

MEMORANDUM

TO: ECSCA Board of Directors
FROM: Barbara A. Penny
AKC Delegate
DATE: 28 April 2009

AKC DELEGATE REPORT April 2009

There are several significant topics requiring reporting to the Board, which include the following:

1. 125th AKC Anniversary
2. Mixed Breeds
3. Group Realignment
4. AKC's Delegate's Dock and Crop Committee
5. AKC S.T.A.R. Puppy Program
6. AKC Parent Club Regulations Review – Code of Ethics, Constitution and By-Laws, and Membership Application
7. Realignment of States in several Divisions
8. 1st Stand Alone AKC “Meet The Breeds”
9. New AKC Online Canine Health Resource Center
10. Motel 6/Studio 6 Discount
11. Delegate Standing Committee Meeting Reports
12. Retirement of Kennel Names Approved
13. Changes in Conformation Events (Board Action/April 2009)
14. Recommendation regarding AKC Suspension (Board Action/February 2009)
15. Board Agenda for May 2009
16. President Dennis B Sprung's Message – Delegates Meeting September 2008

1. 125th AKC Anniversary

This year the AKC is celebrating its 125th Anniversary. To provide a little perspective, the AKC began its all-breed registry in 1884 with just 9 breeds. As of January 1, 2009, the AKC will recognize 161 breeds. With the 60 plus breeds presently in their Foundation Stock Service, the AKC promotes more than 200 breeds in the US today. From a handful of founding clubs, the AKC now has more than 600 member clubs. In 1926, the AKC conducted its first dog show in conjunction with the 150th anniversary of the signing of the Declaration of Independence. Another 58 years passed before the AKC held its next dog show – the AKC Centennial Show in 1984 in Philadelphia. Since the year 2000, the AKC has held an annual national championship event known as the AKC/Eukanuba Invitational.

The AKC has created a special 125th year Commemorative Logo and is encouraging all AKC member clubs to use this in conjunction with their club logo

wherever possible throughout 2009. The logo can be found on the AKC website at: www.akc.org/clubs/logo/index.cfm.

2. Mixed Breeds Program

The AKC Board and Staff have been considering a program for mixed breeds since January 2005. After extensive research, including gathering feedback from AKC Delegates, AKC Clubs, and mixed breed dog owners, the Board unanimously approved a program for mixed breed dogs at the April 2009 Board Meeting. This followed the non-binding resolutions passed by an overwhelming majority of the Delegates at the March 2009 meeting asking the Board to reconsider a program for mixed breeds. The details of the program are presented on Attachment A.

3. AKC Group Realignment Committee – Proposed Breeds & Groups

The Group Realignment Committee intends to read in the change in the number of groups from the current seven to ten at the June Delegate Meeting. Voting would occur at the September meeting and implementation is currently projected for January 2012.

The Committee has been receptive to Parent Club input only as it relates to their particular breed's Group designation and has suggested that any request be the result of a membership vote. Concerns addressed at the March Delegate Meeting were primarily in regards to additional club expenses. The AKC Staff is preparing supporting data for the June Delegate Meeting in response to Delegate's concern that there was not a detailed breakdown of the costs and actions related to the Realignment.

Question	Answer
Additional direct costs to Clubs?	Twelve additional Group rosettes and trophies
Additional indirect costs to Clubs?	Increased superintendent fees to recover own reprogramming expenses
Will Clubs need to hire more judges?	Not if there remains the same number of dogs/entries. As new breeds come in, that could potentially mean more Judges, but that is not related to this realignment of existing approved breeds. It will mean more coordination between the Club and the Superintendent.
Will the shows be longer?	The Committee has projected that shows would lengthen by 15 minutes for the three additional groups.
How will the judges approval process be fast-tracked for the additional groups?	Anticipating that these changes will be voted on to implement realignment in 2012, judges will have two years before this implementation date to apply for any new breeds in a group or groups. Once realignment is implemented, judges will have an additional two years to apply for additional breeds in a group.

4. AKC Dock and Crop Committee Report

The AKC Delegate's Dock and Crop Committee has requested all Parent Clubs who dock or crop to send a letter to the American Veterinary Medical Association (AVMA) with a copy to the Committee Chairman about the justification in their breed standards for docking and/or cropping. This will assist in forming an official response to the AVMA's revised policy on ear cropping and tail docking that states "The AVMA opposes ear cropping and tail docking of dogs when done solely for cosmetic purposes. The AVMA encourages the elimination of ear cropping and tail docking from breed standards If it can be responsibly demonstrated that that the purpose of performing the procedure is to protect the health and welfare of the dog, then the Association would support the appropriate surgery."

5. AKC S.T.A.R. Puppy Program

The AKC has announced a new training program geared towards puppies and their owners and has been formulated in response to Canine Good Citizen (CGC) evaluator requests to address the need for early training. The AKC S.T.A.R. puppy program will reward responsible owners who take the time to train and socialize their new puppies. It is a natural pre-cursor to the AKC CGC Test and further Obedience training. S.T.A.R. stands for Socialization, Training, Activity, and Responsible owner. Like CGC, S.T.A.R. is open to all purebred and mixes; however, unlike CGC, this program requires owners to participate in a training program 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 upon passing will earn, among other items, a S.T.A.R. medal, frameable certificate and *AKC New Puppy Handbook*. Researched with CGC evaluators, then piloted in California, Illinois, Indiana, Ohio, Utah and Texas, the results were analyzed and the new program was officially launched in February with over 2,500 evaluators having signed up to administer the program.

6. AKC Review of Parent Club Regulations

The AKC has sent out letters to all Parent Clubs requesting a copy of their respective Code of Ethics, Constitution and By-Laws, and Membership Application.

7. Realignment of States in Divisions

Effective May 2009, there has been a realignment of states in several Divisions, as follows:

Division 6: Colorado, Nebraska, Kansas, Minnesota, Iowa, Missouri, Wisconsin

Division 8: Washington, Oregon

Division 13: Idaho, Nevada, Utah, Montana, Wyoming, North Dakota, South Dakota

8. 1st Stand Alone AKC “Meet The Breeds”

The AKC is organizing a “Meet The Breeds” event for October 17th and 18th, 2009 at the Javits Convention Center in New York City. This is the first stand alone for this event, as it is not being held in conjunction with an AKC show. This event will be part of a responsible pet ownership weekend and will feature AKC breeds as well as other pets. Pet Partners, Inc. will be the anchor sponsor and the Cat Fanciers Association will also participate, exhibiting 41 breeds of cats.

9. New AKC Online Canine Health Resource Center

The AKC has created a new online Canine Health Resource Center at: www.akcdoghealth.com. This comprehensive website pulls together the latest in canine health research news, access to major health registries, archives of educational podcasts, newsletters and articles, and links to the latest information about genetic tests available to help eradicate diseases in dogs.

The site has been organized into several sections, including one devoted to the CHF and one to the major canine-health registries: the Orthopedic Foundation for Animals (OFA) and the Canine Eye Registration Foundation (CERF). Additionally, the Canine Health Information Center (CHIC), listing participating Parent Clubs, specific tests, and screening results for an even wider range of genetic tests, can be accessed at this site.

Further, there is a “Resources for Dog Lovers” section with links to material on Responsible Breeding Practices, How to Find a Responsible Breeder, the AKC Compliance program, What Puppy Buyers Need to Know About AKC Papers & Identification, the CHF Canine Health Fact Sheet, the AKC Veterinary Network, and tips to help puppy buyers avoid scams.

10. Motel 6/Studio 6 Discount

The AKC has entered into an agreement with Motel 6 and Studio 6 to offer owners of AKC-registered dogs a 10% discount on room reservations. To apply the discount to your room reservation for Motel 6, visit www.motel6.com and enter code CP542764. For Studio 6, visit www.staystudio6.com and enter code CP542765. You can also provide these codes if making reservations by phone. Your pet must be traveling with you to receive discount.

11. Delegate Standing Committee Meeting Reports

Parent Club Committee Meeting

- The “**Future Program,**” as proposed by President Dennis B. Sprung, has been declared dead. This originally was an idea with two primary goals: to develop an initiative to improve breeding programs and maintain access to quality breeding stock for generations to come. The first priority of the Future Program was the collection of frozen semen for the breeding of outstanding dogs. The second priority was to generate significant revenue for AKC and had 4 elements elements: 1. to fully subsidize all program expenses; 2. to fund an endowment to

- ensure its continuation; 3. to be significantly profitable to AKC; and 4. to provide any residual income to benefit existing programs – for example: CHF, Museum, the Humane Fund and legislative initiatives. Financing would have been through the establishment of an annual activity fee for each dog exhibited, set at approximately \$25.00, the cost of a single entry. Envisioned was 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 would have been welcome to recommend dogs or bitches based upon pedigree or progeny for this volunteer program. The committee would have had the ability to financially compensate participants, as no one partaking in the program would have born any costs. Another part of the blueprint was to collect for 10 years from multiple quality sires before any breeding began through this program.
- **“Parent Club Conference”** being planned for 2010 if the Parent Club Committee can obtain a sponsor for approximately \$66,000. Total conference costs are projected at \$216,000 and the AKC has already committed \$160,000 if the Parent Club Committee can raise their apportioned share. Member clubs will be limited to one representative at a cost of \$150 to be paid by the member club. The date and location are yet to be determined. Also in the planning stage is an All Breed/Obedience Club Conference.
 - The AKC will begin a program of offering **“coupon”** certificates to participants at Parent Club national events. The certificates will be good for such items like pedigrees purchased through the AKC online store. Details forthcoming.

Rules Committee

- Change to BBE Rules: The Rules Committee previously forwarded a proposed change to the *Rules Applying To Dog Shows* that would have required that the qualified exhibitor handle a dog entered in the BBE class through winners. The Rules Committee liaison reported that the AKC Board has “signaled” that it is not interested in addressing such a change.
- The AKC Board also did not address a possible change to the *Rules Applying to Dog Shows* that was to allow for dog owner contact information to be provided in the show catalog at the discretion of the show-giving club while removing the requirement to list the dog owner’s address in the show catalog.
- The AKC staff reviewed the process by which states are placed in Divisions for purposes of determining points. The determination is made on a three-year average of entries. Anomalies for national events are factored out, as are one-year increases in the entries of a certain breed at all-breed shows adjacent to Nationals. Additionally, the AKC/Eukanuba Championship, Westminster, and the all-breed shows adjacent to those events are also factored out. Club and Delegate input and comment may be considered for information, but the issue is not determined by Delegate vote.

12. Retirement of Kennel Names Approved

The AKC Board voted unanimously to officially retire the kennel names “Soho” (Lynn P. and Harry Clark) and “Carry-On” (Louise Shattuck), at our Club’s request.

13. Changes in Conformation Events (Board Action/April 2009)

➤ Mileage Policies Governing Conformation Events

The AKC Board voted to approve the following policy changes that will change distance requirements for clubs holding events and the number of events policy for clubs in geographically isolated areas.

○ Limited Number of Events Policy:

A local club may only hold two shows in a calendar year. There is no limit on national clubs. Clubs in Alaska, Hawaii, Puerto Rico and geographically isolated areas (i.e. no AKC club within 75 miles – formerly, 100 miles) may hold up to four shows. Show or obedience clubs may hold any number of obedience trials.

○ Distance a club may travel outside of its territory to hold an event:

Clubs may hold events up to 125 miles (increased from 100) from their territory but are subject to host club approval if within another club's territory.

➤ Additional Conformation Titles

The Board reviewed a staff proposal to create a pilot program to introduce additional AKC conformation titles. The pilot will be introduced through the Miscellaneous Class. The concept was presented to the Dog Show Rules Committee at the March Delegates meeting. This will be discussed further at the May Board Meeting.

14. Recommendation regarding AKC Suspension (Board Action/February 2009)

At the request of the Board, Staff reviewed the policy pertaining to suspension from privileges of an AKC club of any club member that is suspended from the privileges of The American Kennel Club. The AKC suggests that clubs should take the appropriate steps to amend their bylaws as it pertains to Section I, by inserting either the word “and” or the word “all” into the sentence – *Any member who is suspended from (any/all) the privileges of The American Kennel Club automatically shall; be suspended from the privileges of this club for a like period.* Until such clarification is adopted, the board of directors of each club must decide how to interpret this provision. Such interpretation must be applied consistently in all cases which arise until the bylaws are amended.

15. Board Agenda for May 2009 Meeting

Discussion is intended on the following subjects:

- An AKC Conformation Ranking System
- Ways to keep participants in the Sport involved
- The concept of an advanced Grand Champion Title
- Legislation and Legislation Alerts.

16. President Dennis B Sprung's Message – Delegates Meeting September 2008 – see Attachment C

ATTACHMENT A

AKC MIXED BREED PROGRAM

Thank you to all Delegates, club officers, and club members who have provided feedback over the years. The program, which includes a Listing Service and Competition Eligibility, is a result of many years worth of research. You have been an integral part of the process and the feedback received has been invaluable.

Please contact mixedbreeds@akc.org if you have any questions regarding this new program.

Effective October 1st, 2009, mixed breed dog owners can list their dogs with the AKC's new mixed breed program.

1. Dogs in the program will be issued an ID number.
2. Dogs must be spayed or neutered.
3. The fee for the program will be \$35.
4. In Phase I, listed dogs will receive:
 - a. A certificate of participation
 - b. A competition card, with their identification number. This number allows mixed breeds to compete in AKC Agility, Rally, and Obedience events
 - c. Access to a community of dog lovers interested in supporting all things canine, including the AKC Humane Fund
 - d. Affiliation with an organization that:
 - i. Actively supports the right to own and breed dogs responsibly by fighting anti-ownership legislation at the local, state, and federal level
 - ii. Donates millions to canine health research, making all dogs healthier in the long run
 - iii. Proactively responds to disasters like 9-11 and Hurricane Katrina, reaching out to all dog owners in need during stressful times

The Listing Service will be enhanced in Phase II. In Phase II, effective July 1, 2010 participating dogs will also receive:

- a. Discounted enrollment in the AKC CAR Lost & Found service, which includes a collar tag and 24-7 recovery services
- b. An AKC Supporter window decal
- c. Free CGC certificate for dogs that pass a CGC test
- d. Copy of The New Puppy Handbook and/or sample of Family Dog magazine
- e. Free initial veterinary visit
- f. Trial offer of pet health insurance

- g. Discount coupons to an online dog store

The Listing Service will be enhanced again in Phase III, allowing owners of mixed breed dogs to have access to interactive website with fun features such as forums, picture contests, dog care video downloads, information on pet-friendly businesses, advice from experts, etc. The effective date for the new website will be determined in the future based on the needs of those enrolled.

Competition in Companion Events

Effective April 1st, 2010, the competition parameters governing mixed breed participation in AKC Agility, Rally, and Obedience events:

1. AKC clubs will have the option to hold a class for Agility, Obedience, or Rally events. Those clubs electing to hold mixed breed classes will offer the same classes for mixed breed dogs and purebred dogs.
2. Mixed Breed classes can only be held at standalone AKC Agility, Obedience, and Rally Events. The class could not be offered at All Breed Shows, Group Shows, or independent specialties, even if Agility, Obedience, or Rally events are being held.
 - a. The definition of standalone AKC Companion event is an AKC Agility, Obedience, or Rally event that is not held on the same date AND show site as an AKC all-breed show or independent specialty.
3. Mixed breed dogs will compete in separate class divisions from AKC purebred dogs.
 - a. The club is not required to hold the classes in separate rings under separate Judges. The purebred classes can be held in the same ring, under the same Judge, as the mixed breed classes. Placements and titles will be scored and awarded separately.
 - b. For example, in Agility in the Regular class, all purebred dogs entered in the Regular 16 inch class will run, followed in the same ring by the mixed breed dogs entered in the Regular 16 inch class.
4. Allows event-giving club to decide if group exercises in Obedience, specifically long sits and downs, should be combined to save time or should be completed separately. The club is not required to hold the classes in separate rings under separate Judges. Placements and titles will be scored and awarded separately.
5. Mixed breed dogs will earn different titles from purebred dogs.
 - a. Mixed breed dogs will earn titles with a Mixed Breed suffix (i.e. NAM-Novice Agility Mixed Breed)
6. Dogs competing in the class will be eligible to earn similar (but separate) titles as purebreds, including MACH-M (Master Agility Champion Mixed Breed), OTCH-M, and RAE-M.
7. Dogs competing in classes will NOT be eligible for National Championships or Invitational events.

The mixed breed concept that was approved has strong support from AKC Delegates and other key fanciers.

- In a strategic planning survey in January 2005, 65% of the responding Delegates either supported mixed breeds in AKC competition or had no opinion on the issue.
- In a telephone survey of 84 all-breed, training, and specialty clubs that hold agility and obedience trials, 78% supported AKC clubs having the option to offer classes for mixed breeds at their trials.
- In a Fancier Survey completed by 21,017 exhibitors, Delegates, club members, club officers, and dog owners in February 2007, 70% of respondents agreed AKC clubs should have the option to offer classes for mixed breeds at Companion events. 67% of exhibitors, 65% of Delegates, 65% of club members, and 60% of club officers agreed.

The Delegate Body has been consulted on five occasions regarding a mixed breed program. In addition to the two surveys mentioned above in which Delegates participated:

- President Dennis Sprung addressed the Delegates in his December 2006 President's speech. At this time, he asked for the Delegates advice and assistance in developing a potential program for mixed breeds.
- In June 2007, the results of the Fancier Survey referenced above were presented to the Delegates. Two briefing sessions were conducted on Sunday, June 10th. Staff collected feedback during these briefing sessions and presented the results and the consolidated feedback during the Forum on Monday, June 11. Feedback received during these sessions was incorporated in the follow-up presentation to the Board in October 2007.
- In June 2008, President Sprung presented an overview of the Mixed Breed listing service to the Delegates and asked for feedback on four outstanding questions. Specifically, 1) Should AKC appear in the name of the affiliate organization administering the program, 2) Should group exercises such as the long sits and downs in Obedience be completely separate or should they be combined for mixes and purebreds to save time, 3) Do club bylaws prevent mixed breed classes, and 4) Is a \$35 fee for a mixed breed listing reasonable? The speech and questions were distributed to Delegates at the meeting and posted on the Delegates-L. A reminder was sent on July 22, letting clubs know of the extension to submit feedback up until the August Board Meeting. AKC received survey responses from 61 clubs, including 34 All-Breed Kennel Clubs, 21 Parent Clubs, and 6 Dog training Clubs. The feedback was incorporated into the final plan being presented to the Board this month.
- At the September, 2008 Delegate meeting and again at the March 2009 Delegates meeting, non-binding straw polls of the Delegates indicated overwhelming support for a Mixed Breed listing service.

ATTACHMENT B

GROUP REALIGNMENT

Group 1: Sporting – Pointers and Setters (11) (12)

Brittany

Pointer

Pointer (German Shorthaired)

Pointer (German Wirehaired)

Setter (English)

Setter (Gordon)

Setter (Irish)

Setter (Irish Red & White) Miscellaneous 6/27/07; Full Recognition 1/1/09

Spinone Italiano

Vizsla

Weimaraner

Wirehaired Pointing Griffon

Group 2: Sporting – Retrievers and Spaniels (17) (18)

Retriever (Chesapeake Bay)

Retriever (Curly-Coated)

Retriever (Flat-Coated)

Retriever (Golden)

Retriever (Labrador)

Retriever (Nova Scotia Duck Tolling)

Spaniel (American Water)

Spaniel (Boykin) – Miscellaneous 1/1/08

Spaniel (Clumber)

Spaniel (Cocker) ASCOB

Spaniel (Cocker) Black

Spaniel (Cocker) Parti-color

Spaniel (English Cocker)

Spaniel (English Springer)

Spaniel (Field)

Spaniel

(Irish Water)

Spaniel (Sussex)

Spaniel (Welsh Springer)

Group 3: Scent Hounds (14) (17)

Basset Hound
Beagle (13")
Beagle (15")
Black and Tan Coonhound
Bloodhound
Bluetick Coonhound – Miscellaneous 7/1/08
Dachshund (Longhaired)
Dachshund (Smooth)
Dachshund (Wirehaired)
English Foxhound
Foxhound (American)
Harrier
Otterhound
Petit Basset Griffon Vendeen
Plott
Redbone Coonhound – Miscellaneous 9/1/08
Treeing Walker Coonhound – Miscellaneous 1/1/09

Group 4: Sight Hounds (12)

Afghan Hound
Basenji
Borzo
Greyhound
Ibizan Hound
Irish Wolfhound
Italian Greyhound
Pharaoh Hound
Rhodesian Ridgeback
Saluki
Scottish Deerhound
Whippet

Group 5: Working (23) (25)

Anatolian Shepherd
Bernese Mountain Dog
Black Russian Terrier
Boxer
Bullmastiff
Cane Corso – Miscellaneous 7/1/08
Dalmatian
Doberman Pinscher
Dogue de Bordeaux
German Pinscher
Giant Schnauzer
Great Dane
Great Pyrenees

Greater Swiss Mountain Dog
Komondor
Kuvasz
Leonberger – Miscellaneous 7/1/08
Mastiff
Neapolitan Mastiff
Newfoundland
Portuguese Water Dog
Rottweiler
Saint Bernard
Standard Schnauzer
Tibetan Mastiff

Group 6: Terriers (28) (29)

Airedale Terrier
Australian Terrier
American Staffordshire Terrier
Bedlington Terrier
Border Terrier
Bull Terrier (Colored)
Bull Terrier (White)
Cairn Terrier
Cesky Terrier – Miscellaneous 7/1/08
Dandie Dinmont Terrier
Fox Terrier (Smooth)
Fox Terrier (Wire)
Glen of Imaal Terrier
Irish Terrier
Kerry Blue Terrier
Lakeland Terrier
Manchester Terrier (Standard)
Miniature Bull Terrier
Miniature Schnauzer
Norfolk Terrier
Norwich Terrier
Parson Russell Terrier
Scottish Terrier
Sealyham Terrier
Skye Terrier
Soft Coated Wheaten Terrier
Staffordshire Bull Terrier
Welsh Terrier
West Highland White Terrier

Group 7: Toys (21)

Affenpinscher
Brussels Griffon
Cavalier King Charles Spaniel

Chihuahua (Long Coat)
Chihuahua (Smooth Coat)
English Toy Spaniel (Blenheim & Prince Charles)
English Toy Spaniel (King Charles & Ruby)
Havanese
Japanese Chin
Maltese
Manchester Terrier (Toy)
Miniature Pinscher
Papillon
Pekingese
Pomeranian
Poodle (Toy)
Pug
Shih Tzu
Silky Terrier
Toy Fox Terrier
Yorkshire Terrier

Group 8: Companion (11) (12)

Bichon Frise
Boston Terrier
Bulldog
Chinese Crested
French Bulldog
Lhasa Apso
Lowchen
Poodle (Miniature)
Poodle (Standard)
Tibetan Spaniel
Tibetan Terrier
Xoloitzcuintli – Miscellaneous 1/10/09

Group 9: Herding (20) (21)

Australian Cattle Dog
Australian Shepherd
Bearded Collie
Beauceron
Belgian Malinois
Belgian Tervuren
Belgian Sheepdog
Border Collie
Bouvier des Flandres
Briard
Canaan Dog
Cardigan Welsh Corgi
Collie (Rough)
Collie (Smooth)

German Shepherd
Old English Sheepdog
Pembroke Welsh Corgi
Polish Lowland Sheepdog
Puli
Pyrenean Shepherd – Miscellaneous 1/1/07; Full Recognition 1/1/09
Shetland Sheepdog

Group 10: Northern (13) (16)

Akita
Alaskan Malamute
American Eskimo Dog
Chinese Shar-Pei
Chow Chow
Finnish Spitz
Icelandic Sheepdog – Miscellaneous 7/1/08
Keeshond
Norwegian Buhund – Miscellaneous 1/1/07; Full Recognition 1/1/09
Norwegian Lundehund – Miscellaneous 7/1/08
Norwegian Elkhound
Samoyed
Siberian Husky
Schipperke
Shiba Inu
Swedish Vallhund

ATTACHMENT C

PRESIDENT DAVID B. SPRUNG'S MESSAGE TO DELEGATES September 2008

As you have just heard, the declining registration numbers are severely impacting our core revenue and, in turn, alternative revenue. At our last meeting, I shared with you the details of competitors' financial incentive tactics which undermines our core business, causing significant losses in revenue. Today I want you to take a closer look at how this impacts AKC the most.

In the last decade, litters have declined 30 percent, from 564,000 to 392,000. We conducted a great deal of research about the causes of this decline and have some conclusions to share with you.

Are fewer AKC dogs being bred? No. The percentage of dogs and bitches from our registry that become part of the studbook remains constant over the years. 28 percent of bitches and 18 percent of sires participate in at least one AKC registered litter. Are fanciers breeding less? No, they are not. The number of litters registered by fanciers has remained constant at approximately 55,000 litters per year since 1992. In addition, as Jim illustrated, the percentage of individual dog registrations from the fancy also remains constant. It is the purebred pet owning population that is leaving us and leaving us in larger numbers year after year. The breeding of purebred dogs is not declining. It is the number of litters registered with AKC that is declining. All leading indicators, including statistics from the American Veterinary Medical Association, the American Pet Products Association, and others, as well as our own research, has shown that there are more purebred and mixed breed dogs in America than ever before. What segment of our breeder population has the biggest impact on our overall numbers? It is the breeders that produce 7+ litters annually, many of whom are no longer with AKC.

Just to remind you and to share with new Delegates, here is a list of our competition today. I will point out that these 30 registries are only of all-breed competitors. There are also additional competitors that are for specific groups of dogs. Since our peak in 1992 with 1.5 million individual registrations through 2007, we have declined 46 percent. This 16 year trend must be addressed by all of us, collectively and proactively. Another very important factor contributing to this decline has been the loss of the one litter a year breeder, many of whom actually breed only one litter in a lifetime. A number of those who historically purchase pets no longer are buying an AKC-registrable dog or bitch. Breeders registering one litter per year registered 13,762 fewer litters in 2007 than they did just five years ago in 2002. This is a 10 percent decline in litter registration activity for just that one single group.

Let's not forget a very telling fact that applies to everybody in this room. During all of your decades in the sport, the pet buyer has financially supplemented your passion and participation in AKC events — my 40 years; your 30, 40, 50, or longer. The core revenue from pet registrations funded our organization's and the sport's growth to a very

large extent. Here are some additional questions we have researched. Do fewer people own purebreds? No. According to the studies, the number of households owning a dog has increased by almost 5 million since 2000 and the percentage owning a purebred dog has grown by 7 percent. Are litter sizes smaller? No, they are not. Our own data confirms the average AKC litter size has been 4.8 since 1998. Is there less interest in AKC dog registration? No. **If** the buyer receives AKC blue slip papers, the buyer is just as likely to register with AKC today as they were ten years ago. A 44 percent blue slip return rate has been constant for the last decade.

We know that individual dog registrations are declining as a direct result of fewer litters registered with us. From litters registered in 1992, there were more than 2.7 million AKC-registrable puppies. From litters registered last year there were fewer than 1.9 million AKC-registrable puppies. Fewer registrable dogs equates to fewer registrations, fewer pedigrees, fewer transfers, and less of a pool of newcomers for our sport to carry that heavy equipment when setting up a match show; to put up arrows on the way to your event; or to work in the parking lot.

But what else will this mean to your club? There will be less and less core revenue from pet registration which will shift that financial burden where you do not want it to wind up – directly to your club, your members, you and me.

Let's look at some research in terms of lost revenue from types of breeders: losing one breeder that produces seven plus litters annually results in \$24,500 in lost registration revenue; losing one breeder that produces one to six litters annually results in an average loss of \$1,925. Couple these facts with the tactics of competitive registries which I presented to you at the June meeting, including free litter registration, financial incentives to distributors for placing competitors' information in puppy packets, and sharing registration fees with retailers, results in our being faced with a continuous loss of revenue, constituents and influence. We can't just stand by as our competitors build new, large facilities to process more "paper," and we can't allow them to continue their tactics of making litter registration meaningless. Just look at this ad: \$10 flat litter registration and free breeding stock registration. In this one, another registry is even starting to sponsor events. This one also is touting free litter registration. We don't know precisely what the competitors' registration numbers are because, as for profit companies, their records are proprietary, unlike the AKC. But our research demonstrates the pool of purebred registered puppies is growing, and our relationships in the dog world as well as from our own internal Inspections department reveals that our competitors' market share is increasing dramatically.

A few weeks ago we met with our Compliance Department field staff and one item discussed was a visit to a pet store to conduct an inspection. Everything was very good: all the puppies were healthy; care and conditions were fine. However, the owner told the Inspector not to bother to come back because they no longer choose to offer AKC registrable puppies. We want to have access to these shops for the welfare of dogs, and that desire is enhanced by the fact that this is a growing market. The percentage of retailers carrying puppies that can be registered with AKC or elsewhere increased from 17 percent in 2005 to 23 percent in 2006. In fact, just two weeks ago, while meeting with us in our office, the new President of the American Veterinary Medical Association and

his senior staff stated that the pet shop industry is flourishing and, in their own words, it would be naïve to believe they will not continue to grow. Many of us purchased our first dog from a pet store or similar retailer. For example, Ron Menaker bought his first Bedlington Terrier from Gimbels Department Store. Much like our Chairman, others went on to seek out fanciers to get their next AKC dog and eventually joined and contributed to our sport. Today's culture is not even allowing this to happen anymore. Without that first AKC puppy, an entire generation of exhibitors and multiple generations of future dogs are lost. We are faced with making a business decision. Our core breeders can't supply the demand to the public. We don't want you, your members, or other fanciers to carry the financial burden of the organization or even of the sport. You don't want that either! So, action to protect our future is necessary.

My friends, for the generations that will follow us, it can no longer be business as usual. Our creative juices began to flow as we made well researched decisions which have succeeded and resulted in significant alternative revenue streams. Jim shared with you our record breaking 2007 accomplishments of \$12.6 million. Rather than pat ourselves on the back, we are being transparent with you. These represent multiple revenue streams and are the result of efforts made two, three and four years ago when we had a stronger story to tell corporate America's marketing departments. As every business person knows, alternative revenue is just that – a temporary alternative source at best. As constituent numbers decline, so do the revenues from these opportunities. AKC's core business represents both our major revenue component and the platform from which to seek licensing, sponsorship, and other marketing initiatives. As an example, even when we approach dog food companies, traditionally the stalwart sponsor of our programs and events, they respond that the numbers of AKC's constituent base are no longer large enough to justify sponsorships. In closing, this last ad shows that our competition is serious about burying us and making us extinct. In order to protect AKC's future, we will take whatever steps are necessary.