

Special Meeting
Investment Committee-Conference Call
March 14, 2007

The USA Swimming Investment Committee met by conference call on March 14, 2007 at 3:00 p.m. MDT for a Special Meeting. Committee members present on the call were Gerald Wolsfelt - Chairman, Peter Carney - Treasurer, Tom Hasz, Devin Howard, and Jim Wood - President. Not present was Paige Penze - ex-officio. Also present were Steve Drexler - RBC Dain Rauscher/Financial Consultant, and Jim Harvey - Managing Director of Financial Affairs (staff liaison).

Steve Drexler reviewed the recommendations contained in his letter dated March 13, 2007 (copy attached). After a brief discussion, a motion was made to approve the recommendations contained in the letter. The motion was seconded and unanimously approved.

The conference call was adjourned at approximately 3:20 p.m.

Recorded by:

Jim Harvey

March 13, 2007

United States Swimming
Investment Committee
One Olympic Plaza
Colorado Springs CO 80909

Re: Special Meeting

Dear Sirs:

Subject: Recent changes in risk indicators suggesting more defensive investment posture.

Current situation:

Asset Allocation

38% U.S. Stocks
17% Non- U.S. Stocks
55% Total Stock exposure

31% Bonds
14% Cash
100%

U.S. Stock exposure

68% Large Cap
19% Mid Cap
13% Small Cap

Key Issues:

- Current bull cycle is one of the longest in U.S. history, 49 months and counting.
- Small Cap stocks have significantly out-performed Large Cap stocks since 2000 (7 years).
- Lower quality investments have out-performed high quality investments for an extended period of time. (2003-2007)
- Key market investors (NYSE bullish percent, OTC bullish percent, Option bullish percent) have all recently reversed down (suggesting market weakness) from very extended levels (suggesting higher risk.)

- Growth appears to be slowing (switch to more defensive, predictable growth)
- Risk appears to be increasing (switch to higher quality assets).

Recommendations:

- Reduce Small Cap Stock exposure from approximately 20% to 10%, or an approximate 50% reduction.
- Increase Large Cap, higher quality, dividend paying portion of our portfolio.
- Bonds – reduce high yield exposure, currently 6% of assets to 3% of assets.

Specific Recommendations:

	Approximate
• Reduce Awad - Small Cap Manager under watch/review	\$ - 500,000
• Eliminate Wasatch Core Growth	- 400,000
• Reduce Kayne Anderson - Small Cap	- 300,000
• Reduce Mainstay High Yield and American High Yield	- 260,000 <u>- 260,000</u>
Total:	\$ 1,720,000

Add to:

• Sovereign Asset Management	\$ 500,000
• Equity Income – Focus account	720,000
• CD's < 1 year maturities	<u>500,000</u>
Total:	\$ 1,720,000

I look forward to discussing this further on our call today.

Best regards,

Stephen J. Drexler, CFP®
Senior Vice President - Financial Consultant
Portfolio Manager - Portfolio Focus

SJD/jr