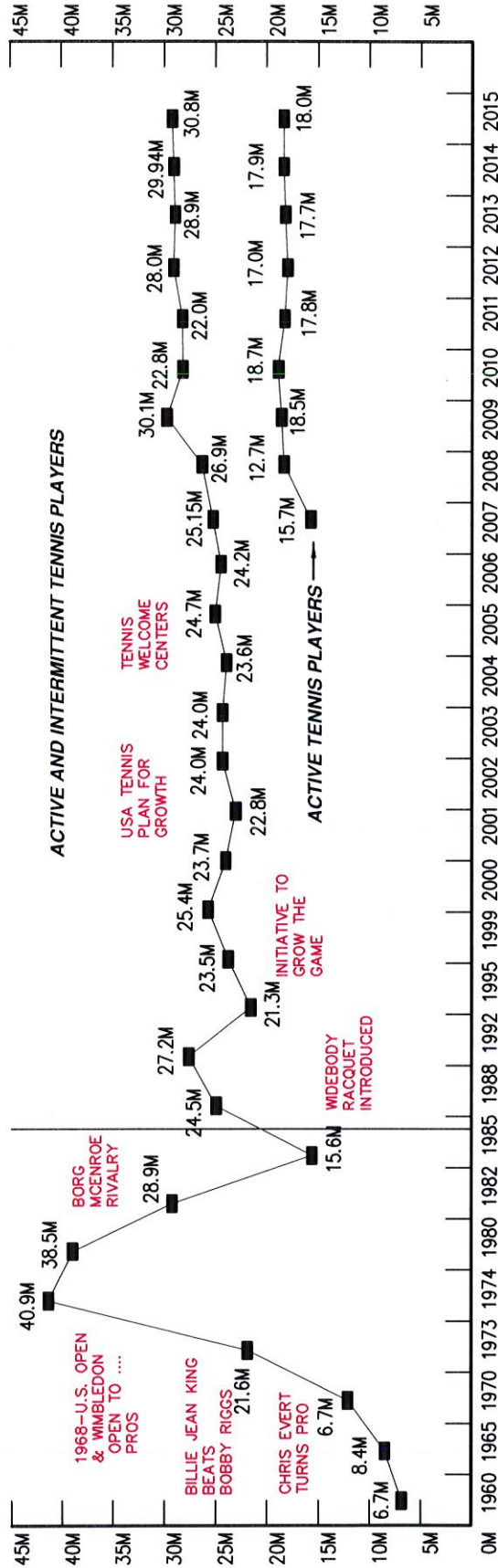


TOTAL TENNIS PLAYERS 1960 - 2015

AGE 6+ PLAYING 1/YEAR OR MORE



SOURCES:
 1960-1985 TIA ESTIMATES
 1988-1998 AUDITS & SURVEYS
 1999-2002 SPORTS MARKETING SURVEYS
 2002-2006 TAYLOR RESEARCH & SMS

NOTES:
 -PRE-2002 CALCULATED TO INCLUDE AGE 6+ AND ALL USTA TERRITORY
 -PRE-1998 METHOD CANNOT BE VERIFIED. FOR ALL SURVEYS 1998
 A RANDOM DIGIT DIAL TELEPHONE METHOD WAS USED.

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TENNIS INDUSTRY ASSOCIATION

STATE OF THE INDUSTRY

2016 EDITION

TENNIS EQUIPMENT INDEX 113

Wholesale performance of racquets, balls and strings

TOTAL PARTICIPATION 17.96 M

Monitoring growth and tennis demographics

TOTAL TENNIS ECONOMY \$5.94 B

Measuring the value of the tennis marketplace



State of the Industry 2016 Edition

2

The 2016 Edition of the Tennis Industry Association "State of the Industry" outlines key research to help tell the story of the tennis industry. The TIA produces more than 70 annual research reports to help tennis businesses of all types, and the State of the Industry analyzes this data to determine where this industry has been, where it is now, and where it is going.

Total Tennis Economy: The U.S. tennis economy in 2015 was worth approximately \$5.94 billion, a 3.6% increase since 2014. The increase in the overall tennis economy was driven by slight increases in facility and tennis coach revenue, college program delivery, and ad revenue.

Participation: "Core" players, who play 10 or more times a year, are critical to the growth of tennis and account for an estimated 90% of total expenditures in the sport. In 2015, core players grew 0.5% to 9.96 million, according to the 2016 Physical Activity Council (PAC) Participation Study.

Overall tennis participation saw a marginal increase in 2015, up 0.3% to 17.96 million players, according to the PAC study. Play occasions also increased, with a slight 0.8% improvement from 2015 to 418 million. There was a modest decline in 2015 overall youth participation, down 1.1% for players ages 6 to 12 to 2.11 million and down 5.5% among 13- to 17-year-olds, also to 2.11 million, though increases in core youth participation (up 5.3%) suggest this overall drop may be attributed to less casual and occasional players taking to the court in 2015.

A significant opportunity exists, too, for the industry to convert a "latent demand" of millions of Americans to tennis players. The 2016 PAC study indicates there are nearly 15 million people who are interested in playing tennis and another 13 million who consider themselves tennis players, but haven't played in the last year.

Equipment: Racquet unit shipments in the wholesale market fell 6.1% over the year, along with a 4.6% decline in dollar shipments. Wholesale ball unit shipments, perhaps one of the most predictive measurements for participation, grew in 2015 by 1.8%. Red, Orange, Green ball unit shipments improved 1.3% compared to 2014, though dollar shipments fell 0.6%. String unit and dollar shipments decreased 0.3% and 2.3%, respectively.

For specialty retailers, the dollar value of racquets sold in 2015 was down 1.5%, while unit sales decreased 1.1%, with average price unchanged from 2014.

Pro Events: Sponsorship revenue for pro tour events in 2015 was up an estimated 3% in the U.S. Attendance in 2015 increased by 2%, while spending among spectators grew 3%, from \$948 million to an estimated \$977 million.

Teaching Pros: Tennis pros reported an average revenue per private lesson decrease of 4%, although average revenue per group lessons surged 17% over the year. 2015 also saw increases in average price for both private and group lessons. 45% of teaching pros reported an increase in their on-court teaching business, down 2% from 2014. Pros anticipate a positive 2016, with 51% forecasting an increase in business.

Court Construction: In 2015, business for court contractors saw positive gains, as 78% reported increased business compared to 2014. Current perception of the industry remains significantly more optimistic than in 2014, with a notable increase in those reporting the current state as either "strong" or "very strong" at 76%, compared to 44% in 2014. Court builders expect business to continue to increase as more facilities budget for capital improvements, the lining/construction of 36- and 60-foot courts continues to present opportunities, and their work increases from the rise of short-court alternative forms of tennis.

Challenges: Despite several areas of progress in 2015, challenges remain for this industry, including a declining equipment market, changing consumer behavior, participation trends toward casual play, continuing latent demand, disruption from online retailers including Amazon, and an aging player and teaching pro base. Nearly 60% of all core players are over age 35.



The Business of Tennis . . . Powered by the TIA

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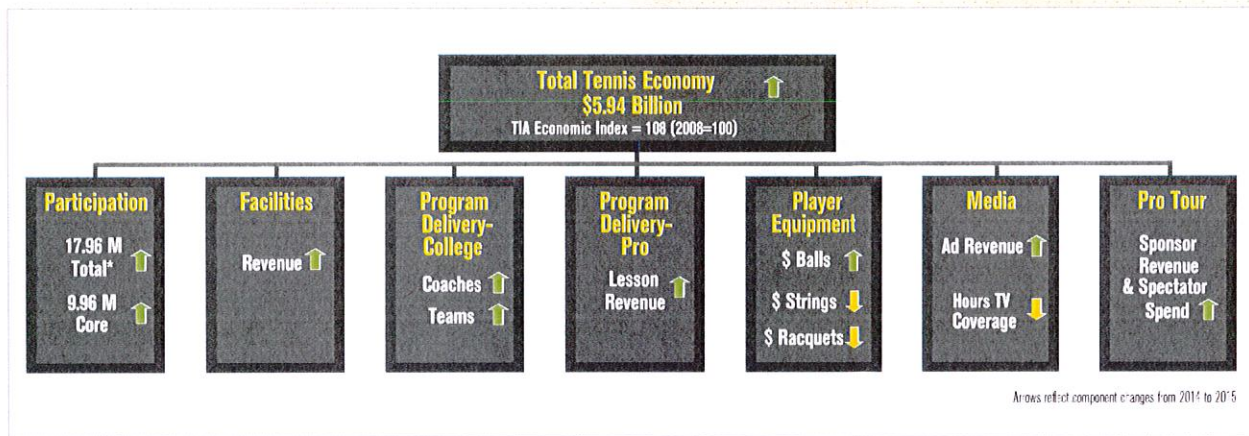
The Industry at a Glance (2015 data)

Total Tennis Economy.....	\$5.94 Billion
Total Participation.....	17.96 Million
(Caucasian: 11.89M; Black: 1.90M; Asian: 1.98M; Hispanic: 1.79M)	
Core Tennis Players (10+ times a year).....	9.96 Million
Youth Tennis Participation	
Ages 6-12.....	2.11 Million
Ages 13-17.....	2.11 Million
Cardio Tennis.....	1.82 Million
Manufacturer Year-End Wholesale Shipments (units)	
Tennis Racquets.....	2.78 Million
Tennis Strings.....	3.15 Million
Tennis Balls.....	129.6 Million
Red, Orange, Green Balls.....	5.61 Million

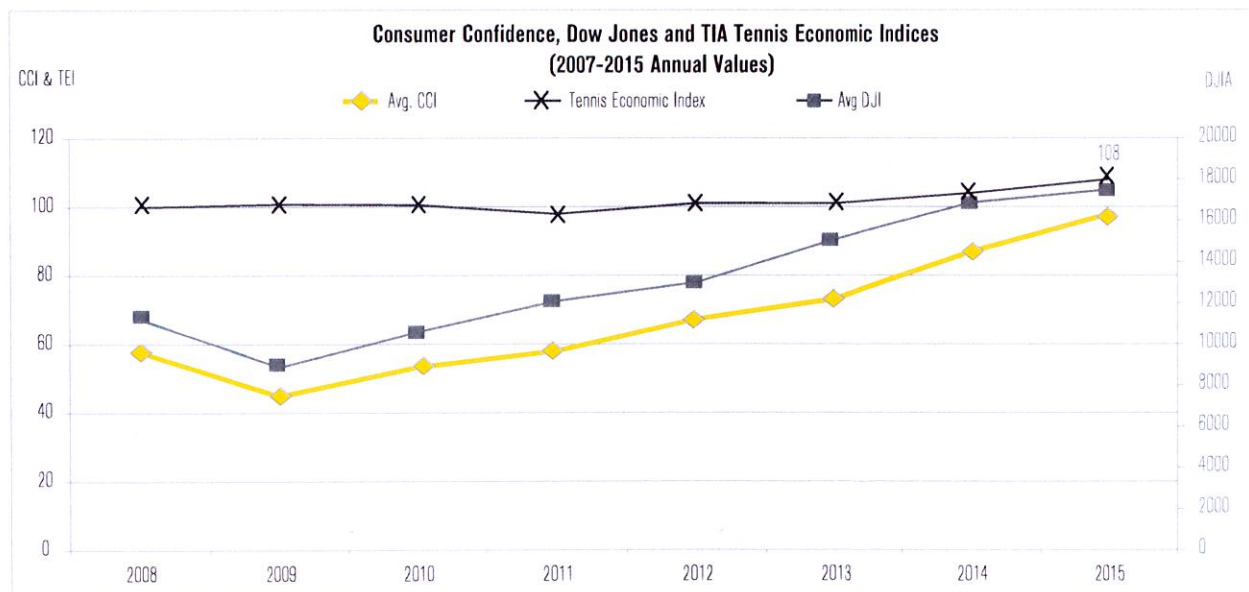
Focus on the Future

While there remain challenges in the marketplace, we are focused more than ever on collaborative efforts to address these concerns and position the industry for future growth. Forefront is the goal to increase youth participation, along with new opportunities to target adults through short-court forms of tennis. New technology including smart racquets and courts along with wearables make this an exciting time for players and facilities. In addition, there is an increased focus on bringing younger tennis providers into this industry through PTM programs and other initiatives. Also, efforts continue to promote social group fitness, health and wellness through programs such as Cardio Tennis and social communities through sites such as PlayTennis.com. We will spotlight technology partners that can provide valuable tools and resources to the industry. The TIA continues to expand its research to monitor the business of tennis and pinpoint areas of opportunity, along with promoting global research to help position the sport for growth.

The U.S. tennis economy grew in 2015 to \$5.94 billion (index=108), spurred by increases in participation, facility & coach revenue, ad revenue, and pro tour sponsorship.



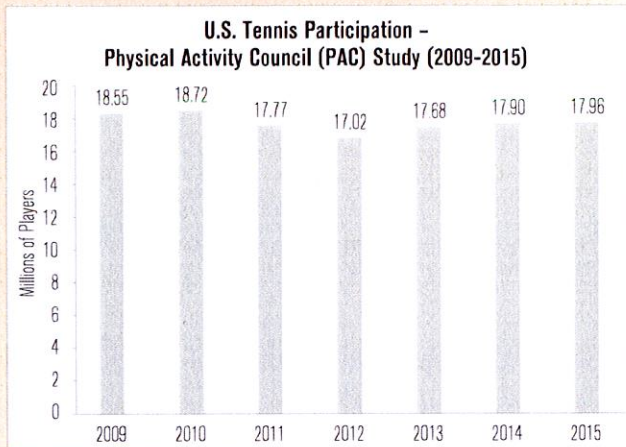
The TIA's annual economic index improved for 2015, with an index value of 108 (base year of 2008). Increases in total tennis players, pro tour sponsorship, ad revenue, and facility & coach revenue helped offset losses in other index components such as player equipment. Since 2008, the overall tennis economy has seen consumer spending flatten on larger discretionary purchases, such as racquets. Also, the replacement cycle of equipment has lengthened and the used racquet market has grown through online channels.



Growth Economy - Is It Translating to Average Americans?

From the end of 2014 to the end of 2015, the U.S. economy grew by 2.4% (real GDP), according to the Bureau of Economic Analysis. 2015 also saw gains continue in DJIA and NASDAQ stock indexes, with a slight decline in the S&P 500 index. These gains don't necessarily translate to growing wealth among "average" U.S. households, though, as only 52% of adults were invested in the stock market, according to an April 2016 poll conducted by Gallup, down from 62% in April 2008. Positively, unemployment figures declined 0.9% points in 2015 to 5.3% (BLS.gov). Personal disposable income (current dollars) increased 3.8% in 2015 from 2014, according to the Bureau of Economic Analysis. Given that tennis and tennis goods and services are "discretionary purchases," personal disposable income is an economic indicator to monitor closely when considering performance of the tennis industry, particularly in the equipment, facility, and spectator spending categories. Passage of the PHIT Act, which would allow pretax dollars to be used for sports equipment and participation, could help provide more personal income for tennis purchases.

Total participation saw a slight bump of 0.3% in 2015. There is a “latent demand” of 14.75 million players, which the industry could potentially reach to convert to new players.

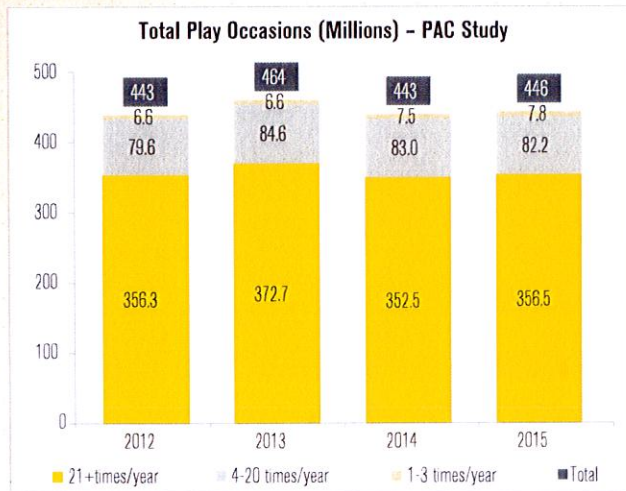


Total Players Up Slightly in 2015

According to the 2016 Physical Activity Council (PAC) Participation Study, total participation increased 0.3% to 17.96 million players, while core players (10+ times/year) improved 0.5%, to 9.96 million. The TIA-managed Cardio Tennis program saw substantial growth in 2015, up nearly 13% to 1.8 million players, according to the PAC study.

Total Play Occasions Up 0.8%

In 2015, total play occasions improved to 446 million from 443 million the previous year. Core tennis players, who account for 94% of all play occasions, increased their play 1.1% compared to 2014. The sport attracted more than 4.3 million new players last year; unfortunately, the leaky bucket in tennis also saw another 4.24 million leaving the game.

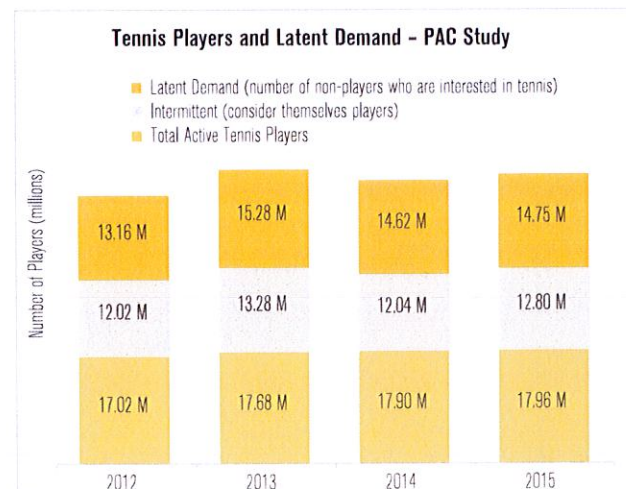


Millions Still “Aspire” to Play Tennis

In 2015, more than 14.7 million non-players indicated they were interested in playing tennis—up 1% from 2014 and up 22% since 2011. Additionally, another 13 million Americans “consider themselves” tennis players, but didn’t play in the previous year. These two groups of potential participants represent millions of unrealized dollars for the industry. Providing introductory, short-court play and “welcome back” programs are crucial to converting this latent demand for tennis into actual demand.

Tennis is No. 1 Among Traditional Sports

While participation saw only a slight increase for 2015, tennis has held strong in the long-term relative to total participation in other traditional sports. Over the past eight years, tennis remains the lone traditional participation sport with a net increase (+6%) compared to other sports showing overall declines.



About the PAC Study

The annual Physical Activity Council Study is the largest single-source independent sports participation project in the nation and supported by seven associations from the sports and recreation industries, including the SFIA, IHRSA, NGF, Outdoor Industry, SIA and TIA. We have been reporting tennis participation growth rates from PAC data since 2008.



The number of “core” tennis players—who play 10 or more times a year—is 9.96 million, up 0.5% in 2015. On average, core tennis players played 42 times in 2015.

Core Players—Key to Industry Growth

Core players are the cornerstone of the tennis industry. They account for 94% of all play occasions and almost 90% of annual consumer expenditures on tennis, spending on equipment, lessons, court time, apparel, etc. In 2015, the number of core players grew 0.5%, from 9.91 million to 9.96 million players. Building the core player base remains a key long-term focus for the TIA and its industry partners.

Core Players More Affluent Than Average

In 2015, the annual household income of core players was \$75,741, making them nearly 1.5 times as affluent as the average American, whose annual household income in 2014 was \$53,657 according to the U.S. Census Bureau.

418 Million Play Occasions in 2015

On average, core tennis players played 42 times in 2015, resulting in 418 million play occasions. Since 2010, the average number of core-player play occasions has decreased 2%, which particularly affects tennis clubs, facilities, and public parks that generate revenue from court fees.

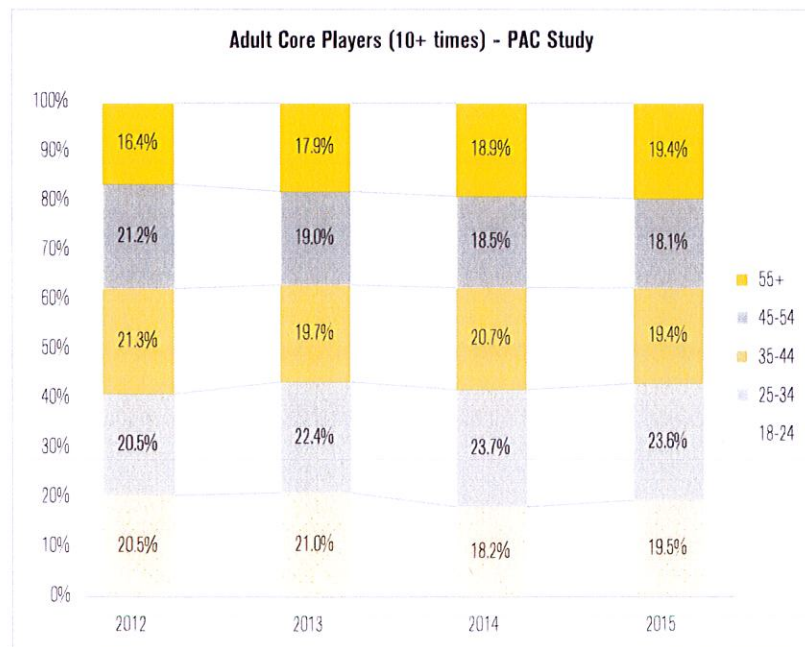
Challenge—An Aging Base of Core Players

In 2015, the percentage of adult core players in the 55+ age segment increased 0.5%, while core players in the 18-to-24 segment rose 1.3%. Ensuring long-term sustainability for tennis depends on generating an increasing base of younger core and overall players.

Core Players Spent \$774 Million on Gear in 2015

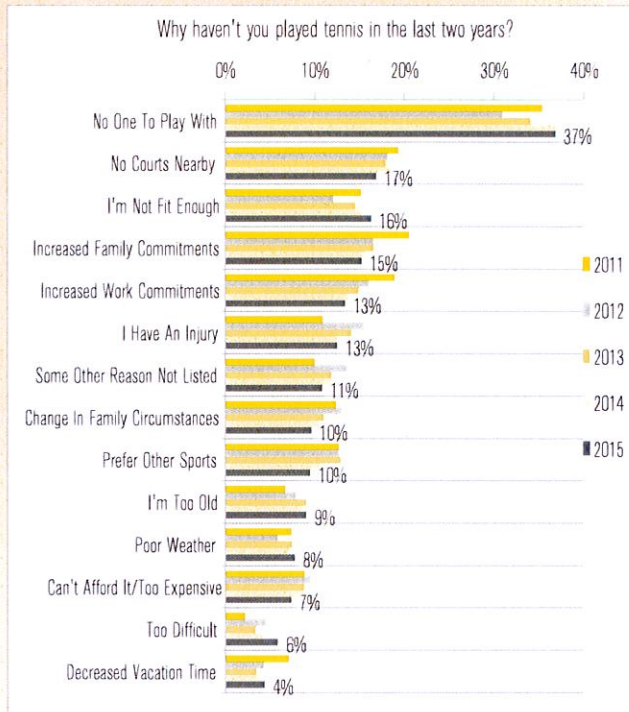
Core players spent \$774 million on tennis equipment in 2015, about six times as much as all other players. Tennis shoes and apparel were the largest expenditure categories among core players in 2015.

Core Players at a Glance (PAC Study)	
Total Number of Core Players	9.96M
Male	50%
Female	50%
Average Age (6+)	31.9
Average Age (18+)	39.4
Ethnicity	White - 65% Black - 10% Asian - 11% Hispanic - 10%
Median Household Income (adults)	\$75,741
Core Player Play Occasions	418M
Average Times Played in 2015	42.0
Est. Annual Tennis Expenditure/Player	\$443



	Core Players (9.96M)	All Other Players (8.00M)
Tennis Racquets	\$150,364,080	\$66,828,480
Tennis Shoes	\$225,272,718	\$6,256,731
Balls	\$90,111,668	\$5,751,809
Strings	\$39,407,014	\$561,609
Apparel	\$182,254,136	\$40,020,015
Other (Bags, Grips, etc.)	\$86,645,409	\$6,883,443
Total	\$774,055,025	\$126,302,087

Insights from tennis consumer research continued to indicate time and partner availability as key factors influencing play frequency.



Factors Influencing Participation

In 2015, tennis players reported "more time" as the biggest factor in increasing tennis play. In fact, that's reflected in the lower percentage of consumers using "increased family commitments" and "increased work commitments" as reasons for not playing tennis. More access and proximity to courts was another driver to more play, with better partners and an improved financial situation also factors in getting players on the court, while millennials tend to sample lots of sports.

"No one to play with" is still by far the main reason consumers haven't played tennis in the last two years. Combined with data that shows that millions of Americans "aspire" to play tennis, creating entry pathways and game-matching situations can help reduce this barrier to play and create more overall and core players for the sport. Another factor that can have a positive influence is the continuing development of smart racquet and court technology, which can help create near-perfect player matching.

Tennis and Health & Fitness

Tennis players report that they are more healthy and fit than average Americans. PAC surveys indicate that nearly 48% of tennis players report their fitness level to be "good," compared to less than 26% of the overall U.S. population that characterized their fitness as "good." In terms of overall health, more than 63% of tennis players say their health is "good," vs. 43.2% of Americans who indicate they are in "good" health. Only 4.7% of tennis players reported being in poor health.

Tennis Player Fitness vs. USA Population

	Tennis Players	US Population	Index vs. USA
Poor	9.3%	30.8%	30
Average	43.0%	43.4%	99
Good	47.7%	25.8%	185

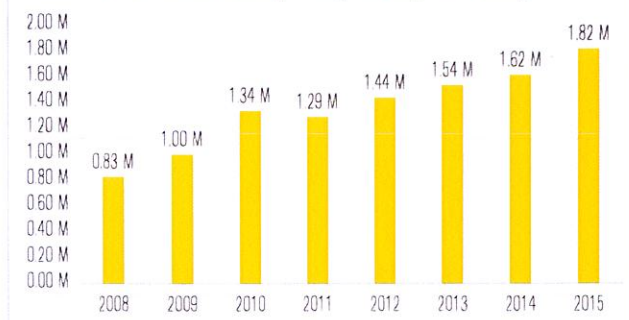
Tennis Player Health vs. USA Population

	Tennis Players	US Population	Index vs. USA
Poor	4.7%	14.1%	34
Average	32.0%	42.7%	75
Good	63.3%	43.2%	146

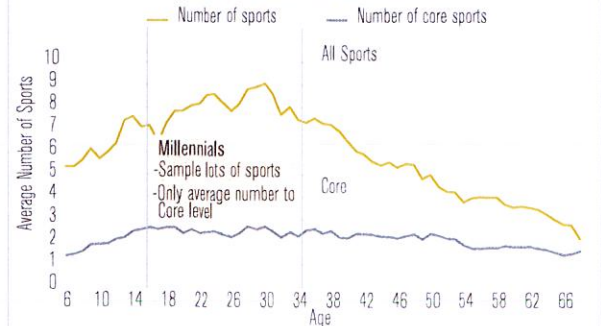
Cardio Tennis Participation Continues to Grow

Playing to Americans' health and fitness preferences, Cardio Tennis, a program that was created in 2005 by the USTA and TIA, continues to gain players, growing to 1.82 million participants at the end of 2015, a nearly 13% increase from the year before.

Cardio Tennis Participation (1+ times) - PAC Study



Average Number of Sports by Age



Overall USTA League, Team Tennis, and tournament play rose in 2015. World TeamTennis recreational league participants increased.

League, Team Tennis Play and Tournament Participation Increase in 2015

Overall participation in USTA Leagues, team tennis, and tournaments were up in 2015 compared to 2014. Although unique player registrations dropped slightly at 2% from last year, total league player registrations reached nearly 905,000—an increase of 4% from 2014 (and 12% since 2012). Total USTA league programs grew 3% to 3,365 over the year and up 21% over the previous four years. Tournament play was up marginally from 2014, with an increase in total and unique tournament player registrations of 0.3% and 0.2%, respectively. From 2012 to 2015, total tournament player registrations are essentially flat with a 0.1% rise; however, unique player registrations at tournaments have seen a 3% increase over this time, a possible reflection of an aging base of core players steadily decreasing their amount of competitive play. Team tennis player registrations, both unique and total, improved 2% in 2015 from 2014. Since 2007, unique team tennis player registration has grown nearly 17%.

Total Players in USTA League, Tournament, and Team Tennis Programs



Growth Continues at the Collegiate Intramural Level

The USTA's Tennis on Campus (TOC) program continued its solid growth trend in 2015, with 695 U.S. colleges and universities offering club tennis to 42,000 players—which is a 4% increase in the number of participating colleges and universities as well as a 5% increase in total participants. Since 2007, the number of colleges has increased 85% and the number of students by 87%.

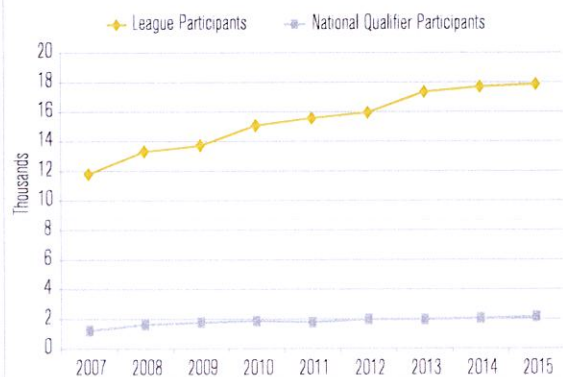
Number of Unique Player Participating in USTA League Programs, Tournaments, and Team Tennis Programs



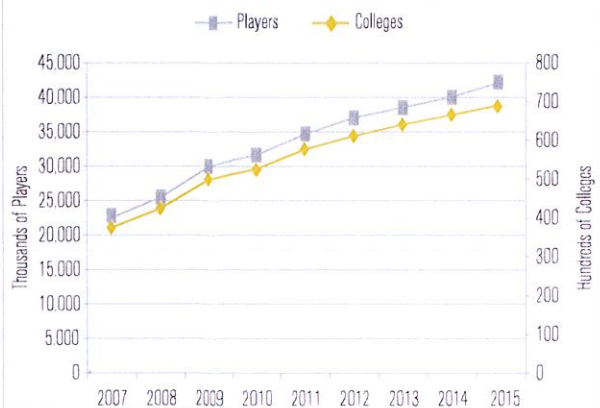
WTT League Participation Increases in 2015

With consumers gravitating more toward social group fitness activities, Mylan World TeamTennis league player participation was up 1% in 2015 over the previous year. The number of national qualifier participants in 2015 grew nearly 5%. Long-term growth for WTT leagues has been strong, up 51% since 2007, while the number of national qualifier participants is up 76% over the same time period.

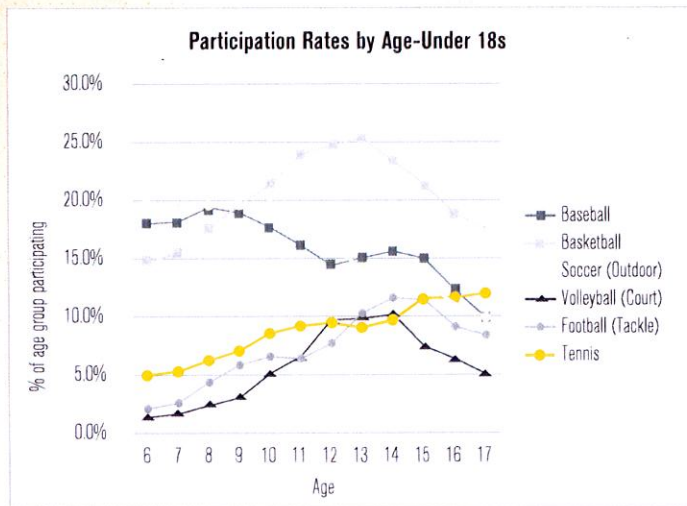
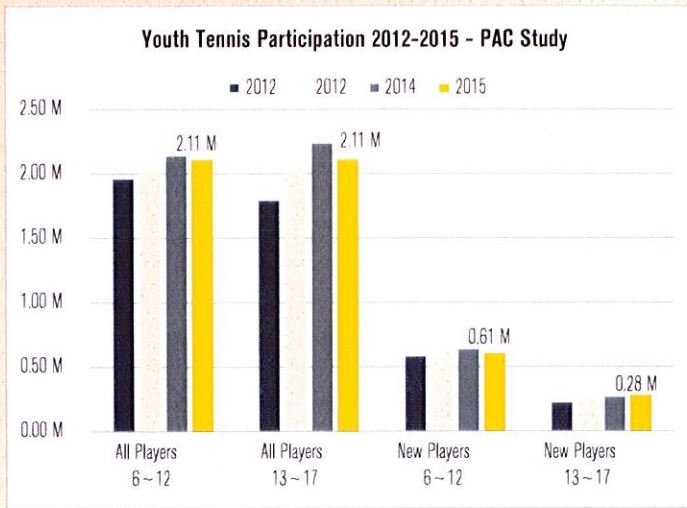
World TeamTennis League Participants & National Qualifier Participants (2007-2015)



USTA Tennis on Campus Program Sites & Participants (2007-2015)



Youth participation fell 1.1% among 6- to 12-year-olds in 2015 and 5.5% among 13- to 17-year-olds, though youth core participation was up over 5%.



Category	2013	2014	2015
Qualified registered organizers/facilities on 10andUnderTennis.com	3,038	3,706	4,216
Permanent 36' or 60' courts or lines	3,761	2,709	2,149
Out of School Programs	3,893	5,964	7,134
Number of Play Days & Play Events	5,286	10,598	8,734
Unique Participants in USTA Tournaments (8s and 10s)	17,147	17,331	16,810
Unique Participants in USTA JTT (8s and 10s)	25,699	23,109	23,402

Total Youth Tennis Participation Dips in 2015

2015 showed a decline in terms of participation from the Youth Tennis demographic (under 18s) at 3.3%. 2.11 million players in each age group, 6-12 and 13-17, took to the courts—a decrease of 1.1% and 5.5%, respectively. However, core youth participation (those playing 10 or more times a year) grew 5.3% overall compared to 2014—5.7% among ages 6-12 and 5% among ages 13-17. Given the rise in core participation, less casual and occasional youth players seem to be a factor in the general drop in overall youth participation. New players among kids ages 6-12 dropped 4%, while new players among ages 13-17 increased 6%. Driving new youth players to the sport through USTA initiatives and industry-supported efforts is important as we look to ensure the long-term sustainability of tennis.

Tennis Participation Rates Increase As Kids Age

While other traditional sports, such as baseball, basketball, and soccer, see declines in youth participation rates as kids age, tennis is one of the few sports to show a steady linear increase in participation among players ages 6 to 17. Although there is a small dip in participation rates in tennis as kids transition to their teenage years, these rates pick back up and continue to increase during a player's high school years, with a total participation rate in the 17-year-old age group of 12%, which is greater than or similar to sports such as baseball, soccer, tackle football and volleyball.

“Dashboard” Monitors NGB’s Progress With Youth Tennis

To monitor and report on the progress of its Youth Tennis efforts, along with the efforts of other trade partners, the USTA created a “Dashboard” that sets goals and tracks initiatives across key performance indicators. Key numbers from the 2015 year-end Dashboard include:

- An increase of 14% in the number of qualified registered organizers and facilities on YouthTennis.com.
- 23,402 unique participants in USTA JTT for 8s and 10s (up 1% from 2014).
- A 3% decrease in USTA tournament participation for 8s and 10s.
- The construction of funded 36- & 60-foot courts/lines fell by 21%, with 2,149 built in 2015. Cumulative courts, however, grew to 18,161 in 2015, up 90% from 2012. To date, the USTA has contributed more than \$12 million in funding toward the construction of 36- & 60-foot courts.

Sales of Red, Orange and Green tennis balls grew slightly in 2015. But youth racquet sales continued to decline along with the overall racquet market.

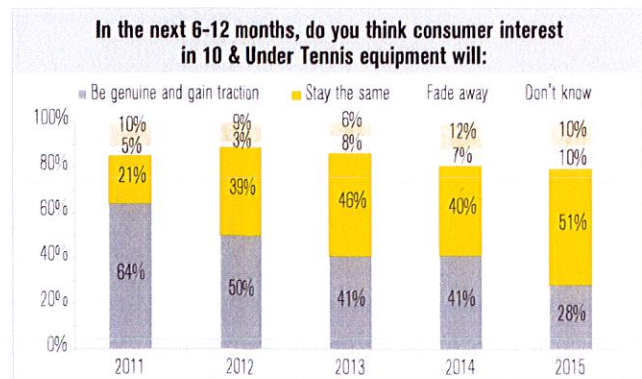
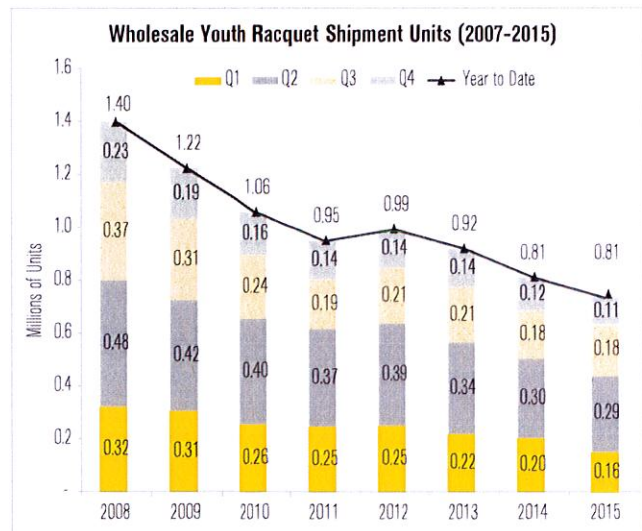
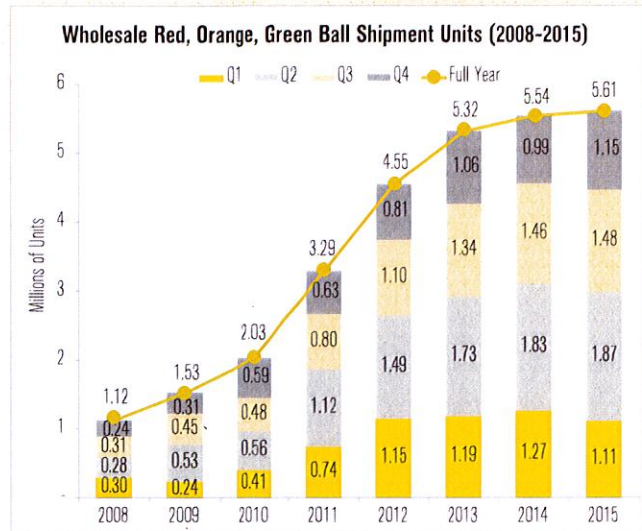
ROG Ball Growth Slows, Youth Racquet Decline Continues

As the industry's collective efforts to grow Youth Tennis participation reached its eighth year, manufacturers saw a slight increase in wholesale shipments of Red, Orange and Green (ROG) tennis balls, but as expected, the rate of growth is slowing, with the 2015 increase just above 1%, roughly a quarter of 2014's 4.2% improvement from the previous year. The second quarter traditionally has the largest amounts of ROG balls distributed by manufacturers into retail channels, as the tennis season kicks into high gear across much of the country. From 2008 to 2015, the ROG ball market was up 399%, but as retailers, facilities and teaching pros better understand their ROG needs and longer replacement cycle, the rate of growth is expected to continue to slow.

Youth tennis racquets saw a 9% decline in units shipped in 2015, continuing to be one of the major challenges in the tennis industry. From 2008 to 2015, wholesale youth racquet shipments fell 47%. A primary factor continues to be declines in various distribution channels—particularly mass retailers. Despite growth in ROG ball shipments, youth racquet shipments could also be negatively affected by less shelf space and visibility at mass-market channels. Other factors may include parents who are less likely to spend on youth racquets because they feel kids will quickly outgrow them or will use "hand-me-down" frames, or the growth in the used racquet market.

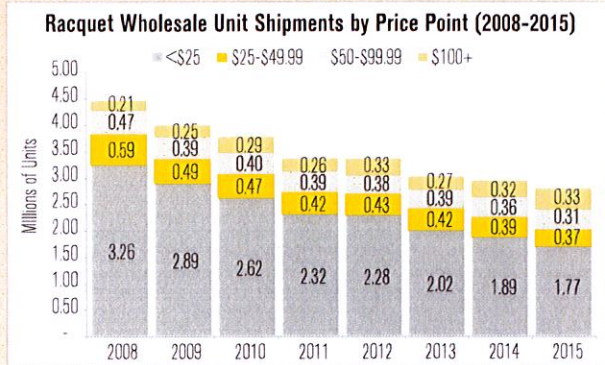
Retailer Sentiment

Initial excitement from the retail segment for Youth Tennis and modified youth equipment appears to have cooled off, according to the 2015 TIA Dealer Trends Study. The percentage of pro/specialty retailers who feel consumer interest in Youth Tennis equipment will gain traction in the next 6 to 12 months fell to 28% in 2015, down from 41% in 2014. About 51% of retailers say consumer interest will only "stay the same" moving forward, with those reporting uncertainty falling slightly to 10%.



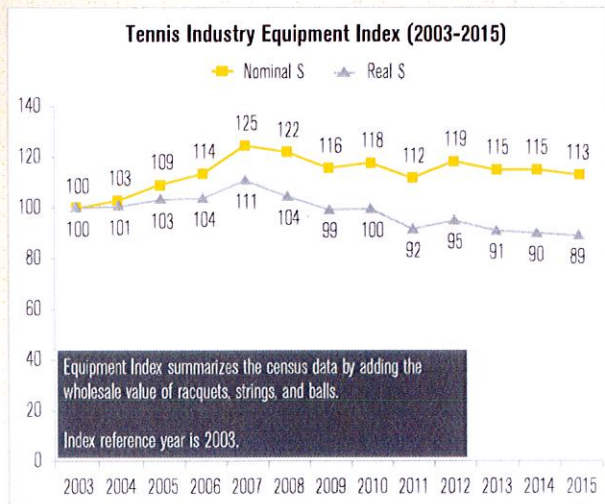
Wholesale shipments of strings & racquets fell, while ball shipments rose slightly. Low-end and youth racquets continued to decline at mass-merchant and chain stores.

10



Mass-Merchant/Chain Store Declines a Concern

Long-term declines in the wholesale racquet market continue. Total shipments from 2008 to 2015 have seen a drop of 39%, with mass merchants and chain stores as the distribution channels accounting for the largest declines. Trends in wholesale shipments by price point show significant decreases concentrated in lower end recreational and youth racquets.

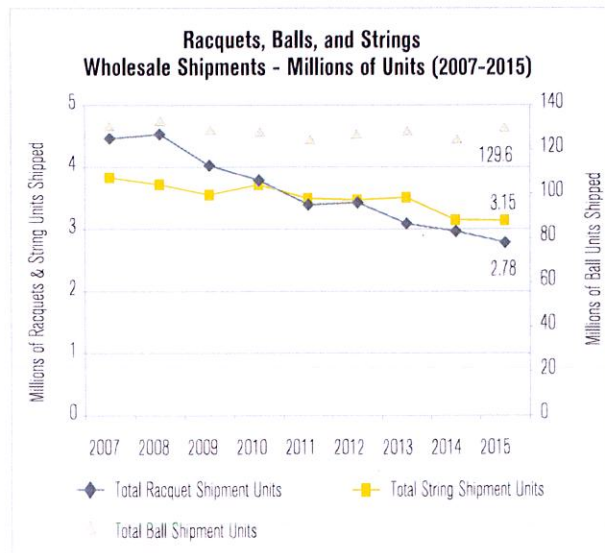


Wholesale Equipment Index Flat

In 2012 the TIA introduced the Tennis Industry Equipment Index, designed to gauge the performance of the wholesale distribution of racquets, balls and strings. The 2015 index shows a slight decline in the wholesale industry overall in both nominal and real dollars. This is due in part to the economic recession that started in 2008, from which the tennis industry and many other industries have yet to fully recover as consumers became accustomed to leaner budgets and fewer discretionary dollars. Additionally, conditions in the global shipment environment impaired the wholesale market, including a slowdown that continued into early 2015 at dozens of West Coast ports receiving about 70% of U.S. imports from Asia.

Racquet, Shipments Drop; Ball Units Increase Slightly

Perhaps the biggest challenge in 2015 was the decline in racquet distribution. Unit shipments were down 6% in 2015, with dollar shipments also falling 4.6% over the year. String unit shipments were at similar levels to 2014, falling 0.3% in 2015. Ball shipments, a reliable indicator of tennis participation, was the single equipment category to have gains in both unit (1.8%) and dollar (2%) shipments.



Racquet Purchase Frequency & Average Play Occasions Per Racquet

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Average play occasions per racquet	95	101	122	130	133	129	150	149	160
Purchase frequency (years)	3.7	3.9	4.6	4.9	5.2	5.0	5.7	6.0	6.4

Wholesale Equipment Market at a Glance - Millions (2015)

Category	Units	% Change Units	Dollars	% Change Dollars
Racquets	2.78	-6.0%	93.05	-4.6%
Youth Racquets	0.74	-9.0%	9.69	-5.7%
Strings	3.15	-0.3%	23.61	-2.3%
Balls*	129.6	1.8%	90.4	2.0%
Red Orange Green Balls	5.61	1.3%	4.7	-0.6%

*One Unit = 1 Ball

Pro/specialty racquet sales for 2015 fell after a tough fourth quarter. Brick-and-mortar shops remain concerned about competition from online retailers.

Pro/Specialty Racquet Sales Drop 1.1% in Units

Pro/specialty retailers saw a drop in racquet unit sales of 1.1% in 2015 compared to 2014. While each of the first three quarters improved year-over-year to 2014, Q4 hit retailers with a 10% decline in unit sales, bringing the year-to-date total below 2014 levels. This same pattern also followed with dollar sales, falling 9% in Q4 for a 2015 total decrease of 1.5%. Timing, sell-in period, and previous West Coast port issues were factors attributed to the fluctuation.

Shoes, Apparel Have Highest Percentage of Decreased Sales

The categories with the highest percentage of pro/specialty retailers reporting decreased sales were shoes and apparel. Looking ahead to 2016, retailers seem less optimistic than last year, affected by the rise of "athleisure." 17% expect a decrease in this category.

Unease Continues for Brick-and-Mortar Retailers

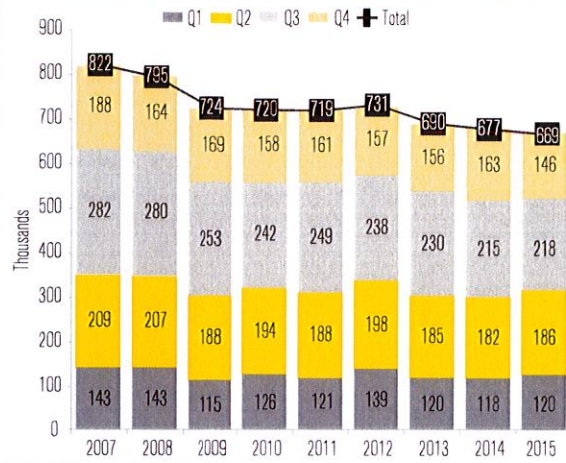
A continuous concern for brick-and-mortar pro/specialty stores is the competition from online-only sources. In today's retail environment where consumers are always searching for the lowest price, remaining competitive as a brick-and-mortar store has become increasingly challenging. 96% of pro/specialty retailers list "competition from online-only retailers" as one of their top two concerns. Also of major concern is the apparent or perceived lack of enforcement of minimum advertised price (MAP) policies, product life cycle of tennis racquets, the number of racquet models manufacturers are putting into their lines, and direct-to-consumer sales from manufacturers.

Smart Racquet and Wearable Technology Continues to Grow

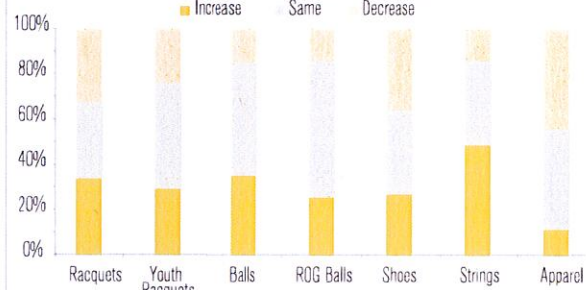
Technological innovation in tennis training aids and racquets (along with "smart" court technology) continues to grow. Some racquets have sensors built into them, while other companies offer sensors that attach to racquets from different manufacturers. The sensors provide detailed feedback (normally through an app) on a number of metrics (such as ball and swing speed, spin, stroke frequency, and more), which coaches and teaching professionals can use to more effectively and efficiently facilitate instruction. The TIA will continue to monitor the growth and effect of racquet sensors, wearables and smart courts in the industry landscape.



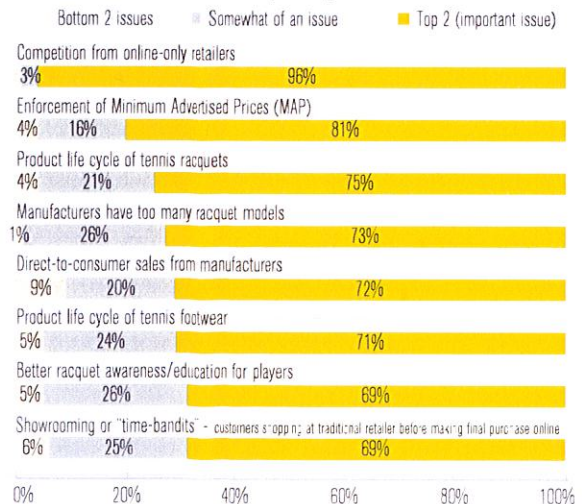
Pro/Specialty Retail Racquet Unit Sales - 2007-2015 (Thousands)



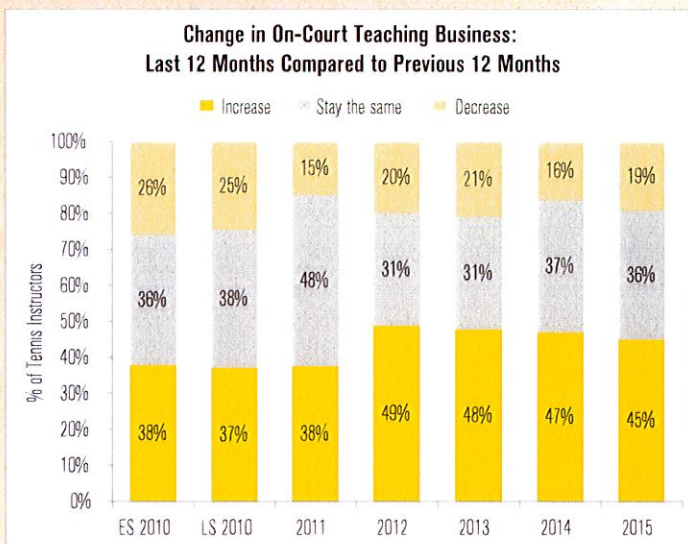
Pro/Specialty Dollar Sales Change for 2015 (compared to same period last year)



Relevant Issues in the Tennis Specialty Retail Environment - 2015



2015 was overall positive for tennis coaches/teaching pros, despite reporting slightly lower on-court business vs. 2014. More than half of pros project an increase for 2016.



Teaching Pros Rate Slightly Lower Business in 2015

The TIA annually surveys tennis teaching professionals to get their general sentiment about the state of the tennis teaching business. In 2015, 45% of coaches reported an increase in on-court business—down from 47%. The 45% of coaches reporting increased business, however, is still higher compared to the 5-year average from 2010 to 2014 (43%). Accordingly, those reporting decreased business grew from 16% to 19%.

Average Number of Group, Private Lessons Per Week Increase

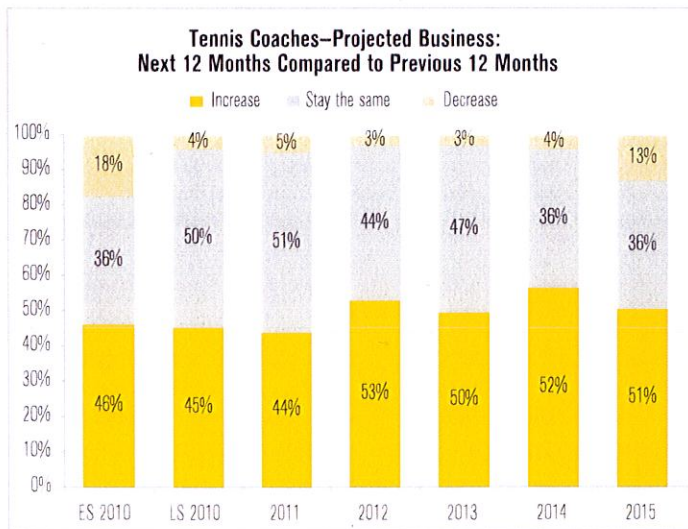
Tennis coaches in 2015 averaged 12.3 private lessons per week, up 1% from 2014. Reflecting trends toward more social play in both tennis and general sports participation, coaches increased their weekly average of group lessons by 5% over the past year to nearly 17 per week. With modest increases in average price per group and private lessons, overall pro revenue improved from 2014 despite pros reporting slightly lower personal business.

Tennis Teaching Professional Business - 2015

Category	LS 2010	2011	2012	2013	2014	2015	% Change 2014-2015
Avg # of Private Lessons Taught/Week	10.5	12.1	11.7	11.6	12.1	12.3	1.7%
Avg # of Group Lessons Taught/Week	12.3	12.4	13.9	11.9	15.9	16.6	4.4%
Average Private Lesson Charge	\$50	\$53	\$57	\$59	\$58	\$60	3.4%
Average Group Lesson Charge	\$29	\$29	\$30	\$24	\$28	\$29	3.6%

1 in 2 Pros Expect a Better 2016

In 2015, 51% of tennis teaching pros projected their 2016 business to increase, down slightly from the 2014 figure of 52%. While 13% of pros project decreased business in 2016 (up from 4% from last year), this can be attributed to changes in the survey, as pros in 2014 were given a “not sure” option—which was removed for 2015. Programs such as Youth Tennis, Cardio Tennis, etc. have been providing teaching pros with ample opportunity to reach more players and get them on the court for private lessons, group lessons and clinics.



Revenue per court, average number of courts, and Youth Tennis programming improved in 2015. Facilities used existing assets to accommodate short-court forms of tennis.

Key Facility Indicators Show Positive Movement

Revenue per court, perhaps one of the most discussed performance indicators in the tennis facility business, increased by nearly \$5,000 per court on average across the industry. This increase correlates positively with several other measures highlighted in this report. Gains (though nominal) in total and core players, teaching pro revenue, and a \$5 increase in average peak time court fees are primary contributors to this improvement in revenue per court.

For tennis facilities, group lessons/clinics and social play will be a significant factor in creating future business. Facilities rated increased group lessons/clinics and increased social play as the top two drivers of increased court usage, according to the 2015 Facility Assessment Report.

Tennis Facility Memberships Mixed

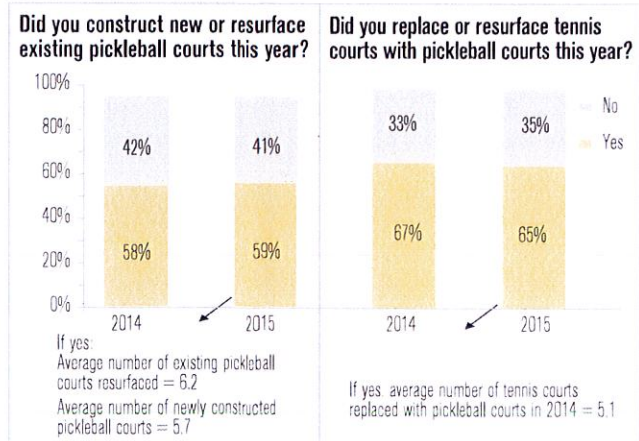
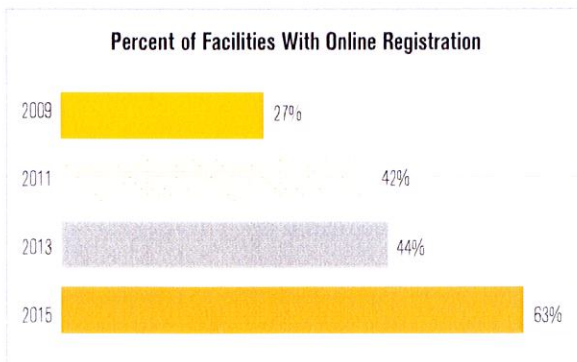
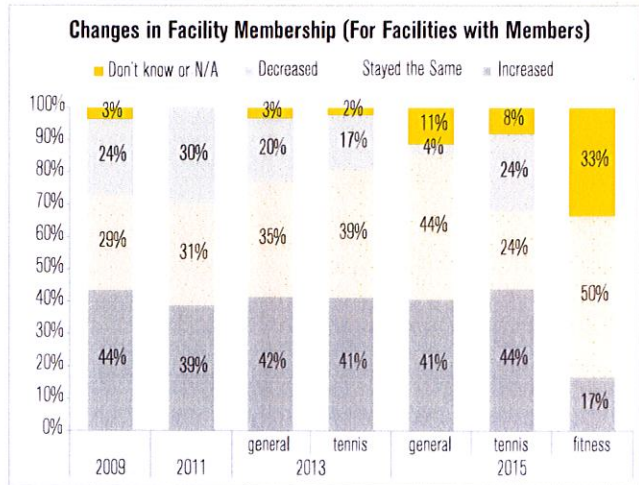
44% of tennis facilities reported an increase in tennis-specific memberships in 2015, up from 41% in 2013. However, the percentage of facilities indicating a decrease in tennis membership also grew 7% over the year, while those stating unchanged levels in tennis membership decreased by 15%. Facility membership retention overall is similar to 2009 levels. In 2015, an option for fitness memberships was added for a broader look at facility membership trends.

Shorter Courts for Non-Tennis Racquet Sports

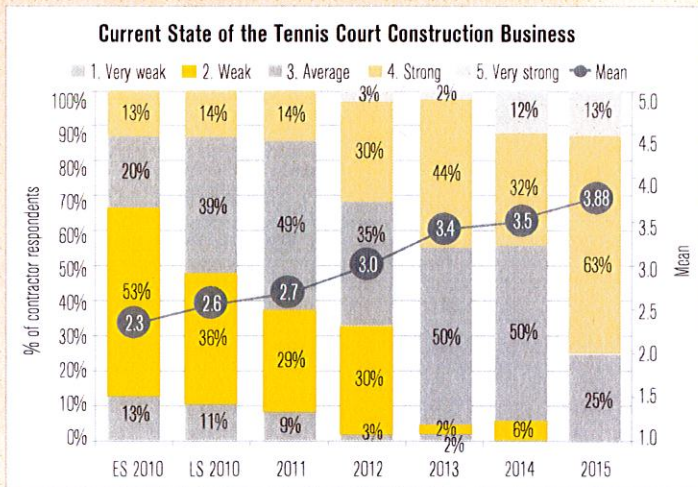
The racquet sports landscape is seeing a rise in participation for a number of activities distinguished as smaller variations of tennis. With smaller courts, these sports are being played by both tennis and non-tennis players who, often due to health or injury, are unable to participate in the traditional game.

With this surge in interest, facilities are responding—60% of court contractors say they've constructed or re-surfaced existing shorter courts in 2015. More importantly, 65% stated they replaced or resurfaced existing 78-foot tennis courts with shorter non-tennis racquet sports courts. To further support rising facility revenues, owners and managers are utilizing existing assets to include other formats of racquet sports.

2015 Tennis Facility Performance Indicators	2005	2007	2009	2011	2013	2015
Revenue Per Court	\$26,860	\$27,462	\$31,823	\$29,842	\$33,482	\$38,232
Profit/Loss Ratio	6%	8%	3%	8%	6%	3%
Average Peak Time Court Fees	\$21	\$23	\$25	\$21	\$27	\$32
Average Number of Courts	8.6	8.5	9.2	10.1	10.2	10.7
Hours per week scheduled for 10 and Under programming				7.8	10.2	13.7

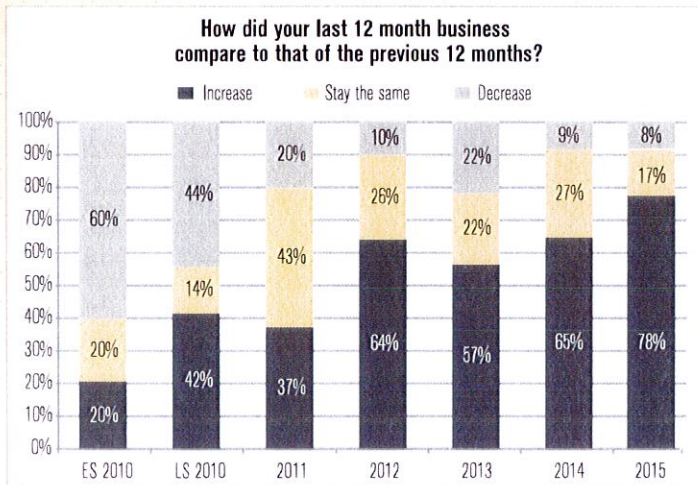


Court construction surged in 2015. Nearly 80% of court builders expect business to increase in 2016, the highest level since the survey's inception.



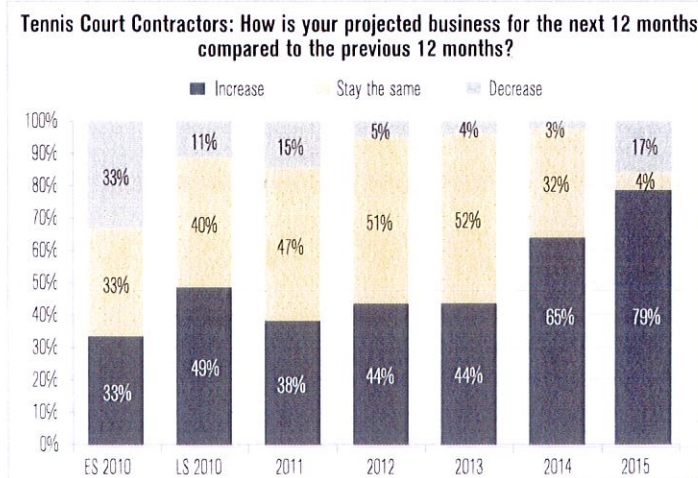
Court Builder Confidence in Industry Continues to Grow

Contractors are asked to rate the current state of the court construction industry on the TIA Pulse Contractors Survey. In 2015, the average rating jumped to 3.9 from 3.5 in 2014 as the overall economy continues to recover from the recession, more players take to the courts, and alternative tennis activities become more prolific. Court builders have an opportunity to take advantage of facility spending for capital improvements such as resurfacing, relining, new construction, and addition of 36- and 60-foot lines and courts. With respect to Youth Tennis, 74% of court contractors who are members of the American Sports Builders Association (ASBA) installed Youth Tennis lines on existing courts in 2015, down from 85% in 2014. 65% replaced or resurfaced courts to create pickleball courts (see page 13).



2015 Compares Favorably to 2014, Ahead of 5-Year Average

78% of court contractors reported increased business in 2015, compared to 65% in 2014, while 8% reported decreased business in 2015, vs. 9% in 2014. Compared to averages over the past five years, 2015 was significantly better—the average of “increased business” from 2010-2014 is 47%, and the average for “decreased business” is 28%.



Court Contractors Have High Expectations for 2016

Looking to 2016, 79% of court builders are expecting business to increase, the highest level of optimism reported since the survey's inception. About 4% are expecting business to remain the same, and 17% are projecting decreased business. Those forecasting business to remain at similar levels to the year before declined from 32% to 4%.



Although hours of TV coverage dipped in 2015, TV viewership increased. Total Grand Slam prize money increased slightly; the US Open was the most watched in 4 years.

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Tennis TV Viewership Up Despite Slight Drop in Hours

Despite a slight 1% decline in hours of TV match coverage from 2014, total hours have grown by 81% since 2009, and 2015 was still a banner year for tennis viewership. Tennis Channel reported a 24% increase in ratings. To enhance our gauge of media coverage, in 2014 we started to utilize tennis advertising “viewing impressions” as a primary measurement for TV coverage. (A viewing impression is one person watching for a quarter-hour—which is used as an important measure for ad delivery to viewers.) For 2015, viewing impressions rose by 15% to 3.36 billion.

US Open Attendance & Viewers/Tour Data

2015 US Open attendance totaled at 691,000, down 4% from 2014. According to ESPN, overall TV viewership of the tournament increased 40% compared to 2014—the most-watched Open in the past four years. The 2015 US Open was broadcast in 200 countries and official US Open digital properties generated more than 64 million visits, an increase of 10% over 2014. (In 2015, the US Open transitioned from network TV to exclusive coverage on ESPN in an 11-year \$770 million deal.) The USTA hopes to increase the reach of the US Open with its renovations to the USTA Billie Jean King National Tennis Center, including the addition of a roof over Arthur Ashe Stadium.

TV viewership of ATP World Tour events increased from 884 million in 2014 to over 900 million in 2015, with a record 4.5 million fans attending ATP events. The WTA saw its overall broadcast viewership increase by 25% and digital viewership by 44% in 2015 vs. 2014, as interest in women's tennis continues to grow.

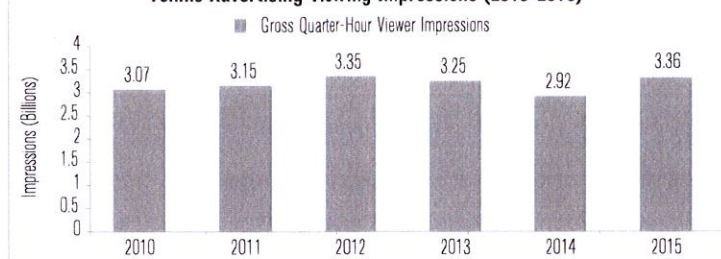
Prize Money Up Slightly from 2014

In 2015, the four Grand Slams yielded \$144.7 million in total prize money, a 1% increase over 2014. The US Open offered the highest purse valued at approximately \$42.3 million, an increase of nearly 11% from 2014—with an expected increase to \$50 million by 2017. Fluctuations in currency exchange rates may be a factor in decreases in French Open and Wimbledon purses in 2015. Sponsorship revenue improved by an estimated 3%.

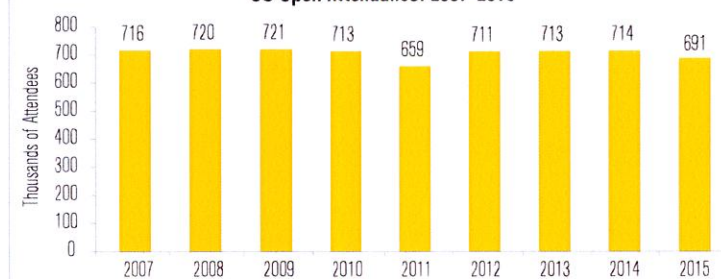
Total Hours of TV Coverage (2009-2014)

Year	2009	2010	2011	2012	2013	2014	2015
Total Hours	3702	4483	5261	5970	6042	6787	6710

Tennis Advertising Viewing Impressions (2010-2015)



US Open Attendance: 2007-2015



US Open Prize Money Progression (2007-2015)



Grand Slam Prize Money - US Dollars (Millions)

Year	2011	2012	2013	2014	2015	1 Year % Change	2011-2015 % Change
Australian Open	\$ 24.8	\$ 25.9	\$ 28.0	\$ 29.7	\$ 31.0	4.6%	25.1%
French Open	\$ 23.4	\$ 23.1	\$ 28.8	\$ 32.8	\$ 29.9	-8.8%	27.8%
Wimbledon	\$ 22.5	\$ 24.5	\$ 34.0	\$ 42.4	\$ 41.5	-2.1%	84.4%
US Open	\$ 24.8	\$ 26.1	\$ 33.6	\$ 38.3	\$ 42.3	10.6%	70.6%
Total	\$ 95.5	\$ 99.6	\$ 124.4	\$ 143.1	\$ 144.7	1.1%	51.6%

*Exchange Rates May Impact Prize Money Valuations

About the TIA

The Tennis Industry Association is the not-for-profit trade association for tennis formerly known as the American Tennis Industry Federation. The TIA traces its history to 1974 as an affiliated organization within the Sporting Goods Manufacturers Association. In 1993, the ATIF was renamed the Tennis Industry Association. Today, the TIA works closely with the USTA, industry partners and various sectors of our sport, focusing on common goals to help unify the industry and promote the growth of tennis and the tennis economy. As the No. 1 source for tennis research, the TIA is dedicated to educating the marketplace and providing market intelligence to the industry. The TIA invests 100% of its resources back into supporting tennis growth, providing research, technology and tools for the industry and supporting grow-the-game activities with the USTA and industry partners. The TIA also focuses on positive communications and positioning of the sport, promoting the benefits of tennis and the economic vitality of the industry.

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Tennis Industry Association
Mail: P.O. Box 7845, Hilton Head Island, SC 29938
Courier: Tennis Industry Association -
1 Corpus Christi #117, Hilton Head Island, SC 29928
Ph. 843.686.3036 | Fax 843.686.3078
Email: research@tennisindustry.org | Web: tennisindustry.org

The Tennis Industry Association is the not-for-profit trade association promoting the growth and economic vitality of tennis

About this Report: The State of the Industry is published annually and is an analysis of the more than 70+ reports conducted each year by the Tennis Industry Association.

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- WTA

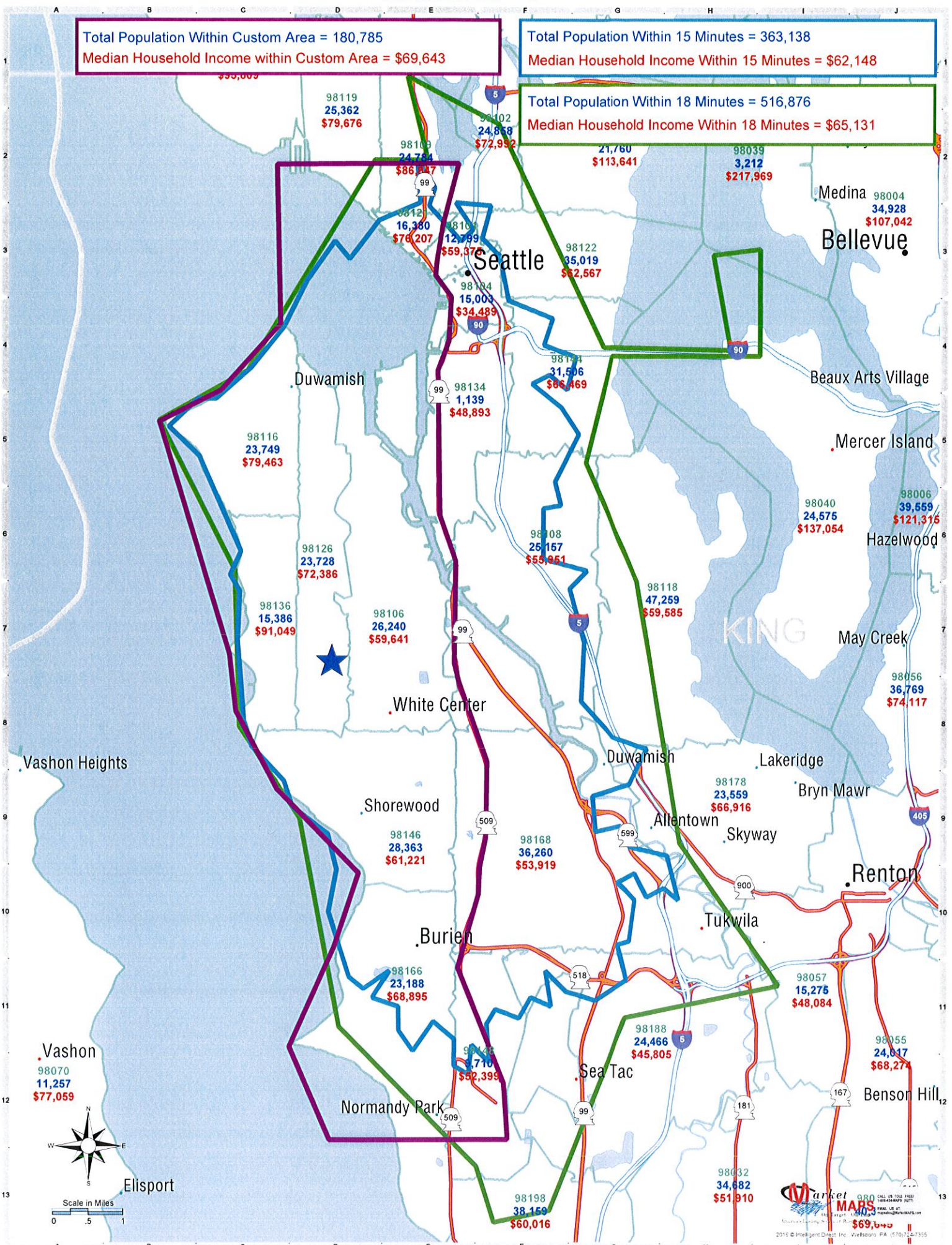
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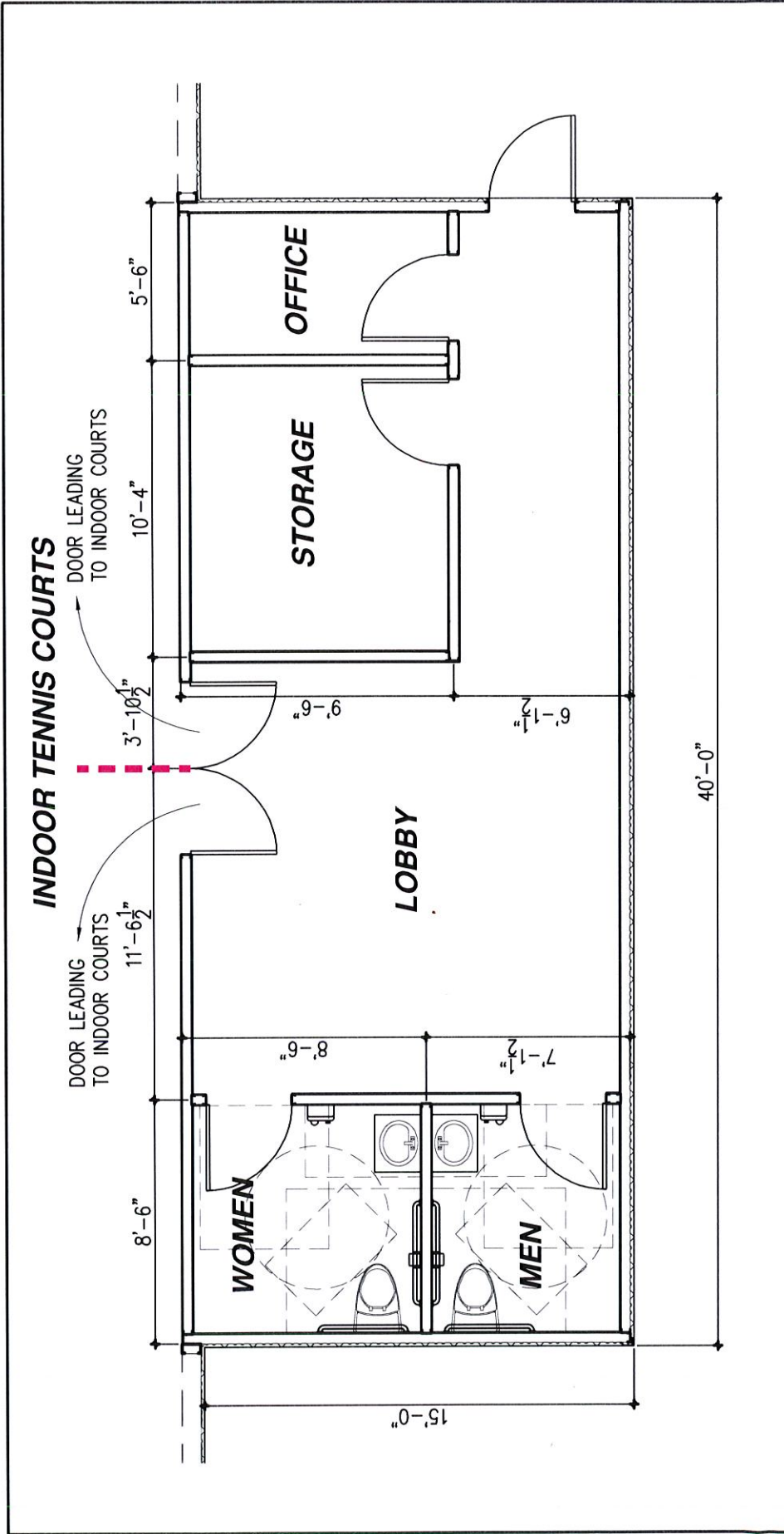
The Business of Tennis . . . Powered by the TIA

Total Population Within Custom Area = 180,785
 Median Household Income within Custom Area = \$69,643

Total Population Within 15 Minutes = 363,138
 Median Household Income Within 15 Minutes = \$62,148

Total Population Within 18 Minutes = 516,876
 Median Household Income Within 18 Minutes = \$65,131





COMPLEMENTARY BUILDING A

<p>TENNIS PLANNING CONSULTANTS INC. 3100 Wesleyan, suite 375 Houston, Texas 77027-5731 Tel: 713-572-2541 Fax: 713-572-3657 Cell: 832-741-6137 www.tennisplanningconsultants.com</p>	<p>CLIENT NAME: SHEET TITLE: PROJECT ADDRESS: PROJECT #: DATE: DRAWN:</p>	<p>COMPLEMENTARY BUILDING</p> <p>2801 SW THISTLE ST. SEATTLE WA.</p> <p>16017.03</p> <p>6/01/16</p> <p>MAU</p>	<p>SCALE: CHECKED:</p> <p>3/16"=1'-0"</p> <p>JRK</p>
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