“Where is the wisdom we have lost in knowledge?
Where is the knowledge we have lost in information?”

T. S. Eliot

It’s here … An enterprise-wide perspective on critical business issues
Who We Are

The Conference Board is a global, independent business membership and research association working in the public trust. Our mission is unique: to provide the world’s leading organizations with the practical knowledge they need to improve their performance and better serve society.

For over 90 years, The Conference Board has been dedicated to helping our members understand and deal with the most challenging issues of our time. Our membership includes over 1,600 companies representing nearly 50 percent of the Fortune 500. Our board of trustees includes prominent CEOs who lead global corporations such as Campbell Soup, PwC, Deutsche Bank, State Farm, Infosys, and Merck, to name just a few.

What We Do

The Conference Board helps member companies address their most critical business issues. We bring an array of resources to bear on the challenges that our membership tells us are top priorities, which are captured in our four knowledge areas: Corporate Leadership; Economy, Markets & Value Creation; High-Performing Organizations; and Human Capital. By homing in on these concerns – which extend within and across our knowledge areas – The Conference Board provides members with the strategic, enterprise-wide perspective needed to address these issues most effectively.

Who’s Involved?

Since our founding in 1916, The Conference Board has cultivated the world’s foremost community of business leadership. Our members – the most respected senior executives in leading corporations from around the globe – continuously access our resources and expertise, while also engaging with and learning from each other. As our scope of activities and breadth of knowledge are cross-functional and cross-border, the relationships that develop within our community are deep and enduring.

About the Cover

The quotation on the cover of this year’s Annual Report is an excerpt from the opening stanza of The Rock, a 1934 pageant play with choruses by T. S. Eliot.

The Conference Board has long been committed to helping its members understand and deal with the most challenging issues of our time. We do this by constantly engaging with our leadership community to comprehend the business and societal concerns that matter most. This exchange shapes our research and programming agendas in ways that enable us to offer knowledge and wisdom instead of mere information – an important distinction valued by our membership and described by T. S. Eliot.
I marked my second anniversary as CEO on April 16, 2009, with pride and excitement in the continuing progress of The Conference Board and against a backdrop of deep concern shared these days by all of us at the helm of the world’s major business organizations.

As this report explains, we were already honing our focus to deliver greater value to our members when the global financial and economic crisis hit full tilt, throwing into even sharper relief the critical importance of what we do. Executives throughout member companies tuned into our “Working through the Crisis” webcasts for guidance on how to manage in uncharted waters. We have tackled a daily expanding list of business challenges in emergency and regularly scheduled council meetings. Attendance has soared at The Conference Board Economics Watch™ webcasts led each month by chief economist Bart van Ark. Questions pour in about how best to continue serving shareholders, stakeholders, and society.

In these and other dialogues, we help business leaders make sense of what’s happening today and plot the right courses for tomorrow. A shining example is our Workforce Readiness Initiative, represented in this report via perspectives on the future of human capital from Jim McNerney of Boeing, Gerard J. Kleisterlee of Royal Philips Electronics, and Nandan M. Nilekani of Infosys Technologies.

I am very proud of the ways in which we continue to build upon and enhance the distinguished history of The Conference Board. We now constantly take the pulse of our membership and calibrate our products, services, and programming to make sure we are addressing the business issues you consider most critical. Each quarter brings a new roster of The Conference Board KnowlEdge Series™ programs that drill deeper into topical issues of business management and corporate governance. We’re providing members with faster and easier access to our renowned economic data and analysis. We’re building more and more bridges across geographies and functions to enhance the learning experiences of our councils and research working groups. We’re upgrading and adding services that help people throughout your organization reap the many benefits of membership in The Conference Board without having to travel.

In addition, we continue to leverage our unique nonpartisan and not-for-profit platform, most recently through new initiatives that further crucial dialogue on such issues as financial stability, governance, and the future of relationships between institutions, markets, and society. As we have done since 1916, we are helping our members address and shape the world in which business operates.

Thank you for your continued support.

Jon Spector
Chief Executive Officer
The Conference Board, Inc.
Now more than ever . . .

Senior executives need objective, expert insights and a place to share knowledge with trusted peers.

Society needs leaders equipped to identify and shape the new operating paradigms that will provide solutions to our most difficult challenges.

. . . business needs

The Conference Board
In this, my first year as chairman, we are indeed experiencing an unprecedented period of uncertainty and challenge around the globe. Times like these test the mettle of any organization. Yet with a persistent track record of contribution, a new leadership team, a long-term knowledge strategy, aggressive financial management, and an unwavering commitment to help the world’s leading organizations improve their performance AND better serve society, The Conference Board is poised to emerge from this difficult environment as a stronger, more relevant, and more valuable asset to its membership.

Under the leadership of Jon Spector, chief executive officer, and Gail Fosler, president, The Conference Board is focused on:

• Capturing the business issues that members report are the most critical they face.

• Aligning our considerable knowledge assets, research, and program agendas to fully address these pressing business challenges.

• Delivering new products and services that provide more value and spread the benefits of membership further into organizations.

• Leveraging our core strengths to create new initiatives directed at the special challenges of economic growth, market stability, and business practice in a world of changing public attitudes.

I’m pleased to report that considerable progress has been made on all of these fronts. The board of trustees is pleased with our progress and has advised the leadership team to stay the course. We believe in our long-term strategy and have encouraged Jon and his team to implement it in a smart and well-paced fashion. We support the investments that have been made to foster innovation within The Conference Board, resulting in stronger capabilities that are benefiting and adding value for our members. We also agree with the tough-minded but sound financial decisions that have been made to keep a tight control on the organization’s expenses. Finally, we endorse the renewed commitment to provide a more compelling platform for business to better understand the societal underpinnings of the forces shaping our world today, with the promise that we can be proactive in finding ways forward.

While each and every one of these measures is absolutely necessary to weather the tough times, the road ahead will not be easy. 2009 has already presented significant challenges, and more will likely arise in the months ahead.

The Conference Board is well positioned to meet these challenges. We will remain the world’s foremost independent business membership and research association working in the public trust. And as it has for over 90 years, The Conference Board will continue to help its members and society at large understand and deal with the most daunting issues of our time.

Respectfully submitted,

Douglas R. Conant
Chairman, The Conference Board, Inc.
Chief Executive Officer, Campbell Soup Company
2008 was a tough year – one of the most difficult we’ve ever faced. 2009 has presented even more challenges. Continuing financial volatility and global fears about corporate survival have prompted world and business leaders to refocus and brace for a difficult economy through this year and beyond.

During this time of extreme uncertainty, The Conference Board has been more committed than ever to helping our members understand and deal with the unprecedented issues they face. We have delivered critical advance warnings of shifting economic and management trends. We have also actively taken the pulse of global business – more than 1,600 companies, representing nearly half of the Fortune 500 – to keep our membership apprised about not only what companies are doing to survive, but how leading organizations are positioning themselves for success when the economy turns up. We do all of this while providing our members with even greater access to our research, our experts, and each other in private forums and discussions.

The Conference Board was founded on the principle that corporate stewardship and societal progress are inextricably linked. To that end, we’re also undertaking several public initiatives to add much needed clarity to economic and social challenges and create a more informed environment of debate and discussion about solutions.

One of those initiatives focuses on workforce readiness. The Conference Board is currently engaged in a project sponsored by the Bill and Melinda Gates Foundation to support a business strategy aimed at building a ready workforce and achieving positive social benefits by dramatically increasing opportunities to earn postsecondary credentials from technical or community colleges. Workforce readiness is also the theme of this year’s Annual Essays, which were written by Jim McNerney of Boeing, Gerard J. Kleisterlee of Philips, and Nandan M. Nilekani of Infosys.
Our Global Advisory Council will host important exchanges on financial stability, governance, and the future of relationships between institutions, markets, and society. Our Executive Compensation Task Force will bring together governance, legal, and ethics experts to address one of the most important issues in today’s business world. The task force is part of our broader program to reexamine the foundations of the current crisis and its impact on global growth and stability. Only The Conference Board can provide the neutral, independent platform needed for this crucial dialogue. The discussions resulting from our Executive Compensation Task Force will help guide companies seeking corporate practices to better align incentives and rewards in ways the public can understand and forge a positive role for business in shaping the world in which it operates.

Adding Value to Executive Decision Making and Corporate Performance

Even before the onset of the financial crisis, we had committed to delivering more value to our membership through more comprehensive economic analyses and insights. Our aim is to help senior executives understand and anticipate the economic trends that will affect their businesses so they can better manage in this tough environment.

This commitment includes The Conference Board Economics Watch, our new global service available at no additional cost to member companies. Economics Watch provides a platform for strategic decision making that helps executives stay abreast of changing business and economic conditions worldwide. This new service features nine economic data sets and analyses compiled into a single report that includes the Consumer Confidence Index™, The Conference Board Leading Economic Indexes™ for nine countries and the Euro Area (representing more than two-thirds of the world’s GDP), as well as a proprietary forecast for both the U.S. economy and the global economy. Members also receive our incisive monthly newsletter, StraightTalk™, which provides an in-depth analysis by chief economist Bart van Ark of critical economic issues vital to business success. Two monthly Economics Watch online briefings feature presentations by van Ark. The online briefings also offer quarterly presentations from our European economist.
We’ve also initiated a number of new programs to help executives tackle their toughest management problems. Our online presence will soon be dramatically expanded by a newly redesigned website. This new site will provide immediate, customized access to proprietary data and trend lines that have a direct impact on business strategy. This new, more sophisticated site will enable executives to spread the benefits of membership in The Conference Board throughout their organizations. We’ve also customized and upgraded our online meetings to broaden opportunities for member executives to participate and address ways to improve corporate performance.

The Conference Board KnowlEdge Series is a new online offering that provides a virtual dialogue among experts from The Conference Board, special guests, and participants seeking to address specific business issues in depth. Each KnowlEdge Series consists of three to four live, thirty-minute webcasts that examine members’ most pressing concerns. Short, provocative pre-reads identify current perspectives on an issue and set the stage for web discussions. Benchmarking surveys provide insight into current thinking and organizational practices, and additional online tools allow members to continue the conversation. Participants also receive a summary report that incorporates program content, as well as new material generated during the course of each series.

One of the first entries in our first KnowlEdge Series focused on evidence-based human resources – a program pioneered by researchers at The Conference Board to empirically measure the impact of human resource policies on business outcomes. Major organizations such as Hewlett-Packard, Capital One, and Harvard University are using evidence-based approaches to underscore how company-aligned human resource practices help them achieve overall business goals. Another KnowlEdge Series focused on the second wave of interactive digital technology, or social media. Traditional notions of branding, marketing, and corporate communications are being turned on their heads by the penetration and ease of use of these new web-based digital tools. Members learned best-practice strategies to engage with social media to strengthen their image, brand, and customer base.

Left: Gail Fosler, President of The Conference Board, at the Paris Chamber of Commerce briefing.
Right: The Investment in America Forum, which is held annually at West Point, brings together high-ranking representatives from the corporate, military, and social sectors for two days of candid, informative, and confidential exchanges on major issues.
Strengthening Executive Expertise and Building Peer-to-Peer Relationships

The councils of The Conference Board bring together the best in business to share experiences and insights. Our councils are private, highly confidential, and dynamic communities where executives learn from each other and build strong professional relationships. These exclusive venues include both face-to-face and online exchanges of important business knowledge.

We’ve expanded our council experience to provide even more ways for members to increase global and cross-functional connections. Councils enable executives to look deeper into their own areas and examine business issues from the perspectives of other functions. Access to our full array of resources affords members a rich, enterprise-wide perspective and a more fully informed picture of the fast-changing world in which they’re operating.

Some recent examples of our enhanced council experience: the Corporate Brand Management and Digital Strategy Councils held a joint meeting on “Corporate Branding in the New Millennium.” Our seven global diversity councils – representing the United States, Canada, Europe, and Asia – met for a cross-cultural exchange of ideas and insights.

For those who want to delve even further into an issue, our research working groups combine peer networking with analytic rigor. Executives examine critical issues under the guidance of expert researchers and survey professionals from The Conference Board to forge practical solutions to specific business problems. Research working group members have studied a wide range of subjects, including employee engagement, strategic workforce planning, knowledge transfer across generations, innovation, corporate governance, and enterprise risk management.

These are just a few of the initiatives we’ve undertaken to give members even greater access to the knowledge and insight that distinguishes The Conference Board and our community of business leadership from other organizations.

We address the most critical issues facing executives today. We do this by taking the real-time pulse of our business leadership community, and then shaping our research and programming agendas to ensure that the products and services we provide are relevant, have impact, and add the most value possible. At a time when senior executives need objective, expert insights and a place to share knowledge with trusted peers, and society needs business leaders who are equipped to identify and shape new operating paradigms, membership in The Conference Board is essential.
The Conference Board helps companies address their most critical business issues. We bring an array of resources to bear on the challenges represented in our four main knowledge areas: Corporate Leadership; Economy, Markets & Value Creation; High-Performing Organizations; and Human Capital.

Our unique ability to tap into the pulse of global business leaders enables us to shape our research and programs in ways that provide maximum impact and value. By focusing on these concerns – which extend within and across our knowledge areas – The Conference Board provides members with the strategic, enterprise-wide perspective needed to address these issues most effectively.
We provide our research and insights through conferences, publications, Economics Watch, the KnowlEdge Series, and web-accessible information. Every month, new reports, labor-market data, web programming, and in-person gatherings provide members with easy access to thought-provoking knowledge and practical answers. We constantly calibrate our research agendas and online and in-person programming to reflect what members tell us are their most critical business issues.

**Access to Experts**
The Conference Board is the world’s most widely quoted private source of economic and management intelligence. Our research is a vital resource for business, government, and academic leaders worldwide. Employees of member companies can link to our experts’ reports and periodicals, attend briefings by our economics and business management research teams, and directly query our Business Information Service (online or by phone) without charge. For premier member companies, we can also organize in-house briefings and webcasts with our researchers.

**Joint Research**
Our research working groups leverage the community of business leadership to focus and develop insights on pressing issues. These confidential, cross-functional, and cross-regional research groups combine analytical rigor with practical perspectives. Our members value the research working group format because it is much more economical than consulting, more wide ranging than in-house initiatives, and offers the expertise of both peer executives and The Conference Board’s research and survey teams.

**Peer-to-Peer Learning**
We sponsor and manage more than 125 worldwide management councils, attracting senior executives from virtually every business discipline to these private, highly confidential learning networks. Our councils bring together professional peers in dynamic, cross-industry communities to learn from each other, draw on each group’s collective insight and experience, access expertise from The Conference Board, and collaboratively explore approaches to the most pressing business challenges of the day.

In addition, we offer special leadership communities to provide members with the research knowledge, business models, and decision-making rationales necessary for marketplace success. They include the Center for Corporate Citizenship & Sustainability, the China Center for Economics & Business, the Consumer Research Center, and the Governance Center.

And our Directors’ Institute is the premier provider of governance education for directors. It employs a singular approach to convene current and former directors, chairmen, and CEOs to share their practical experiences with members’ own directors in a completely non-academic format.

**Experiential Programs**
The Conference Board leverages the power of experiential learning on the battlefields of Gettysburg, Normandy, and Waterloo to demonstrate how senior executives can better develop, motivate, and equip their teams to manage successfully through uncertainty and change. These programs are facilitated by experts in military history, strategic studies, innovation, culture change, and organizational effectiveness.
We help companies ensure that their leadership strategies meet corporate, ethical, and social objectives. We show companies how to integrate social responsibility into long-range strategic goals. We offer practical analysis of the duties, requirements, and management of shareholders, and critical assessments of risk and opportunity with regard to management, performance, and reputation.

### Research & Insights

#### Conferences
- **Business Ethics Conference**  
  New York, Chicago
- **Business Ethics and Compliance Conference**  
  New York; Coronado, CA
- **Business and Sustainable Development (Pre-Conference and Conference)**  
  Washington, D.C.
- **Corporate Community Involvement (Pre-Conference and Conference)**  
  Chicago
- **Enterprise Risk Management (Pre-Conference and Conference)**  
  New York; Coronado, CA
- **Ethics Management Conference**  
  New York; Coronado, CA
- **Global Corporate Citizenship Conference**  
  New York (2), Chicago
- **Inside the CEO’s Mind**  
  New York

#### Leadership Development Conference
- New York, Coronado, CA

#### Executive Action series
- **Building an Ethical Company**
- **Company Approaches to Green Products and Services: What’s Working and What’s Not**
- **Company Focus on the Risk of Third-Party Misconduct – A New Strategic Consideration**
- **Going Green: Corporate Commitment to Citizenship and Sustainability Issues Takes on a Greater Role**
- **Harnessing the Perfect Storm: Business Executives in Mid-Size Companies Are Seizing Green Opportunities**
- **How CEOs Turn Themselves (and Others) into True Leaders**

#### Managing Great Expectations:
- Reshaping Engagement Strategies to Address Stakeholders’ Citizenship and Sustainability Concerns

#### On the Record with Jouko Karvinen
- **A Place at the Table: Should the Ethics Function Report to a Company’s Highest Authority?**
- **Political Money: The Need for Director Oversight**
- **Where Are the Women Directors?**

#### PowerPresentation
- **Risky Business: Is Enterprise Risk Management Losing Ground?**

#### Research Reports
- **Assessing the Climate for Enterprise Risk Management in India**
- **CEO Challenge: Perspectives and Analysis – 2007 Edition**

#### CEO Challenge 2007:
- **Top 10 Challenges**
- **Corporate Governance Handbook 2007: Legal Standards and Board Practices**
- **Corporate Responses to Humanitarian Disasters: The Mutual Benefits of Private-Humanitarian Cooperation**
- **Finding the Right Balance: The Risks and Rewards of Third Party Ethics Programs**
- **Mid-Market CEO Challenge: 2007 Edition**
- **Reputation Risk: A Corporate Governance Perspective**
- **Risky Business: Is Enterprise Risk Management Losing Ground?**
The 2007 Corporate Contributions Report

Webcasts
After-Action Briefing to the 2007 Leadership Development Conference: Developing Leaders Who Can Engage Their Employees on a Global Basis

Aligning Corporate Community Involvement to the Business – A Balancing Act (After-Action Briefing)

Breaking Away: Growing a Global Community Footprint along with Your Business

Building Productivity and Innovation by Developing Global Cultural Competence (After-Action Briefing)

Critical Approaches for Leading Strategic Change

Ethics and Compliance Program Certification: Maximizing Core Business Opportunities through Verification of Strong Ethical Leadership, Culture, and Controls

From Regulation to Competitive Advantage – An Introduction to Worldwide Privacy Laws

Hedge Fund Activism: Confronting the Newest Force in Corporate Governance

Leadership Development in Asia-Pacific

Linking ERM and Governance: Defining the Boundaries of Managing Risk

Managing for a Low Carbon Future

Measuring Carbon in Your Business

The Neuroscience of Leadership: Driving Transformation through Understanding the Brain

Online Member Briefing: Integrating HR with Ethics and Compliance

A Place at the Table: The Influence and Authority of the Ethics Function

Pre-Release Results of the 2007 Corporate Contributions Report

Protecting Business Reputation – A Corporate Governance Perspective

Putting Climate into Your Business: Best Practices and Models for Corporate Climate Policies

Rebooting Risk Assessment: Creating a More Powerful Assessment Process

S&P ERM Evaluations: What Will It Mean to Your Company’s Cost of Capital?

Should Your Compliance and Ethics Program Extend to Third Parties?

Staying Ahead of the Curve: What Coming Climate Change Policy Rules Mean for Business

Sustainability and Global Business: How Leading Firms Do Good Business and Advance Sustainability

Sustainability Initiatives – Rethinking Packaging

What Got You Here Won’t Get You There: Helping Successful Leaders Get Even Better

What Is Different about Global Leadership?

The World Is Flat: Implications for Preparing Global Leaders

Peer-to-Peer Learning

Councils
Asia-Pacific Chief Legal Officers Council
Chief EH&S Officers’ Council
Chief EH&S Officers’ Council II
Community and Public Issues Council
Contributions Council
Contributions Council II
Corporate Governance and Risk Management Council – India
Council for Business Development and Integration Executives
Council of Chief Audit Executives
Council of Chief Legal Officers
Council of Chief Privacy Officers
Council on Corporate Community Involvement – India
Council on Corporate Compliance and Ethics
Council on Innovation
Council of Senior International Attorneys
Council of Strategic Planning Executives
European Council of Chief Audit Executives
European Council on Corporate Communications
European Council on Corporate Governance
European Council on Corporate Responsibility and Sustainability
European Council on Corporate Strategy
European Council on Environment and Product Stewardship
European Council on Strategic Risk Management
European Legal Council
Executive Council
Global Council on Business Conduct
Middle East Business Leaders Council
Polish Council of Chief Executive Officers
Strategic Risk Management Council
Other face-to-face forums
Bank of France Dinner with Governor Christian Noyer New York
Board of Trustees Meeting in Europe Madrid
Branding and Thought Leadership Briefing Singapore

Business Ethics Breakfast Roundtable with Ron Berenbeim San Francisco

CEO Top 10 Challenge Shanghai

Climate Change Forum Brussels

Corporate Governance and Compliance Crash Course New York (2)

Corporate Investor Summit New York (2)

Directors’ Institute Roundtable New York, Chicago

Ethical Leadership Briefing with Ron Berenbeim Singapore

In-House Directors’ Institute Program Atlanta; Philadelphia; Purchase, NY; London; Kuwait City

Managing Risk through Effective Succession Planning Hong Kong

Reducing U.S. Greenhouse Gases New York

Third Party Compliance and Ethics Program Hong Kong

2008 Annual Dinner New York

Joint Research

Research Working Groups
Corporate Center Design: Maximizing Shareholder Value

Ethics and Compliance Criteria in Government Enforcement Decisions

Hedge Fund Working Group

Managing Reputation Risk

Stakeholder Engagement on the Global Stage – Special Focus: China

Working at the Intersection of Human Resources, Ethics, and Compliance

Experiential Programs

Leadership Experience at Gettysburg (13), Normandy (2), and Waterloo
We’re delivering even more comprehensive economic analyses and insights.

These include proven strategies to manage and sustain growth, maximize revenue, and improve long-term financial performance. We provide timely, relevant economic research and analysis on the world’s most dynamic economies, and insights and knowledge on emerging markets, labor market conditions, and financial institutions around the world.

We help senior executives foresee economic trends that will affect their businesses, so they can successfully manage in any environment.

From webcasts on growth in uncertain times to Economics Watch, a monthly report including data from our Leading Economic Indexes for the United States and nine other countries/regions, we constantly address our members’ greatest concerns with a platform for strategic decision making that helps executives stay abreast of changing business and economic conditions worldwide.
The Conference Board Economics Department produces objective, in-depth research, analysis, forecasts, and indicators, including the widely-watched Consumer Confidence Index and Leading Economic Indexes for nine countries and the Euro Area.
Given intense global competition, corporate strategists must rethink their approach to outsourcing and offshoring. New structures, locations of responsibility, and an understanding of the pros and cons of centralization can maximize organizational capability for growth.

The Conference Board helps companies align strategy with structure and culture throughout their organizations so they can continue to grow and adapt to changing business conditions. We focus on helping companies improve performance through optimizing business processes, implementing effective metrics, and understanding which strategies actually work.
Business Council Survey  
(October)

Investment in America Forum 2008

Mergers & Acquisitions – Historical Issues Facing Companies Operating in Asia-Pacific and the Region’s Growth Potential (with Reuters)

PowerPresentations
CEO Challenge 2007: Top 10 Challenges

The Changing Role of the COO

Crafting a Strategy for Virtual Worlds: Eight Questions To Ask

What Others Think of You Matters: Manage and Boost Your Corporate Reputation Using Social Media

Research Report
The Changing Role of the COO

Webcasts
Are You Experienced? Better Understanding and Management of Customer Experience (Post-Conference Webcast)

Beyond Pandemic: Planning for Health Threats in the Workplace

Brand Efficiency – Measuring Brand Communications Effectiveness (Post-Conference Webcast)

Customer Loyalty Critical Success Factors (Pre-Conference Webcast)

Effective Knowledge Transfer: Bridging Generational Divides

Evolution of Shared Services – From Transaction Processing to Decision Support (Post-Conference Webcast)

Extending your Brand to Employees (Post-Conference Webcast)

Marketing ROI: Making and Monitoring Marketing Decisions for Future Growth and Profitability

Matrix Organization: Maximizing the Value of a Matrix Organization

The New Voluntary Certification Program for Business Preparedness

Offshoring Outsourcing Transactions: Assessing the Legal and Business Risks

Online Member Briefing: 2007 U.S. Mid-Market CEO Challenges

Planning for Disasters in Local Operating Communities

Recognition and Reward Systems for Innovation: How to Foster a Corporate Culture of Innovation in Your Enterprise

Security Risk of Doing Business in China

Social Network Analysis: New Route to Improving Performance and Innovation

Successful Use of Six Sigma in Process Transformation (Post-Conference Webcast)

The Threat of Terrorism 2007 – Meltdown or Manageable? What Business Needs to Know

Virtual Worlds Strategies for Real-World Business

Ways for Global Companies to Cut Procurement Costs through Business Process Outsourcing

Web 2.0: Gaining a Competitive Advantage in the Workplace and Marketplace

Peer-to-Peer Learning

Councils
Asia-Pacific CFO Council
Asia-Pacific CIO Council
Asia-Pacific Communication and Marketing Council
Asia-Pacific Shared Services Council
Asia-Pacific Supply Chain Council
Business Continuity and Crisis Management Council
Corporate Communications Development Group
Corporate Security Network Council of CFOs

Council on Competitive Analysis
Council on Corporate Brand Management
Council on Corporate Communications Strategy
Council on Corporate Communications Strategy II
Council of Corporate Security Executives
Council of Corporate Treasurers
Council for Division Leaders – Financial Executives
Council of Financial Executives
Council of Marketing Executives
Council on Marketing Research Research II
Council of Shared Business Services Executives
Council of Shared Business Services Executives II
Council for Six Sigma Executives
Council for Six Sigma Executives II
Customer Experience Council
Digital Strategy Council
Environment, Health, and Safety Legal Council
European Council on e-Procurement
European Council on Global Supply Chain
European Council on Health and Safety
European Council on Innovation
European Council on IT Leadership
European Council on Purchasing
European Council on Shared Services
European Council on Strategic Manufacturing

Global Council of Investor Relations Executives
Global Council on Outsourcing and Offshoring
Global Operational Excellence Council
Hungarian Council of Finance Executives
Information Research and Management Council
Learning and Knowledge Management Council
Polish Council of Finance Executives
Polish Council of Marketing Executives
Purchasing and Supply Leadership Council
Strategic Sourcing Leadership Council
Supplier Diversity Leadership Council
Supplier Diversity Leadership Council II
U.S. Quality Council

Other face-to-face forums
Investment in America Forum Reunion Washington, D.C.
Managing the Global Supply Chain Briefing Singapore

Joint Research
Research Working Group
Return on Marketing Investment
Every successful business has the best people at its core. The most effective leaders learn from people throughout their organization and galvanize everyone into working together effectively through a shared vision.

The Conference Board provides business leaders with the tools they need to address the human capital business issues they face. We help companies identify and address people-related challenges and opportunities. This approach – which optimizes the development of a workforce that is both talented and engaged – drives shareholder value and increases an organization’s contribution to society.
Talent Management Strategies
Pre-Conference and Conference
New York; Coronado, CA

Women’s Leadership
Pre-Conference and Conference
New York; Coronado, CA

Work-Life Conference Atlanta

Executive Action series
Can Continuing Changes in Pension Management Provide a Secure Retirement?

Compensation and Benefits:
A Global View

HR Challenge: Staffing Up to Expand Overseas

Human Resources: Changing to Drive Business Strategy

Inter-generational Knowledge Transfer – Capturing Butterflies and Making Them Talk

Investing in the Future – The Importance of Cross-Sector Partnerships in Improving Workforce Readiness

Shifting the Focus: Updating Your Work-Life Approach to Integrate Employee Engagement and Talent Management

Speaking with Authority – the Case for Teaching English Language Proficiency on the Job

The 2007 Report on Top Executive Compensation – Key Findings

When an Employee’s Freedom of Religion Crosses Paths with a Company’s Interests

Working at the Intersection of Human Resources and Business Ethics – the Need for Collaboration

Other reports
Gray Skies, Silver Linings: How Companies Are Forecasting, Managing, and Recruiting a Mature Workforce

Managing a Mature Workforce: A Legal Guide (online modular tutorial)


Workforce Readiness Initiative: Summary Report

Your Brain at Work (pilot edition)

PowerPresentations
Gray Skies, Silver Linings

HIV/AIDS in the Workplace

Corporate Strategies and Responses: An Update

The 2007 Report on Top Executive Compensation – Key Findings

Research Reports
Creating a Competency Model for Diversity and Inclusion Practitioners

Directors’ Compensation and Board Practices in 2007

Evidence-Based Human Resources: A Primer and Summary of Current Literature

HIV/AIDS in the Workplace

New Graduates’ Workforce Readiness: The Mid-Market Perspective

Strategic Human Capital Measures: Orientation, Accountability, and Communication

The 2007 Top Executive Compensation Report

Weights & Measures: What Employers Should Know about Obesity

Webcasts
Aligning Diversity and Business Strategy

Building a Coaching Culture: Strategies and Stories from the Front Line

Building a Decision Science for Human Capital: An Evidence-Based Human Resources Webcast

Building a Diverse and Inclusive Organization

Capitalizing on Central Europe’s Talent Pool: A Search for Talent in the Global Economy

The Changing Global Workplace and Workforce: Lessons and Implications for Companies’ Work Life and Talent Development Strategies

Communicating Employee Benefits: Improving Responsiveness and Results with Benefits Users

Demystifying Emotional Intelligence: Using the Power of Emotion as a Management Tool

Driving Organizational Transformation through Executive Talent (Post-Conference Webcast)

Employee Value Propositions: India and China

Engaging Your Global Workforce

Enhancing Latino Diversity: Effective Latino Talent Management Strategies

Executive On-Boarding: Helping Newly Hired Leaders Make the Leap to Their New Positions

Left: Linda Barrington Managing Director of Human Capital for The Conference Board, at the Investment in America Forum. Barrington directs global workforce and human resource research offerings at The Conference Board. Her current research projects include benchmarking top executive challenges and assessing trends surrounding the maturing workforce, workforce readiness, and other related issues.

Right: Clyde Jones Vice President, Chief Diversity Officer, ADP, during a presentation on leadership growth through diversity and inclusion at The Conference Board Diversity Conference.
Fit for Purpose — Are China’s Graduates Ready to Work?

From Transactional to Strategic — Transforming Learning

Harnessing Diversity: Changing and Succeeding under Any Circumstances

How to Assess and Evaluate Succession Management in Your Organization (Post-Conference Webcast)

How to Integrate Benefit Design, Programs, and Communications to Drive Health Improvement (Post-Conference Webcast)

How to Leverage the Talent of Women in the Workforce Benefits Your Organization (Pre-Conference Webcast)

Human Capital Predictive Analytics: Managing the Future Now

Human Resources Shared Services: Experiences in Asia-Pacific

Key Shortcomings of Approaches to Global Leadership Development

Managing across Language, Culture, Time, and Location

Managing a Mature Workforce for Competitive Advantage

Mass Career Customization — Customizing Career Paths to Grow Critical Talent (Post-Conference Webcast)

Measuring ROI in Human Resources: Calculating the Impact of ROI on HR Programs

The Obesity Epidemic: A Business Perspective

Online Member Briefing: HIV/AIDS – Corporate Strategies and Responses to Address the Continuing Crisis

Online Member Briefing: Workforce Readiness – What Your Company Can Do to Address a Generation That Doesn’t Like to Read

Putting Experience to Work: Managing Mature Workers without Running Afoul of Employment Laws

Recruitment and Retention: Challenges and Best Practices in Asia

Rotational Assignments: Innovative Approaches to Resource Constraints

Transforming Corporate Politics into Successful Opportunities

Turning Up the Heat: How the Regulatory Explosion Is Driving Executive and Director Compensation

Weights & Measures: Obesity in the Workplace

Peer-to-Peer Learning

Councils

Advisory Council on Human Resources Management

Asia-Pacific Diversity and Work-Life Strategy Council

Asia-Pacific Human Resources Council

Asia-Pacific Human Resources Management Council

Asia-Pacific Talent, Leadership Development and Organization Effectiveness Council

Business/Education Council

China Human Resources Council

Council on Compensation

Council on Compensation II

Council on Development, Education, and Training

Council of Diversity Executives

Council for Division Leaders – Human Resources

Council for Division Leaders – Human Resources II

Council on Employee Healthcare

Council on Executive Coaching

Council on Executive Compensation

Council of Human Resources Executives

Council on International Compensation and Benefits

Council on Learning, Development and Organizational Performance

Council for Mid-Market Human Resources Executives – Eastern Division

Council for Mid-Market Human Resources Executives – Western Division

Council of Talent Management Executives

Council of Talent Management Executives II

Council on Talent Acquisition

Council on Work Force Diversity

Diversity and Inclusion Council

Diversity and Inclusion Strategy Council

Diversity Business Council

Employee Benefits Council

European Council on Compensation and Benefits

European Council for Diversity in Business

European Council of Human Resources Executives

European Council on Learning, Leadership, and Organisational Development
Joint Research

Research Working Groups
Building a Culture of Wellness
Defining New Performance Targets for HR
Engaging Your Global Workforce
Evidence-Based HR: The Next Generation of Human Capital Analytics
Implementing Strategic Workforce Planning
Leveraging High-Potential Employees
Managing an Aging Workforce at Nonprofits
Managing a Distant Workforce
Multigenerational Knowledge Transfer
Strategic Workforce Planning in Global Organizations
The Wellness Advantage

Experiential Programs

Leadership Experience at Gettysburg (13), Normandy (2), and Waterloo
Each year, The Conference Board includes essays in the Annual Report that offer timely and informative commentary on a pressing business issue. Workforce readiness – this year’s theme – has become a significant concern for both business and society. In the United States, recent studies highlighting the academic performance gap between American children and their counterparts in other countries have raised awareness about the need for increased education and training. There is also a demographic element to workforce readiness that transcends borders. As the baby boom generation approaches retirement, businesses in the United States, Canada, and a number of European nations face a loss of experience and knowledge on an unprecedented scale.

To give the widest possible overview of this topic, we present three essays that address workforce readiness from a variety of perspectives, ranging from how to ensure lifelong learning to the importance of partnerships between companies and governments and educational institutions to a consideration of the questions that need to be asked today about the workplaces of tomorrow.
Accelerating the Pace of Innovation Requires a Lifelong Cycle of Learning, Unlearning, and Relearning

by Jim McNerney Chairman, President, and CEO, The Boeing Company

In a world where technology holds the key to addressing problems as global as renewable energy and climate change – and as local as maintaining an auto's engine health – the most successful businesses, industries, and nations are those whose policies and people fuel innovation. As both the pace of innovation and the need for problem solving accelerate globally, the United States faces a competitive gap that we can close only if we change the ecosystem of education. We must place greater emphasis on equipping our workforce through lifelong learning – a process that starts at birth, continues throughout employees’ working lives, and extends into their senior years.

This new paradigm will require us to revise our assumption that education is received for 12 to 16 years in formal, lecture-type settings. The new educational model will instead reflect how people – not only in their youth, but throughout their entire lives – will learn, unlearn, and relearn to succeed in a constantly evolving world. This will require a broadening of the responsibility for “education” to public-private, academic, and business partnerships. Government, academia, and industry all face critical and imminent shortages of teachers, scientists, engineers, and technicians.

This is a global circumstance; no single nation can produce enough creativity, talent, or knowledge to meet today’s challenges alone. But the problem is growing acute in the United States. The many seasoned and skilled workers of the baby boom generation are (or are becoming) eligible to retire, and insufficient numbers of capable workers are being prepared to replace them. (I emphasize “capable” because we face a skills shortage, not a labor shortage.)

Most jobs today require at least some level of technical savvy, creativity, analytic aptitude, an ability to communicate and work with others, a global perspective, and the capacity and desire to learn new ways of thinking and doing. Technology-based companies like Boeing have an even greater need for employees with these attributes.

To produce this new knowledge worker, broad-based formal and informal education reform will be needed. It will require unprecedented cooperation and commitment from citizens, educators, parents, governments, civic organizations, nongovernmental advocacy groups, and businesses to ensure that:

People acquire new knowledge, skills, and talents (and are flexible and open-minded enough to unlearn old ways) to enhance their employability, problem-solving abilities, and productivity.

Educators, governments, and others enable, integrate, and encourage the process – not impede it to protect the status quo.

Companies provide large-scale systems-integration expertise; disseminate business, technology, and market knowledge; and establish links between formal and informal education.

I cite Boeing’s actions in these areas as examples of some first steps.

Early Childhood

Science has demonstrated that early experiences shape foundational cognitive, emotional, and social capacities. Studies have shown that children who lack high-quality learning environments in the first five years of life can lag one to three years behind their peers when they enter kindergarten and tend to fall further behind unless they are given direct access to special resources. Studies also indicate that once children who have had access to quality early-learning environments grow up, they tend to exhibit better cognitive and social skills, creativity, and emotional resilience (all of which are critical to success in the workforce); have steadier employment and more stable families; earn higher wages; require
less remediation; and have lower rates of incarceration, teen pregnancy, and substance abuse. Boeing is beginning to focus additional attention and resources on efforts to increase the number of children who enter kindergarten ready to progress through the educational system.

Primary and Secondary School
Boeing supports systemic, continuous improvement in primary and secondary school systems around the world. Each year, for example, Boeing sends nearly 100 teachers to Space Camp, and the teachers return to their classrooms with the latest science expertise and renewed enthusiasm. In the United States, Boeing engineers serve as volunteer mentors to student teams that build competitive robots—a program that helps develop and nurture math, science, and engineering interests and skills. Boeing also helps link universities and professors with high schools, junior colleges, and teachers to strengthen understanding of the foundational experiences students need if they pursue a college degree. For example, one Boeing project engages high school students in the same virtual-reality engineering and manufacturing scenarios that our company helped a university create for its own students.

Vocational Training
The diminishment of vocational training in the United States has added to the skills gap. Today, about one-third of the four million children born each year in the United States will not graduate from high school—in many cases, simply because they don’t plan to attend college. While significant numbers of U.S. jobs don’t require a degree, many go unfilled because they require some level of practical math or computer skills and technical aptitude. A robust approach to vocational education can provide students who are not bound for university with greater chances for employability. In one partnership, Boeing works with community and technical colleges in the Seattle area to train both our own employees and other students to work with composites and other materials and technologies.

Higher Education
Boeing advocates the creation of connections between business and educators. Through an annual fellowship program, we bring competitively selected professors from a variety of disciplines into the company for eight weeks to not only improve their understanding of the practical applications of their knowledge, but also to help us identify areas for possible improvement. Boeing partners on research and development with key universities in the United States and around the world. By doing so, we provide real aerospace-industry experiences to students and faculty; we also learn from and apply their technologies and expertise to our own business.

Career and Work Life
Boeing offers employees mentoring, training, rotational assignments, communities of practice, and collaboration tools that help them learn from one another. We also invest more than $110 million annually in tuition assistance for employees’ higher-education coursework, as well as stock-equivalent grants for degrees completed at accredited institutions. (In 2008, nearly 15 percent of employees continued their education through this program.) In addition, current and aspiring leaders may attend classes through the Boeing Leadership Center, where participants team up to tackle actual business issues.

Retirement
A 2004 publication by the National Center for Educational Statistics found that 68.5 percent of U.S. middle school students are taught by math educators who have no major or certification in math. For general science, 57.2 percent of teachers did not have a major or certification in that field. As a result, in part, of two Boeing pilot projects, the Aerospace Industries Association has recommended that retirees consider mentoring or obtaining certification and teaching (paid or volunteer, full or part time) at the primary and secondary school levels—both to provide qualified math and science education and influence the career aspirations of students.

Conclusion
Changing the ecosystem of education is critical to the future of the United States and its competitiveness as a nation. The process of change must start with a wide-ranging discussion about the most effective strategies to adopt—partnerships between industry and academia, improved teaching methods that develop the critical attributes students need, and economic investments. With a focus on integrated, active, and ongoing learning, we can improve our educational system, accelerate the novice-to-expert timeline, and equip future workers to solve the many problems we don’t yet know exist.
We are living through difficult economic times, but it would be a great mistake to neglect the issue of workforce readiness because other challenges may seem more pressing. In the current economic climate, workforce readiness is more, not less, important. This holds true for each individual, but also for companies and countries that seek to increase their competitiveness. If the qualification level of your current and future employees deteriorates, you are bound to lose out in today’s recession and tomorrow’s recovery.

Workforce readiness is not only about increasing the skills of new entrants to the labor market. We also need to ensure that our existing employees make constant efforts to improve their employability. As the “job for life” era has come to an end, we need to foster “employability for life.” Regarding new entrants to the labor market, it is in the enlightened self-interest of business to partner with governments and educational institutions to increase the workforce readiness of today’s students and the unemployed. At Philips, we are working to achieve this all over the world.

China During the last few years, hundreds of students at Fudan University in Shanghai have increased their practical knowledge of intellectual property (IP) at the Philips IP Academy. Experts from Philips teach these students essential skills in the areas of patents, copyright, trademark, and design. Similar IP Academies are up and running at Renmin and Tsinghua Universities in Beijing and Shenzhen, respectively.

United States Philips sponsors a group project at the Boston University School for Management for students who specialize in healthcare. Teams of students are presented with real-life case studies and asked to identify solutions and build business cases. These programs allow them to develop a good feel for what will be required of them in a business setting.
Gerard J. Kleisterlee has been president/CEO and chairman of the board of management of Philips since 2001. In 1974, he joined Philips’s medical systems division, where he held a number of positions in manufacturing management. He became managing director of Philips Display Components worldwide in 1994 and president of Philips Taiwan in 1996. In 1997, he became responsible for all activities of Philips in China. He returned to Europe in 1999 as CEO of Philips’s components division, and he was appointed a member of the group management committee that same year. He has been a member of Philips’s board of management since 2000.

The Netherlands In the country where Philips was founded well over a century ago, we have developed a successful program to increase the basic qualification level of unemployed school leavers and adults. Since 1983, over 12,000 people in the Netherlands have benefited from training and work experience offered through the Philips Employment Scheme. This program’s success is borne out by the fact that 76 percent of the participants in 2007 found a paid job. We are also working hard to rekindle the interest of youth in such science subjects as mathematics, physics, and chemistry. While the number of local undergraduates studying these subjects in many Western countries has dropped to an alarmingly low level, Philips is helping turn the tide in the Netherlands through cooperative agreements with schools that have achieved encouraging results.

These are just a few examples of the many practical initiatives Philips is directing across the world. But it is just as important to ensure that today’s employees maintain a high level of employability. In a business environment that changes faster every day, our employees have to update their skills and be willing to explore new professional avenues and challenges. This need for constant learning and exploring is especially pressing in aging societies, where people may well be expected and/or willing to continue their working life beyond the current retirement age.

New markets develop at a breathtaking pace, and companies sometimes transform themselves beyond recognition in a matter of years. Philips, for example, has transformed itself from a vertically integrated industrial electronics company to a people-centered, customer- and market-driven company focused on health and well-being. In this dynamic environment, a company’s employees, managers, and leaders must be able to adapt, and they must possess the basic skills needed to acquire new skills.

By improving their social and language skills, our employees can feel at ease and perform effectively when they meet colleagues and partners from all corners of the world. The employees at Philips’s headquarters in Amsterdam alone represent 33 different nationalities. In such an environment, intercultural and communication skills are vital.

At Philips, efforts to increase employability are a partnership between the company and the employees. As a company, we provide the means and encouragement, while the employees take clear responsibility for their own efforts. A new initiative in Europe offers a clear illustration. We recently introduced “e-miles” (employability miles) into our collective wage agreements in the Netherlands. Employees can use their e-miles to “buy” access to workshops, questionnaires, or interviews that allow them to better understand their own aspirations and skills. This is a first step toward ensuring that employees remain in the driver’s seat of their own careers and are able to find suitable, challenging jobs – whether inside or outside of Philips.

When it comes to workforce readiness, businesses, managers, and leaders must be able to adapt, and they must possess the basic skills needed to acquire new skills.

New markets develop at a breathtaking pace, and companies sometimes transform themselves beyond recognition in a matter of years. Philips, for example, has transformed itself from a vertically integrated industrial electronics company to a people-centered, customer- and market-driven company focused on health and well-being. In this dynamic environment, a company’s employees, managers, and leaders must be able to adapt, and they must possess the basic skills needed to acquire new skills.

As a company operating worldwide, we must also adapt our global employability strategy to the local needs and customs of new regions and countries. Philips makes a strong effort to improve the language skills of our employees, including opportunities to improve their English, which is our company language.

In this day and age, we can hardly overestimate the importance of workforce readiness. What is at stake is our economic well-being and our social cohesion, two essential cornerstones of a sustainable society. Workforce readiness is well worth a strong effort.

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Even the next 30–50 years will witness some amazing shifts. As the world becomes more connected, nations will compete aggressively to leverage their strengths. Over the past two decades, a nouveau middle class in the emerging markets has created a market that behaves outside the accepted norms. The members of this class are investing in education and human capital based on the current context. What does it mean if a large chunk of the global population is equipping itself for today’s jobs when they do not know what tomorrow’s workplace will demand?

Driven by changing demographics, skill gaps, worker mobility, market forces, globalization, and technical advances, the workplace environment is already changing rapidly. Communities, governments, businesses, and educational systems will need to take this transformation into account. Competencies and skills will have to be leveraged globally. Tomorrow’s workplaces will combine physical and virtual spaces, and they will require shifts in skills and work culture to deliver results. This will, in turn, require new business, sourcing, and HR models. How are today’s businesses planning for this shift?

As a popular video on YouTube entitled “Shift Happens” notes, universities haven’t even started teaching the skills required for the jobs that will exist 15–20 years from now. By 2050, there will be a global workforce of 5–5.5 billion. About half of these individuals will work in sectors that address the needs of the world population—agriculture, manufacturing, and basic services—and the other half will have to engage themselves in value-added services. But we don’t yet know what this future will look like or what skills workers will need to possess. Early movers will set the pace for the transformation and define the rules of engagement, just as Google and Facebook did during the last decade. This vanguard will also set the trend in new skills and the way these skills will be leveraged.

The skills gap will persist, however, because of the lag between the way businesses and educational systems evolve. At Infosys, we invest heavily in addressing this gap and in retraining as technologies evolve. Just as automation made many jobs in agriculture and manufacturing redundant in the last century, it is likely that there will be automation in services requiring intellectual capital. We are cognizant of these kinds of evolutionary models and continuously innovate to add value to our clients.
For any corporation, and especially one in the services sector, people costs account for the largest chunk of the expense side of the balance sheet. Hence, there is a continuous effort to increase value and workforce utilization. New sunrise sectors will absorb talent, leaving traditional sectors struggling for resources. India’s IT sector is a classic example of how an industry can absorb both talent emerging from the system and experienced resources from other sectors. This forced other sectors to reexamine their business models and workforce policies. In the cycle of change, today’s emerging sectors will become tomorrow’s legacy players. As jobs evolve, many of today’s low-skill and repetitive jobs will turn into complex and mature services requiring advanced skills. In the last 100 years, for example, traditional jobs in banks have changed from ledger management and the oversight of simple deposit and lending services to a consulting role that involves advising clients on various products and offerings.

As economies advance, the skills gap between supply and demand will force businesses to evolve new models to make their workforces more mobile, fungible, and agile. Workforces will be smaller (or will operate as smaller groups within large organizations), more balanced in terms of gender, more culturally and ethnically diverse, and less loyal (meaning employees will be more willing to move on and explore new opportunities). Also, as people live and work longer, issues of generational diversity will become more visible. How will businesses adapt to this changing mix of employees? How will they respond to increased employee expectations about workplace environments and rules?

Zen master Suzuki Roshi says, “In the beginner’s mind there are many possibilities, but in the expert’s mind there are few.” In many ways, this quote captures the challenge that faces the new and the traditional players. Tomorrow’s workplace will need to capture this essence. While individuals must be allowed to be more creative, they must also become more aware of their company’s business objectives and more responsible for the outcomes based on those goals.

Will the Internet be the site of the workplace for tomorrow? Maybe. Connectivity and bandwidth issues are increasingly being resolved, and biometric security is making remote computing even more secure. These technical improvements will continue to bring online interactions closer to real-life experiences. Any need to travel or meet can be accomplished through these new platforms, and video-conferencing systems like Telepresence and Halo are already making physical proximity irrelevant. What role will a workplace’s physical infrastructure play in creating the identity of the organization? How will a company define its culture when people know each other only through a virtual presence?

Finally, climate change and other environmental issues represent the biggest unknown influence on the workplace of the future. Will we find alternative energy that is cheap and clean before we run out of oil? Will CO₂ emissions be controlled before we reach (however it is defined) the “point of no return”? Do these scenarios mean the end for some businesses? What will new businesses look like? Will they operate differently? What kind of skills and expertise will they require? How will people grow in these organizations?

These are only some of the many questions that need to be considered by companies keen on building workplaces that will develop their future employees and support their future businesses. It is better we know the questions before we seek the answers.
## Financials

### Statements of Financial Position (in US$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,497</td>
<td>$3,227</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>112</td>
<td>166</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>5,360</td>
<td>5,416</td>
</tr>
<tr>
<td>Investments, at fair value</td>
<td>25,317</td>
<td>30,706</td>
</tr>
<tr>
<td>Deferred charges and sundry assets</td>
<td>1,330</td>
<td>1,251</td>
</tr>
<tr>
<td>Pension asset</td>
<td>--</td>
<td>2,949</td>
</tr>
<tr>
<td>Furniture, equipment, software, and leasehold improvements—at cost, less depreciation and amortization</td>
<td>2,590</td>
<td>1,786</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 41,206</td>
<td>$ 45,501</td>
</tr>
</tbody>
</table>

|                          |              |              |
| **Liabilities and Net Assets** |          |              |
| Accounts payable and accrued liabilities | $10,410 | $10,525 |
| Advance payments and deferred revenue | 9,568 | 10,068 |
| Deferred subscription revenue | 10,757 | 10,218 |
| Capital lease obligation | 474         | --           |
| Deferred rent            | 630         | --           |
| Post-retirement benefit obligation | 4,647      | 5,298        |
| Pension liability        | 1,423       | --           |
| **Total Liabilities**    | 37,909       | 36,109       |

|                          |              |              |
| **Net Assets**           |              |              |
| Unrestricted             | 3,192        | 9,292        |
| Temporarily restricted   | 105          | 100          |
| **Total Net Assets**     | 3,297        | 9,392        |

|                          |              |              |
| **Total Liabilities and Net Assets** |        |              |
|                            | $ 41,206     | $ 45,501     |

---

Note: The information on pages 30 and 31 was extracted from the Financial Statements audited by Ernst & Young LLP. These statements are available upon request.
## Statements of Activities (in US$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
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<td></td>
</tr>
<tr>
<td>Subscriptions</td>
<td>$19,561</td>
<td>$18,178</td>
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<tr>
<td>Conferences, councils, and meetings</td>
<td>32,006</td>
<td>34,394</td>
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<tr>
<td>Grants, contracts, and fee-based services</td>
<td>7,171</td>
<td>7,075</td>
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<tr>
<td>Sale of publications</td>
<td>322</td>
<td>419</td>
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<tr>
<td>Other income</td>
<td>396</td>
<td>272</td>
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<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>59,456</td>
<td>60,338</td>
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<tr>
<td><strong>Operating fund investment income</strong></td>
<td>570</td>
<td>720</td>
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<tr>
<td><strong>Total</strong></td>
<td>60,026</td>
<td>61,058</td>
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<tr>
<td><strong>Operating Expenses</strong></td>
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<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>28,170</td>
<td>27,987</td>
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<tr>
<td>Purchased services</td>
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<td>12,764</td>
</tr>
<tr>
<td>Travel</td>
<td>2,787</td>
<td>2,168</td>
</tr>
<tr>
<td>Meeting location costs</td>
<td>7,328</td>
<td>7,631</td>
</tr>
<tr>
<td>Printing, postage, and supplies</td>
<td>4,527</td>
<td>4,980</td>
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<tr>
<td>Depreciation and amortization</td>
<td>767</td>
<td>717</td>
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<tr>
<td>Facilities</td>
<td>3,811</td>
<td>3,388</td>
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<tr>
<td>Other expenses</td>
<td>1,326</td>
<td>1,450</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>62,397</td>
<td>61,085</td>
</tr>
<tr>
<td><strong>Excess of Revenue from Recurring Operations</strong></td>
<td>(2,371)</td>
<td>(27)</td>
</tr>
<tr>
<td><strong>Other Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, dividends, and other income</td>
<td>413</td>
<td>370</td>
</tr>
<tr>
<td>Realized gain on disposal of investments</td>
<td>239</td>
<td>291</td>
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<tr>
<td>Unrealized (loss) gain in the fair value of investments</td>
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<td>1,473</td>
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<tr>
<td>Pension-related changes other than net periodic costs</td>
<td>(2,694)</td>
<td>–</td>
</tr>
<tr>
<td>Effect of foreign currency translation</td>
<td>(8)</td>
<td>(43)</td>
</tr>
<tr>
<td>Change in accounting principle*</td>
<td>–</td>
<td>(7,361)</td>
</tr>
<tr>
<td>Change in unrestricted net assets</td>
<td>(3,729)</td>
<td>(5,270)</td>
</tr>
<tr>
<td>Change in temporarily restricted net assets</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(6,095)</td>
<td>(5,291)</td>
</tr>
<tr>
<td>Net assets as of the beginning of the year</td>
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<td>14,683</td>
</tr>
<tr>
<td><strong>Net Assets as of the End of the Year</strong></td>
<td>3,297</td>
<td>$9,392</td>
</tr>
</tbody>
</table>

* One-time charge for the adoption of SFAS No. 158 in 2007, which required recognition of a liability for the underfunded status of the organization's defined benefit postretirement plans.
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1 Until October 22, 2008
2 As of October 22, 2008
3 Global Advisory Council Member
4 Until December 31, 2008
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Chairman and CEO
Ayala Corporation

¹ Until October 22, 2008
² As of October 22, 2008
³ Until January 31, 2009
⁴ As of March 11, 2008