall Rollins is the grantor and sole trustee. LOR, Inc. is the manager of the General Partner. Mr. R. Randall Rollins and Mr. Gary W. Rollins have voting control of LOR, Inc. Included herein are options to purchase 135,000 shares, which are currently exercisable or will become exercisable within 60 days of the date hereof and 22,500 shares of restricted stock awards. This excludes options to purchase 90,000 shares that are not currently exercisable and will not become exercisable within 60 days of the date hereof. This also excludes 31,497 shares of Common Stock held by his wife, as to which Mr. Rollins disclaims any beneficial interest. Mr. Rollins is part of a control group holding Company securities that includes Mr. Gary Rollins, as disclosed on a Schedule 13D on file with the U.S. Securities and Exchange Commission.

(3) Includes 109,296 shares of the Company Common Stock in two trusts of which he is Co-Trustee and as to which he shares voting and investment power. Also includes 22,654,280 shares of the Company held by RFPS Management Company III, L.P. of which RFA Management Company, LLC (General Partner), a Georgia limited liability company, is the general partner. The voting interests of the General Partner are held by two revocable trusts, one of which each of Gary or Randall Rollins is the grantor and sole trustee. LOR, Inc. is the manager of the General Partner. Mr. R. Randall Rollins and Mr. Gary W. Rollins have voting control of LOR, Inc. This also excludes 135,005 shares of Common Stock held by his wife, as to which Mr. Rollins disclaims any beneficial interest. Mr. Rollins is part of a control group holding Company securities that includes Mr. Randall Rollins, as disclosed on a Schedule 13D on file with the U.S. Securities and Exchange Commission.

(4) Based on Schedule 13G filed with the Securities and Exchange Commission on February 14, 2005.

(5) Includes 864,801 shares subject to options that are currently exercisable or that become exercisable within 60 days of the date hereof, and 110,199 shares of restricted stock awards.

(6) Includes 22,689 shares subject to options that are currently exercisable or that become exercisable within 60 days of the date hereof, and 26,250 shares of restricted stock awards. This excludes 7,500 shares of common stock held by his wife, as to which Mr. Lane disclaims any beneficial interest.

(7) Includes 141,320 shares subject to options that are currently exercisable or that become exercisable within 60 days of the date hereof, and 59,205 shares of restricted stock awards.

(8) Includes 68,771 shares subject to options that are currently exercisable or that become exercisable within 60 days of the date hereof, and 40,341 shares of restricted stock awards.

(9) Shares held in trusts as to which more than one officer and/or director are Co-Trustees or entities in which there is common ownership have been included only once. Includes an aggregate of 1,232,581 shares that may be purchased by five executive officers upon exercise of options that are currently exercisable or that become exercisable within 60 days of the date hereof, and 258,495 shares of restricted stock grants awarded and issued to them pursuant to the Company s 2001 Employee Stock Incentive Plan and the 2004 Stock Incentive Plan.

ELECTION OF DIRECTORS

On January 25, 2005, on the recommendation of the Nominating and Governance Committee, the Board of Directors expanded the size of the Board to nine members and elected Bill J. Dismuke as a Class II Director effective the same date. Mr. Dismuke, 68, is the retired President of Edwards Baking Company. Mr. Dismuke serves as a director of Rollins, Inc., a position he has held since 1984, and was also recently elected as a director of RPC, Inc. Mr. Dismuke has not been appointed to any committee of the Board of Directors. Mr. Dismuke s term expires at the Annual Meeting of Stockholders in 2006.

At the Annual Meeting, Mr. R. Randall Rollins, Mr. Henry B. Tippie and Mr. James B. Williams will be nominated to serve as Class I directors. The directors in each class serve for a three-year term. The director nominees will serve in their respective class until their successors are elected and qualified. Six other individuals serve as directors but are not standing for re-election because their terms as directors extend past this Annual Meeting pursuant to provisions of the Company s By-laws that provide for the election of directors for staggered terms, with each director serving a three-year term. Unless authority is withheld, the proxy holders will vote for the election of each nominee named below. Although management does not contemplate the possibility, in the event any nominee is not a candidate or is unable to serve as a director at the time of the election, unless authority is withheld, the proxies will be voted for any nominee who shall be designated by the present Board of Directors and recommended by the Nominating and Governance Committee, to fill such vacancy.

The name and age of each of the three director nominees, his principal occupation, together with the number of shares of Common Stock beneficially owned, directly or indirectly, by him and the percentage of outstanding shares that ownership represents, all as of the close of business on March 17, 2005 (according to information received by the Company), are set out below. Similar information is also provided for those directors whose terms expire in future years.

Names of Directors	Principal Occupation (1)	Service as Director	Age	Shares of Common Stock (2)	Percent of Outstanding Shares
Names of Director Nominees					
Class I (Current Term Expires 2005, New Term Will Expire 2008)					
R. Randall Rollins (3)	Chairman of the Board; Chairman of the Board of RPC, Inc. (oil and gas services) effective April 22, 2004; Chairman of the Board and Chief Executive Officer of RPC, Inc. prior to April 22, 2004; Chairman of the Board of Rollins, Inc. (consumer services) since October 1991.	2001 to date	73	23,708,420 (4)	58.6
Henry B. Tippie	Presiding Director of the Company; Chairman of the Board and Chief Executive Officer of Tippie Services, Inc. (management services). Chairman of the Board of Dover Downs Gaming and Entertainment, Inc. (operator of multi- purpose gaming and entertainment complex) since January 2003; and Chairman of the Board of	2001 to date	78	363,501 (5)	**

Names of Directors	Principal Occupation (1)	Service as Director	Age	Shares of Common Stock (2)	Percent of Outstanding Shares
	Dover Motorsports, Inc. (operator of motorsports tracks) since April 2000 and Vice Chairman prior to April 2000.				
James B. Williams	Chairman of the Executive Committee, SunTrust Banks, Inc. (bank holding company) from 1998 to April 2004; and Chairman of the Board and Chief Executive Officer of SunTrust Banks, Inc. from 1991 to 1998.	2001 to date	71	54,000	**
Names of Directors Whose Terms Have Not Expired					
Class II (Term Expires 2006)					
Richard A. Hubbell	President and Chief Executive Officer of the Company; President and Chief Executive Officer of RPC, Inc. (oil and gas services) effective April 22, 2004; President and Chief Operating Officer of RPC, Inc, from 1987 to April 21, 2004.	2001 to date	60	1,214,550 (6)	3.0

Names of Directors	Principal Occupation (1)	Service as Director	Age	Shares of Common Stock (2)	Percent of Outstanding Shares
Names of Directors Whose Terms Have Not Expired (Continued)					
Class II (Term Expires 2006)					
Linda H. Graham	Vice President and Secretary of the Company since 2001; Vice President and Secretary of RPC, Inc. (oil and gas services) since 1987.	2001 to date	68	246,452 (7)	**
Bill J. Dismuke	Retired President of Edwards Baking Company	January 25, 2005 to date	68	1,500	**
Class III (Term Expires 2007)					
Wilton Looney	Honorary Chairman of the Board, Genuine Parts Company (automotive parts distributor).	2001 to date	85	1,620	**
Gary W. Rollins (3)	President and Chief Executive Officer of Rollins, Inc. (consumer services) since 2001; President and Chief Operating Officer of Rollins, Inc. prior to 2001.	2001 to date	60	23,675,206 (8)	58.5

** Less than one percent

(1)

Unless otherwise noted, each of the directors has held the positions of responsibility set out in this column (but not necessarily his or her present title) for more than five years. In addition to the directorships listed in this column, the following individuals also serve on the Boards of Directors of the following companies: James B. Williams: The Coca-Cola Company, Genuine Parts Company and Georgia Pacific Corporation; R. Randall Rollins: Dover Downs Gaming and Entertainment, Inc. and Dover Motorsports, Inc.; Henry B. Tippie: Dover Downs Gaming and Entertainment, Inc. and Dover Motorsports, Inc. All of the directors shown in the above table are also directors of RPC, Inc. and with the exception of Messrs. Hubbell and Lane and Ms. Graham are also directors of Rollins, Inc.

(2) Except as otherwise noted, the nature of the beneficial ownership for all shares is sole voting and investment power.

(3) R. Randall Rollins and Gary W. Rollins are brothers.

(4) See information contained in footnote (2) to the table appearing in Capital Stock section.

(5) Includes 25,596 shares held in trusts of which he is a Trustee or Co-Trustee and as to which he shares voting and investment power. Also includes shares held by a wholly owned corporation that owns 405 shares.

(6) See information contained in footnote (5) to the table appearing in Capital Stock section.

(7) See information contained in footnote (8) to the table appearing in Capital Stock section.

(8) See information contained in footnote (3) to the table appearing in Capital Stock section.

(9) See information contained in footnote (6) to the table appearing in Capital Stock section.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS COMPENSATION, COMMITTEES AND MEETINGS

Board Meetings and Compensation

Under current compensation arrangements, non-employee directors each receive an annual retainer fee of $16,000. The Chairman of the Audit Committee receives an annual retainer of $12,000 and the chairman of each of the Compensation Committee, Nominating and Governance Committee and Diversity Committee receives an annual retainer of $4,000. A director that chairs more than one committee receives a retainer with respect to each Committee he chairs. All of the retainers are paid on a quarterly basis. Per meeting fees for non-employee directors are as follows:

For meetings of the Board of Directors, Compensation Committee, Nominating and Governance Committee and Diversity Committee, $1,000.

For meetings of the Audit Committee, $2,000. In addition, the Chairman of the Audit Committee gets an additional $1,000 for preparing to conduct each quarterly meeting.

All non-employee directors are also entitled to reimbursement of expenses for all services as a director, including committee participation or special assignments.

The Board of Directors met four times during the fiscal year ended December 31, 2004. No director attended fewer than 75 percent of the aggregate of all Board meetings and meetings of committees on which he or she served during 2004. Board members are encouraged to attend the Company s Annual Stockholder Meetings and all Board members were in attendance at last year s meeting.

The Board of Directors has the following standing Committees: Audit Committee, Compensation Committee, Executive Committee, Diversity Committee and Nominating and Governance Committee.

Audit Committee

The Audit Committee of the Board of Directors of the Company consists of Henry B. Tippie, (Chairman), Wilton Looney and James B. Williams, all of whom are independent, as discussed below. The Audit Committee held five meetings during the fiscal year ended December 31, 2004. The Board of Directors has determined that all of the Audit Committee members are independent as that term is defined by the rules of the Securities and Exchange Commission (SEC) and the American Stock Exchange (AMEX). The Board of Directors has also determined that all of the Audit Committee members are Audit Committee Financial Experts as defined in the SEC rules. The Audit Committee meets with the Company s independent public accountants, internal auditor, Chief Executive Officer and Chief Financial Officer to review the scope and results of audits and recommendations made with respect to internal and external accounting controls and specific accounting and financial reporting issues. The Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from the Company for, outside legal, accounting or other advisors as it deems necessary to carry out its duties. The Audit Committee charter is included herein as Appendix A and is also available on the Company s website at www.marineproductscorp.com, under the Governance section.

Compensation Committee

The Compensation Committee of the Board of Directors of the Company consists of Henry B. Tippie (Chairman), Wilton Looney, and James B. Williams. It held one meeting during the fiscal year ended December 31, 2004. The function of the Compensation Committee is to review the base salary and cash based incentive compensation for all of the Named Executive Officers, and to administer the compensation of James A. Lane, Jr. in accordance with the Performance-Based Compensation Agreement. The Compensation Committee also administers the 2001 Employee Stock Incentive Plan and 2004 Stock Incentive Plan.

Executive Committee

The Executive Committee of the Board of Directors of the Company consists of R. Randall Rollins, Gary W. Rollins and Richard A. Hubbell. It held no meeting and took action once by unanimous consent during the fiscal year ended December 31, 2004. The function of the Executive Committee is to take all permitted actions of the Board in its stead as permitted by the Company s By-laws and Delaware law. The members of the Executive Committee do not receive any additional compensation for serving on this committee.

Diversity Committee

The Diversity Committee of the Board of Directors of the Company consists of Henry B. Tippie (Chairman), Wilton Looney, and James B. Williams. It held one meeting during the fiscal year ended December 31, 2004. The function of the Diversity Committee is to monitor compliance with applicable non-discrimination laws.

Nominating and Governance Committee

The Nominating and Governance Committee of the Board of Directors of the Company consists of Henry B. Tippie (Chairman), Wilton Looney, and James B. Williams, all of whom are independent, as discussed on page 6. The Committee was formed in 2002 pursuant to a resolution passed by the Board of Directors for the following purposes:

- to recommend to the Board of Directors nominees for director and to consider any nominations properly made by a stockholder;

- upon request of the Board of Directors, to review and report to the Board with regard to matters of corporate governance; and

- to make recommendations to the Board of Directors regarding the agenda for Annual Stockholders Meetings and with respect to appropriate action to be taken in response to any stockholder proposals.

The Nominating and Governance Committee held one meeting during the fiscal year ended December 31, 2004. The Company is not required by law or by AMEX rules to have a nominating or compensation committee or a Board composed of a majority of independent directors since we are a controlled corporation as defined by Part 8, Sec. 801 (a) of the AMEX Company Guide. The Company is a controlled corporation because a group that includes the Company s Chairman of the Board and his brother, Gary W. Rollins, who is also a director, and certain other companies under their control, possesses in excess of fifty percent of the Company s voting power. The Board of Directors of the Company established the Nominating and Governance Committee to promote responsible corporate governance practices and currently intends to maintain the Committee going forward.

The current members of the Compensation and Nominating and Governance Committees are the same as the members of the Audit Committee: all of those committees are currently composed of independent directors.

Director Nominations

Under Delaware law, there are no statutory criteria or qualifications for directors. No criteria or qualifications have been prescribed by the Board at this time. The Nominating and Governance Committee does not have a charter or a formal policy with regard to the consideration of director candidates. However, it acts under the guidance of the corporate governance guidelines approved by the Board of Directors on January 27, 2004, as amended January 25, 2005, and posted on the Company s website at www.marineproductscorp.com under the Governance section. A written copy of the corporate governance guidelines can be obtained free of charge by writing to The Secretary, Marine Products Corporation, 2170 Piedmont Road NE, Atlanta, Georgia 30324. The Board believes that it should preserve maximum flexibility in order to select directors with sound judgment and other desirable qualities. According to the Company s corporate governance guidelines, the Board

of Directors will be responsible for selecting its own members. The Board delegates the screening process involved to the Nominating and Governance Committee. This Committee is responsible for determining the appropriate skills and characteristics required of Board members in the context of the then current make-up of the Board. This determination takes into account all factors which the Committee considers appropriate, such as independence, experience, strength of character, mature judgment, technical skills, diversity, age and the extent to which the individual would fill a present need on the Board. The Company s By-laws provide that nominations for the election of directors may be made by any stockholder entitled to vote for the election of directors. Nominations must comply with an advance notice procedure which generally requires, with respect to nominations for directors for election at an annual meeting, that written notice be addressed to: Secretary, Marine Products Corporation, 2170 Piedmont Road, N.E., Atlanta, Georgia 30324, not less than ninety days prior to the anniversary of the prior year s annual meeting and set forth the name, age, business address and, if known, residence address of the nominee proposed in the notice, the principal occupation or employment of the nominee for the past five years, the nominee s qualifications, the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and any other information relating to the person that would be required to be disclosed in a proxy statement or other filings. Other requirements related to the notice are contained in the Company s By-laws. The Committee will consider nominations from stockholders that satisfy these requirements. The Committee is responsible for screening the nominees that are selected by the Board of Directors for nomination to the Board and for service on committees of the Board. To date, the Company has not received a recommendation for a director nominee from a stockholder. All of the nominees for directors being voted upon at the Annual Meeting to be held on April 26, 2005 are directors standing for re-election.

Director Communications

The Company also has a process for interested parties, including stockholders, to send communications to the Board of Directors, Presiding Director, any of the Board Committees or the non-management directors as a group. Such communications should be addressed as follows:

Mr. Henry B. Tippie
c/o Internal Audit Department
Marine Products Corporation
2170 Piedmont Road, NE
Atlanta, Georgia 30324

All communications received from interested parties are forwarded to the Board of Directors. Any communication addressed solely to the Presiding Director or the non-management directors will be forwarded to them.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the directors named above who serve on the Company s Compensation Committee is or has ever been employees of the Company. There are no Compensation Committee interlocks requiring disclosure.

REPORTS OF THE AUDIT AND COMPENSATION COMMITTEES AND PERFORMANCE GRAPH

Notwithstanding anything to the contrary set forth in any of the Company s filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate other Company filings, including this Proxy Statement, in whole or in part, the following Report of the Audit Committee, Report of the Compensation Committee on Executive Compensation and the Performance Graph included herein shall not be incorporated by reference into any such filings.

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REPORT OF THE AUDIT COMMITTEE

Management is responsible for the Company s internal controls and the financial reporting process. The Company s independent registered public accountants are responsible for performing independent audits of the Company s consolidated financial statements and management s assessment that the Company maintained effective control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing reports thereon. The Audit Committee s responsibility is generally to monitor and oversee these processes, as described in the Audit Committee Charter. It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company s financial statements are complete and accurate and in accordance with generally accepted accounting principles; that is the responsibility of management.

In fulfilling its oversight responsibilities with respect to the year ended December 31, 2004, the Audit Committee:

Authorized both the dismissal of Ernst & Young LLP (Ernst & Young) as its independent registered public accounting firm and the appointment of Grant Thornton LLP (Grant Thornton) as its new independent registered public accounting firm;

Reviewed with management the interim financial information included in the Forms 10-Q prior to their being filed with the SEC. In addition, the Committee reviewed all earnings releases with management prior to their release;

Reviewed and discussed with the Company s management and the applicable independent registered public accountants the audited consolidated financial statements of the Company as of December 31, 2004 and 2003 and for the three years ended December 31, 2004. The discussion included matters related to the conduct of the audit, such as the selection of and changes in accounting policies, significant adjustments arising from the audit and the absence of any disagreements with management over the application of accounting principles, the basis for management s accounting estimates and the disclosures in the financial statements;

Reviewed and discussed with the Company s management and Grant Thornton, management s assessment that the Company maintained effective control over financial reporting as of December 31, 2004;

Discussed with the independent registered public accountants matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees; and

Received from the independent registered public accountants the written disclosures and the letter required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with the registered public accountants the firm s independence from the Company.

Based upon the review and discussions referred to above, the Committee recommended to the Board of Directors that the audited consolidated financial statements of the Company and subsidiaries as of December 31, 2004 and 2003 and for the three years ended December 31, 2004, management s report on internal control over financial reporting as of December 31, 2004 and the report of independent registered public accounting firm on internal control over financial reporting as of December 31, 2004 be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2004 and for filing with the Securities and Exchange Commission.

In giving its recommendation to the Board of Directors, the Audit Committee has relied on (i) management s representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States of America and (ii) the report of the Company s independent registered public accountants with respect to such financial statements.

Submitted by the Audit Committee of the Board of Directors.

AUDIT COMMITTEE
Henry B. Tippie, Chairman
Wilton Looney
James B. Williams

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Overview

During the fiscal year 2004, the members of the Compensation Committee of the Board of Directors held responsibility for determining the base salary and cash based incentives for the Named Executive Officers. The Compensation Committee also administers the stock based incentives for all of the Named Executive Officers. The Compensation Committee is comprised of outside directors who do not participate in the Company s compensation plans.

The Company is engaged in a highly competitive industry. The actions of the Named Executive Officers have a profound impact on the short-term and long-term profitability of the Company; therefore, the designs of the Named Executive Officers compensation packages are very important. In order to retain key employees, the Company has an executive compensation package that is determined by increase in shareholder value, the overall performance of the Company, and the individual performance of the executive. The measures of the Company s performance considered by the Compensation Committee in determining the 2004 Named Executive Officers compensation were long-term growth in net income and stockholder value improvements in addition to individual performance. The Committee subjectively weights these factors without any specific formula and adjusts the compensation of an executive based on individual performance compared to Company expectations and performance. During fiscal 2004, the Company performance met or exceeded its expectations at the time it set executive pay.

Pursuant to the above compensation philosophy, the three main components of the executive compensation packages are base salary, cash based incentives, and stock based incentive plans.

The Company s Named Executive Officers with the exception of Mr. Lane are also Named Executive Officers of RPC, Inc. (RPC) and receive compensation directly from RPC. The members of the Company s Compensation Committee also constitute the Compensation Committee of RPC. In determining the compensation for the Named Executive Officers at the Company, the Committee considers the dual responsibilities and sets compensation from the Company at such levels that the aggregate compensation received from both RPC and the Company is reasonable in light of the responsibilities and the performance of each Company. A discussion of the Company s Named Executive Officers compensation by RPC is contained in its annual proxy statement filed with the U.S. Securities and Exchange Commission.

Base Salary

The factors subjectively used in determining base salary include the recent profit performance of the Company, the magnitude of responsibilities, the scope of the position, individual performance, and the salary received by peers in similar positions in the same geographic area, in addition to the salary compensation from RPC. These factors are not used in any specific formula or weighting. The salaries of the Named Executive Officers are reviewed annually. Increases to base salaries for the Named Executive Officers ranged up to 18 percent in 2004 based on all the factors discussed above.

Cash Based Incentives

The annual cash based incentive compensation for the Named Executive Officers with the exception of Mr. Lane is based upon broad performance objectives. The Named Executive Officers participate in a variety of individualized performance bonus programs designed by the Committee to encourage achievement of short-term objectives. These plans all have payouts subjectively based on net income, budget objectives, and other individual performance objectives. The individual performance objectives relate to each executive officer improving the contribution of his functional area of responsibility to further enhance the earnings of the Company. Bonuses are not made subject to any plan or program, written or unwritten, that is communicated in advance to the Named Executive Officers. No specific performance criteria are established in advance, and no specific ranges for bonuses are established in advance. Bonuses for a particular fiscal year are generally determined during the first quarter of the following fiscal year and paid at the discretion of the Compensation Committee. Bonuses were paid in the first quarter of 2005 for the year ended December 31, 2004 and totaled $485,000 for all of the Named Executive Officers, with the exception of Mr. Lane, based on improved financial performance of the Company in 2004 compared to 2003 and individual performance.

One of the Named Executive Officers, Mr. Lane, has an employment agreement with the Company. Under this agreement, Mr. Lane receives an annual cash incentive bonus of 10 percent of pretax profit, as defined, of Chaparral Boats, Inc. This incentive payment was approximately 98.6 percent of the total cash compensation paid to this executive in 2004. During 2004, Mr. Lane received in excess of $1 million in aggregate compensation (the maximum amount for which an employer may claim a compensation deduction, pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended, unless certain performance related compensation exemptions are met, during any one fiscal year). The Company obtained stockholder approval of this agreement at the April 23, 2002 Stockholders meeting. The Committee believes that the performance related exemption for deductibility has been satisfied.

Stock Based Incentive Plans

Awards under the Company s Stock Incentive Plan are discretionary, and are not based on any specific formula and may or may not be granted in any given fiscal year. When considering grants under the plan, the Compensation Committee gives consideration to the overall performance of the Company and the performance of individual employees. The Plan is administered by the Committee, which consists of non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Based on improved financial performance of the Company in 2004 compared to 2003 and individual performance, the Committee granted to the Named Executive Officers a total of 75,000 shares of restricted stock. The restricted stock granted vests in 20 percent increments annually beginning in 2006.

Except for Mr. Lane, the Compensation Committee currently believes that no other employees total compensation, including option grants under the Company s 2001 Employee Stock Incentive Plan and 2004 Stock Incentive Plan, will materially exceed the $1 million deductibility limit of Section 162(m) of the Internal Revenue Code of 1986, as amended. Therefore, the Committee has determined that the Company will not change its various compensation plans or otherwise meet the requirements of such exemption at this time in order to exempt compensation other than that paid in accordance with Mr. Lane s employment agreement under section 162(m).

Chief Executive Officer Compensation

The Chief Executive Officer s compensation is determined by the Compensation Committee. For fiscal year 2004, the cash compensation of Richard A. Hubbell, President and Chief Executive Officer, was $495,000, $345,000 of which was base salary and $150,000 of which was cash based incentive compensation. In addition, Mr. Hubbell was granted 22,500 shares of Time Lapse Restricted Stock valued at $12.47 per share. The Chief Executive Officer s total 2004 compensation including base salary increases, cash based incentives and stock based incentives was based upon the long-term growth in revenues, net income, stockholder value improvements including increase in stock price and the Chief Executive Officer s individual performance towards achieving the goals listed above. The decision of the Compensation Committee was subjective and was not based upon any specific formula or guidelines. No member of the Compensation Committee participates in any Company incentive program.

COMPENSATION COMMITTEE
Henry B. Tippie, Chairman
Wilton Looney
James B. Williams

COMMON STOCK PERFORMANCE

As part of the executive compensation information presented in this Proxy Statement, the Securities and Exchange Commission requires a 5-year comparison of the cumulative total stockholder return based on the performance of the stock of the Company, assuming dividend reinvestment, as compared with both a broad equity market index and an industry or peer group index. However, if the Company s stock has traded for a shorter period of time, the period covered by the comparison may correspond to that time period. The indices included in the following graph are the Russell 2000 Index (Russell 2000) and a peer group which includes companies that are considered peers of the Company (Peer Group). The companies included in the peer group have been weighted according to each respective issuer s stock market capitalization at the beginning of each year. The companies are Brunswick Corporation and MarineMax, Inc.

In November 2004, Travis Boats & Motors, Inc. (Travis), which was part of the peer group in 2003 and prior years, was acquired by Tracker Marine L.L.C. and, as a result, is no longer part of the peer group. The graph also includes the prior peer group consisting of three companies Brunswick Corporation, MarineMax, Inc. and Travis Boats & Motors, Inc. (the Former Peer Group), through the date of acquisition of Travis.

The Russell 2000 is used because the Company became a component of the Russell 2000 in 2004, and because the Russell 2000 is a stock index representing small capitalization U.S. stocks. During 2004 the components of the Russell 2000 had an average market capitalization of $857 million.

The graph below assumes the value of $100.00 invested on February 28, 2001, the date of the Company s spin-off from RPC, Inc.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Effective February 28, 2001, RPC began providing certain administrative services to the Company. The service agreements between RPC and the Company provide for the provision of services on a cost reimbursement basis and are terminable on six month s notice. The services covered by these agreements include administration of certain employee benefit programs and other administrative services. Charges from RPC (or from corporations that are subsidiaries of RPC) for such services aggregated approximately $546,000 in 2004.

EXECUTIVE EMPLOYMENT CONTRACTS

The Company s employment contracts with its Chief Executive Officer and the Company s other three most highly compensated executive officers (the Named Executive Officers) as of January 1, 2005 are oral, at will arrangements. Set forth below is a summary of the material terms of the compensation under such at will arrangements. The Named Executive Officers do not have guaranteed terms of employment. None of the Named Executive Officers are entitled to severance or other termination payments relating to a change of control in excess of $100,000.

Base Salaries

None of the Named Executive Officers with the exception of Ms. Graham, received salary increases in 2005. The annual base salaries for the Company s Named Executive Officers are disclosed in the Summary Compensation Table on page 15 except for Ms. Graham whose base salary for the year 2005 is set at $100,000.

Discretionary Bonuses

All of the Named Executive Officers with the exception of Mr. Lane are eligible for annual cash bonuses which are awarded on an entirely discretionary basis, following a review by the Company s Compensation Committee of the performance of the Company and the executives for the relevan