

AMERICAN KENNEL CLUB
Delegates Meeting
December 16, 2008

Dennis B. Sprung, President in the Chair, called the meeting to order at 11:15 a.m.

Mr. Sprung: The meeting will come to order.

If there is any Delegate present who has not signed the attendance record, please be sure to sign it before leaving as this is the official record of attendance.

The Chair would like to introduce to you the persons seated with me on the podium. On my immediate left is the Chairman, Ronald Menaker. To his left is David Merriam, the Vice Chairman. On my right is Doris Abbate, Professional Registered Parliamentarian. To her right is Jim Crowley, the Executive Secretary, and to Mr. Crowley's right is Christina Montana, court reporter.

New Delegates have been requested to submit individual photographs for publication in the *AKC GAZETTE*. Any Delegate who has not done so and wishes to, please see the photographer during recess or following the meeting.

The Executive Secretary will now read the Nominating Committee report and the report on additional nominations.

Mr. Crowley: Pursuant to Article VIII of the Bylaws of the American Kennel Club, the Nominating Committee: Eric Bergishagen, Chair, Detroit Kennel Club; Rey Burgos, Chihuahua Club of America; Blackie H. Nygood, Mispillion Kennel Club; Harry G. Ottmann, Fort Worth Kennel Club; Jack G. Smith, Great Western Terrier Association of Southern California, appointed by the Board of Directors at its August 2008 meeting, has nominated the following Delegates as candidates for such vacancies on the Board of Directors as are to be filled at the next annual meeting of the Club on March 10, 2009. There are four vacancies for the Class of 2013.

Class of 2013: Lee Arnold, Southern Colorado Kennel Club; Alan Kalter, American Bullmastiff Association; John P. Nielsen, English Setter Association of America; Dr. Robert D. Smith, Memphis Kennel Club.

Pursuant to Article VIII of the Bylaws of The American Kennel Club, the following Delegates have been endorsed in writing by the required number of Delegates as candidates for the vacancy on the Board of Directors for the Class of 2013 to be filled at the next annual meeting of the Club on March 10, 2009. Class of 2013: Carl C. Ashby III, United States Kerry Blue Terrier Club; Dr. Fred C. Bock II, Key City Kennel Club; Judith V. Daniels, Mt. Baker Kennel Club; Carl E. Gomes, Pacific Coast Boston Terrier Club.

Mr. Sprung: The Bylaws provide that no nominations may be made from the floor. Nominations, therefore, closed on November 14. In accordance with Delegate Standing Rule, each candidate is allowed three minutes to address the Delegates. Ron Rella will indicate to the candidates when their three minutes have expired. Candidates will speak in alphabetical order, and no questions from the floor will be entertained.

The Chair will now introduce the candidates for the Class of 2013 in alphabetical order. The first candidate is Lee Arnold representing Southern Colorado Kennel Club.

Mr. Arnold: Good morning, fellow Delegates. There are three essential qualities we must follow today and in the future. We must honor the traditions of our past. We must operate our Club with the best business practices, and we must communicate. Yes, I said communicate - to our fancy and beyond. We must tell the AKC story. I can help tell that story.

My entire career has been broadcasting in radio and television in New York, Boston, and other big markets, selling sponsors' products to millions of viewers and listeners and generating a great deal of revenue for the stations.

In that same vein, the AKC message has to be sold to the masses. We need to motivate dog owners to participate in every aspect of the AKC. That means registering their puppies, helping to fight anti-dog legislation, and joining us to promote responsible dog ownership. It all matters for our future.

Because of my experience hosting nationally syndicated shows on over 3500 stations, I can secure celebrity talent as spokespersons for the AKC. Celebrities who love purebred dogs can bring tremendous value to the AKC.

I also bring significant business experience to the table. In radio I've been a program director responsible for the management and direction of staff, talent, sales, and also budgets. These skills will serve me well as a productive Board member.

I've proved that in my ten-year tenure on the Board of the AKC Canine Health Foundation through the successful work in fundraising that I've done on behalf of my own breed.

The months ahead will provide a very critical challenge for the AKC. The uncertainty for the economy will have a tremendous impact on immediate and long-range plans. In our last meeting, the Chairman painted a bleak picture of what we're facing. I, for one, take this very seriously.

To confront the challenge will take a Board comprised of individuals who have experience in finance, law, public relations, and communications to find solutions for the decline of registrations, the issue of mixed-breeds, corporate alliances, how to raise revenue, and all the other unknowns we face.

I guarantee that if I'm elected, I will devote my time, expertise, and knowledge to get us through the tough times. This organization and those who work diligently to make it what it is today are too precious to let slip away.

Let me thank the nominating committee for including me in the Class of 2013. Let me also thank you for considering my candidacy. Let's work together to tell the AKC story. I can communicate that message better than anybody else, but I need your vote to do it. Thank you for your support.

Mr. Sprung: The second candidate is Carl C. Ashby, III, representing the United States Kerry Blue Terrier Club.

Mr. Ashby: Thank you, Dennis, and good morning fellow Delegates. These are difficult times for the American Kennel Club, difficult times for registrations, operating income shrinking, and our investments on the skids. This is definitely not business as usual. As always, with adversity comes opportunity. I believe AKC will emerge stronger having weathered these challenges.

You deserve to know the beliefs that would guide me as a director so let me share them. AKC exists for dogs and those who cherish their companionship. The AKC must be financially strong to serve the Sport, dogs and their owners. And AKC registration is more than a piece of paper. It is a membership and a community of 5,000 clubs offering services, advice, and support to the pet-owning public. Dogs are simply better off if AKC touches their lives. AKC must be the first thought when people think of dogs.

While AKC's focus is purebred dogs, The American Kennel Club must be the champion of all dogs and their owners. I believe we must never let our spirited debate become a wedge animal rights extremists use to conquer us. Most importantly, I believe The American Kennel Club must be responsive in an ever-changing world.

Fellow Delegates, time is quickly running out. We cannot continue to stand by as AKC struggles. Aggressive, well-thought-out action is required. We must turn the registration declines around. We simply will not survive as a boutique registry. We must embrace all dog owners who share our compassion for dogs and develop a comprehensive legislative strategy which is proactive rather than reactive. We must continue to develop the AKC brand and aggressively use our brand to further our goals. Finally, we must not fear change, rather, embrace the opportunity it affords. I will work collaboratively with Board, Delegates, and Staff to provide strong and visionary leadership. I will strive to create understanding between Delegates and Clubs alike in the direction of AKC. I firmly believe our best days are ahead.

AKC is a complex \$72 million business. Service as an AKC Director requires not only understanding our conditions, but also the depth and complexity of the challenges that confront us and, just as in the corporate world, must have the skills and senior management to lead at challenging times. I have this background and ask you to consider my broad and varied experience when you cast your vote.

Jamie and I have served purebred dogs for over 35 years as breeders, owner-handlers and club leadership at the local and national level. During that time I have developed a reputation as an accessible, reasonable person who cuts through politics and gets things done. This is what I will bring to the Board and why I ask for your vote. Together we will assure a strong, vibrant American Kennel Club fighting for our sport and, most importantly, our dogs.

Mr. Sprung: The third candidate is Dr. Fred C. Bock II, representing Key City Kennel Club.

Mr. Bock: Thank you, Dennis. First, I want to thank all those Delegates who voted for me last March, and I hope I can continue to earn your support and maybe a few more votes in this coming month.

As I prepared for this election, I became very aware of how complex and diverse the task is to manage The American Kennel Club. Dennis, I want to thank you and your professional Staff; and, Ron, I want to thank you and the rest of the Board of Directors for the skills and the commitment that you have brought to the AKC.

We are all aware of the challenges facing the AKC. That presentation by Jim, Dennis and Ron at our September meeting described them vividly and got our attention. Clearly the choices we will make in the next few years will be critical to our survival. Change has become a popular mantra this year. We cannot improve or even survive without changing and evolving. Yet we must remember that change alone is not necessarily good.

We have an opportunity and a need to transform the AKC into a viable force for dogs in the 21st century. We adopted the motto, "We're more than champion dogs. We are the dog's champion." I haven't come to you with a blueprint of how to make that transformation. Even if I had, time wouldn't permit this description.

What I will do is bring you the following principles: we need to know and agree on what our business really is; we need to set priorities based on that business; we need to improve our customer service; we need to improve our public visibility; we need to support our clubs and need to utilize the many skills and talents of our Delegates and their Clubs.

If you will elect me to the AKC Board of Directors, I promise I will devote full time to serve in the AKC. I will be a good and accessible listener. I will seriously consider all options for change regardless of my own personal opinion. I will respect the traditions and values of our sport and a balance to the sport's need to survive.

Finally, when I thought about running, several members said to me, "Why?" Well, here's my answer. During the past three years I've watched my now 13-year-old granddaughter start Junior Showmanship with one of our American Eskimo Dog. As she grew, she moved to one of our Newfoundlands. This past year she got her own dog of her choice, which she is now training and showing herself. Yes, he hunts. I want to help make sure that the AKC thrives and survives so that my granddaughter's granddaughter will have the same opportunities that she has.

Thank you.

Mr. Sprung: The fourth candidate is Judith V. Daniels representing Mt. Baker Kennel Club.

Ms. Daniels: Mr. Chairman, Mr. President and Fellow Delegates, Good Morning! During elementary school, I developed a keen interest in science fiction, and it occurred to me that there were no dogs in stories about the future. My father explained that lifestyles had changed, people lived in high density buildings with no room for parks or open spaces, and government had become much more restrictive. He said if I wanted to have my dog when I grew up, I just might have to do something about it! So, for the past 40 years, I have devoted much of my time to our sport, and the betterment of AKC. I'm asking for one of your four votes...

BECAUSE I want to help secure the future for our dogs, and the right of everyone to own and breed them responsibly.

From my Christmas Puppy in 1967, a breed not recognized by AKC, to meeting my husband Bill, and working with him to form our Parent Club; going through Misc. Class and gaining recognition; breeding and exhibiting many Champions, owning and handling the first Champion and the first All-Breed Best In Show winner of the Breed; becoming a Delegate in 1981, serving on numerous committees, including the first Perspectives committee as Chairman, and the Committee that established our Delegate Standing committees, and becoming a Judge to being a Director, and then Executive Vice-President and President.....My dedication and qualifications speak for themselves. From the ground floor to the apex, my focus has always been on the continuous advancement of The American Kennel Club.

AKC is not only the Dog's Champion; but also a Champion in her own right.

In competition with other organizations who would presume to be in our league, we are not only the best, but the only organization worthy of that title: CHAMPION.

There's a saying, "If you're not the Lead Dog, the view never changes"! We know that AKC is the lead dog, but the public has to be reminded of it.

And that's why I ask for one of your four votes...

BECAUSE it's time to assert our rightful position. Let's be positive and service oriented, and let the animal rights activists chase after us for a change!

We need an extensive and focused Public Relations campaign that reaches out to all participants in our events, to ALL clubs - members or not - and to ALL dog owners - purebred or not with service and respect. This will bring us revitalized and unlimited support from both the Fancy and the general public.

Finally, I ask for one of your four votes ...

BECAUSE You have my guarantee that serving as your Director, I will not answer to any one person - I am not a "yes" man. I never have, nor will I ever ignore your opinions. In fact, I seek them. And, if I disagree, it will always be with respect, and without rancor.

I am prepared to work with the Board and Staff to move AKC forward, to provide improved services, and to find solutions to our economic and legislative issues. I pledge

the next four years of my life to the AKC with GUSTO. And, with your support, it will be an honor to serve you and your club once again. Thank you.

Mr. Sprung: The fifth candidate is Carl E. Gomes representing the Pacific Boston Terrier Club. Mr. Gomes is unable to be with us due to a family situation, which demands his attention. I call on Jim Crowley to read a statement from Mr. Gomes.

Mr. Crowley: This is a statement that was submitted by Carl Gomes:

I am unable to address you personally at this Forum due to the fact that there is a family situation which demands my attention. I will, however, reach out to all the Delegates and present my position on every relevant issue confronting The American Kennel Club prior to the elections in March 2009. The AKC is faced with very serious problems which threaten our very existence. Our number one priority must be the immediate halt in the decline of registrations. This can be addressed by moving vigorously in the field of public relations. Dog ownership in the American household has increased to the point of almost 45 percent. This should stir us to pursue all avenues, which would identify us as the only registry which provides the total package.

Anti-dog legislation, the proliferation of dog registries, association with pet shops, strengthening the public's perception of the Canine Health Foundation and Companion Animal Recovery are some of the many areas which we must develop in order to maintain visibility and attention. We can no longer imagine the dog enthusiasts will come to us. We must seek them out. At the moment it would appear that cities in almost every state are enacting very strong anti-dog laws, which would over a period of time severely cripple the well-structured breeding programs of our dedicated breeders. This is one subject which we as Delegates should truly immerse ourselves and fight at every level. These are the core issues which must be at the forefront. There can be no retreat.

Mr. Sprung: Thank you, Jim.

The sixth candidate is Alan Kalter representing the American Bullmastiff Association.

Mr. Kalter: When the Nominating Committee slate came out, many of you read my name and said, "Who's that guy?" Not good for the ego, but completely understandable. So who am I? What do I know? How can I help the AKC?

I bring a unique combination of experience in the worlds of purebred dogs, business, and marketing that is necessary for the AKC right now. As an active breeder and exhibitor of Bullmastiffs for 40 years, producing 140 champions, I understand the issues confronting breeders, puppy buyers, and event participants.

As Treasurer of the Detroit Kennel Club and the individual responsible for marketing our shows, I understand the issues confronting show-giving clubs.

As a Delegate from the American Bullmastiff Association, I understand the issues confronting breeds at risk from unfair legislation. As an original Board member of the AKC PAC, I understand the importance of AKC's involvement in legislative issues. As the marketer who designed the communication plan for the Morris Animal Foundation, including the successful Canine Cancer Campaign, I understand the importance of improving canine health.

While these credentials validate my passion for dogs and this sport, it's my day job that sets me apart. I am the CEO and owner of multi-billion-dollar ad agency working with brands like Coca-Cola, Shell, and Amazon and have spent the last 40 years helping successful brands become even more successful and help brands that have lost their way find it again. Brands like Mazda, who ten years ago was on the verge of bankruptcy and today profitably enjoys more than double their previous market share.

My experience turning around brands is urgently needed on the Board today. I know there are three crucial tenets for success. One, if nothing changes, then nothing changes. While we must stay true to our core beliefs, we must embrace new things. And the new motto "We're more than champion dogs. We're the dog's champion" sums up exactly where I think our brand must go. We must regain control of the conversation about purebred dogs and the AKC.

Every day we are under attack by a variety of sources. We can't continue to let our detractors and enemies define us. No brand has ever been successful by being defensive. Many people think we should spend a lot more money on advertising. I don't, but we can employ exciting, new, nontraditional strategies to engage people and inspire them to change the conversation. Our Marley & Me work is a good example. We must unite and ignite the fancy. Every great brand has to have a core of supporters. We already have that. You're passionate, resourceful, competitive people who know how to win. That competitiveness has to be harnessed to fight our foes and win our friends. It's time to unleash the power of the AKC. I can help.

Mr. Sprung: The seventh candidate is John P. Nielsen representing the English Setter Association of America.

Mr. Nielsen: My kindergarten teacher wrote "Johnny Peter plays well with others, but he has an independent streak."

This is still true today except for the "Johnny Peter" part, of course. I don't get along to go along, or just to curry favor. I play and work well with others. I listen, the hallmark of any good leader. A leader must listen, consider other points of view, and then lead. AKC's very future is at risk. Now, more than ever, we need leaders who will listen to the Board members, the AKC Staff, the Delegates, the fancy, and then creatively lead. I am no superman. You see no cape, no "S" on my chest. No single person has all the good ideas. Success will only come from all of us, not us versus them, but us.

My model for AKC governance, the Board must lead with Staff's support and direction, but not interference from the Board. The Delegates are liaison to the fancy who are a great, but underutilized, resource. The fancy needs to be more actively involved.

I see our current major issues as declining registrations, anti-dog legislation, and public relations. And, to me, these problems are interrelated and require solutions that create numbers, numbers of dogs including mixed-breeds and including individual AKC memberships to give us the critical mass, the clout, if you will, to influence legislation and attract the providers of ancillary products and services necessary for us to remain viable and sound.

My singular guiding principle, my only goal, is to preserve a healthy, viable, strong AKC that will provide the next generation and the generations to follow with the same benefits, the same environment, and the same experience that we enjoy today. I have a history of conceiving, designing, and implementing creative, workable solutions in both business and dog organizations with vision and passion.

In conclusion, I am a great believer in Noah's law, which states that you get rewarded, not for predicting rain, but rather for building arcs. I have done this in the past and will in the future with your help. I ask for your support so that together -- together we may build arcs. Thank you.

Mr. Sprung: The eighth candidate is Dr. Robert D. Smith representing the Memphis Kennel Club.

Dr. Smith: Thank you, Dennis. I think I'll change my name to Adams.

First, let me say how nice it is to be back among you, renewing my friendships with a lot of you and meeting a lot of you who have joined the Delegate body since I left. It's good to be back. I want to thank the Nominating Committee for adding me to their list of four nominees to run for the Board.

I'd like to share with you some of the reasons that I am running for the Board and some of the assets that I will bring to the Board if elected. First of these is experience with fresh ideas. If that sounds like a contradiction in terms, let me explain. Having been selected to the Board first in 1997 and re-elected in 1998, I have the experience in this transition year to bring to the Board my experience from that service. At the same time I have been absent from the Board for seven years, and I have, in effect, recharged my batteries. I've developed a lot of new ideas and those I'd like to share with the Board. Secondly, I bring a business background. I come from an entrepreneurial family. My father, my mother, and two of my brothers all started and ran their own businesses very successfully. I started and managed two statewide business assistance programs, first in Mississippi and then in Virginia, to provide management and technical assistance to small businesses in those two states. Management and technical assistance goes to a lot of different varieties, but let me say that if AKC were a for-profit organization, it would be considered a small business since it has fewer than 500 employees. Finally, as an active multi-group judge, I have the opportunity to travel throughout the United States judging for clubs around the area; and I listen when I go out there. People come to me and they share their cares and concerns about AKC and its policies and so forth. They did when I was on the Board before; and they will again, I am sure. So I represent not just one area of the country, but, in effect, the entire country. You were kind enough to elect me twice before to the Board, and I ask you to do so one more time.

Mr. Sprung: It is my sad duty to inform you of the passing of Marshall Simonds on October 1. Pete, as he was known, was the Delegate for the Midwest Field Trial Club since 1992. Prior to that he was the Delegate for the Mississippi Retriever Club from 1974 to 1983.

The Chair calls on the Executive Secretary to read the names of Delegates seated since the last meeting.

Mr. Crowley: **These Delegates have been seated since the last meeting:**

Sally A. Allen, Carmel, IN, Central Indiana Kennel Club
Garry Clausing, Kodak, TN, East Tennessee Retriever Club
Margaret A. Head, Springport, MI, Jaxon Kennel Club
Kayla L. Kurucz, San Jose, CA, California Airedale Terrier Club
Sandra Olsen, Duvall, WA, Del Valle Dog Club of Livermore
Marjorie Underwood, Cincinnati, OH, Clermont County Kennel Club

The following Delegates, who were attending their first meeting since approval, were introduced from the floor:

Sally A. Allen, Carmel, IN, Central Indiana Kennel Club
Garry Clausing, Kodak, TN, East Tennessee Retriever Club
Dennis E. Daigle, Milton, FL, Pensacola Dog Fanciers Association
Robette G. Johns, Oaks Hills, CA, California Collie Clan
Kayla L. Kurucz, San Jose, CA, California Airedale Terrier Club
Marilyn Mayfield, Camarillo, CA, Old English Sheepdog Club of America
Judith Tighe, Hoffman, NC, American Brittany Club
Marjorie Underwood, Cincinnati, OH, Clermont County Kennel Club
Sharon Weston, Grants Pass, OR, Southern Oregon Kennel Club

Mr. Sprung: Thank you and a sincere welcome to all of our new Delegates.

Mr. Sprung: The minutes of the September 9, 2008, Delegates Meeting were published in the October 2008 *GAZETTE*; and the complete transcript was posted on the Delegate's Portal on AKC's website. If there are no corrections, the minutes will stand approved as published.

Ms. Laurans: Thank you. As you know, since we've been in communication and as Jim knows, since we've been in communication, I wish to correct the abridged minutes of the last meeting. In terms of the intent and content of what I said, I wish to add to the minutes. I have written this to Jim. He sent it back with a statement saying that's fine. I've also said that they can adjust it in terms of the verbiage used so that the content is the same.

What was printed left out two major sections of what I said and totally left out Dennis's response. What I said was: "I wish that we had been provided with more information regarding the Petland issue. If we had, I think that the reaction might have been different. I still do not believe that we have been provided with information as to whether there is a contract, whether there will be registration done by the employees in Petlands, and whether Petland is the only pet chain store that you are interesting in targeting. I am still not ready to take back all of my reservations, and I hope that we will hear more in terms of how and if you are going to pursue this at any cost. The President's response to me was: "Pat, it is not at any cost. We are not going to go away from our care and conditions or any of our policies. Nothing will be lessened or lowered. There are no contracts and there is no exclusivity to any other group or chain."

I would like the intent of those statements and the other statements to be included in the minutes. Thank you.

Mr. Sprung: Duly noted. Thank you.
Do we have approval of the minutes as amended?

Mr. Merriam: Just perhaps a point of order. The minutes that we're approving now are the verbatim minutes which are published in the Secretary's Page?

Mr. Crowley: No. The correction is to the published minutes in the *GAZETTE* and the public website. These statements are in the full transcript.

Mr. Sprung: The verbatim minutes are published on the Delegate's Portal.

Mr. Merriam: We're only approving modified minutes or are we approving the official minutes?

Mr. Crowley: No. The official minutes are what's published in the *GAZETTE*. The other is a verbatim transcript which aren't the official minutes. It's what's in the *GAZETTE* and on the website.

Mr. Sprung: I clarify, we are addressing the official minutes as published in the *GAZETTE*.

Mr. Crowley: As published, correct.

Mr. Sprung: Without objection, the minutes are accepted.

The next item is the approval of a new member club. The following club has been approved by the Board of Directors and will be voted on at this meeting, Kennesaw Kennel Club. In accordance with our Bylaws, a written ballot shall be required if requested in writing by at least five Delegates made to the Executive Secretary of the AKC seven days prior to the start of the meeting at which such election is scheduled. The Chair has been advised by the Executive Secretary that no such request has been made. We will, therefore, proceed with the voting. An affirmative vote of four-fifths of all Delegates is required to elect.

The question is the election of the Kennesaw Kennel Club as a member of The American Kennel Club.

Those in favor please raise your hand. Thank you.

Those opposed please raise your hand. Thank you.

There are four-fifths to the affirmative. The Chair declares that the Kennesaw Kennel Club has been duly elected a member of The American Kennel Club.

I now call on Mr. Menaker for the Chairman's report.

Mr. Menaker: Good morning. I hope you all enjoyed this weekend's canine extravaganza as much as I did. I want to thank The Kennel Club of Beverly Hills, the Los Encinos Kennel Club and the Long Beach Kennel Club for making us feel so welcome. Please be sure to pick up a small holiday gift as well as a show guide as you drop off your badges after today's meeting.

Next month when we ring in the New Year, we will also kick off the celebration of our 125th Anniversary.

We will mark not only our growth over the last century-and-a-quarter but celebrate the wonderful experiences, friendships and traditions that the sport of purebred dogs has given generations of American dog lovers.

In 1884, AKC began its all-breed purebred dog registry with just 9 breeds. As of January 1, 2009 the AKC will recognize 161 breeds. When you add the 60 plus breeds in our Foundation Stock Service, AKC actively promotes more than 200 breeds in the U.S. today.

Our first office in 1887 in the Wall Street area consisted of nothing more than a 15 by 20 foot room with a desk, a few chairs and a single file cabinet. Today, we have two locations - our headquarters in Manhattan and Operations Center in Raleigh with nearly 400 employees to handle our daily business. At our bi-annual Open House in New York this February, we will include a special 125-year timeline exhibit from the AKC archives. The AKC Gazette, which began continuous publication in 1889, has certainly chronicled our growth. So has *The Complete Dog Book*, which still reigns as the most widely published dog book with more than 2 million copies in print, since 1929. To add to this published record of AKC and the sport, we are planning an updated sourcebook to be released in the fall of 2009. This book will be a revised edition of the first sourcebook published in 1984 to celebrate our centennial.

As a "club of clubs" our growth has been explosive. From a handful of founding clubs, we now boast more than 600 member clubs and their Delegates who voluntarily contribute to the governance of the AKC.

In 1926, AKC conducted its first dog show in conjunction with the 150th anniversary of the signing of the Declaration of Independence. It took another 58 years until we held our next - The AKC Centennial Show in 1984 in Philadelphia - and since the turn of the century we have held the annual national championship event that you attended this weekend.

A year from now in December 2009, as a fitting tribute to AKC's 125th Anniversary, the ninth installment of the AKC / Eukanuba National Championship will waive its invitational format and offer classes at the breed level along with championship points. Already national and regional breed clubs are planning to hold their specialty shows and supported entries with us in Long Beach, on Dec. 12th and 13th. This special event will be joined once again by the Bred-by-Exhibitor competition, Eukanuba World Challenge, AKC National Obedience Invitational and the AKC Agility Invitational.

Finally, to help us and our clubs mark this banner year and promote our iconic brand to the public we have created a special 125th year commemorative AKC logo. We encourage AKC clubs to use this in conjunction with their club logo wherever possible throughout 2009. The logo can be found on the AKC web site under the "Clubs" tab. We encourage all clubs to help us celebrate AKC's 125th year – it's a unique and significant accomplishment that underscores our commitment to dogs.

Thank you again for an enjoyable and successful weekend. I look forward to seeing you back here one year from now when we throw a birthday party that is not to be missed!

And, my best wishes to you and your family for a happy and safe holiday season.

Mr. Sprung: Thank you, Ron. Next is the President's report.

This morning I will share with you ideas that are in different stages of development from within our internal pipeline. Some of these initiatives are conceptual and others recently implemented. In every case we want you to be familiar with these programs and share them with your members. Your input is welcome, so please call me.

To begin with, I will discuss the Future Program. Conceptual in nature, and still in the research stages, this is an idea with two primary goals. The concept was shared at the August Board Meeting and with the Coordinating Committee in October. My idea is to develop an initiative to improve breeding programs and maintain access to quality breeding stock for you, our core constituency, for generations to come. How many of us have dreamed of breeding to Shirkhan, Ceiling Zero, Dictator or the Brat. The first priority of the Future Program is the collection of frozen semen for the breeding of outstanding dogs. The second priority is to generate significant revenue for AKC and has four elements 1. fully subsidize all program expenses; 2. fund an endowment to ensure its continuation; 3. be significantly profitable to AKC; 4. provide any residual income to benefit existing programs – for example: CHF, Museum, the Humane Fund and legislative initiatives. The program will benefit our entire fancy for generations and is a worthy reason why it should be supported. Financing will be similar to other sports organizations. It will be through the establishment of an annual activity fee for each dog exhibited, set at approximately \$25.00, the cost of a single entry. Without drilling down too far, envisioned is a committee made up of breeders of the year, parent club representatives and one board and staff member charged with establishing criteria for the selection of participants. However any person or club within the AKC family is welcome to recommend dogs or bitches based upon pedigree or progeny for this volunteer program. The committee will have the ability to financially compensate participants, no one partaking in the program will bear any costs. Another part of the blueprint is to collect for 10 years from multiple quality sires before any breeding begins through this program.

Over the past weekend AKC Meet the Breeds was simply great, thanks to the combined efforts of our Parent Clubs, their local members and staff. We have been working on an opportunity to take this positive educational outreach on the road as an independent program to further spread the word about AKC, our events, Demand AKC papers and Responsible Dog Ownership, the first standalone event to be in New York in 2009. Staff

is researching moving the program around the country. We will feature Obedience, Agility and other educational demos. The anchor sponsor is the AKC Pet Healthcare Plan, and even in these challenging economic times our Marketing Department has generated additional interest. Staff will plan and execute the entire program including adding new elements and developing a Parent Club Thank You Package. The media plan includes a radio satellite tour, extensive social networking and outdoor advertising. The next program I will discuss is a new approach to Economic Impact. We have been using this brochure's good information for many years. It analyzes the effects of a 3 show conformation cluster within a community. The basic elements included: meals, lodging, gas, and supplies. Staff performed a major enhancement of this study as AKC represents much more than 5 data points. This new research presents greater leverage with elected officials, communities and venues. We play a key role in the sport and the world of pets and must be capable of demonstrating that we are an economic driver on the local, state and national level. The new study includes a broader perspective of our influence based on dozens of additional line items overlaid on a nationwide basis. When called into play from both a national study as well as segmented by state, the aggregate of these disciplines highlights our influence. While we will not broadcast the findings, this data will be pulled off the shelf whenever needed to support our clubs and our own positions because economic arguments have been helpful in the past, today's climate can only increase the need for this point of view. This represents AKC expenditures as audited by Ernst & Young in our 2007 Annual Report – Clubs expenses and revenues are highlighted. This revised information is all clubs as opposed to the previous study which was conformation based. Exhibitors spending are segmented and again reflect all events. Owners expenses fall into 32 categories. This slide represents 9 of the 32. This is the related expenses. Lastly, breeder expenditures.

As demonstrated, we enhanced the scope of the report to reinforce AKC's influence. In addition, to strengthen this position, we have segmented the findings by state. When needed we are ready!

AKC STAR is a new program developed by Mary Burch in response to CGC evaluator requests to address the need for early training to get puppies off to a good start. It is another educational outreach program to all dog owners featuring Responsible Dog Ownership. STAR will be offered during the puppy's developmental months and precedes CGC. One goal of the program is for new owners to begin with STAR, then CGC and advance to Obedience training.

Like CGC, STAR is open to all purebred and mixes, however unlike CGC this educational program requires owners to participate in a training course of at least 6 weeks as opposed to taking a one-time test. Classes will be taught by CGC evaluators. The lessons include: basic health care, housebreaking, behavioral issues, lead training and simple commands.

At the completion of the course puppies and their owners will take a test and when passing they will earn, among other items, a STAR medal, frameable certificate and AKC handbook. Researched with CGC evaluators, then piloted in California, Illinois, Indiana, Ohio, Utah and Texas. The results were analyzed and the launch was just 3 weeks ago; already, over 2,500 evaluators have signed up to administer the program. Within the world of licensing, in order to remain successful we must keep changing. Staff is tasked with finding new ideas and relationships to stay ahead of the curve and remain relevant in a constantly evolving and highly competitive marketplace. This required us to create various lines in order to be meaningful: treats; toys; an outdoor series; green planet line; puppy program; Juniors; and travel products. Our marketing staff performs in-depth research to expand AKC presence and we are proud to share with you the fact

these AKC branded items are now in over 9,000 stores, virtually every major chain in the nation, bringing our message to the American public and reaching out to children, who are the next generation of dog owners. As you see, our visibility in stores has grown; our first challenge was simply to get on the shelf; since then we have advanced to in-store displays and end caps. We have used this opportunity to reach out to the public as well as create products for our core constituency. In terms of building brand awareness through licensing, we recently benefited with a new AKC and Marley and Me product line that has resulted in a celebrity PSA being produced which Daisy will share with you later. As you can see AKC products can be found in almost every corner of the world. Last month we created and distributed a new communications tool called *In Session, AKC's Congressional Newsletter*. The newsletter will be sent to all members of Congress and their staff bi-monthly and features news and information about the American Kennel Club and its affiliated clubs, as well as information about our public education programs, charitable donations, and other grass roots initiatives that benefit all dogs, their owners and communities across the nation. It highlights our government relations programs and the vast array of services we offer on the local, state and federal level. Members of Congress will be encouraged to contact AKC on all dog-related issues of concern and all aspects of canine legislation. If you wish to receive a copy or add the name of any legislator, please call Lisa Peterson. These are six ideas from our internal pipeline; please contact me about any or all of them.

I now call Jim Stevens for the Chief Financial Officer's report, and then we're breaking for lunch right after Jim.

Mr. Stevens: 2008 has been a very challenging year for us from a financial perspective. We will review with you today our results for the first eleven months of this year. Here's an overview of our operating results. Total 2008 revenues through the end of November were \$61 million. This was just 1% lower than last year, while expenses were less than 1 % higher. This led to an operating surplus of \$2.7 million. This amount was \$1 million below last year. Please note that these figures exclude our investments. We'll review with you shortly how the stock market's performance has impaired our investments this year. In terms of revenues, unfortunately, the rate of decline in registrations has increased this year. Sadly, this situation continues to deteriorate. Total litters through the end of November were 11% lower than last year. Dog registrations were down by 12 1/2%. By comparison, these declines are worse than when we last reported these figures to you at September's meeting. We continue to actively explore various options to stop this hemorrhaging. Due to their correlation with registrations, revenues from pedigrees declined by \$1 million from last year. In addition, revenues from royalties were lower by \$1.2 million. This was largely attributable to the affinity credit card. Fortunately, these decreases were offset by higher revenues from events. Event fees rose by \$3.3 million due to the new fee structure implemented this year. This revenue infusion was essential in light of registrations remaining in free fall, combined with declining revenues in other related areas. In terms of our operating expenses, we experienced a minimal increase of less than 1% from last year, due to the success of our ongoing cost containment efforts. As you can

see from this graph, our total expenses have remained relatively stable over the past 3 years.

However, it should come as no surprise that the horrendous performance of the stock market has taken its toll on our investments. This has been a dreadful year for investors. We're no different than anyone else that's invested in the stock market.

The market value of our investments depreciated by \$17 million or 28% through the end of November. This resulted in our absorbing an overall net loss in our bottom line of \$14.4 million for the first 11 months of this year. This contrasted to a net income of \$8.8 million in 2007. Last year's results were significantly enhanced by our investment gain of \$5 million due to the market's excellent performance at that time. As you may recall, the market was achieving new highs just over a year ago. Today that seems like ages ago. Over the past five years, AKC's investments produced investment gains totaling \$18 million. This represented a 65% return over that time frame. Unfortunately, this year we've given back \$17 million of the prior years' gains due to the dismal performance of the markets.

Given the magnitude of this year's investment losses, we felt it would be useful to review some of the major developments which lead to these unfavorable results.

These have been especially challenging and extraordinary times in the financial markets. They still remain volatile and unpredictable. I'm sure we've all seen this kind of frazzled reaction to what's transpired this year.

In the month of September alone, we witnessed some of the most dramatic events in American financial history. Lehman Brothers filed for bankruptcy, Merrill Lynch was acquired by Bank of America, the government took control of AIG, and federal regulators orchestrated the sale of Wachovia. Meanwhile, Goldman Sachs and Morgan Stanley survived only as a result of large cash infusions and their agreement to register as bank holding companies.

The fact that all of this occurred within such a short period of time was staggering.

These companies had been around for 100 to 150 years.

We share this information with you as a reminder of how extraordinary the events of the past few months have been.

The negative impact of these developments on the markets has devastated the market value of our investments during this period.

While all of this is certainly very serious, we honestly don't believe the world is coming to an end.

As someone once said, the world will end only once and then it doesn't matter what investments you own.

As a way of putting things into perspective, we thought it would be useful to compare the state of AKC's investments with purchasing a house. It's actually a very good analogy. Let's assume we bought a house 5 years ago for \$250,000. Due to a favorable real estate market, the value increased to \$300,000 over the next two years, so we're feeling pretty good about that.

The local real estate market then takes a hit, whereby this house is now only worth \$260,000. While we may not be thrilled that our house has lost \$40,000 of its value, it's still worth \$10,000 more than what we originally paid for it.

Therefore, we shouldn't be losing sleep about this, especially if we plan to live in this house for another 20 years and can afford to pay the mortgage during this time. AKC's investments are similar in that they're long term assets, which are always subject to changes in market prices.

Despite the turbulence in the stock markets and how this has substantially reduced the market value of our investments, we remain committed as long term investors.

Our goal has been, and continues to be, achieving very satisfactory investment returns over the long run.

In conclusion, we continue to focus constantly on opportunities to increase revenues and decrease our expenses. We're also hopeful that the stock market will eventually recover and our investment returns will again become positive.

Mr. Sprung: Paula says it's lunchtime.
(lunch recess)

Mr. Sprung: Before proceeding to voting on proposed amendments, let's review the process to help all Delegates consider the amendments.

AKC Staff will project the proposed amendments that Delegates are being asked to consider on the screens. Any proposed amendment will be typed and shown on the screens. If the amendment is adopted, the screens will reflect the proposal as amended. If an amendment is not adopted, the screens will project the originally proposed amendment. Delegates continue the consideration of the proposed amendment as thus amended or not amended.

The Chair intends to take a standing vote for each motion that requires a two-thirds vote. If needed, the Chair will take an additional counted vote.

The first vote is on the proposed amendment to Chapter 17, Section 2 of the *Rules Applying to Dog Shows*. This change which will enable the Board to bill Superintendents on a monthly basis for events fees and was read in September and published in two issues of the *GAZETTE*. It was omitted from the mailed agenda, but is on the agenda at your seats with the blue worksheet. This change is proposed by the AKC Board and is supported by the Dog Show Superintendents Association. A two-thirds affirmative vote is required for adoption.

Is there any discussion?

The Chair recognized Lynne Myall, Delegate for the Seattle Kennel Club, who spoke as follows:

One of my club members has asked me to have some input here, and she is a show superintendent. She's concerned that, if the financing is moved to a monthly event, that they won't receive their funding back for perhaps a further month and they need their money more speedily than that. When it was a week, they were getting their money back within a week. So now it would make it much harder for them to get their money back if the financing was going to be done on a monthly basis. They would have to wait that much longer to get their funds back. Does that make sense?

Mr. Sprung: Let us explain. Jim Crowley?

Mr. Crowley: This is the money the superintendents are paying to us, not anything we're paying to them.

Mr. Sprung: The superintendents are sending these fees to AKC.

Ms. Myall: Do they get money back from it? No. So this is a useless question? Okay.

Mr. Sprung: It's an interesting question.
Is there any further discussion?

The Chair called on Maureen Setter, Delegate for the Cleveland All-Breed Training Club, who spoke as follows:

Does this mean that we cannot send our fees in on time? I mean, can we keep the fees and get interest on it?

Mr. Sprung: Yes.

Ms. Setter: Before we send it in to you?

Mr. Sprung: From the superintendents?

Ms. Setter: I was told that with the Agility we are now superintendents, some of us, so we are treated differently than the other superintendents. We have to pay a licensing fee.

Can we keep the money for a month or so?

Mr. Sprung: The answer yes. Not for a month or so. You can keep it until it's due to AKC.

Ms. Setter: You will bill us?

Mr. Sprung: I will happily.

The question is on the revision to Chapter 17, Section 2.

Those in favor please stand. Thank you.

Those opposed please stand. Thank you.

There were two-thirds in the affirmative and the amendment is adopted.

I have some explaining to do here. We have three beagle proposals. We will not be voting on two of those field companionship proposals today. The reason is the Delegate of the National Beagle Club recently learned that the Parent Club has reversed their position of support which they had previously given, as does the Beagle Advisory Committee and the AKC Board. As you were advised by AKC of the Parent Club support, I believe it is proper to postpone these two votes until we can provide you with the rationale and the facts of their position. So we will postpone those votes until the Parent Club responds to why they are no longer supporting these revisions which, when we read them to you, they were in full support of.

We will go ahead to Chapter 9, New Section 11, of *Beagle Field Trial Rules and Standard Procedures for Brace, Small Pack Option Field Trials and Two-Couple Pack Hunting Tests*. The proposed amendment is a Staff recommendation and creates a new Championship for Gundog Brace Beagles. The proposal was read to you in September 2008 meeting, and it has been published in two issues of the *GAZETTE*. It is on the gray worksheet. The Board recommends its approval. A two-thirds affirmative vote is required for adoption.

Is there any discussion?

The question is on Chapter 9, New Section 11, *Beagle Field Trial Rules and Standard Procedures for Brace, Small Pack Option Field Trials and Two-Couple Pack Hunting Tests*.

Those in favor please stand. Thank you.

Those opposed please stand. Thank you.

There are two-thirds in affirmative and the amendment is adopted.

The Chair now calls on Daisy Okas, who will provide you with an update on our recent cooperation with a number of feature films.

Ms. Okas: Hello. Many of you are aware that a number of years ago we started working with Disney to include inserts in their DVDs. There have been some new developments with several dog-related films and I wanted to give you a comprehensive update. As I said, we started working with Disney in 2006. We began with an insert on the Bearded Collie and the Siberian Husky in two DVDs in their canine-related films: Shaggy Dog and Eight Below. We followed up with inserts on Underdog and Air Buddies and the anniversary release of 101 Dalmatians that was out this March. We include an educational message about the breed and refer people to the American Kennel Club. One thing I would note is that I wish that Disney did this out of the goodness of their heart, but they're actually marketing their films. We do have a barter arrangement whereby we promote the film through advertisements in our publications and online. It is always a negotiation, and so that's something to remember.

We were able to expand the relationship with 20th Century Fox and their film Firehouse Dog which featured the Irish terrier. We did a DVD insert, but we also were able to do a public service announcement which was distributed online primarily because of the tight time frame that we had. I'm going to play that for you now.

(PSA was played)

One of the reasons that we wanted to work very closely with 20th Century Fox on Firehouse Dog was because we knew a year later they had Marley & Me coming out. For those of you who have been living under a rock, it's one of the most popular dog books ever. It spent 76 weeks on the Bestseller List and is coming out on Christmas Day as a major motion picture with Jennifer Aniston and Owen Wilson. We began working with 20th Century Fox over a year ago to collaborate and were able to expand the relationship; and, as I said, with the Christmas Day release and a wonderful positive story that's aimed at people of all ages, we think this will be a home run.

John Grogan is seen here. He's the author. He's starring in our public service announcement that was shot over the summer. We're also doing a print ad which I know was sent to you on the Delegates List. If for some reason you weren't advised, you can go to akc.org/Marley to view all the PSAs. You can download the PSAs and view all three links of TV PSAs. We have a 60, 30, and 15.

I'm going to play the 30 second for you now.

(PSA was played)

The PSAs have been distributed to thousands of outlets, including all the national cable Fox channels and the hundreds of local affiliates. So hopefully you can see this soon on Fox News Channel and other Fox-owned stations.

Dennis mentioned this earlier; another wonderful thing about this relationship is that we were able to expand it into licensing. The licensing has been a key part of our relationship, and we now have Marley & Me/AKC branded product at Walmart. Hopefully you'll see it in stores. If you look closely, you'll see some of these products in the film too; and this is a picture of the canine star of Marley & Me with his AKC honking mallard. We're continuing to also work with Disney, and their latest canine-related release is Bolt which is an animated film about a canine star who gets lost. Therefore, we thought the tie-in would be most appropriate for Companion Animal Recovery. They did a handout at all the screenings. We were able to include a Public Service Announcement for CAR on the reverse side of the DVD that will come out in the spring. There will, again, be an insert from Companion Animal Recovery.

Lastly we're now working with producer of Hachiko starring Richard Gere. This is a famous story about an Akita. It's a real true life, iconic story in Japan. It's going to be a real heart-warmer when it debuts here in America.

We were able to so far obtain a credit line at the end of the film that reads, "Although beloved by many as a family pet, Akitas are recommended for dedicated and experienced dog owners. To learn more about the breed, please visit the American Kennel Club."

We worked with the Parent Club to make sure that they were on board with this. We don't know exactly what else we'll be doing with them, but we are working closely with the producers. So far we're very pleased to have this credit line on the film.

So, in sum, we hope to continue to expand these relationships with movie studios and use them to educate the public about our breeds and foster further awareness of the AKC. That's a wrap.

Mr. Sprung: Thank you, Daisy.

The Chair now calls on John Lyons to announce the fourth quarter AKC Achievement Awards.

Mr. Lyons: Thank you, Dennis.

The fourth quarter Community Achievement Awards solely honor AKC clubs and federations holding exceptional AKC Responsible Dog Ownership Day events. Each of the honorees will receive an AKC Certificate of Recognition, and the AKC will donate \$1,000 to each club or federation. Details about the honorees' events will be published in the *AKC GAZETTE* and featured on the AKC website.

The special fourth quarter RDO day honorees are: Upper Potomac Valley Kennel Club, Delegate: J. Milton Howard; Greenville Kennel Club, Delegate: Linda Ayres Turner Knorr; The Trap Falls Kennel Club, Delegate: Christopher L. Sweetwood.

Honorable Mentions: Obedience Training Club of Chugiak; Peninsula Dog Fanciers Club, Delegate: Joanne Jaytanie-Duncan.

Please join me in congratulating the honorees.

(Applause)

On another note, I am pleased to introduce Sheila Goffe as the new Director of the AKC Government Relations Department. Formerly Manager of Public Education, Sheila will also continue to have oversight of the Public Education Department. Sheila joined the AKC in 2006 as Breed Columns Editor and also wrote frequent feature articles for the *GAZETTE*. Before coming to AKC, she was employed as Deputy Director of Editorial Product Development for the Congressional Quarterly, Inc., in Washington, D.C. Previous experience included work for the Economist Newsgroup as Deputy Editor, Economist Intelligence Unit Online, and for the International Executive Service Corps as Senior Evaluations Analyst and Regional Program Analyst.

Sheila has completed Ph.D. coursework and research in American Politics and Public Policy. She earned a Master of Philosophy in American Politics and also an MA in International Political Economy and Development at Fordham University. She was an adjunct Lecturer in Political Science and Comparative Politics at SUNY/Stony Brook and a Fulbright Scholar, Sri Lanka, in Economic Development. She earned her BA in Political Science at Fairfield University.

Currently Sheila owns six Siberian Huskies and is an active member of the Siberian Husky Club of America, the Chesapeake Siberian Club and the Connecticut Valley

Siberian Husky Club. She participates in conformation, performance, and companion events. And all of her adult dogs have completed working pack dog titles from the Siberian Husky Club of America. Her rescue dog has an ILP/PAL number and completed his rally novice title. That experience inspired her to come up with the new PAL name for the former ILP program.

(Mr. Lyons invites Ms. Goffe to stand)

Mr. Sprung: Thanks, John. Welcome Sheila.

For your information, the Annual Meeting will be held on Tuesday March 10, 2009, at the Sheraton Newark Hotel. The March meeting will be the annual election of Directors for the Class of 2013. If you need assistance with hotel accommodations, please contact Paula Spector.

Once again, our photographer is outside waiting to take your photographs should you choose to do that after adjourning. Delegates are reminded to leave their badges at the registration desk and pick up their gift from the AKC/Eukanuba National Championship. On behalf of the AKC Board and Staff, we would like to wish all of you a happy and healthy holiday season.

Is there any further business to come before the Delegate Body?

The Chair recognized Sherry Wallace, Delegate for the Akita Club of America, who spoke as follows:

I just want to say a real thank you to Daisy Okas for all the work that she's put in on the Hachiko movie and the work she's done for our club.

Mr. Sprung: Thank you, we are pleased to have done so.

The Chair recognized Carol Williamson, Delegate for the Houston Kennel Club and Editor of *Perspectives*, who spoke as follows:

On behalf of the *Perspectives* Committee, this message is to all of the Board of Directors Candidates. We would like to put your pictures in the next issue along with your articles, so, if you do not have a PDF copy of a photograph that you can send us, please stop at the end of the meeting where they're taking pictures of the new Delegates and get a photograph for us also.

The Chair recognized Kerstin Thell Ottmar, Delegate for the Providence County Kennel Club who spoke as follows:

In addition to AKC/Eukanuba Invitational being a showcase for purebred dogs in their breeds, agility and obedience, it was also appreciated to see the herding and carting demonstrations. These demonstrations showcased to the public the function the dogs are bred to do. A big thank you goes out to AKC Staff, Carol Delsman and Mary Burch as well as to Eukanuba and the AKC for making this important demonstration available to us and the public. I look forward to seeing these again in the future. Thank you.

Mr. Sprung: We do plan on including that again in the future.

The Chair recognized Barbara Wicklund, Delegate for the Basset Hound Club of America and member of the *Perspectives* Committee who spoke as follows: Other than candidates, if anybody has a burning desire to get a message out there to your fellow Delegates our next deadline is January 5th. I know the holidays are coming so maybe as

soon as you get home, you'll write what you want to say. My e-mail address is in the current issue of Perspectives. Get it to me, please, by January 5th. Thank you.

Mr. Sprung: Thank you. That's a January 5th deadline for Barbara for *Perspectives*.

The Chair recognized Nancy Perrell, Delegate for the Scottsdale Dog Fanciers Association, who spoke as follows:

Along with the previous speaker, we had an Arizona Canine Experience in November, which was well attended and we did hunting demos, herding demos, herding instinct tests, as well as normal things with obedience and rally and agility. I encourage everybody who has the space with their Canine Experience to include these things because the public loved it.

Mr. Sprung: That is a good suggestion. Thank you, Nancy.

Hearing no further business, the meeting stands adjourned. Get home safe.
(Meeting adjourned at 1:54 p.m.)

The opinions expressed by the speakers may not necessarily reflect those of The American Kennel Club.