

CEO REPORT

MAY / JUNE 2006

To: ACBL Board of Directors

cc: Linda Mamula
Peter Rank

From: Jay Baum, CEO
ACBL

Date: June 9, 2006

MEMBERSHIP:

2006 is shaping up to be a very good, positive year for membership. Total paying members have a nice increase of 754 year-to-date. Active unpaid are 808 less than one year ago. This is due in part to the Amnesty program. Our Total Active Membership year-to-date is 54 less than last year; however, the dramatic decrease we saw at the end of October last year, which was due to the purging of inactive unpaid Life Members, will not occur this year.

New members year-to-date lag by 119, but we will be anxious to see these numbers after the AARP games are finished in October.

We are also very encouraged by the year-to-date number of losses. We are seeing a trend that is averaging 774 member-losses per month. Our average over the last ten years has been 950 per month. Again, some of the credit must go to the Amnesty program.

Overall year-to-date, new members have outpaced losses by 979. This is significant in that the last ten years we have seen positive gains only three times (1999 = +565; 2003 = +421; 2004 = +193). In addition, our first year to second year retention remains above 65% and our three-year retention average has reached 60%.

Exhibit 1

BRIDGE:

Regional tables for the first five months averaged 1,543 per tournament, a good number, slightly ahead of 2005. Total tables are up nearly 10% thanks to four more regionals year-to-date.

Total sectional tables are flat with 2005, and tables per sectional are also flat. We are very interested in seeing year-end results of sectionals as they are facing increased competition from special games at clubs.

STaCs continue to be very popular, and the tables per event average is going at a record pace.

Overall, we are very encouraged by tournament participation this year.

Exhibit 2

We are hoping to test Bridgemate, the wireless scoring system, early this fall to determine effectiveness and efficiency for ACBL. Initial testing will be done locally and at a regional near Memphis. Management expects to be able to bring a recommendation to the Board in November.

The Bridge status report included in the journal has more information on additional areas.

MARKETING:

The relationship we are building with AARP will define a number of issues for ACBL marketing in the future. We believe this can be the single most important action ever taken by ACBL. With over 200 times the membership of ACBL, we are in a position to share our great game with this group that is nearly a perfect demographic match to our membership.

We believe the results of the regional will be significant, but the biggest test will take place at the "Life @ 50+/AARP's National/Event & Expo." Our goal is to make all these events annual happenings.

The Marketing status report has greater detail on other activities.

CLUB & MEMBER SERVICES:

The 2006 Amnesty Program had 1924 players reinstate their membership as of June 8, 2006. A reminder e-mail was sent to those we had addresses for on May 11. Of the 1924, 1349 reinstated as a result of the letter mailed earlier this year. The offer is valid through June 30, 2006.

A new feature added to "My ACBL" portal page of our web site at the end of April has resulted in 808 members (as of May 31) choosing not to receive masterpoint update postcards. Cards are mailed when masterpoints exceed the space allowed in the Bridge Bulletin or when the member elects not to receive the Bulletin. Many members check the web site regularly to receive masterpoint update information.

The Star Club Program was established to recognize efforts and encourage features that make a club successful. After several years with extremely low participation, we've opted to eliminate the program. Club managers were notified in the spring edition of the Club Managers Newsletter.

In April and May, Customer Service distributed 853 calls with the majority being requests for assistance from member services and address changes. 397 e-mail messages were forwarded primarily to member services and membership. IVR totals for the two months were 8,515 calls.

BULLETIN:

Our transition to a new printer for the Bridge Bulletin has gone very well. We are impressed with their finished product and their customer service. We expect to sign a long-term agreement with this company. We do not expect any significant increase in production or postage costs.

ACBL STRATEGIC PLAN 2005 – 2009

Objective #1: Sanction Tournaments

1.01 Continue sanctioning of regional, sectional, club and special event games. We hope to complete the fully computerized sanctioning process by mid 2007. Other comments are in the Bridge status report. **Scheduled as an ongoing activity.**

1.02 Continue and expand the sanctioning of online club games. Online tables, with the addition of OKbridge, generated 91,000 sanctioned tables through May. We expect to reach 225,000 in 2006. **Scheduled as an ongoing activity.**

1.03 Develop a pilot program for online sectional and regional tournaments. This remains undeveloped and will be dependent on increased masterpoint awards. This is an issue that the Masterpoint Committee may have to consider in the next 12 months.

1.04 Develop a "World Open Tournament" with Rubber Bridge and SAYC as the main event. Tournament has some ideas on a new NABC+ event. We are anxious to see the results of the AARP events to determine the viability of a "home style" tournament. **Scheduled for start up in 2006 with completion in 2008.**

1.05 Develop club sanction that does not require strict adherence to Laws of Duplicate Contract Bridge. Discontinued.

Objective #2: Provide Quality Member Services

2.01 Address complaints, problems and questions within one business day. 48 hours remains the norm. **Scheduled as an ongoing activity.**

2.02 Develop web site to include more quizzes, games and learning. We are considering daily hands/daily quizzes in order to give members a reason to return on a regular basis. We are continuing with offering learning opportunities on the site.

Activity on the site remains strong with 1,106,855 visits during the first quarter of 2006 averaging 3.13 minutes per visit. Top pages remain Tournament Calendars, Find a Club, and Play Online. The new relationship with OKbridge has boosted referrals from this site to 15th on the overall list. A total 697 visitors came to us from OKbridge in 2006 – 575 of them in April alone. There were 8401 visits to the Chicago NABC page in the first quarter.

When members sign up, they are asked how they first learned of the ACBL. Not all fill in an answer, but it is significant that 175 who joined through May first learned about the ACBL on the Internet. **Scheduled for start up in 2005 with completion in 2006.**

2.03 Bridge Bulletin available electronically through the Member portal. Progress with this indicates that we will be well ahead of the scheduled 2008 completion date. Marketing status report contains further discussion on this item. **Scheduled for start up in 2005 with completion in 2008.**

2.04 Develop ranking system based on current performance. Many models have been studied; none have all the perfect components. Management believes we will eventually have a dual ranking system, i.e., Lifetime MPs and some average MPs per event per year. **Scheduled for start up in 2007 with completion in 2008.**

2.05 Survey ACBL membership on an annual basis. Report to be distributed in Chicago. We are using a new online survey firm at a significant savings. **Scheduled as an ongoing activity.**

Objective #3: Expand Awareness of and Participation in Bridge

3.01 Develop a comprehensive, long-range marketing plan, directed at 50+ age group. We will focus on AARP events and determine how we can further our efforts with the 50+ organization. Marketing status report has other comments. **Scheduled as an ongoing activity.**

3.02 Market ACBL web site as THE source for teaching bridge online. We believe that having links to as many options for learning as possible will diminish the need for ACBL to develop new models. **Scheduled as an ongoing activity.**

3.03 Develop product placement in movies, novels, television, and news. Our efforts to date have been only reactive. **Scheduled for start up in 2007 with completion in 2008.**

3.04 Develop sponsorships/partnerships for major events and activities. No current activity. **Scheduled as an ongoing activity.**

3.05 Develop more methods to grow Youth Bridge. Marketing report has detailed comments. We are focused on expanded involvement with education associations.

The Educational status report contains updated information on School Bridge and Camp activities. **Scheduled as an ongoing activity.**

Objective #4: Position ACBL as the Authority on Bridge in North America

4.01 Develop e-publications similar to Marketing Matters for distribution to Units and Districts on a regular schedule. The third Unit/District Officer eNewsletter will be distributed following this meeting. We are working with Linda Mamula and Jim Miller to develop additional materials for the web site. **Scheduled as an ongoing activity.**

4.02 Develop quarterly electronic communications to NBOs and international bridge organizations. Undeveloped. **Scheduled as an ongoing activity.**

4.03 Evaluate and revise all materials for clubs, units and districts. This has been completed. **Scheduled as an ongoing activity.**

Objective #5: Provide professional development for teachers and directors

5.01 Develop education for teachers and directors online. There have been 182 paid students for ACBLscore for Beginners and 182 for Ruling the Game. We continue to believe this program is the way of the future but also continue to look for ways to provide this education more cost effectively. Guillermo Poplawsky has acquired the skills and software to program his own Flash courses, and we are discussing a new arrangement with Syberworks in which the company will continue hosting the courses with no programming costs. This will allow us to upload more courses more quickly at reduced cost. Responsibility for the further development of this project has been transferred to Tournaments, and Club and Member Services. Our teacher education programs continue to be developed as we add online resources. **Scheduled as an ongoing activity.**

5.02 Require continuing education and retesting of TDs. Retesting will begin in 2007 with concentration on customer service and appeals hearings. **Scheduled for start up in 2005 with completion in 2007.**

5.03 Develop new teaching materials. The Club and Diamond series are being reprinted. LTPB has been redesigned. LTPB3 program is the next project. The Education

status report has more detailed information. **Scheduled for start up in 2005 with completion in 2007.**

Objective #6: Maximize Organization Effectiveness and Efficiency

6.01 Review and adjust as appropriate the structure of ACBL and its policies, functions and activities. Management is developing a major structure overhaul for completion this year. **Scheduled for start up in 2005 with completion in 2006.**

6.03 Develop a succession plan for key ACBL employees. **Scheduled as an ongoing activity.**

6.04 Require all sanctioned club games to use ACBLscore. Completed.

6.05 Commit to long-range planning with annual updates. We have had our first year review and update and will continue to modify the plan. **Scheduled as an ongoing activity.**

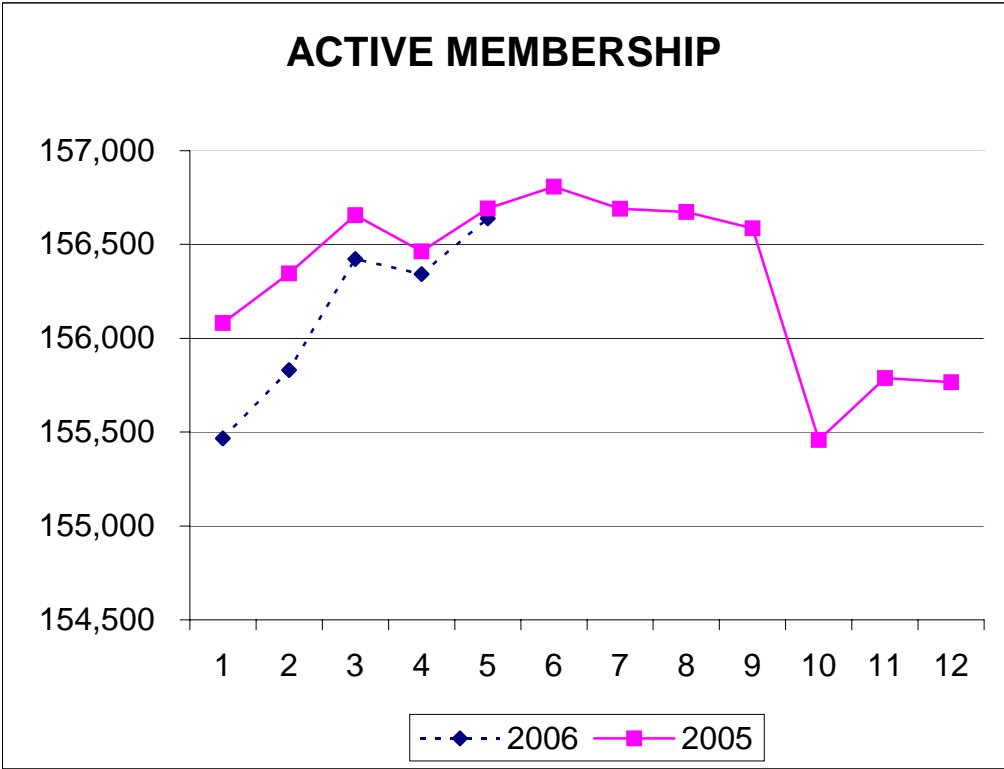
Strategic priorities for 2006 are:

1. Improve the budget process with stricter adherence and updated forecasting methods.
2. Teacher development as service providers and marketers.
3. Increase the national awareness of bridge.

Management believes 2006 is off to a great start and by working together, this will be one of our most successful years.

Active Membership Statistics
May 2006

<u>Membership Category</u>	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>%</u>
LifeMasters	46,882	46,114	768	1.7%
Non LifeMasters	104,461	104,475	(14)	0.0%
Total Paying Members	151,343	150,589	754	0.5%
Active Unpaid LM	5,295	6,103	(808)	-13.2%
Total Members	156,638	156,692	(54)	0.0%
New Members YTD	4,848	4,967	(119)	-2.4%



TOURNAMENT TABLE TREND

	REGIONAL							SECTIONAL									
	2004		2005		14,000.6			2004		2005		2006			2004		
	#	TABLES	#	TABLES	#	TABLES	%+/-	#	TABLES	#	TABLES	#	TABLES	%+/-	#	TABLES	#
JAN	10	15,986.0	9	13,386.5	12	18,487.0	38.10%	52	11,216.5	63	13,608.0	61	13,762.0	1.13%	5	3184.5	10
FEB	10	18,923.0	10	14,355.0	10	17,271.0	20.31%	89	17,876.0	75	13,852.0	74	13,644.5	-1.50%	13	16391.5	8
MAR	2	1,276.0	4	5,050.0	5	3,293.5	-34.78%	82	14,979.0	59	10,572.0	93	17,634.0	66.80%	3	1319.5	4
APR	10	19,888.5	4	14,272.5	7	18,515.5	29.73%	76	13,494.5	97	15,775.0	86	13,123.0	-16.81%	4	3147.5	3
MAY	14	18,990.0	17	20,394.5	14	16,516.5	-19.01%	78	14,146.5	83	14,909.0	69	11,375.0	-23.70%	5	10327.0	3
JUN	12	17,481.0	15	20,465.0				66	9,536.5	63	8,665.0				13	14432.0	15
JUL	7	8,713.0	11	13,534.5				45	9,034.0	51	9,221.0				3	2813.0	3
AUG	13	19,585.0	14	18,499.0				74	11,596.5	58	9,371.5				7	11133.0	5
SEP	12	17,836.5	12	16,428.0				87	14,017.5	101	16,361.0				2	1833.0	4
OCT	12	16,118.5	15	13,939.5				123	20,689.5	119	18,988.5				7	4709.0	7
NOV	5	5,441.0	7	9,798.5				60	12,023.0	57	11,923.5				7	3784.0	5
DEC	9	12,452.5	6	11,540.0				23	4,551.0	25	4,244.5				9	21536.5	10
YTD 2005/2006			44	67,458.5	48	74,083.5	9.82%			377	68716.0	383	69,538.5	1.20%			28
AVG				1,533.1		1,543.4					182.3		181.6				
YEAR	116	172,691.0	124	171,663.0	48	74,083.5		855	153,160.5	851	147,491.0	383	69,538.5		78	94,610.5	77
AVG		1,488.7		1,384.4		1,543.4			179.1		173.3		181.6			1,213.0	
Tournaments sanctioned to date																	
JUN					12												61
JUL					11												56
AUG					11												71
SEP					13												86
OCT					13												120
NOV					6												58
DEC					7												21
					73												473