

now

US Soccer Federation

Phase IV – Business Plan



FUTURE

“Now” vs. “Future”

- As we look back over the years, we have essentially, managed through the financial framework of our organization by:
 - What programs can we execute... this year?
 - Crisis financial management vs. Long-term financial planning
 - Looking at the “Now” v. a broader, longer term approach/vision, the “Future”



“Now” vs. “Future”

- The challenge in front of us is to strategically set the course for our future and for the first time in our organization...we can meet the guidelines of:
 - Budget Committee
 - Sustainability of our player development programs and associated personnel
 - Addressing “where we want to be in 5 years” scenarios in a transparent manner and WITH the financial resources and confidence to execute our business plan
- First...a little review



What has been done – 2000

2000

August and October BOD Meetings

Approved Business Plan and 5-year outlook

Player Development priority

Sustainability of programs is critical

Three-tier plan for operations is introduced

Minimum

Base

Supplemental

Facility Development included as a priority

NTC as initial target

RFP for NTC released

Financials

FY'00 - (\$4,000,000)

FY'01 Projected - (\$2,000,000)

Commitment to address entire organization's
cost structure

NO reductions in Player Development



What has been done – 2001

2001

Business Plan in place
Reduced staff by 35%

Fee change approved to meet Federation Requirements

Secured funding from Foundation to meet
Player Development needs

NTC

Two prospective NTC locations are presented to BOD
BOD approves the start of negotiation with one site

Financials

Financial Model in Place
Reduced operating expenses by over \$1mm
FY'01 - surplus of \$1,835,274

Able to increase Player Development efforts

More trips 14%
More funding 20%
More efficient operations

2000

August and October BOD Meetings
Approved Business Plan and 5-year outlook
Player Development priority
Sustainability of programs is critical

Three-tier plan for operations is introduced
Minimum
Base
Supplemental

Facility Development included as a priority
NTC as initial target
RFP for NTC released

Financials
FY'00 - (\$4,000,000)
FY'01 Projected - (\$2,000,000)
Commitment to address entire organization's
cost structure

NO reductions in Player Development



What has been done – 2002

2002

Phase III of Business Plan is presented
MNT Qualification for WC

NTC

NTC agreement approved by BOD
NTC construction underway

Financials

Stable financial model
FY'02 surplus of \$8,245,611

Increased Player Development efforts

More trips 33%
More funding 40%
Increase U-17 Residency to 30 players
Added U-17 Women's National Team

| 2000 | 2001 |
|--|--|
| August and October BOD Meetings Approved Business Plan and 5-year outlook Player Development priority Sustainability of prgrams is critical | Business Plan in place Reduced staff by 35% |
| Three-tier plan for operations is introduced Minimum Base Supplemental | Secured funding from Foundation to meet Player Development needs |
| Facility Development included as a priority NTC as initial target RFP for NTC released | NTC Two prospective NTC locations are presented to BOD BOD approves the start of negotiation with one site |
| Financials FY'00 - (\$4,000,000) FY'01 Projected - (\$2,000,000) Commitment to address entire organization's cost structure | Financials Financial Model in Place Reduced operating expenses by over \$1mm FY'01 - surplus of \$1,835,274 |
| NO reductions in Player Development | Able to increase Player Development efforts More trips 14% More funding 20% More efficient operations |



What has been done – 2003

2003

Continue to improve operating efficiencies
 Maintain focus on increasing Player Development opportunities for National Teams
 Host WWC in the United States

NTC

NTC operational and being used by all teams

Financials

Focus on maintaining a stable cost model
 FY'03 surplus of \$7,014,835

Increased Player Development efforts

More trips 21%
 More funding 30%
 Increase U-17 Residency to 40 players
 Create U-19 International Event

| 2000 | 2001 | 2002 |
|---|---|---|
| August and October BOD Meetings Approved Business Plan and 5-year outlook Player Development priority Sustainability of programs is critical | Business Plan in place Reduced staff by 35% | Phase III of Business Plan is presented MNT Qualification for WC |
| Three-tier plan for operations is introduced Minimum Base Supplemental | Fee change approved to meet Federation Requirements Secured funding from Foundation to meet Player Development needs | NTC NTC agreement approved by BOD NTC construction underway |
| Facility Development included as a priority NTC as initial target RFP for NTC released | NTC Two prospective NTC locations are presented to BOD BOD approves the start of negotiation with one site | Financials Stable financial model FY'02 surplus of \$8,245,611 |
| Financials FY'00 - (\$4,000,000) FY'01 Projected - (\$2,000,000) Commitment to address entire organization's cost structure | Financials Financial Model in Place Reduced operating expenses by over \$1mm FY'01 - surplus of \$1,835,274 | Increased Player Development efforts More trips 33% More funding 40% Increase U-17 Residency to 30 players Added U-17 Women's National Team |
| NO reductions in Player Development | Able to increase Player Development efforts More trips 14% More funding 20% More efficient operations | |



Looking Forward

- As we look away from the “Now” and towards the “Future”, we focus on US Soccer’s major initiatives



US Soccer Initiatives

- Player Development
- Facility Development
- Coaching Development
- Referee Development
- Event Development
- Staff Development
- Quality environment for our National Teams
- Governance/Diversity Task Forces





Player Development

- We can not over-emphasize the importance of player development in the future of our sport
- Objective
 - Train and develop more athletes and coaches in a better environment
 - Prepare athletes for the National Teams and all Professional Leagues
 - Qualify for each World Competition
 - US and Brazil are the only two countries in the world to qualify for each of the last 15 World Championships across all ages
 - Advance to the second round of all competitions
 - Win competitions on a world scale
 - World Cups, Olympics, Youth World Championships



Player Development Overview

- Participants in the Player Development Process
 - Starts with Volunteer Base
 - Inclusive (Many Supporting Entities)
 - Wide range of participants
 - Player Development process never really stops
 - Players stop for a variety of reasons
- Player Development continues to evolve
 - Different today from 20 years ago
- Player Development is a collective effort with various segments contributing at different times and in different ways to the process



Player Development Overview

- Process starts with Coaches/Team needs
 - Initial priorities and focus
 - More Team Trips
 - More days of training
 - More players in camp
 - Over the last two years, we have been able to increase the levels of programming for all youth national teams



2004 – 2006 Targeted Initiatives

- Goal is to get more players involved in more high level days of training
- Take programming from Base Level to Supplemental Level
- Introducing new programs that we can *sustain through 2006*
 - Youth Women’s Residency Program
 - National Team Training
 - U-17 through U-20 Developmental Programs
 - Women’s Pro Development Programs
 - Women’s NT Residency Program



Supplemental NT trips

- With the opening of the National Training Center, we will be able to increase our training from Base level to Supplemental level
- Trip listing

| | Actual FY'02 | FY'03 | FY'04 | FY'05 | FY'06 | Total |
|---------------------------------|-----------------|-------|-------|-------|-------|-------|
| Supplemental Programming | | | | | | |
| U-15 Boy's National Team | - | - | 1 | 1 | 1 | 3 |
| U-17 Men's National Team | - | - | 1 | - | 1 | 2 |
| U-18 Men's National Team | - | - | 1 | 1 | 1 | 3 |
| U-20 Men's National Team | - | - | 1 | 1 | 1 | 3 |
| U-23 Men's Olympic Team | - | - | 2 | - | 2 | 4 |
| U-16 Women's National Team | - | - | 1 | 1 | 1 | 3 |
| U-17 Women's National Team | - | - | 1 | 1 | 1 | 3 |
| U-19 Women's National Team | - | - | 1 | 1 | 1 | 3 |
| U-21 Women's National Team | - | - | 1 | 1 | 1 | 3 |
| | - | - | 10 | 7 | 10 | 27 |



Residency Programs

- We have increased the U-17 Residency Program to 40 players
 - Began with 20
 - Increased to 30 in 2002
 - Increased to 40 in 2003
- Begin Women's Residency Program (NTC)
 - Preparation for U-19 Women's World Championship
 - Begin in 2004 with 20 players



National Team Training Camps

- Background
 - Current player pools for National Teams are too small
- Objective
 - Give coaches an opportunity to see more players in a good technical environment
- Execution
 - Training concept as a prelude to National Team training (60-100 players called into a camp)
 - Work on technical aspects of the game
 - “Let the game be the teacher”



U-17 to U-20 timeframe

- Background
 - Some players are not ready or not good enough to play professionally, but need a higher level than college
- Objective
 - Bridge the gap between U-17 and U-20
- Execution (Concepts)
 - Extended U-17 Residency Program
 - Reserve Team Concept with Professional Leagues



Bridging the Gap

- Extended U-17 Residency
 - One-year, unpaid development program that would not effect college eligibility
 - Currently evaluating locations
 - IMG Academy (in conjunction with the current U-17 group) v. NTC
- Reserve Team/Extension of P-40
 - Partner with Professional Leagues
 - More players in a regular training environment
 - Leverage US Soccer funds to generate substantial investment in the sport



Women's Pro Development

- Background
 - There is no current development tool for players who wish to be professional prior to completing college
- Objective
 - Begin training young players in a more professional environment
 - Players would remain unpaid, thus maintaining their college eligibility
- Execution (concept)
 - Enhanced NT training (potentially at NTC)



Player Development Investment

- After creating the basic operating assumptions with the NT coaches, we create a financial model for each program to ensure we can fund it over an extended period
- For the FY'05 Budget, we will draw down \$1,008,695 from our Foundation grant to fund our Base Level of operations



Player Development Investment

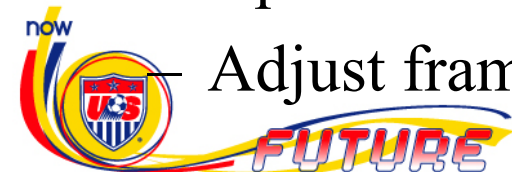
- We have modeled 2004 – 2006 to ensure stability in our programs
- We are proposing the allocation of \$13,490,059 for Player Development

| | 2004 | 2005 | 2006 | Total |
|---|------------------|------------------|------------------|-------------------|
| Programming Investment - 2004 - 2006 | | | | |
| National Team Programming | 263,809 | 151,514 | 279,872 | 695,195 |
| National Team Training Camps | 1,041,578 | 766,304 | 947,152 | 2,755,034 |
| U-17 Residency Program | - | 304,901 | 314,048 | 618,950 |
| Women's Residency Program | 609,803 | 609,803 | 914,704 | 2,134,310 |
| U-20 Development Program | 1,304,441 | 1,667,044 | 1,717,056 | 4,688,542 |
| Women's Pro Development Program | 628,097 | 970,410 | 999,522 | 2,598,029 |
| Total Supplemental Level Programming | 3,847,728 | 4,469,976 | 5,172,355 | 13,490,059 |



Player Development Summary

- Address the needs of both Men and Women over a four-year period
 - Process centered around Players and NT coaches
- We will achieve some operational efficiencies in these programs
 - Use of Technology
 - National Training Center
- We will continue to refine our programming efforts as we proceed into the future
 - Operate as efficiently as possible
 - Adjust framework if required by our NT coaches



now

The US Soccer logo is a shield-shaped emblem. It features a red top section with three white stars, a white middle section with a soccer ball, and a blue and white striped bottom section. The letters 'US' are prominently displayed in red across the middle. The logo is set within a circular frame that is part of a larger graphic element consisting of a yellow and blue swoosh that curves around the logo and extends to the right.

FUTURE

Facility Development

Facility Development

- What started as a dream in 1999 became a reality in 2003 with the opening of the National Training Center
- Facilities are anchors for the sport and key the long-term growth at all levels providing a new platform for soccer and opportunities for players of all abilities
- With two major soccer-specific stadiums already open and one more underway in Frisco, TX, there is still a long way to grow in this area



Facility Development

- In researching the growth of soccer across the world and other sports in the United States...
 - Facility Development has been the single most influential aspect in spurring the long-term growth of sports, including television exposure
 - NASCAR, the German Bundesliga, USTA at Flushing Meadows, the English Premier League, the NFL, NHL, NBA and Major League Baseball have collectively spent billions of dollars creating their own facilities for their sport



NASCAR - Example

- Looking at NASCAR as an example, it has experienced two significant growth areas in the past 100 years
 - During the late 1950's and 1960's when 18 tracks were built to bring the total to 23
 - In the late 80's through 2000, when 14 additional tracks were built, to bring the total to 38.
 - Thirty-two of the current 38 tracks were built in a 30 year span – and the sport has exploded in these time frames, establishing itself in the mainstream with these tracks serving as the anchor



US Facility Development

- In the United States alone, tens of billions have been spent in the last decade on new facilities
- The chart below shows the number of new or significantly renovated facilities built across the four major sports in the United States.

New or significantly renovated facilities since 1990

| | #/New | #/Facilities | #/Teams | %/Total | Investment* |
|-------|-------|--------------|---------|---------|-------------|
| NFL | 22 | 31 | 32 | 71% | 6,173.2 |
| NBA | 24 | 30 | 30 | 80% | 4,557.8 |
| MLB | 20 | 30 | 30 | 67% | 4,882.4 |
| NHL** | 25 | 30 | 30 | 83% | 1,934.9 |

Notes

* Investment is shown in billions

** NBA and NHL tenants share 12 venues - investment has been deducted from NHL totals (\$1,934.9 total joint facility investment)



Outside of the US

- In studying other sports across the United States and the world, facility development is central to success.
 - England - over \$1.7 billion spent in the last 10 years on Facility Development, and this number is projected to exceed \$2.5 billion by the end of 2004
 - Germany is in the process of building or significantly renovating 10 of the 12 facilities that will be used in the 2006 World Cup at a cost of over \$1.5 billion



Looking Forward

- Having soccer-specific stadiums across the country also gives us a greater opportunity to host world-class events
 - Without the two soccer specific stadiums already in place, hosting the Women's World Cup this fall would have been nearly impossible given the lack of options at other venues
- Provides greater opportunity for home-field advantage (i.e. – Columbus, OH)



Looking Forward

- As we look to the future, there are projects in process in NY, Chicago, DC and elsewhere, all designed with the entire soccer community in mind
- These projects total over \$100 million
- We propose a \$10 million budget to pursue a plan to assist these projects and leverage US Soccer funds for the benefit of the sport



US Soccer involvement

- \$10 million pool designed as “start-up” funding with an appropriate amount being committed to each project (i.e. – NTC)
- US Soccer would receive a potential return on its investment in the following forms
 - Rent-free usage of the stadium and facilities
 - Revenue stream from the stadium such as a suite to lease or sponsor signage to sell
- Soccer community at-large would have two more facilities for their use



now



FUTURE

Coaching Development

The graphic features the word 'now' in a blue sans-serif font at the top left. Below it is a stylized circular emblem containing the US Soccer crest, which includes a shield with stars and stripes, and a soccer ball. The emblem is surrounded by thick, flowing lines in red, yellow, and blue. To the right of the emblem, the word 'FUTURE' is written in a large, bold, red-to-white gradient font with a blue outline. Below 'FUTURE', the words 'Coaching Development' are written in a bold, italicized, dark blue sans-serif font.

Coaching Development

- We have made progress in our coaching programs over the past few years
 - Created and refined the business model for our schools
 - Giving the technical experts the leeway to improve our curriculum to ensure we are teaching the game in the best fashion possible



Coaching Development

- There are a number of initiatives that will improve our Coaching Education
 - New specialty courses in Goalkeeping as well as Strength and Conditioning
 - Additional CEU Opportunities with our National Teams at games and at Training
 - Exchange Programs with other Federations to learn new methods of instruction
 - On-line Learning Programs and Video Development (which is already in process and will be used on our website)



Coaching Development

- We feel that an investment of \$200,000 will help move us forward in this area



now

The logo features the United States Soccer Federation crest, which includes a shield with a soccer ball, three stars, and the letters 'US'. The crest is set within a circular frame that is part of a larger, stylized graphic of three overlapping curved lines in red, yellow, and blue.

FUTURE

Referee Development

Referee Development

- Capital investment in Soccer House infrastructure
 - Database
 - Personnel
- Exchange Programs
 - Conmebol and Italian League
- On-line Learning Programs
- Increase in top level referee training
- Video Development (Internet and Hard Copy)



Referee Development

- The Referee program is an all-inclusive, top-down program that starts with young referees and nurtures them through a developmental process
- Referees from the United States have been extremely successful on the world stage both on and off the field
 - A number of US Soccer referees have received important assignments in major events such as the Men's and Women's World Cup



Referee Development

- There are two sides to our referee program:
 - Administrative
 - Technical
- We have made significant progress in these areas over the past three years



Referee Administration

- We need to continue our capital investment in Soccer House infrastructure
 - Database development and improvement
 - Personnel needs to register our referees efficiently and effectively



Referee - Technical

- The top initiatives are the implementation of Exchange Programs (CONMEBOL and Italian League programs are two examples that are underway)
- The development of On-line Learning Programs and Videos
- Increasing the quantity and quality of referee training materials will help raise the level of all referees



Referee Development

- We are proposing an investment of \$225,000 in the Referee area to help launch and implement these programs and improvements





Event Development

- Event Development is a two-fold subject – US Soccer events and hosting world events
- Both can have a significant impact on the sport in this country
- We have shown in hosting the Women's World Cup - and Women's World Cup 2003 Organizing Committee has shown in the execution of the event - with just four months notice that there is an excellent infrastructure in the United States for hosting large, world-class events



US Soccer Events

- The most risk we are faced with at US Soccer is in operating our events
- We have improved substantially in this area and have targeted several improvements in the area of fan experience and tracking to get a better feel for our fans and improve our efficiency in communicating with them



US Soccer Events

- Improvements
 - Portable ticket reading/admission system
 - Allows us to track tickets that are sold at the stadium
 - This will allow us to track purchasers and users of tickets for a more accurate read on our fan base across the country
 - This technology is still being developed, but we feel it is important to be on the front-end of a process that helps us get closer to our fans and will ultimately affect an increase in revenue
 - Increased investment in game advertising
 - Trying to find the right blend of dollars spent vs. return on investment



Outside World Events

- Hosting outside world events such as the *Women's World Cup* or potentially, the *2005 World Club Championships*, can play an important role in growing the sport in this country
- Can provide our teams with an important advantage by playing in the US
- Of course, soccer specific stadiums will assist in these efforts as well!



Outside World Events

- Other events that we would consider hosting or have hosted recently include:
 - Men’s U-17 and U-20 Qualifiers and World Championships
 - Women’s U-19 Qualifiers and World Championships
 - International Tours and Events
 - Ultimately, the Men’s World Cup
- Over the next several years, our proposed investment in this area is \$750,000





Staff Development

- As we evolve as an organization, so does our staff and our staffing needs
- We have reduced our staff substantially over the past few years and then added back strategic positions to meet our needs and most importantly, the needs of our coaches
- Our goal is to operate as efficiently as possible while creating a solid working staff that can carry the organization to the next level into the future



Staff Development

- The next evolution of our organization will require the development of our current staff and potentially the addition of staff in future roles that are not currently defined
- To cover this area, we are allocating \$600,000 for future needs





Quality Team Environments

- Continued focus to deliver the best possible environment for all National Teams
 - Charters when needed for technical advantage
 - Family Programs
 - Other items as determined by the Coaches
- We have always found ways to deliver these items within our operating budget and would continue this practice into the future
- Should an outstanding need arise that we have been unable to cover, we would present the need to the Board of Directors or Executive Committee for approval of additional funds to meet the technical need





Governance/Diversity

- Launch of Task Forces to pro-actively address the future of US Soccer
 - Governance of the organization
 - Diversity now and into the future
- We have reviewed the proposed programs and have been able to fund these two efforts from our FY'05 operating budget
- These will need to be reviewed in the future to determine future sources of funding



Capital Plan Summary

- After reviewing all of the initiatives, we then review our current financial position to ensure stability for the organization
- We are recommending reducing the reserve amount to accommodate our capital plan with any surplus funds being used to replenish the Operating Reserve to its current level



Source of Funds

| Source of Funds | Total |
|---------------------------|-------------------|
| Investments | 13,323,075 |
| Current Operating Reserve | 9,477,820 |
| Foundation Grant | 5,500,000 |
| USOC Investments | 2,593,023 |
| | 30,893,918 |
| Foundation NTC | 3,000,000 |
| | 33,893,918 |



Capital Plan Summary

| Item | Total \$ |
|------------------------------|------------|
| Base Level PD - FY'05 Budget | 1,008,695 |
| Player Development | 13,490,059 |
| Facility Development | 10,000,000 |
| Coaching Development | 200,000 |
| Referee Development | 225,000 |
| Event Development | 750,000 |
| Staff Development | 600,000 |
| | <hr/> |
| | 26,273,754 |
| National Training Center | 3,600,000 |
| | <hr/> |
| Total US Soccer investment | 29,873,754 |
| Operating Reserve | 4,020,164 |
| | <hr/> |
| | 33,893,918 |



Source & Use of Funds Summary

| Source of Funds | Use of Funds | | | | | | | | | | |
|---------------------------|--------------|-----------|-------------|---------------|----------|---------|---------|---------|-----------|-----------|------------|
| | Total | PD FY'05 | Player Dev. | Facility Dev. | Coaching | Referee | Event | Staff | NTC | Reserve | Total |
| Investments | 13,323,075 | - | 8,998,754 | 4,324,321 | - | - | - | - | - | - | 13,323,075 |
| Current Operating Reserve | 9,477,820 | - | - | 5,675,679 | 200,000 | 225,000 | 750,000 | 600,000 | 600,000 | 1,427,141 | 9,477,820 |
| Foundation Grant | 5,500,000 | 1,008,695 | 4,491,305 | - | - | - | - | - | - | - | 5,500,000 |
| USOC Investments | 2,593,023 | - | - | - | - | - | - | - | - | 2,593,023 | 2,593,023 |
| | 30,893,918 | 1,008,695 | 13,490,059 | 10,000,000 | 200,000 | 225,000 | 750,000 | 600,000 | 600,000 | 4,020,164 | 30,893,918 |
| Foundation NTC | 3,000,000 | - | - | - | - | - | - | - | 3,000,000 | - | 3,000,000 |
| | 33,893,918 | 1,008,695 | 13,490,059 | 10,000,000 | 200,000 | 225,000 | 750,000 | 600,000 | 3,600,000 | 4,020,164 | 33,893,918 |



Future

- We need to maintain a reserve operating fund due to uncertainty in the future
 - Risk in our Events
 - 2006 Marketing Deal Renewal
 - 2006 Apparel Sponsor Renewal
- The sponsorship market remains very tight



Summary

- We remain focused on our mission
 - Lead and guide the development of the sport in the United States
 - Generate large scale momentum for the sport – now and into the future
 - Protect the future by focusing on player development
- Execution
 - Organizational efficiency
 - Remain focused



now

US Soccer Federation

Phase IV – Business Plan



FUTURE