

Minutes

Board of Directors Meeting March 26, 2010 Colorado Springs, CO 8:00 a.m. – 3:00 p.m. Mountain Standard Time

A meeting of the Board of Directors (the “Board”) of the United States Olympic Committee (“USOC”) occurred on March 26, 2010, at 8:00 a.m. local time pursuant to notice duly given pursuant to the USOC Bylaws. The Chair called the meeting to order at approximately 8:00 a.m. The following members of the Board were present in person: Larry Probst (Chair), Bob Bowlsby, Anita DeFrantz, Jim Easton, John Hendricks, Jair Lynch, Mary McCagg, Mike Plant and Angela Ruggiero. Ursula Burns participated by teleconference. The above present members constitute a quorum of the Board under the USOC Bylaws Section 3.14.

Also present for the meeting from USOC management were: Scott Blackmun, Norman Bellingham, Rana Dershowitz, Walt Glover, Robert Fasulo, Lisa Baird, Janine Alfano, Mike English, Charlie Huebner, Patrick Sandusky and Michelle Stuart. Also present for the meeting was Board Liaison Carol Brown.

The minutes were recorded by Rana Dershowitz, Secretary, except during the Closed Session, during which period the minutes were recorded by the CEO.

1. Call to Order and Welcome

The Chair called the meeting to order and welcomed the Board. He walked the Board through the Agenda for the day, including the plan regarding Mr. Tagliabue’s presentation of the recommendations of the Advisory Committee on Governance.

2. Report of the CEO

Mr. Blackmun welcomed the Board and then requested that Mr. Mike English, Chief of Sport Performance, provide the Board with a report on the results of the Vancouver Olympic Games.

A. Vancouver Report

Mr. English, showed the Board a highlight video from Vancouver. He then reminded the Board that the goals of the USOC for the Vancouver Games were for our athletes to have success on the field of play, but also for our entire delegation to be ambassadors on and off the field. Mr. English advised the Board that the US delegation had truly exceeded all of its goals. The preparation by the USOC, the NGBs and the athletes, including particularly in certain technology areas, was outstanding and this

showed in Vancouver. Mr. English further explained to the Board how other countries had performed as compared to expectations. In discussing Vancouver results, Mr. English walked the Board through some of the forward-looking assessments these results suggest.

Moving forward, the USOC will now work with the winter NGBs to assess what worked, what did not, what needs to be continued and what needs to be changed. All of this work will go towards further developing the USOC's back-end Games assessment process. The goal will be to learn from our performance as a country and build upon it. The next winter allocation process will also begin immediately and will take these assessments into consideration. Allocations will be done based upon four year plans (though without four year commitments). The plans will need to be metric specific and goal oriented. As with the summer allocation process, there will again be AAC and NGB involvement.

Finally, Mr. English reminded the Board that the Youth Olympic Games as well as the Pan American and Parapan Games are all still coming up in this quad. A discussion ensued regarding the Youth Olympic Games and the delegation the USOC will be sending.

A discussion ensued regarding the USOC's Games planning and operations as well as NGB pipeline development plans, with particular focus on NGBs overseeing multiple disciplines.

B. Vancouver Marketing and Fundraising Report

Ms. Lisa Baird, Chief Marketing Officer, and Ms. Janine Alfano, Chief Development Officer, next presented to the Board regarding their Departments' efforts and results in Vancouver. Both explained to the Board their respective Department's goals going in to the Games, and the particular areas of focus for each.

With regard to marketing, Ms. Baird noted specifically the USOC's efforts around "Making Team USA" in the lead-up to the Games, and discussed that the USOC believed there was a bigger opportunity to be achieved in the retail space if handled properly. The results from the Games appear to bear this out. Ms. Baird also walked the Board through several sponsor activation elements from the Games, including specifically Proctor & Gamble's "Thanks Mom" program. Ms. Baird and Ms. Alfano both noted for the Board that the "Thanks Mom" program included a fundraising element as well as the sponsorship component of ensuring that athletes' moms were able to attend the Games, with Ms. Alfano commenting that, although not financially critical, the fundraising element served the very important purpose of reminding everyone involved in the program that the USOC is a charity supported by donations.

Ms. Alfano next advised the Board regarding the "Support a Sport" program, the first collaborative fundraising drive among the USOC and NGBs. This program is still growing, but has already resulted in great collaborative learning.

Ms. Baird walked the Board through some of the learnings her team had gathered from the broadcast of the Games and associated ratings information. Additionally, Ms. Baird advised the Board regarding the revenues received by the USOC through a number of different sponsor programs.

Next, Ms. Alfano explained to the Board how the Development program had been integrated into USA House for the first time. Ms. Alfano further provided the Board with some of the Development department's successes of the Games, and walked the Board through the next steps for her department in following up with various donors.

The Board next turned to a discussion regarding the USOC's digital media strategy. The discussion included some of the challenges the USOC faces in the digital space such as issues around resources, the USOC's rights, the diversity of audience, the diversity of sport, and the pace of change in digital media as well as some of the opportunities.

Following this discussion, the Board discussed USA House. It was agreed that the USOC needs to determine whether USA House should be expanded or scaled back going forward, particularly in light of its costs.

Finally, Ms. Baird updated the Board regarding ongoing new sponsor discussions as well as some of the work that will need to be done with NGBs to build best practices across the entire Olympic family around issues such as ambush marketing.

C. Communications Report

Mr. Sandusky, Chief Communications Officer, gave the Board an update on communications activities since the December Board meeting. Mr. Sandusky explained that the Communications department has focused on leadership-driven communication based in core communications principles. The goal is to be open, honest, proactive and engage in robust dialog with the media. Additional efforts have been made to show the USOC as a partner to entities such as VANOC and the IOC in the media. An example of effective communication that Mr. Sandusky provided relating to the handling of the CEO search process. Mr. Sandusky advised the Board that there has been a positive shift in the media's perception of the USOC.

A further discussion ensued regarding how content is being delivered online in the media space and whether the USOC should be engaging its own writers/columnists for its web presence.

D. International Relations Report

Mr. Robert Fasulo, Chief of International Relations, next reported to the Board regarding outcomes from Vancouver in the International Relations space. As with Sport, Marketing, Development and Communications, the results out of Vancouver from an international relations perspective were also extremely positive. Mr. Fasulo walked the

Board through the International Relations department's goals for the Games, including, particularly, the election of Angela Ruggiero to the IOC.

In addition to Ms. Ruggiero's election, the USOC had numerous individual meetings with international leaders, signed bi-lateral agreements with Saudi Arabia, China and Great Britain, and hosted a number of well attended events for the international community. The outcomes in Vancouver show that there is a desire from the international community to engage with the USOC. Additionally, relationships the USOC has in the international community helped to resolve several critical issues that could have become problems in Vancouver.

A further discussion occurred around the athlete election process.

E. Vancouver Paralympic Report

Mr. Charlie Huebner, Chief of Paralympics, gave the Board an update regarding the Vancouver Paralympic Games. The US delegation performed as expected, as did most of the other countries participating. Additionally, on a very positive note, there was much greater new sponsor and donor activation at the Paralympic Games than there has been in the past. This is being translated into discussions with a number of sponsors about expanding further into Paralympic activation.

With regard to the Paralympics, the biggest challenge for the US team is with regard to our depth and talent identification. The USOC has increased Paralympic integration across the organization and with our sponsors and this has shown positive results, but it must continue long term. The US also must get better about providing opportunities for children with disabilities to try out sports. Critical to moving forward in this regard will be to have buy-in from the NGBs. Additionally, resource identification will be important.

At this point, Mr. Huebner showed the Board a video detailing Proctor & Gamble's "Thanks Mom" activation for the Paralympics. Following the video, Mr. Heubner discussed for the Board some of the differences in the Olympic brand versus the Paralympic brand.

The Board congratulated the Paralympic team, noting the incredible effort put forth by the whole US delegation.

F. Real Estate Projects

Mr. Bellingham, Chief Operating Officer, next updated the Board regarding the USOC's real estate projects. The USOC will begin moving into its new headquarters in downtown Colorado Springs in 21 days. The move will occur over several weekends, with NGBs moving into the NGB building (to be known as the "US Olympic Sport House") during the third weekend. The Colorado Springs projects remain on budget and on time, with final tenant improvements being completed, technology, audio visual and

security infrastructure being installed, and furniture being delivered. Once the move to the new downtown buildings is complete, the USOC will then start work on the OTC renovations.

Mr. Bellingham explained to the Board that the USOC has incorporated its overall branding into the look and feel of the new headquarters. Additionally, the building has been set up with a very open environment, which it is believed will substantially increase teamwork and cross divisional collaboration.

The NGB building is almost complete as well. It will house six small NGBs: modern pentathlon, boxing, weightlifting, badminton, judo and taekwondo. This building is also designed with a great deal of open space, but each NGB will have some ability to customize their own space.

Mr. Bellingham next reminded the Board of the financial structure of the Colorado Springs deal as well as the costs for both the USOC headquarters and the NGB building, and the Board engaged in a dialog about the use of the first floor and basement of the headquarters building.

A discussion then ensued among the Board regarding the US Olympic family's engagement in the Colorado Springs community.

The Board next turned to questions around USOC support for NGBs using shared services. Mr. Glover advised the Board that the USOC is working with Deloitte to undertake a full needs assessment for shared NGB services, particularly for those NGBs in the new NGB building.

G. Washington Visit

Ms. Lisa Baird and Rana Dershowitz, Chief of Legal and Government Relations, updated the Board regarding a USOC and Team USA visit to Washington DC scheduled for April. Ms. Baird and Ms. Dershowitz advised the Board of the goals of the visit and walked the Board through the current schedule. A discussion ensued regarding certain of the goals and the steps the USOC would be taking to move its initiatives forward in a collaborative manner with representatives of the Federal Government.

3. Financial Report

Mr. Walt Glover, Chief Financial Officer, next walked the Board through the USOC's financial report. Mr. Glover advised the Board that 2009 had been an extremely good year financially for the USOC, especially in light of the challenges faced by the organization through the year, both internal and external. The USOC had exceeded its revenue goals and the USOC's expense to revenue ratio had decreased due to the increases in revenue and certain expense savings achieved. The USOC ended the year with net favorability to budget of \$9.9 Million.

Mr. Glover also provided the Board with an update regarding the USOC's financial status through the first two months of 2010. Revenue is currently ahead of budget and expenses are below budget, though much of this is due to timing. From a cash flow standpoint, the USOC appears to be in very good shape as well.

Mr. Glover next laid out for the Board a breakout of the USOC's spending, showing program costs as compared to G&A costs.

Finally, Mr. Glover provided the Board with a quad based budget assessment in light of 2009 and 2010 results to date. The organization is currently on track to be favorable for the quad.

Mr. Probst determined that a report from the US Olympic Foundation should be on the Agenda for the June Board meeting.

4. Olympic Assembly Agenda and Program

Carol Brown, Board Liaison, next walked the Board through the 2010 Assembly Agenda and schedule. Ms. Brown reminded the Board of some of the background of the Assembly, stressing how important it is for the Olympic movement in the United States. Ms. Brown explained that the Assembly, scheduled for September 23-25 in Colorado Springs, must be an opportunity for dialog and exchange of information. It is hoped and expected that the Board will participate in Council meetings and other aspects of the Assembly in addition to the formal Board meeting. Mr. Probst confirmed for the Board the importance of the Assembly and the mandatory nature of the Board's involvement.

At this time, 10:25, the Board adjourned for five minutes to move to a different location to receive a report from Mr. Paul Tagliabue regarding the recommendations of the Advisory Committee on Governance.

5. Advisory Committee Report

Present in person and by teleconference for Mr. Tagliabue's report were the USOC Board, the USOC Executive Team, and representatives from the Athletes Advisory Council, NGB Council, and MSO Council. Mr. Peter Zern and Mr. Doug Gibson of Covington and Burling, counsel to the Advisory Committee on Governance, were also present.

Mr. Probst addressed the group assembled and provided background on the creation of the Advisory Committee. Mr. Probst expressed his great appreciation for the level of engagement shown by Mr. Tagliabue and the work of the entire Committee. He then asked Mr. Tagliabue to share the Committee's recommendations.

Mr. Paul Tagliabue then provided the assembled group with a summary overview of the work of the Committee and the recommendations made in the Committee's report, a complete copy of which is attached to these minutes as Exhibit A.

Following Mr. Tagliabue's presentation, Mr. Blackmun addressed the group. Mr. Blackmun explained that the USOC Board would be discussing the process for feedback during the remainder of the Board meeting and committed that a process for feedback would be established and communicated to the constituencies. Additionally, Mr. Blackmun advised that all constituents should feel free to call Mr. Blackmun or Mr. Probst with their input.

At this time, 11:05, the Board adjourned for lunch.

At 12:15, the Board, absent Mr. Probst, reconvened in Executive Session. Also present were Ms. Dershowitz and Ms. Brown. No other members of USOC management were present.

6. Administrative Items

Ms. Dershowitz walked the Board through the upcoming Board meeting schedule. She then provided the Board with a brief litigation update.

7. Committee Reports

The Board received reports from all of the Board committees.

A. Nominating and Governance Committee

Mr. Jair Lynch, Chair of the Nominating and Governance Committee, reported to the Board on the activities of the Nominating and Governance Committee. The Committee had not undertaken any new work since the last Board meeting as it has been waiting for the recommendations of the Advisory Committee. Mr. Lynch noted that one Board seat currently remains open, and two seats will come open at the end of the year unless current members' terms are extended. If the Board adopts the Advisory Committee report recommendations, there will also be four additional open slots. The Board discussed the possible need to stagger members' terms so as not to have seven new Board members joining at the same time.

Mr. Lynch further noted that two members of the NGC are set to rotate off the Committee and that two Ethics Committee members are overdue to rotate off that Committee as well.

The recommendation was made that Mr. Blackmun to put together a calendar of open seats and the work that needs to be done by the NGC.

B. Audit Committee

Ms. Ursula Burns, Chair of the Audit Committee, reported to the Board on the activities of the Audit Committee. The Committee met on March 25, 2010. In addition to

the Committee, Debra Yoshimura, Walt Glover, Norman Bellingham and Rana Dershowitz participated in the Committee meeting. Mr. Blackmun joined for part of the meeting as well.

The Committee received a report from the USOC's internal Auditor on seven audits done by the USOC as well as responses from several NGBs to prior audits. The Committee engaged in a broad discussion of NGB governance issues raised by various audits and sought to assess how to partner with the NGBs as needed to support them while at the same time addressing compliance and audit issues as needed.

At this time Mr. Probst and Mr. Blackmun rejoined the meeting.

Ms. Burns advised the Board that in addition to the audits the Committee reviewed, the Committee assessed and approved the 2010 Audit plan, received a report from the CFO, received a litigation report from the General Counsel, received a report from the USOC's new outside auditors, Grant Thornton, and met in executive session.

Finally, Ms. Burns advised the Board that the Audit Committee had discussed the CEO's authority to change the expense budget. As the process had been approved in December, there would be distinct revenue and expense budgets. Mr. Blackmun requested Audit Committee authorization for some degree of flexibility to alter the expense budget to the extent the USOC brings in new revenue above the revenue budget. Mr. Blackmun's request is that the USOC CEO be given the authority to spend: 1) in accordance with the approved budget; 2) on approved variances; and 3) up to 50% of any new revenue generated above the USOC's revenue budget, to a maximum of \$2 Million cumulative without prior Board approval. Management would be obligated to report on any material extra-budgetary spending at the next Board meeting. The Audit Committee was comfortable with Mr. Blackmun's request and recommended that the Board approve it.

A motion was made to give the USOC CEO spending authority above the expense budget as noted above. The motion passed unanimously.

The discussion then returned to the oversight and audit issues with NGBs. Following the discussion, Mr. Blackmun suggested that he take some time to assess the situation, explore the dynamics with various NGBs and come back to the Board with a recommendation in June. The Board supported this suggestion.

C. Compensation Committee

Mr. Bob Bowsby, Chair of the Compensation Committee, reported to the Board on the activities of the Compensation Committee. The Committee met on March 25, 2010. The Committee discussed the USOC's separation from Ms. Stephanie Streeter and assured itself that all aspects of this were finalized in 2009. Mr. Bowsby advised the Board that Mr. John McWilliams is no longer on staff with the USOC, but has continued to provide certain services as a consultant relating to certain organizational initiatives.

Mr. Bowsby advised the Board that the Committee had discussed the USOC's annual incentive plan and certain changes thereto that management had recommended. A discussion about managements proposals ensued and ultimately the Committee supported the recommendations.

Mr. Bowsby next advised the Board regarding management's proposed 2010 Performance Screen. The Screen, shown by Mr. Bowsby to the Board, would have three categories and nine goals. The Committee agreed with the categories and goals suggested by management, but made certain percentage allocation changes among the goals. With these changes, the Committee approved implementation of the Screen.

The Committee also discussed certain long term and other compensation issues relating to the employment of the CEO and certain other senior USOC leadership about which Mr. Bowsby advised the Board. Additionally, the Committee discussed appropriate compensation for Spencer Stuart for their work on the USOC CEO search. Following Mr. Bowsby's update to the Board on these matters, the Board requested that Mr. Bowsby have an initial discussion with Spencer Stuart, and that the Committee then come back to the Board with a formal recommendation.

Finally, Mr. Bowsby reminded the Board that staff's capture on the 2009 Performance Screen was 104%, which was within budget.

D. Ethics Committee

Ms. Mary McCagg, Chair of the Ethics Committee, reported to the Board on the activities of the Ethics Committee. The Ethics Committee met on March 18, 2010. The Committee discussed certain outside activities disclosed by the CEO, reviewed the follow up on the 2009 disclosure process, and engaged in a discussion around the USOC's gift policy. The Committee took particular note of certain challenges associated with the gift policy as applied during the Olympic and Paralympic Games. The Committee is considering raising the general gift allowance, and will be discussing more detailed gifting related training in advance of the Games going forward. Certain Games specific exceptions to the gift policy may also be considered.

8. CEO New Business

A. Strategic Plan

Mr. Blackmun discussed with the Board the status of the USOC's Strategic Plan. He explained that the USOC's goal will be to get the Plan to the Board in advance of the June Board meeting, with the hope of having it approved at the June meeting.

B. Colorado Springs Grant

Mr. Blackmun advised the Board that the City of Colorado Springs is facing some significant budget challenges and has had to close several parks and pools to address budget shortfalls. Mr. Blackmun informed the Board that he believes the USOC should make a grant to the City of Colorado Springs Parks and Recs Departments of up to \$250,000 to help offset some of these closings and as a way of saying thank you to the community for the new USOC headquarters, NGB building and OTC improvement funds. This is not something the USOC would do on an ongoing basis, and Mr. Blackmun would reach out to the NGBs for help supporting this gift. A discussion ensued regarding the plan and ultimately the sense of the Board was positive. It was requested that Mr. Blackmun discuss with the City how such a gift would be most impactful – whether as a one time payment, or perhaps spread over two years. Mr. Blackmun advised the Board that there would be a press conference announcing the gift next week.

C. Working Groups

Mr. Blackmun next advised the Board that he intends to put several working groups in place to help the USOC. The goal of these groups will be to gather viewpoints from both within and outside the USOC. The working groups currently being considered include NGB marketing, sport performance services, and international relations. Mr. Blackmun advised the Board that he will report back on these in June.

D. Chef de Mission

Mr. Blackmun expressed to the Board his appreciation for the work that Board member Mike Plant did as the Chef de Mission in Vancouver. A discussion ensued regarding the process the USOC should use to select a Chef and the qualities that are most beneficial to have in a Chef.

9. Board Liaison Position and Report

Ms. Carol Brown next reported to the Board regarding the activities of the Board Liaison. Ms. Brown informed the Board that, although she recognizes that the recommendations the Advisory Committee on Governance suggest eliminating the Liaison position, until such time as the Bylaws are amended to effectuate these changes, she believes that the role of the Liaison still needs to be defined. She requested that the Board review the proposed position description for the Liaison previously provided, and approve the position or provide her with feedback of how it should be different.

Ms. Brown next advised the Board regarding certain activities and issues of the AAC, World Olympians Association, NGBC and US Olympians Association. Ms. Brown then suggested that the Liaison could be used to facilitate communication with various constituencies on the follow up to the Advisory Committee report. A discussion regarding this idea occurred, and several Board members expressed their interest in not having feedback filtered through any one individual.

Ms. Brown next advised the Board that there is a desire for greater transparency around the financials of the USOC. A discussion occurred regarding appropriate frequency and depth of financial information to be shared with the Olympic family. Mr. Probst expressed that the CEO must be the voice of the USOC, and, following further discussion, the Board requested that Mr. Blackmun determine what he believes is the correct level and format of information to send out and then send that information out as and when he feels it appropriate. The Board confirmed that decisions of this type must rest with the CEO.

A discussion ensued regarding the proposed Liaison position description provided by Ms. Brown to the Board. The Board determined that the Board needed to discuss the Liaison position in closed session. Accordingly, at this time, 2:00 p.m., Ms. Brown and Ms. Dershowitz were asked to leave the meeting. Mr. Lynch left the meeting during this discussion as well, but expressed that he would rejoin the meeting during the closed session via conference call.

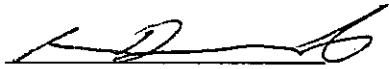
10. Closed Session

The Board then met in closed session with only the Directors and the CEO present. During the closed session, the Board discussed the recommendations of the Advisory Committee. The Board expressed their desire to hear the feedback from the Olympic family, and requested that Mr. Probst and Mr. Blackmun determine an appropriate process for obtaining feedback from the Olympic family, as well as a plan and time line for implementation of any changes determined to be effectuated by the Board. The Board also discussed the Liaison position and determined that the Liaison should be involved in developing and implementing the Olympic Assembly in September, but should have no communication facilitation role.

11. Adjournment

There being no further business, the Board adjourned its meeting at approximately 2:30.

This document constitutes a true and correct copy of the minutes of the meeting of the Board of Directors of the United States Olympic Committee.



Rana Dershowitz
Secretary

3-7-10
Date

EXHIBIT A:

**REPORT OF THE UNITED STATES OLYMPIC COMMITTEE'S INDEPENDENT
ADVISORY COMMITTEE ON GOVERNANCE**

**REPORT OF THE
UNITED STATES OLYMPIC COMMITTEE'S
INDEPENDENT ADVISORY COMMITTEE ON GOVERNANCE**

March 26, 2010

Chairman:

Paul Tagliabue

Members:

Ann Cody

Raul J. Fernandez

Skip Gilbert

Courtney Johnson

Jim McCarthy

John Naber

Jeanne Picariello

Hugh B. Price

Patrick G. Ryan

John W. Thompson

Matt Van Houten

Brian Whitcomb

Counsel to the Advisory Committee:

Covington & Burling LLP

Advisor/Counsel on Non-Profit Governance:

John Olson, Georgetown University Law Center

In Appreciation

I wish to extend deep thanks to the members of the Advisory Committee for their time, thought and leadership in this critically important effort; to the countless members of the Olympic and Paralympic movements who so graciously shared their experience, views and judgments with our Advisory Committee; to representatives of the International Olympic Committee and International Paralympic Committee for their cooperation and valuable perspectives; to our counselor and adviser on non-profit governance, John Olson, whose insights and experience were indispensable; and to my colleagues at Covington & Burling, especially Doug Gibson and Peter Zern, for enabling me to take volunteer assignments of this type and helping to ensure that they are done well.

Paul Tagliabue

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March 26, 2010

Letter to the USOC Board from the Chairman of the Advisory Committee:

In recent years, the US Olympic and Paralympic movements have achieved many inspiring successes. US Olympic athletes and teams have realized thrilling moments of victory, most recently with their exceptional performances in the Summer games in Beijing and in the Vancouver Winter games. Our Paralympians have also performed very well in these games though they have not recently led the medal count as they did in the 1996 Atlanta Paralympic games.

The United States has also hosted and successfully presented extraordinary Winter Olympic and Paralympic games in Salt Lake City, with wide acclaim; the USOC and associated NGBs are given credit for successful new programs of athlete and team development; new and existing sponsors and others have increased their support of the USOC; and there is an increasing focus on our Paralympic needs and programs, which have fallen behind a number of other nations in the past decade.

At the same time, the US Olympic movement, and the USOC in particular, has faced some clear failures in recent years. There is deep frustration with respect to the inability of New York and Chicago to garner expected support in their efforts to host Olympic games, with blame – rightly or wrongly – placed on the USOC. This frustration is compounded by deep concern about poor USOC-IOC relations, partly because of apparent disagreements over the sharing of US-based television and other revenues. The friction in USOC-IOC relations was seen by many both in Chicago's ouster in the first round of voting for the 2016 Summer games and in the IOC's negative reaction to the USOC's plans to launch its own cable television network. Others see the award of the 2016 games quite differently, principally as an affirmation of the growing global competition and capacity of other nations in many sectors, including sport.

The USOC's Board, in part due to the USOC's recent failures and its appreciation of the increasing level of frustration within the USOC's constituent organizations, formed our Advisory Committee in December 2009. We were asked to examine the governance structure of the USOC, including the size and composition of its board of directors. In doing so, we had the benefit of two detailed reports on USOC governance which were issued in 2003, and which resulted in the implementation by the USOC in 2003 of a series of governance reforms.

Drawn from very diverse backgrounds in Olympic, Paralympic and other sport, business, and not-for-profit sectors (see Appendix A of our report), the Advisory Committee met on six occasions, three times in person and three times by conference call. The dialogue within the Committee was both robust and respectful.

In its deliberations, our Advisory Committee certainly recognized the uniqueness of Olympic and Paralympic sport – that they involve "self-evident truths, that what unites

us can be far greater than what divides us, and that we are beaten only when we stop believing”¹ As our Committee member John Naber has put it:

“Every Olympian feels the same way. It is the act of paying the price ‘up-front,’ the willingness to invest in ourselves, the understanding that we have to feel tired to get stronger, that has allowed us to reach the medal platform.”²

But the Committee also understood that the Olympic and Paralympic movements are an intriguing mix of intangibles and the tangible, dreams and reality, grassroots volunteers and organizational turf battles, individual courage and commercial branding. And we could not ignore the fact that as the Olympics have come to have extraordinary appeal to billions of people in hundreds of nations, they “can also be seen as . . . global business,” as a “festival of commerce . . . [with a] symbiotic relationship between sport and the media.”³

Our Advisory Committee has ultimately concluded that the organizational reforms adopted in 2003 create a solid foundation for USOC board structure and governance. While our Committee proposes a range of measures to fine tune the 2003 reforms, we endorse the current structure and governance model and do not propose wholesale changes in it. Instead, our Committee’s review underscores that many of the USOC’s current and ongoing challenges have less to do with structure and governance than with the need for a sharper articulation of, and focus on, the USOC’s mission and with the organizational talent and strategies necessary to achieve that mission.

At their core, the Committee’s recommendations recognize that the USOC needs to have: first, a strong, engaged and collaborative Board, with an active role in oversight and strategic planning (including strategies for allocation of often scarce resources and fundraising); and second, a strong CEO, who has the necessary leaders beneath him or her to handle the management and operations of such a large and complex network of relationships. Only with the right people in these key leadership positions can the USOC hope to reap the benefit of the 2003 reforms and the recommendations of our Advisory Committee.

The USOC is now operating with a recently-selected Board Chair and a new CEO chosen earlier this year. In very different careers, each of them has had broad experience in sports, business and the management of highly competitive organizations. They clearly understand not just the assets of the USOC but also its liabilities and challenges. They also understand and respect established norms for governance as well as the management of complex relationships and operations.

While the ongoing operations of the USOC are beyond the scope of our Advisory Committee’s mandate, it is apparent, based on our Committee’s broad range of

¹ Bob Costas and Jim McKay, NBC lead to the opening ceremonies in Salt Lake City, Feb. 8, 2002 (quoted in Mitt Romney, *TURNAROUND - CRISIS, LEADERSHIP AND THE OLYMPIC GAMES*, p.xx (Regnery Publishing 2004)).

² John Naber (Compiler), *AWAKEN THE OLYMPIAN WITHIN: STORIES FROM AMERICA’S GREATEST OLYMPIC MOTIVATORS*, p.55 (Griffin Publishing 1999).

³ *Fun Games and Money - A Special Report on the Sports Business*, *THE ECONOMIST*, Aug. 2, 2008, p.4.

interviews, that much remains to be done to transform the USOC's operations and elevate them to a level that will ensure sustained excellence in all of the USOC's activities.

For too many years, the USOC has suffered from the high turnover of chief executives and others in leadership positions, from a lack of continuity in strategy, and from the lack of transparency that accompanied much of that instability. These activities have been very negative not just in shaping public perceptions of the USOC, but also in having had long-lasting deleterious effects on the trust, credibility and confidence of many key constituencies and partners.

Both at the Board and executive levels, the USOC must implement strategies to deal with the USOC's competitive and other external challenges – from elite athlete and team development; to relationships with constituent organizations such as the AAC, NGBs, MSOs and the US Olympians; to international engagement with the IOC and other international entities such as NOCs, international sports federations and the International Paralympic Committee; to commercial operations such as sponsorship arrangements; to the allocation of resources and executive talent for the Paralympic movement; and to management of the efforts of US cities and states to host the Summer and Winter Olympic and Paralympic Games.

Perhaps more than any other national Olympic and Paralympic committees, the USOC and its constituent organizations operate in an extremely competitive sports marketplace in the United States. The constituent NGBs and other related sports organizations compete not only with each other; they must also deal with stiff competition from other amateur sports, both at the grassroots level and at the secondary school and intercollegiate levels. In addition, professional sports in the United States (some of which are Olympic sports) also compete with the USOC and its constituent organizations for participation, audience, media attention, management talent, sponsorships and other resources.

Many of these sports, especially the intercollegiate and professional, operate with exceptional management, cutting edge facilities and proven business models. They are also well-funded, often with state and local tax support as well as philanthropy in the school and university systems. In addition, an ever-larger cohort of nations now participates in international competitions, often with government funding, competing effectively in many sports.

The USOC and its constituent organizations must succeed in this competitive environment in the face of difficult economic and financial constraints. US Olympic and Paralympic sports operate largely without government funding and must rely on resources secured in the private sector, through commercial operations and philanthropy. Given the lingering effects in the United States of the recent unprecedented global economic crisis, these sources of support will for the foreseeable future likely find little or no growth in many categories.

Even in a fierce competitive environment and with constrained resources, the US public continues – as it has in the past – to expect the US Olympic and Paralympic organizations to be world leaders, performing at the highest standards.

As former President Gerald Ford wrote in 1974 when Congress was debating the creation of the USOC's statutory charter:

"Broadly speaking, outside of a national character and an educated society, there are few things more important to a country's growth and well-being than competitive athletics.... Being a leader, the US has an obligation to set high standards. I don't know of a better advertisement for a nation's good health than a healthy athletic representation...."

Referring specifically to the USOC, President Ford continued:

"I am in favor of doing all we can, as quickly as we can, to resolve the jurisdictional differences which hurt our Olympic effort, which hinder at the grass-roots level the development of athletes. It is a disgrace in this country for anyone not to realize his or her potential in any sport..."⁴

These interests and goals for competitive success in international sport are shared today by nations around the globe. As one scholar puts it, "sport is an unmistakable prism through which nation-states project their image to the world and to their own people," and "little else... can inspire as much emotion and pride among countrymen as the victory of an athlete or team garbed in national colors."⁵

When the USOC Board considers the strategies and initiatives critical to achieving the USOC's core mission, the following passage from the USOC's 2003 internal task force report may serve as a helpful starting place:

"The USOC should partner with and provide select resources and services to the National Governing Bodies and Paralympic Sports Organizations to obtain for the United States the most competent representation in each event of the Olympic and Paralympic Games. The USOC must enhance and protect the Olympic brand and the overall perception of the Olympic movement in the United States to promote the long-term financial success of the USOC and generate revenues to support the Olympic and Paralympic movements. The USOC should also interface with the International Olympic Committee and other international organizations to focus on developing long-term relationships with the USOC, selecting and supporting United States bid cities, and ensuring that the interests of the USOC are fairly represented."⁶

⁴ Gerald R. Ford and John Underwood, *In Defense of the Competitive Urge*, SPORTS ILLUSTRATED, (July 8, 1974).

⁵ Victor D. Cha, *BEYOND THE FINAL SCORE, THE POLITICS OF SPORT IN ASIA*, p.2 (Columbia University Press 2008).

⁶ Report of the 2003 USOC Governance and Ethics Task Force, p.4 (June 20, 2003).

The strategies and initiatives critical to achieving the USOC's core mission need to be set by the USOC Board and then embedded in the USOC's organizational structure and culture, given consistent priority by the USOC's leadership – and implemented on a sustained basis in the years ahead.

Systemic change of this type cannot be accomplished without patience, the aligning of interests across organizations and consensus building. It will take time for the USOC simply to implement the range of measures that our Committee recommends. The support of the USOC's constituencies and partners will be critical to the success of these transformative efforts.

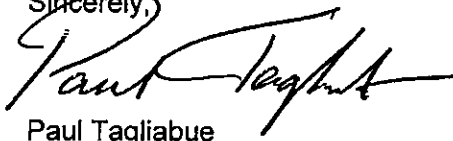
As to the international competitions to host the Olympic and Paralympic Games, the USOC could benefit by obtaining the views of leaders from cities that have recently pursued or hosted games. To that end, the USOC should support a small working group of business community representatives who have played a key role in bidding for, or actually hosting, Olympic and Paralympic games. This group would identify the key financial and strategic issues in the selection process and report its findings and recommendations to interested mayors and the USOC. The mayors could then act upon the recommendations of the working group, and determine to whom proposed new policies or programs should be presented (e.g., the Conference of Mayors, Congress, etc.). We have reviewed this concept with present and former officials of Chicago, New York and the Salt Lake Organizing Committee, and they are prepared to designate representatives of their business communities to participate in such an evaluation.

The USOC can take pride in the accomplishments of our athletes, most recently in Beijing and Vancouver, both individual and as team members. But the USOC should not allow this pride – even euphoria – to diminish the intensity of its efforts to make transformative changes for the better in the operations of the Olympic and Paralympic organizations.

It is in this context that we submit our report with the goals of helping to build on the foundation created by the USOC's 2003 reforms and assisting in the creation of a USOC that can lead, excel, inspire, serve, collaborate and innovate in all of its activities.

I am deeply grateful for the opportunity to serve the Olympic and Paralympic movements. Sport has been a part of my life for seven decades and I believe it plays a central role in our society and our culture. Olympic and Paralympic competitions and athletes inspire Americans to lead and achieve with integrity not only in countless athletic competitions but also in countless walks of life outside of sport – with lasting beneficial effects that few, if any, other athletic competitions can ever provide.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Tagliabue". The signature is fluid and cursive, with a large initial "P".

Paul Tagliabue

Glossary of Terms

To assist the reader, the following is a glossary of the acronyms and defined terms used in this report:

2003 Committees	The Independent Commission and the Task Force
2003 Reports	The Independent Commission Report and the Task Force Report
AAC	Athletes' Advisory Council
Advisory Committee	Independent Advisory Committee on Governance
Board	Board of Directors of the USOC
Independent Commission	2003 Independent Commission on Reform of the USOC
Independent Commission Report	Report and Recommendations of the Independent Commission, dated June 19, 2003
IOC	International Olympic Committee
IOC Charter	Olympic Charter, in Force as From 7 July 2007
IPC	International Paralympic Committee
MSO	Multisport Organizations
NGB	National Governing Body
NOC	National Olympic Committee
PSO	Paralympic Sports Organization
Stevens Act	Ted Stevens Olympic and Amateur Sports Act, 36 U.S.C. § 220501, <i>et seq.</i>
Task Force	2003 USOC Governance and Ethics Task Force
Task Force Report	Report of the Task Force, dated June 20, 2003
USOC	United States Olympic Committee

Introduction and Summary of Recommendations

With six years having passed since the USOC's governance restructuring in 2003, and coming out of the failed Chicago bid for the 2016 Olympic and Paralympic Summer Games, the USOC's Board of Directors appointed our Advisory Committee in December 2009 for the purpose of assessing the current size, structure and operating practices of the USOC Board. In pursuit of this mandate, the Committee conducted a detailed review of the governance reforms that the USOC implemented in 2003, with the benefit of the in-depth reports issued by two very well qualified commissions, and compared these reforms with current best practices for non-profit organizations.

The Committee also conducted extensive interviews with USOC senior executives and Board members and a broad range of people connected, now or in the past, with USOC constituent organizations, the New York and Chicago bids, the Salt Lake Winter Games, USOC business partners and the IOC and IPC. These interviews were invaluable in educating members of the Committee (particularly those not affiliated with the Olympic and Paralympic movements) about the complex and hyper-competitive world in which the USOC operates and in obtaining different perspectives on the USOC's current board structure and governance practices.

After carefully considering the 2003 Reports, non-profit governance best practices, and the wide range of views provided to the Committee through its extensive interview process, the Committee is delivering this report in order to present to the USOC Board its views and recommendations.

A brief synopsis of the Committee's recommendations is set forth below. The report that follows this synopsis provides additional detail regarding the Committee's recommendations.

➤ **Mission:**

- The Board should review and amend as necessary, both currently and on an ongoing basis, its mission statement and priority of purposes, in order to ensure that they remain accurate for guiding strategy, decision-making and resource allocation.
- In order to focus the organization, the Board should adopt a statement of principles to be followed in the pursuit of the USOC's mission and purposes, which includes metrics by which success will be measured.

➤ **Fiduciary Duties; Conflicts and Recusal; Board Education:**

- The Board should adopt a statement that clearly articulates the fiduciary obligations of Board and committee members.
- The Board should adhere to existing bylaw provisions regarding conflicts of interest, and should fully develop and implement policies and procedures regarding Board and committee conflicts of interest, recusals and similar issues.
- The Board should adopt and implement a formal Board orientation and ongoing Board education program, and should engage in annual self-evaluation programs.

- Board Size and Composition:
 - The Advisory Committee recommends increasing the Board by four voting directors (from 11 to 15), two of which satisfy the independence requirements in the USOC's bylaws, one of which is selected from individuals nominated by the AAC and one of which is selected from individuals nominated by the NGB Council.
 - A minimum of one seat on the Board should be reserved for a person with leadership experience with, and knowledge of, the Paralympic movement. With respect to this director, the Board should consider modifying the definition of "independence" contained in the USOC's bylaws, after consultation with the IPC, to allow US IPC members to serve on the USOC Board.
 - One of the two new independent directors should fill this seat.
 - The Board should consider creating a Paralympic Advisory Council, which would be chaired by the Paralympic representative.
 - The USOC's CEO should be added as a non-voting, ex-officio member of the Board.
 - The Board should consider extending the renewal terms for directors from two years to four years.
 - Provisions of the USOC's bylaws which enable immediate past Chairmen to serve as President in an honorary capacity and to attend Board meetings should be removed.

- Constituent Director Severance Requirements:
 - The USOC bylaw requirements under which directors nominated by the NGB Council or AAC are required to sever their ties with the applicable Council should be eliminated.

- Election of NGB, AAC and Other Directors:
 - The USOC should retain the current processes for election of NGB and AAC directors, through which each director is selected by the Nominating and Governance Committee from a slate of three individuals nominated by the applicable Council.
 - The Nominating and Governance Committee should provide the NGB Council and the AAC with director selection criteria in order to make the director election process open and transparent.
 - The full Board should be responsible for director elections; the Nominating and Governance Committee should recommend a slate of directors to the Board for its consideration but should not have the ability to both identify and elect directors without concurrence of the full Board.
 - The Nominating and Governance Committee's recommendation should be accompanied by its views regarding the qualifications, skills and experience of all directors it recommends, and the Board's decision should be accompanied by similar feedback.

- Role of the Board, Chairman and CEO:
 - The USOC's bylaws generally articulate appropriate roles for the Board, Chairman and CEO, and should be adhered to closely in order to produce optimal and efficient governance. The CEO should, however, be added to the list of officers in the USOC's bylaws.

- The Board should consider providing additional clarification about the role of the Chairman of the Board in international relationship and operational matters, should eliminate the position of First Vice President International to confirm the proper role of the CEO on international matters and to avoid confusion, and should consider extending the term limits for the Chairman of the Board in order to allow increased ability for international relationship building.
 - The Board should implement a communications strategy so that it is more transparent in its operations. Subject to this strategy and ultimate Board oversight, the CEO should be primarily responsible for coordinating USOC communications, so that the USOC speaks consistently and with one voice.
 - The provisions of the USOC's bylaws creating the Liaison and giving the Liaison authority for communications between the Board and Assembly should be removed; this function should be the responsibility of the CEO.
- The Olympic and Paralympic Assembly:
- The Assembly should be reinvigorated, in order to provide a means through which all members of the Olympic and Paralympic movements have an ability to be heard and to increase communications and transparency throughout the Olympic and Paralympic movements, and the USOC's bylaws should be amended to denominate the Assembly the "Olympic and Paralympic Assembly."

* * *

Findings

1. Mission.

Both of the 2003 Reports concluded that the USOC lacked clarity of mission and purpose. At the time, the USOC was viewed as trying to do too much for too many different constituencies and, considering its resource constraints, as not being able to do anything particularly well.

As part of the 2003 reforms, the USOC adopted its current mission statement (which was recommended by the Task Force), as follows:

To support United States Olympic and Paralympic athletes in achieving sustained competitive excellence and preserve the Olympic ideals, and thereby inspire all Americans.

At the same time, the USOC adopted a bylaw provision requiring that the USOC Board review and prioritize on an ongoing basis the purposes of the USOC set forth in the Stevens Act, in order to achieve the USOC's mission.

The 2003 reforms represent a positive step forward in clarifying the mission of the USOC and the need for the USOC Board to focus on an ongoing basis on prioritizing the USOC's purposes to best achieve that mission. However, despite these reforms, the USOC appears to continue to suffer from relentless pressure to extend its limited

resources beyond its core mission and purposes and to serve all of the needs of all of its constituencies, including the public at large - in essence, to be all things to all people.

The Advisory Committee is in full agreement with the views expressed in the 2003 Reports that clarity of mission and purpose is a critical element for the successful operation of any organization. The Advisory Committee believes that, with more than six years having passed since the 2003 reforms, it is timely for the USOC Board to reconsider whether the USOC's mission statement continues to accurately reflect the USOC's core mission and whether the USOC has appropriately prioritized its purposes, in each case as necessary to guide strategy, decision-making and resource allocation going forward.

The Advisory Committee also recommends that the USOC Board take steps to ensure that the USOC executive team and staff understand and pursue with focus the USOC's mission and purposes. The USOC Board should adopt and furnish to the USOC's executive team and staff a statement of principles to be followed in pursuit of the USOC's mission and purposes, including an articulation of the metrics by which success will be measured. These principles would be more granular than the mission statement and the purposes set forth in the Stevens Act, and should also be subject to review and updating by the USOC Board on an ongoing basis.

The Advisory Committee considered recommending modifications to the USOC's mission statement and an allocation of priorities among the USOC's broad range of statutory purposes. However, the Advisory Committee ultimately determined that the USOC Board should undertake - and take full ownership of - this effort. The Advisory Committee's views on this topic, including its belief that the determination of mission should be an open and collaborative process, are well encapsulated by John Carver, a noted governance expert:

The mission is the heart of your organization's existence. In this most compelling of all board deliberations -- composing a mission statement -- the governing body must generate, not just react to, the grand organizational intent. It is critical that the board as a whole struggle with this guiding statement and, in the end, own it thoroughly. Having a committee develop the mission in isolation or having the staff develop it so that the board can then approve it will not ensure the needed ownership.

Any number of persons and organizations can provide input to the board's deliberations. Not only does the board use its staff extensively in creating its vision, the board reaches out to others because of their knowledge, their grassroots connectedness, or their related pursuits. Only the board, however, bears the responsibility for performing this important wisdom-gathering function.¹

2. Fiduciary Duties; Board Conflicts and Recusal Policy; Board Education.

As part of the 2003 reforms, the USOC Board was reduced from 124 to 11 directors. This was a transformative event for the USOC, representing a shift in the

¹ John Carver, CREATING A MISSION THAT MAKES A DIFFERENCE, p.3 (Jossey-Bass 1997).

USOC's governance practices away from a model that was legislative in nature, where individual Board members served the interests of the constituencies that they represented, to a model premised on the principle that each Board member must serve the common and collective interests of the USOC as a whole. The Advisory Committee strongly endorses this change in governance.

The Advisory Committee believes that the current USOC Board members and some, but perhaps not all, of the members of the AAC, NGB Council, MSOs and other constituent organizations understand the general parameters of the USOC's current Board governance model. When the Advisory Committee requested a precise description of a USOC director's fiduciary duties, however, it heard varied and often conflicting articulations, which is not surprising in the context of an organization that is as complex as the USOC.

The Independent Commission Report recommended that the Board develop and implement a clear policy regarding the fiduciary obligations of directors, a procedure for identifying and addressing potential conflicts of interest and appropriate recusal policies to be followed when a matter before the Board presents an actual or perceived conflict of interest for an elected director or ex officio member of the Board. The USOC's bylaws do contain basic provisions regarding conflicts of interest and related disclosures. The Advisory Committee recommends that the Board adhere closely to these provisions of the USOC's bylaws, and that it fully build out and implement policies and procedures in this area, including policies applicable to members serving on Board committees (including the Nominating and Governance Committee) and addressing fiduciary obligations with respect to confidentiality.

A clear articulation of the fiduciary duties of USOC directors and committee members will help to provide all members of the Olympic and Paralympic families, starting with the Board itself, with a clear and transparent understanding of the principles that guide all of the Board's and its committees' decision-making. This will, among other things, help to avoid any constituency feeling disenfranchised in the absence of a legislative based board model, and will help to confirm the AAC's and NGB Council's understanding of the duties of the directors that those organizations nominate. It will also further one of the central principles underlying the 2003 Reports, namely that USOC Board members are ultimately accountable to the USOC and its mission, not to any individual group or constituency.

The Advisory Committee believes that a USOC director's fiduciary duties, at their core, are most clearly articulated in terms of a duty to forward and sustain the mission of the USOC, in a manner consistent with the duties of care and loyalty required of corporate directors generally under US law. This duty must be embedded in all actions taken by a director in his or her capacity as such.

The Advisory Committee notes that, pursuant to Rule 16, Paragraph 1.4 of the IOC Charter, the US members of the IOC that serve on the USOC Board are required to promote the interests of the IOC and of the Olympic movement in their countries and in the organizations of the Olympic movement where they serve. Some members of the Advisory Committee have questioned whether this Rule is consistent with the fiduciary duties of directors of US corporations and best practices for non-profit governance. The potential conflicting duties created by this Rule are not optimal as a governance model for the USOC, particularly when the USOC Board is addressing matters on which the

USOC's and the IOC's interests may not be fully aligned. This is one of many situations that the USOC's conflicts of interest and recusal policy needs to address, and the USOC should consider discussing with the IOC the broader question of this Rule's compatibility with US law and best practices.

Finally, the 2003 Reports also suggested that the USOC Board adopt formal board orientation and ongoing education programs, as well as annual self evaluation programs. The USOC Board has not implemented these recommendations. In order to maximize director performance, and in light of the complex network in which the USOC operates, both domestically and internationally, the Advisory Committee recommends that these programs be implemented immediately.

The Advisory Committee also recommends that the USOC Board retain expert outside assistance to help define and implement such Board orientation and education programs. Board orientation and education programs may be most helpful for independent directors, who may be less familiar with some of the unique attributes of the USOC and the Olympic and Paralympic movements, but it is the view of the Advisory Committee that the full Board will benefit from additional director educational opportunities, including on governance best practices and similar topics. The Advisory Committee by the same token recommends that the USOC Board engage in periodic self-evaluations to determine how well it functions and whether there are specific areas for which added views or outside expertise are needed.

3. Board Size and Composition.

The Advisory Committee spent a great deal of time discussing the optimal size and composition of the USOC Board. As a precursor to setting forth the Advisory Committee's recommendations in this area, some history on the current size and composition of the USOC Board will be helpful.

As is noted above, the USOC Board was reduced from 124 to 11 directors as part of the 2003 reforms. The 2003 Committees took the view that smaller boards are more efficient, more effective and less costly, and recommended setting the size of the Board at either 11 or 13 members, which was within the range of sizes that the 2003 Committees viewed as consistent with then current governance best practices.

The USOC Board is currently comprised of 11 members. The composition of the members on the USOC Board, as mandated in the USOC's bylaws, is as follows: two directors are selected from individuals nominated by the AAC; two are selected from individuals nominated by the NGB Council; four directors are required to meet the independence standards set forth in the bylaws; and (with the recent election of a new US IOC member) three directors are the US members of the IOC.

In structuring the composition of the Board, Stevens Act and IOC Charter requirements need to be taken into account. The Stevens Act requires that amateur athletes who have represented the United States in competition within the preceding ten years must hold 20% of the membership and voting power on the USOC Board (and on any committee of the Board). The IOC Charter requires that a voting majority of each NOC and its executive body consist of votes cast by national federations or their representatives and that each NOC include all IOC members from its country as ex officio members of its executive body, with voting rights.

The IOC, by letter dated October 17, 2003, confirmed to the USOC that it approved of the USOC's then-proposed Board structure (the IOC letter approved a Board composed of four independent directors (with a total of 12 votes), four directors representing national Olympic sports federations and athletes (with a total of 12 votes), and three IOC members (with a total of three votes)). The Chairman of the Advisory Committee discussed this approval with representatives of the IOC, and was informed that the IOC's decision in 2003 was approved by the IOC Juridical Commission and, as a result, it is now embedded as a general rule in IOC regulations and is a board structuring option generally available to NOCs, including the USOC.

The Advisory Committee, when debating the issues of board size and structure, was in full agreement with the views set forth in the 2003 Reports that smaller boards can often be more efficient and effective, that it may be easier to recruit well-qualified directors to smaller boards, and that directors on smaller boards may be more likely to play an active role in board deliberations. No member of the Advisory Committee was in favor of substantially increasing the size of the USOC Board - even back to the size of the 25 person executive committee that was responsible for most of the USOC's core board functions prior to 2003. Nor was there support on the Advisory Committee for reducing the size of the USOC Board.

The Advisory Committee's primary consideration was whether the current board size and structure should be left intact or instead increased by a modest amount that would allow for more diverse skill sets and perspectives to be available to the USOC, while still ensuring that directors would remain fully engaged in, and responsible for, Board deliberations.

Based on the lengthy deliberations that the Committee has conducted, and after carefully considering views expressed by a broad range of people connected with the Olympic and Paralympic movement and independent experts, the Advisory Committee recommends that four voting members be added to the USOC Board, thereby increasing voting members from 11 to 15. The Advisory Committee believes that the addition of four members will allow additional skills, experience and expertise to be brought to the USOC Board, but that these additions will not create a board structure that is unwieldy or in which individual directors are likely to feel that their contribution and effort are not needed.

The Advisory Committee believes that, apart from IOC representation on the USOC Board, the USOC Board must continue to include an equal number of constituency-experienced directors and "independent" directors for the reasons set forth in the 2003 Reports and consistent with the Advisory Committee's views of governance best practices, while at the same time meeting Stevens Act and IOC Charter requirements. As a result, the Advisory Committee recommends that two of the additional directors satisfy the independence requirements of the USOC's bylaws; that one be selected from individuals nominated by the AAC; and that one be selected from individuals nominated by the NGB Council. The Advisory Committee believes that independent directors should be identified, vetted and eventually selected from a broad pool of diverse, well-qualified candidates.

The Advisory Committee recommends that a minimum of one seat on the Board be reserved for a person who, while satisfying the independence criteria of the USOC's

bylaws, also has leadership experience within and knowledge of the Paralympic movement,² and that one of the two new independent Board seats be used for this purpose. The Board will certainly wish to consider candidates from among the MSOs or US Olympians in filling the second independent seat on the Board, many of whom bring a wealth of knowledge, experience and leadership to the Olympic and Paralympic movements, but this need not be a strict requirement or a "designated" director seat.

With respect to the Paralympic representative, the Advisory Committee recommends that the Nominating and Governance Committee consult with the PSOs and other organizations during the selection process, which should be open and transparent. The Paralympic representative will serve on the Board with the same fiduciary duties as all other directors - to represent the interests of the USOC as a whole, and to forward and sustain the overall mission of the USOC. Support of the Paralympic movement represents a core part of the USOC's mission, and the Advisory Committee believes that a person with direct experience in this movement will enhance the overall knowledge base and skill sets available to the Board, thus enhancing the Board's ability to achieve its mission.

In order to further enhance the USOC's ability to lead the Paralympic movement, the Committee also recommends that the Board consider the formation of a Paralympic Advisory Council, which could be chaired by the Paralympic representative on the USOC Board and made up of others with specific experience in, and knowledge of, the Paralympic movement and its current challenges and needs. This Council would assist in developing strategy and resources for the Paralympic movement, inform the full Board and allow the Board to play its proper roles with respect to the Paralympic movement.

The Advisory Committee also recommends that the USOC's CEO be added as a non-voting, ex-officio member of the USOC Board. While the Advisory Committee understands that the CEO currently typically participates in Board meetings (which the Advisory Committee endorses as an important mechanism for communications between the Board and management team), it is the hope of the Advisory Committee that the formal appointment of the CEO to the Board will help to elevate the CEO's stature within the international Olympic community. The Advisory Committee also believes that the CEO's election will send a similar message regarding the CEO's stature to the USOC staff and constituent organizations.

In addition, the Advisory Committee recommends that the Board consider extending the renewal terms for directors from two years to four. In light of the complexities of the USOC and the time that it may take new directors to become fully immersed in the issues and challenges facing the USOC, the Advisory Committee believes that the USOC could benefit from allowing experienced directors additional time to contribute their views to the Board. In the event that this change is made, the USOC

² The Board may wish to consider amending the USOC's bylaws to amend the definition of "independence," following consultation with the IPC, in order to permit US members of the IPC to serve on the USOC Board (creating an analogy to US IOC members, who are required by the IOC Charter to be members of the USOC Board). The Board should consider whether a person with a disability is appropriate to best provide the Board with knowledge of the Paralympic movement. Our Committee member Ann Cody is strongly of the view that a person with a disability is needed in this director position to bring the Board representation that will enable the USOC to satisfy its statutory responsibilities with respect to the Paralympic movement.

may wish to modify the current provisions regarding the staggered election of directors, to go from three staggered terms to four.

Finally, the Advisory Committee recommends removing the provisions of the USOC's bylaws which enable immediate past Chairmen to serve as President in an honorary capacity or to attend Board meetings. The Advisory Committee does not believe that these arrangements are conducive to orderly governance or succession.

To the extent that the USOC elects to adopt the recommendations outlined above, it will need to discuss and determine with the IOC whether the revised Board structure continues to fit within the modified IOC Charter requirements approved in 2003, or instead requires separate IOC approval. The Advisory Committee believes that the proposal described above would establish a modestly larger and different Board structure that respects the purposes served by the IOC's 2003 approval and that conforms to the spirit and intent of that approval. To the extent a separate approval is required, the Advisory Committee, based on preliminary discussions with the IOC, is hopeful that such an approval would be forthcoming.

4. Constituent Director Severance Requirements.

The Advisory Committee recommends eliminating the requirements set forth in the USOC's bylaws under which directors nominated by the AAC or NGB Council are required to sever their ties with the applicable organization as a condition to service. The Advisory Committee believes that this requirement is too limiting, and prevents otherwise exceptionally capable and qualified individuals from serving on the USOC Board. The USOC is thus deprived of the skills and views of many individuals with a deep commitment to, and a broad understanding of, the Olympic and Paralympic movements and their myriad challenges.

The Advisory Committee believes that this requirement is unrealistic in assuming that well-qualified officials engaged on a fulltime basis with AAC or NGB organizations will readily exchange these roles for part-time roles as USOC Board members; and it is insidious in imputing to such officials, if elected to the USOC Board, a desire to act improperly to advance individual AAC or NGB interests rather than the mission-based interests of the USOC as a whole.³

Ultimately, this severance requirement deprives the USOC of the skills and views of full-time individuals who have the best current understanding of the opportunities and challenges facing US sports federations and, to a large degree, the USOC. It also deprives the USOC of full-time individuals with a deep commitment to, and a broad understanding of, the Olympic and Paralympic movements. And it excludes from the USOC Board individuals who – with the Board as a foundation – can engage effectively with international sports federations, other NOCs, the IOC or the IPC, hamstringing efforts of the United States to serve as a leader in the international aspects of the Olympic and Paralympic movements.

³ As is more fully described in Section 2 of this Report, all directors, regardless of the manner of their election, should be informed that their fiduciary duties as Board members are owed to the USOC and its mission, and not to any individual group or constituency, and that they need to disclose conflicts of interest to the Board and recuse themselves from Board discussions and voting, as appropriate, when such conflicts arise.

Finally, the severance requirement impairs the functioning of the Nominating and Governance Committee of the Board. The requirement limits the ability of this Committee to play an effective and proper role in the Board selection process both because (1) the requirement may leave the Nominating and Governance Committee without a diverse pool of AAC or NGB board candidates that is broadly representative of the spectrum of such organizations and (2) the requirement may leave the Nominating and Governance Committee without AAC or NGB candidates who have competencies, skills and experience (e.g., finance, sports performance, international, television and new media, marketing and sponsorships, etc.) that the Board needs properly to perform its oversight functions.

The Advisory Committee notes in making these recommendations that it is important for the USOC to maintain and continue to improve the integrity of the processes by which funds are allocated to NGBs and others, which the Advisory Committee understands have been improved considerably in recent years. These processes must remain independent, open and transparent in order to avoid actual or perceived conflicts of interest, of constituent directors in particular. The ability to avoid conflicts is an important factor underlying the Committee's recommendation to eliminate the constituent director severance requirements.

5. Election of NGB, AAC and Other Directors.

The processes by which NGB and AAC board members are elected is another issue that has been considered by the Advisory Committee at length. As part of the 2003 reforms and their elimination of legislative, constituency-based governance, the USOC eliminated the right of the NGB Council, the AAC and the MSOs to directly appoint directors to the USOC Board. The USOC bylaws currently provide for the Nominating and Governance Committee of the Board to choose each AAC and NGB Council designated Board member from a pool of three individuals nominated for each such position by the AAC or NGB Council, as applicable. The Nominating and Governance Committee consists of five members, two of whom are selected from the members of the Board who are not eligible for re-election and three of whom are selected one each by the AAC, the NGB Council, and the Multisport Organization Council. These three members may not come from the current Board and must qualify as independent.

It is clear that the NGBs, AAC and other constituent organizations feel varying degrees of disenfranchisement with respect to their lack of ability to directly appoint directors to the USOC Board, and various representative of these organizations have suggested that the current nominating process should be modified to allow direct appointments. There are, however, important counter-points which have been raised in response to this issue, both by members of the Olympic and Paralympic communities and by outside governance experts. Both for-profit and non-profit best practices view nominating committees, and their role in identifying director nominees, as critical to the sound composition of a board of directors and indeed a majority of non-profits use such a structure in filling their boards.⁴

⁴ See, e.g., Thomas Silk, *Ten Emerging Principles of Governance of Nonprofit Corporations and Guides to a Safe Harbor*, THE INT'L JOURNAL OF NOT-FOR-PROFIT LAW, Vol. 7, No. 1, 76, 80 (Nov. 2004) ("Every nonprofit corporation should have a nominating/governance committee . . . The notion that every board of directors should have a nomination/governance committee is widespread in recommended practice codes.").

It is the Advisory Committee's view that, on balance, the current director election process should be retained, subject to slight modifications as described below. The Advisory Committee believes that the current process is sensible and consistent with best practices while at the same adhering to the framework established by the Stevens Act and the IOC Charter with respect to the appointment of athlete and NGB representatives. The Advisory Committee believes that the role of the Nominating and Governance Committee in the director election process is vital in helping the USOC to identify board members with diverse viewpoints and skill sets that align with the overall needs of the organization, and in fostering and preserving a board that puts the mission of the organization ahead of the interests of any particular group or constituency. The Advisory Committee is also concerned that allowing direct elections would be a perceived, if not an actual, step backwards, towards the constituency-based model that was so convincingly rejected by the 2003 Reports.

The Advisory Committee does recommend, however, that the Nominating and Governance Committee provide to the NGB Council and the AAC a set of director selection criteria (which would be updated over time as the specific needs of the Board change). Such criteria would further the overarching goals of transparent decision-making that are essential parts of building trust and confidence between the USOC and its constituencies. With these criteria in hand, the NGBs and AAC would be free to provide the Nominating and Governance Committee with a slate of directors that will be given full and due consideration.

In addition, the Advisory Committee believes that the full USOC Board should be responsible for the ultimate election of directors. As a result, the Advisory Committee recommends that the current director election process be modified, so that the current authority of the Nominating and Governance Committee to, in effect, both identify director candidates and elect them to the Board without concurrence of the full Board, would be eliminated. Instead, the Nominating and Governance Committee would be charged with recommending to the Board a slate of directors for election, following which the Board would vote on that slate. The recommendation from the Nominating and Governance Committee should be available to the public, and should provide the Nominating and Governance Committee's rationale for the directors it recommends, including the Nominating and Governance Committee's views regarding the proposed directors' qualifications, skills and experience. The Board's decision should be accompanied by similar feedback.

Finally, the Board may wish to evaluate the current qualifications for membership on the Nominating and Governance Committee, including the independence requirements imposed on constituent directors, to ensure that the Nominating and Governance Committee is comprised of appropriate and well qualified individuals.

6. Role of the Board, Chairman of the Board and CEO.

(a) General

The roles and responsibilities of the USOC Board, the Chairman of the Board and the CEO are another issue to which considerable time and attention has been devoted by the Advisory Committee. The Advisory Committee believes that, with the exception of further defining the role of the Chairman in international matters (and

eliminating the position of First Vice President International), the USOC bylaws currently set forth an appropriate allocation of these roles and responsibilities. However, based on the interviews conducted by the Advisory Committee, it is not clear that the guidelines set forth in the bylaws have been consistently adhered to in practice.

In general terms, and consistent with the powers and duties set forth in the USOC bylaws, the Advisory Committee believes that the proper role of the USOC Board is to provide the USOC with oversight and to set strategy with a view towards carrying out the USOC's mission. This oversight function involves overseeing management, the finances of the USOC and the USOC's legal and ethical compliance practices, all with a view towards creating an organization with effective and ethical management and operations. Oversight of management starts with the selection of the CEO, who in turn is primarily responsible for carrying out the strategic plans adopted by the Board, and also includes management compensation and succession practices. The strategy function starts with defining the mission of the USOC, and includes the establishment of strategic plans and resource allocation principles designed to carry out that mission. The mission and the strategic plans and resource allocation principles should be subject to periodic review in order to ensure that the USOC continues to evolve over time in order to keep itself at the forefront of the Olympic and Paralympic movements. The Board is also responsible for establishing policies that provide for the effective governance and operation of the overall enterprise.

Turning to the Chairman of the Board, and consistent with the duties of the Chairman set forth in the USOC bylaws, the Advisory Committee believes that the primary role of the Chairman is to lead the Board in the performance of its oversight duties, and in so doing, to guide and coordinate the work of the Board. In general, the Chairman of the Board should not be involved in the day-to-day management or operations of the USOC.

(b) International

The Advisory Committee notes that this general rule does require flexibility in limited circumstances, most notably in the area of international relationship building and negotiations. It is the understanding of the Advisory Committee that the international Olympic community expects the most senior "volunteer" within an NOC to play the lead role on international issues for the NOC. Accordingly, the Advisory Committee believes that the USOC's Chairman will, at times, need to be involved in international issues in a direct, hands-on way. The critical issue for the USOC in these limited circumstances is not the involvement of the Chairman on these issues, but having clarity of role as between the Chairman and the CEO such that there are not dueling responsibilities or expectations. In order to more accurately reflect reality, the Advisory Committee recommends that Section 4.6.1 of the USOC bylaws be amended to add a new subsection (d), as follows:

"(d) work with the CEO on a cooperative basis as necessary to manage key international relationships, with the allocation of international responsibilities between the CEO and the Chairman to be determined by the Board."

Similarly, the Advisory Committee recommends amending Section 6.2 of the USOC bylaws as necessary to reflect that, in managing key international relationships,

the CEO will work in cooperation with the Chairman, and eliminating from the bylaws the position of First Vice President International, a position which, if retained, would overlap to an unnecessary degree with the duties assigned to both the Chairman of the Board and the CEO and confuse the USOC's organizational structure.

Given the importance of relationship building to the USOC's international efforts, the Advisory Committee also believes that the term limit for the Chairman of the Board should be extended (but that the Chairman of the Board should remain subject to election and removal by the remainder of the USOC Board). The Advisory Committee leaves it to the Board to determine the length by which the Chairman's term limit should be extended, based on its consideration of the role that the Chairman will play in international efforts and the likely time it will take the Chairman to develop the necessary international relationships.

(c) CEO Leadership and Communications

Consistent with the CEO's authority set forth in the USOC bylaws, the Advisory Committee believes that the CEO should be primarily responsible for the operation and management of the USOC, and the implementation of the strategy set by the Board. The CEO is thus the organization's principal officer (and the Advisory Committee recommends amending the USOC's bylaws to clearly include the CEO among the organization's officers), and is the leader of its management team.

The CEO is also the USOC's principal spokesperson, and responsible for all internal and external communications of the USOC. The CEO should perform these functions pursuant to policies approved by the USOC Board, and with Board oversight.

A wide range of communications can have a critical impact on the success or lack of success of the USOC and on both internal and external perceptions of the USOC. These include communications with the USOC Board (including materials presented to the Board and its committees, minutes of Board and committee meetings, etc.); with USOC staff; with constituent organizations; with international Olympic and Paralympic organizations; with federal, state and local governmental authorities; with the USOC's partners; and with donors, philanthropists and others who may be able to bring resources to the USOC. It is therefore the Advisory Committee's view (consistent with the Advisory Committee's reading of the USOC's bylaws) that the CEO must be primarily responsible for coordinating these communications, in order to ensure that the USOC speaks consistently and with a single voice.⁵

The Advisory Committee recommends that the USOC Board examine the issue of communications more generally. It is apparent in speaking with members of the Olympic and Paralympic communities that many constituencies feel as though they do not receive enough information and, as result, there are questions of trust and confidence. The Advisory Committee believes that an active and concerted effort to increase communications and transparency with respect to non-confidential information

⁵ As a corollary to this recommendation, the Advisory Committee notes that the USOC's bylaws currently create the position of Liaison, and provide that the Liaison serves as an intermediary for communications between the Board and Assembly. Because this function should be the responsibility of the CEO, the Advisory Committee recommends removing these provisions from the USOC's bylaws, leaving the CEO responsible for ensuring that there are adequate avenues for communications between the Board, Assembly and other constituent organizations.

and in a manner consistent with the principles described above can be a critical mechanism for restoring the USOC's trust and credibility.

7. The Olympic and Paralympic Assembly.

As noted above, the reforms implemented following the release of the 2003 Reports were transformative for the USOC, representing a shift away from a legislative governance structure and towards a smaller and more nimble corporate governance structure. As part of this shift, and to their great credit, many constituent organizations voluntarily relinquished their seats on the USOC's Board. The natural result of any shift that is so large in scale and that involves the relinquishment of rights held so dear is that some organizations feel dislocation and, at times, some measure of disenfranchisement. Clearly this has been true for a number of the USOC's constituent organizations, including among them the MSOs.

These feelings of dislocation and disenfranchisement were foreseen by the authors of the 2003 Reports, and both of the 2003 Reports suggested that the Assembly would be the vehicle through which the constituent organizations would be able to communicate with the USOC and with each other. While the Assembly was not intended to have voting rights or other direct input into USOC governance (the Advisory Committee believes that this separation remains the right construct for the Assembly), it was meant to be an effective organization through which communications and best practices could be shared.

In practice, it is the Advisory Committee's impression that these good intentions have not translated into good practice, and that the USOC should focus immediately on making the Assembly a vital and effective body. In doing so, it must be made clear that the CEO has the primary responsibility for ensuring that the Assembly functions well, is inclusive, and serves its intended purposes. The Advisory Committee recommends that all USOC directors should understand that their responsibilities as Board members include participation in the Assembly.

The USOC should also closely examine the many organizations and network that comprise the Olympic and Paralympic movements, with a view towards better defining the members of the Assembly and including all constituencies that are appropriate. In order to better reflect the inclusive nature of the Assembly, and its role with respect to the Paralympic movement in particular, the Advisory Committee recommends that the Assembly be renamed the Olympic and Paralympic Assembly, and that the USOC's bylaws be amended to reflect this change.

In addition, the USOC should adopt best practices to maximize the benefits of the Assembly, so that it serves as a vehicle for all members of the Olympic and Paralympic movements, including the MSOs and the Olympic alumni, to not only hear from, but also to be heard by and to voice concerns to, the full USOC Board and USOC senior executives. It should also serve as a good vehicle for sharing of best practices. This reinvigorated Assembly should play an important role in the USOC's efforts to increase communications and transparency throughout the Olympic and Paralympic movements, and in doing so the Advisory Committee believes it can help to alleviate some of the frustration that is felt by many constituent organizations that currently feel as though they have no mechanism through which to be heard.

MEMBERS OF USOC INDEPENDENT ADVISORY COMMITTEE

Below are the biographies of the Committee members that were included in the USOC's press release of December 10, 2009, announcing the membership of its independent Advisory Committee on USOC Board structure and governance.

Subsequent to the formation of the Committee, David Brandon was chosen to be the Athletic Director of the University of Michigan, and he began serving in this position in early March, 2010. Due to his transition from one position to another, Mr. Brandon was unable fully to participate in the deliberations of the Advisory Committee, and he has thus elected not to subscribe to its report.

- **Ann Cody:** Paralympian in wheelchair basketball and track & field, current member of the International Paralympic Committee Governing Board
- **Skip Gilbert:** CEO of USA Triathlon, Chair of the National Governing Bodies (NGB) Council and the Association of Chief Executives of Sport
- **Courtney Johnson:** Olympic water polo silver medalist, past member and leadership member of the USOC Athletes Advisory Council, attorney
- **Jim McCarthy:** former USOC Board member, Chef de Mission for the 2006 U.S. Olympic Team, past Chairman and interim CEO of the U.S. Ski and Snowboard Association, attorney
- **John Naber:** Olympic swimming gold medalist, Immediate Past President of the U.S. Olympians Association, sports broadcaster, corporate speaker
- **Jeanne Picariello:** Chair of the Multi-Sport Organizations Council, Chef de Mission of the 2004 U.S. Paralympic Team, retired Colonel, U.S. Army
- **Patrick G. Ryan:** Chairman of World Sport Chicago, past chairman and CEO of Chicago 2016, founding chairman of Aon Corporation
- **Matt Van Houten:** Chair of the USOC Athletes' Advisory Council, former member of Board of Directors and General Counsel for USA Team Handball, former U.S. Team Handball Men's National Team member, attorney
- **Brian Whitcomb:** former USA Cycling Men's National Team member, Athlete Advisory Council leadership member
- **David A. Brandon:** Regent Emeritus at the University of Michigan, former football player for the University of Michigan
- **Raul J. Fernandez:** Chairman of ObjectVideo, co-owner of the Washington Capitals, Washington Wizards, Washington Mystics and the Verizon Center
- **Hugh B. Price:** past President and CEO of the National Urban League, Princeton professor, former member of The New York Times editorial board
- **John W. Thompson:** Chairman of the Board of Symantec Corporation, minority investor with the Golden State Warriors
- **Paul Tagliabue:** Advisory Committee Chairman, National Football League (NFL) Commissioner from 1989-2006, Chairman of the Board of Georgetown University