

DNA BRANDS INC  
Form 10-K  
March 31, 2011

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

Form 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2010
- TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-53086

**DNA BRANDS, INC.**

(Exact name of registrant as specified in its  
Charter)

Colorado  
(State or Other Jurisdiction of  
Incorporation or Organization)

26-0394476  
(I.R.S. Employer Identification No.)

506 NW 77th Street, Suite B  
Boca Raton, Florida  
(Address of Principal Executive  
Offices)

33487  
(Zip Code)

(940) 970-3826  
(Registrant's Telephone Number, Including  
Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock  
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Yes " No }p

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes " No }p

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act)

Yes  No

The aggregate market value of the Company's voting stock held by non-affiliates as of March 30, 2011 was approximately \$28,639,137 based on the average closing bid and asked prices of such stock on that date as quoted on the Over the-Counter Bulletin Board.

There were 35,640,304 shares of common stock outstanding as of March 30, 2011.

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## FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Information included or incorporated by reference in this filing may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology.

This filing contains forward-looking statements, including statements regarding, among other things, (a) our projected sales and profitability, (b) our Company's growth strategies, (c) our Company's future financing plans and (d) our Company's anticipated needs for working capital. These statements may be found under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," as well as in this Report generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under "Risk Factors" and matters described in this filing generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur.

## PART I

### ITEM 1. BUSINESS

#### History

DNA Brands, Inc. (hereinafter referred to as "us," "our," "we," the "Company" or "DNA") was incorporated in the State of Colorado on May 23, 2007 under the name "Famous Products, Inc." Prior to July 6, 2010 we were a holding company operating as a promotion and advertising company.

Effective July 6, 2010, we executed agreements to acquire all of the remaining assets, liabilities and contract rights of DNA Beverage Corporation of Boca Raton, Florida ("DNA Beverage"), and 100% of the common stock of DNA Beverage's wholly owned subsidiary Grass Roots Beverage Company, Inc. ("Grass Roots") in exchange for the issuance of 31,250,000 shares of our common stock. As part of the terms of these transactions, our former President agreed to voluntarily redeem 19,274,400 common shares back to us. Additionally, our officers and directors resigned their positions with us and were replaced by the former management team of DNA Beverage. Mr. Darren Marks became a director and our President and CEO, and Mr. Melvin Leiner became a director and our Executive Vice President, Secretary and COO/CFO. The share issuance represented approximately 94.6% of our outstanding shares at the time of issuance. DNA Beverage intends to distribute these shares to its shareholders of record on September 8, 2010 (the "Record Date") upon the effectiveness of our registration statement that we have filed and is pending with the SEC. Each DNA Beverage shareholder on the record date of September 8, 2010 will receive 0.729277764 shares of our Common Stock for every one share of DNA Beverage they owned on the Record Date. We had previously mistakenly announced that the conversion ratio was 0.7787576.

As a result of this transaction we changed our name to "DNA Brands, Inc." Our principal offices are located at 506 NW 77th Street, Boca Raton, Florida, 33487, telephone (954) 970-3826 and our website is [www.dnabrandsusa.com](http://www.dnabrandsusa.com).



## Current Business

We currently produce, market and sell a proprietary line of three carbonated blends of DNA Energy Drinks®, as well as a line of meat snacks made up of two beef jerky flavors and three flavors of beef sticks. Our current business commenced in May 2006 in the State of Florida under the name “Grass Roots Beverage Company, Inc.” (“Grass Roots”). Initial operations of Grass Roots included development of our energy drinks, sampling and other marketing efforts and initial distribution of our energy drinks in the State of Florida. We began selling our energy drink initially in the State of Florida in 2007. As of the date of this Report we are currently distributing our products throughout 31 of 42 Florida counties as well as the Southeastern US, including Georgia, Louisiana and Mississippi. We also distribute in Ohio, Pennsylvania and Michigan. In addition we are represented in Indiana, New York and parts of New Jersey. In New York we will be distributing DNA Shred Stix® through Clems Distributing, one of New York’s largest snack distributors with over 10,000 points of distribution. We are also in discussions for Clems to distribute DNA Energy Drink®. It is our intention to have nationwide distribution by 2012 provided we are able to obtain the financing necessary to accomplish this objective.

We strive to maintain creditability with our core demographic, increase our consumer base by adapting to trends and changes; keep the brand in front of consumers through TV, magazines, events and viral campaigns and at the same time giving the consumer superior products at a lower price with quality service. We have demonstrated our ability to adapt to market trends by pioneering the DNA Beef Jerky and Shred Stix line, giving us numerous cross marketing opportunities.

We are focused on building our DNA brand. In an industry where only 5% of new companies survive, we feel our continued success will be based upon a methodical approach to build our brand. We started out with the idea that energy drinks could be functional and delicious tasting at the same time and made the conscious decision not to follow the industry leaders taste profile and created energy drinks to set us apart from the competition. In January 2010 we were awarded a 1st Place “Platinum Award,” as the best tasting energy drink at the prestigious World Beverage Competition™ held in Geneva, Switzerland. More than 30 counties and over 10,000 entries were submitted in all beverage categories.

Knowing full well that brands are not built overnight, especially in the highly competitive energy drink category, our first two years were devoted to brand development, creating awareness through sampling programs (over 20,000 cases sampled) and creating credibility among our core demographic by concentrating marketing efforts on action sports locations and events (surf, motocross, skate, etc.) which we continue today throughout Florida.

As we learned through trial and error, there was a severe lack of meaningful brand-building distribution options available to new non-alcoholic brands in Florida forcing us to create our own Direct Store Distribution (DSD) entity, Grass Roots. Grass Roots directly covered 31 of 42 counties in Florida before Anheuser-Busch came agreed to become our distributor for Florida. Grass Roots continues to service accounts in these counties and/or assists Anheuser in the selling or distribution of our branded products and will do so until the products are fully assimilated into Anheuser’s network. Once we were comfortable that the brand had some legitimacy we aggressively went after the independent convenience and chain stores. Our products are currently sold in over 3,000 Florida stores, most of which came on board over the 7 months prior to the date of this Report. Having our own DSD has given us insight into what is required from both a manufacturer’s and distributor’s standpoint to successfully build a brand.

On February 23, 2010, the committee for Anheuser Busch’s (“AB”) 23 Florida distributors recommended that DNA Energy Drink become the replacement for Monster Energy Drink that terminated their relationship with AB. Combined, the 26 AB-Budweiser houses sold 1.4 million cases of Monster with gross revenues approximating \$40 million. As a bonus the committee also gave its approval for distribution of our entire meat snack line. Quality Distributors of Deltona, Florida became the first AB distributor to receive product. Since February 2010 we have

entered into eleven (11) separate agreements with AB distributors and expect to continue to enter into new distribution agreements over the next 6 months. However, as of the date of this Report AB is not servicing approximately 30% of the State of Florida and as a result, we still maintain Grass Roots to fill in the territories not yet serviced by AB and to act as service reps for the AB network.

On March 1, 2011, we entered into a distribution agreement with Sand Dollar Distributors, LLC for the distribution of our entire line of products. This agreement calls for Sand Dollar to service the Miami/Dade, Monroe (Key West through Miami), and Palm Beach counties where we have no AB coverage. Sand Dollar was Red Bull's exclusive South Florida distributor until recently and largely credited with its success in South Florida. Distribution efforts are expected to begin in April 2011.



We are the “title” sponsor of a factory Yamaha AMA super cross team the “DNA Shred Stix Star/Yamaha Racing Team.” AMA Motocross/Supercross is only second to NASCAR in motor sport attendance according to the AMA Supercross Association. The DNA team is one of only four teams that contended for the world “Lites” title and had four podium appearances with a title win in Seattle in 2010 and have had extensive coverage on CBS and Speed channels already during the past couple of years. In 2011 our riders have already been on the podium several times culminating with a first place win on March 12 in Indianapolis, Indiana appearing before in excess of 50,000 spectators.

We try to maintain credibility with the core demographic and increase our consumer base by adapting to trends and changes, keeping the brand in front of consumers through TV, magazines, events and viral campaigns and at the same time giving the consumer superior products at a lower price with quality service. We believe we have demonstrated our ability to adapt to market trends and when we were certain that our energy drink had gained credibility among our core demographic we pioneered the release of the DNA Beef Jerky and Shred Stix line in July 2009 and January 2010, respectively. We believe this gives us numerous cross marketing opportunities.

### Products

We produce, market and sell an initial proprietary line of four carbonated blends of DNA Energy Drink® (“DNA®”) as well as a line of meat snacks made up of two beef jerky flavors and three flavors of beef sticks. These drinks are sold in 16 ounce cans styled with the name DNA® prominently placed and a logo that includes the DNA Skull and Helix. The beef jerky is packaged in a 3.0 oz sealable pouch and the beef stick is 1.0 oz stick form. We believe the name DNA, our edgy color schemes, logo and other graphics stand out on store shelves and coolers. The DNA name resonates highly with our target market which includes a younger core of a more active demographic involved in today’s rapidly expanding and trend setting action sports community. Our initial product flavors include:

#### DNA Energy Drink®

- Citrus –Tastes like a true blend of real oranges with specific citrus nuances
- Lemon Lime –Velvety and smooth lemon lime mix
- Citrus Sugar free (No carbs) – The taste of a very high end orange soda but with a jolt of energy
- Cranberry Raspberry Sugar free (CranRazzberry) (No carbs) - a mix of Cranberry and Raspberry with the correct energy boost.

#### DNA Beef Jerky™

- Original – True beef flavor
- Teriyaki – Tastes like authentic Asian seasoning

#### DNA Shred Stix™

- Original – Real beef flavor
- Pizza – Authentic pepperoni pizza taste
- Jalapeno – Hot and spicy
- Taco –Authentic taco flavor

## Energy Drinks

We have formulated DNA® to the highest flavor profile standard and believe it is superior in taste to any of the other energy drink brands in the industry. We incorporate the best and highest quality ingredient mix in our proprietary blends which have been formulated to maximize energy and awareness levels that result in improved performance on demand.

Our energy drink makes an immediate and lasting difference in elevating energy levels of consumers. This category is the only one that creates an immediate expectation of an effect on consumer bodily functions. There are many energy drinks that have compromised functionality for cost savings. We believe they have learned all too late that if an energy drink does not deliver on its promise for an immediate and lasting increase in energy levels, it is no more than an expensive soda. Energy drink consumers will go to another reliable brand. We believe one of the several principal reasons new energy drinks entrants commercially fail soon after introduction is because they use inferior ingredients and as a result do not provide the expected results.

DNA® is formulated to ensure that DNA® drinkers will, upon first drink, experience a taste that is delicious beyond the typical expected institutionalized medicinal taste that has been the main negative reaction associated with the vast number of brands of energy drinks including the major brands. We have not sacrificed taste for functionality and performance which we believe gives us a major competitive advantage over other energy drinks and has awarded us with high accolades from distributors and industry insiders, as well as from numerous action sports publications. These early taste accolades for DNA® have converted numerous energy drink consumers to us in those geographic areas of our distribution. We believe on taste alone, given our high functionality profile, we are able to quickly convert consumers from other brands. In fact, our tag line, "Tastes Like No Other," was given to us by a first time consumer in our initial sampling program. Our taste and functionality profiles have begun to create a positive response in our target market, with distributors and with convenience store chains that dominate energy drink distribution. DNA® has also captured industry attention at the highest levels. DNA was awarded the 1st Prize "Platinum Award" in the "Best Tasting Energy Drink" category by the World Beverage Competition for 2010 which was held in Geneva, Switzerland. More than 30 countries participated and more than 10,000 entrants in all beverage categories were submitted for judging. One winner from each category was selected in double blind tasting tests.

We are experimenting with line extensions on these blends and also on completely new items that are in the R&D process. We will not introduce them until significant distribution and wide name recognition is obtained for our core line offerings.

## DNA Meat Snacks

In July 2009 we released our beef jerky line, followed in January 2010 with our Shred Stix meat stick, all of which are produced in the United States with 100% American muscle beef unlike most all of our competition. DNA meat snacks are made under the strictest controls and supervision to insure the highest quality. Quality, taste and consistency remains very much in the forefront of production philosophy as it is for our energy drinks. As is with our energy drink DNA Shred Stix is the only brand that does not contain MSG. Extensive market testing and research has gone into the brand prior to production.

Because we use 100% American beef and the finished goods are packaged only once within hours of production, we are able to bake our flavors into the meat. This process eliminates the greasy look, feel and taste that are prevalent in much of our competitors' products. In addition to 100% American beef, our production process uses imported dry spices, ground and blended to provide great, well rounded flavors that stay true with extended shelf life resulting in more flavor control and more consistency from batch to batch. Some competitive jerky is made 51% in the USA and 49% in South America then blended before final packaging. This allows them to avoid the "Product of Argentina"

declaration on the package. Some competitors' products may not be packaged for several weeks after production, the result of which is they virtually paint the flavor just prior to packaging to be able to retain the taste.

DNA Meat Snacks are being marketed to a similar demographic that consumes energy drinks. Distributors are gravitating to the brand with great enthusiasm on a local, regional and national level and see the brand extension as a natural progression to servicing the needs of our demographic base.

## Recent Developments

While no assurances can be provided, our management believes that we are on the verge of explosive growth. In support of this contention below are several recent events that have occurred to foster this belief:

- As discussed above, on February 23, 2010, the committee for Anheuser Busch's ("AB") 26 Florida distributors recommended that DNA Energy Drink become the replacement for Monster Energy Drink that terminated their relationship with AB. Combined, the 26 AB-Budweiser houses sold 1.4 million cases of Monster with gross revenues approximating \$40 million. As a bonus the committee also gave its approval for distribution of our entire meat snack line. Quality Distributors of Deltona, Florida became the first AB distributor to receive product. Since February 2010 we have entered into eleven (11) separate agreements with AB distributors and expect to continue to enter into new distribution agreements over the next 6 months.
- Since June 2009, we have reached verbal and written agreements with quality retailers such as CVS, Walgreens, Race Track, Circle-K and 7-Eleven to offer our products. Based upon early successes with Walgreens, in February 2011 we entered into a full statewide distribution program with Walgreens covering 823 locations throughout Florida. Each Walgreens location will carry the full line of our meat snacks and energy drink.
- Over the past few years we have entered into various co-Branding marketing agreements with CVS and Walgreens and major league sport franchises, including the New Orleans Hornets, Cleveland Cavaliers and Orlando Magic of the NBA, the Florida Marlins and Cincinnati Reds of MLB, and the Arizona Cardinals, Houston Texans and Indianapolis Colts of the NFL. These agreements are entered into for a 9-12 month term and usually coincide with our entry into a new geographic section of the US. We believe that these agreements fueling expansion. These programs are expected to continue in the foreseeable future.
- We have been approved by both military buying organizations, AAFES and DeCA, for the purchase of DNA branded meat snack products. Initial orders have been received and deliveries have been made to both agencies. Orders are generally placed by individual distribution centers and have been between \$1,000 and \$50,000. While no assurances can be provided, we expect that this will be a recurring order.
- In the second quarter of 2010 we began to distribute product in both the Midwest and Mid-Atlantic regions.
- Grass Roots, our wholly owned subsidiary, is currently servicing 600 convenience stores and independent grocers in the Detroit, Michigan area and is in negotiations with Garden Foods, Inc., one of the largest non-alcoholic distributor in the Midwest, to become our master distributor covering several counties surrounding Detroit. Product was initially launched on March 29, 2009 and we have subsequently received 3 additional full container truck load (approximately \$200,000) orders since that time.
- On March 1, 2011, we signed a distribution agreement with Sand Dollar Distributors, LLC for the distribution of our entire line of products. Sand Dollar will service Miami Dade, Monroe and Palm Beach counties of Florida from Key West to Fort Pierce with the exception of Broward County which is serviced by AB's Double Eagle. This Agreement is significant for two reasons, including (i) Sand Dollar was the former "exclusive" distributor of Red Bull covering all of South Florida for approximately 10 years and was largely credited with its success in South FL; and (ii) the appointment of Sand Dollar fills two key areas in the Southeastern US where we have experienced difficulty in obtaining AB approval, including Miami, which is a corporate AB location that sells AB products exclusively and Palm Beach, which we have not yet secured.



## Sales and Marketing

DNA Energy Drink® and DNA Beef Snacks™ provide immediate and sustained energy and/or satisfies the hunger needs of all groups of people in need of an energy lift to meet the challenges of the day and these groups may include parents, office workers, truck drivers, postal carriers, laborers, students, night watchmen and scores of others in every walk of life. We have specifically targeted our marketing attention to the “trend setters” in two sectors: (1) today’s rapidly growing action sports community, our initial and most critical target market; and more recently (2) the music industry, that may or may not be action sports orientated. In either case the audience is trendy and edgy and we believe our perfect customer.

Our choice to target the action sports community reflects our management’s personal and professional experiences coupled with the fact that this demographic group represents those most likely to seek alternative beverages and meat snacks and the immediate gratification that an energy drink provides. More importantly, they set the tone and influence others to try our products.

These action sports include:

- Surfing
- Wake Boarding
- Skim Boarding
- Skate Boarding
- BMX
- Motocross/Supercross
- Free Style Motocross

We are also the “title” sponsor of a factory Yamaha AMA super cross team. AMA is only second to NASCAR in motor sport attendance. The DNA team is one of only four teams that contended for a world “Lites” title and was on the winner’s podium four times this season with a DNA rider taking first place in Seattle. We have had extensive coverage on CBS and Speed channels. We believe that this sponsorship program provides significant exposure of our products to our target demographic that we could not currently afford if we elected to purchase equivalent advertising.

Our target demographic is 18 to 39 years of age and predominantly male although with the growing popularity, female participants and fans are beginning to enter the field in larger numbers. This group tends to be on the cutting edge of style and have a profound influence on cultural trends and fashion. They are individualistic and tend to avoid corporate culture in favor of personal individual expression. They are extreme, risk takers, can spot the next “next” in the culture and are quick to try it. They quickly adopt it and spread the word if they like it and are as quick to toss it aside if it compromises their integrity and individuality. This group will provide the greatest initial benefit to the energy drink market and to DNA® and, therefore, they are the group on which we are focusing the greatest attention. The 18-39 year old profile represents approximately 90 million people who can likely be potential energy drinkers and meat snack consumers.

We believe that an aggressive “grass roots” marketing approach directed at the core demographic through support of their activities and events leads to product acceptance and credibility, the two ingredients we believe are necessary for success. Additional more conventional marketing and advertising programs directed at radio/television campaigns will reinforce our message. We believe that top down advertising strategies are costly and will not work against the highly capitalized brands on a dollar-for-dollar basis and will lead to failure. A prime example of this in the energy drink category is Xyience Energy which declared bankruptcy after spending all its capital in one quarter on high priced advertising in support of their drink Xenergy.

Our objective is to build and maintain credibility with our target market and create a loyalty to our brand among consumers beginning at a younger age. We see action sports as a community, tied together by like mindedness, similarity of lifestyle, a commitment to their sport and its stars and more importantly their constant presence either as participants or as fans within the action sports lifestyle. This community is present at and a part of local or national events, on street corners, parks or whether following the sport through websites dedicated to each of the action sports, national magazines that cover all the sporting events including Dirt Rider, RacerX, Transworld Skate, Mundo Rad, Surfer Magazine, Surfing Magazine and Eastern Surf Magazine, or national television and cable networks like CBS, Fuel TV, ESPN, EXPN, and the Speed Channel which televise all events. We strive to be seen in this community at all times through our individual athletes, our teams who wear our logos proudly and drive their rigs with our banners and logos, with their photographs drinking DNA® and with our sampling vans placing “Cans In Hands.” All of these are inexpensive ways that have created a “buzz” for DNA® that has the appearance and effect of spending that major brands spend.

Our strategy is to be prominently featured in each of these venues on an ongoing basis through our sponsored athletes without the high costs of advertising and event sponsorships. We want to receive de facto and real endorsements from the stars of the sports which will further confirm the DNA® brand within our target market given the grass roots ground work we are laying with our sampling and other awareness programs. The DNA® brand is beginning to appear in all of these forums as well as magazines such as the June 2008 issue of Racer X where we are mentioned as one of the driving forces behind AMA Motocross. For fractions of the dollars, we believe we are now perceived to be a prominent factor in the market we are pursuing and are on the same playing field as Red Bull, Monster, Rock Star and No Fear. We are seeing the positive effects on our sales and distribution efforts both with retailers and consumers.

To maintain the pulse of the action sports community we believe we need to secure recognized athletes and teams for specific periods before they are “the” bona fide star. Because of our intimate experience in this field, we have been able to recognize the upcoming stars at an early stage in their careers. These athletes and teams, who are not far behind those of the major athletes and teams, cost the major brands significantly more but give them no more than we receive in brand exposure.

#### Motocross/Supercross

We are the title sponsor for the DNA Shred Stix Star Yamaha Motocross Racing Team comprised of the following riders: Broc Tickle, Max Anstie, Nico Izzi, and Martin Davalos. In our initial season with Star Racing Yamaha, we have already reached the winner’s podium in three of our first five races. The amount of media coverage to date has been even greater than our lofty expectations.

Our title sponsorship agreement with Star Yamaha runs year to year and calls for a sponsorship fee of \$250,000 for 2010. It is after comparing the benefits gained from this agreement in terms of advertising and media generated with similar industry agreements that Monster/Red Bull/Rock Star have which cost millions upon millions of dollars that our ground-up grass roots strategy demonstrates its powerful effectiveness.

A prime example of our approach is the enormous success we have had in Supercross. According to the AMA, its Supercross Series is second only to NASCAR in attendance and popularity as it tours North America with 17 events. The amount of media coverage generated converted into dollars is expected to be approximately \$15,000,000 for 2010 because of our new affiliation with the Star Yamaha factory team. We also expect co-branding exposure will increase dramatically in 2010 due to new agreements with FOX, DC Shoe Co USA, Volcom, Yamaha, Alpinestars AND VZ.

#### Surf, Wakeboard, Skateboard