



2005 Annual Report

Convening Leaders, Inspiring Change

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DuPont with information based on hard
research and facts, benchmarking information
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which is committed to building inclusive
environments and expanding opportunities
for women. The recognition of the annual
Catalyst Award is a coveted place for
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people are engaged and feel valued for
their skills and talents they bring to the

"DuPont is proud to support this organization and considers participation critical to our business. Catalyst provides DuPont with information based on hard research and facts, benchmarking information with leading trends, and a membership which is committed to building inclusive environments and expanding opportunities for women. The recognition of the annual Catalyst Award is a coveted place for any business that wishes to be a leader in the global industry. Innovation and excellence are the natural results when people are engaged and feel valued for the skills and talents they bring to the table."

— Chad Holliday, Chairman and CEO, DuPont

2005 Annual Report

Expanding opportunities for women and business

Catalyst is the leading research and advisory organization working with businesses and the professions to build inclusive environments and expand opportunities for women at work. As an independent, nonprofit membership organization, Catalyst conducts research on all aspects of women's career advancement and provides strategic and web-based consulting services globally. With the support and confidence of member corporations and firms, Catalyst remains connected to business and its changing needs. In addition, Catalyst honors exemplary business initiatives that promote women's leadership with the annual Catalyst Award. With offices in New York, San Jose, and Toronto, Catalyst is consistently ranked No. 1 among U.S. nonprofits focused on women's issues by The American Institute of Philanthropy.

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Letter From the President

For Catalyst, 2005 was an eventful year convening leaders and inspiring change. We celebrated excellence, published innovative research, facilitated dialogues, and advised corporate clients. As I look back on Catalyst's many achievements of 2005, I wish to thank all of the people and members who have worked with us to lead and implement change that is good for women and good for business.

At the same time, I look forward to further advancing our goals in 2006, a year we begin with determination and energy. We still see much work to do.



Through Catalyst research, we know that equal numbers of women and men aspire to top positions, regardless of whether or not they have children. We know that, on average, *Fortune* 500 companies with higher percentages of women in senior management financially outperform those with lower percentages. We know that women and men employ the same strategies for business success. We know that work-life management issues affect men as much as they affect women. And yet, women continue to struggle as they climb up the corporate ladder.

Why? Our research has found that women face three significant barriers that men rarely face: gender-based stereotyping, exclusion from informal networks, and a lack of role models. These obstacles combine to restrain women from top positions by pigeonholing their talents, restricting access to essential information, and discouraging their ambitions. To more fully understand these barriers, in 2005 Catalyst launched an important series of reports that will examine their adverse effects and suggest solutions. The first report in the series, *Women "Take Care," Men "Take Charge:" Stereotyping of U.S. Business Leaders Exposed*, quantifies gender-based stereotyping of women and men leaders and finds that stereotyping is alive and well in corporate America and poses serious challenges to women's leadership.

Though our findings are alarming, we remain confident that revealing and analyzing the obstacles women face, in conjunction with presenting solutions that are readily communicated, implemented, and measured, will ultimately lead to inclusive work environments and expanded opportunities for women and business. With your support, we continue this vital work in 2006.

A handwritten signature in orange ink that reads "Ilene H. Lang". The signature is written in a cursive, flowing style.

Ilene H. Lang
President
Catalyst

Letter From the Chair of the Board

It is hard for me to believe my term as Chair of the Catalyst Board of Directors is coming to an end after four remarkable years. It has been my pleasure to serve this organization, and I will regard my time on the board as a circumstance where I received as much or more than I was able to give.



As I reflect on the past few years, I am very pleased with the results. The Catalyst board conducted an extensive, nationwide search to fill the shoes of our past president, Sheila Wellington. We found an outstanding successor in Ilene Lang. Catalyst membership increased more than 26 percent, with particular growth from high tech and West Coast companies, as well as the professional services sector. It is also worthy to note the Canadian office of Catalyst and our program offerings in Europe. Catalyst is extending the reach of its services and influence worldwide.

We celebrated the 10th anniversary of our census reports, which analyze the participation of women on corporate boards, and as corporate officers and top earners. In other areas of key research over the past few years, Catalyst compiled four analyses that capture details on real issues facing women in the workplace:

- 1) *Bit By Bit: Catalyst's Guide to Advancing Women in High Tech Companies;*
- 2) *The Bottom Line: Connecting Corporate Performance and Gender Diversity;*
- 3) *Women and Men in U.S. Corporate Leadership: Same Workplace, Different Realities?;*
- 4) *Beyond a Reasonable Doubt: Building the Business Case for Flexibility and Beyond a Reasonable Doubt: Creating Opportunities for Better Balance;* and
- 5) *Women "Take Care," Men "Take Charge:" Stereotyping of U.S. Business Leaders Exposed.*

Each report presents an in-depth look at factors that inhibit women from succeeding and should be considered a "must read" for executive officers.

Finally, the Catalyst Awards Dinner has been a sell-out for the past three years and the Awards themselves are a highly respected and coveted honor in global business circles.

Although we've come a long way, there is still a long way to go with regard to advancing women in the workplace. As I step down, I have full faith that Catalyst will continue to break barriers. I am proud to be a part of the organization.

Thomas J. Engibous
Chairman, Texas Instruments
Chair, Catalyst Board of Directors

Research

This year, Catalyst proudly launched two new series and released several groundbreaking reports:

- ◆ ***Beyond a Reasonable Doubt: Building the Business Case for Flexibility*** and ***Beyond a Reasonable Doubt: Creating Opportunities for Better Balance***. The first two reports in the *Flexibility in Canadian Law Firms* series highlighted the importance of improving work-life quality for Canadian lawyers as well as law firms.
- ◆ ***Canada 2004 Census of Corporate Officers and Top Earners***. This report showed that Canadian women's share of corporate officer positions has only increased 0.4 percentage points since 2002.
- ◆ ***2005 Catalyst Member Benchmarking Report***. This expanded report calculated the diversity of executive and pipeline positions at more than 120 member companies.
- ◆ ***Women and Minorities on Fortune 100 Boards***. Produced in partnership with the Alliance for Board Diversity, this report found severe under-representation of women and minorities on *Fortune* 100 corporate boards.
- ◆ ***Society for Human Resource Management/Catalyst 2005 Employee Development Survey Report***. This report found that while formal methods of employee development provide a positive return on investment, a majority of companies do not use them.
- ◆ ***Women "Take Care," Men "Take Charge:" Stereotyping of U.S. Business Leaders Exposed***. This first report in a series that addresses the top barriers to women's advancement in the workplace revealed that women and men often stereotype leaders in similar ways.

Catalyst in the News

Over the past year, Catalyst experts and research have been featured across print, television, and radio, both nationally and internationally. Here is a selection of some of Catalyst's media coverage in 2005.

"There are so many women qualified to be on boards who are out there, under the radar screen."

— Ilene H. Lang, President, Catalyst (*The Economist*, July 21, 2005)

- ◆ 1/24/05: National Post's *Financial Post & FP Investing*, "Women Entrepreneurs: One Year and Counting: 'Still Harder for a Woman to Start a Business in Canada'"
- ◆ 3/14/05: National Public Radio – To The Point
- ◆ 4/17/05: *Boston Sunday Globe*, "New Generation Puts Focus on Family"
- ◆ 5/1/05: *The New York Times*, "Behind the Exodus of Executive Women: Boredom"
- ◆ 5/12/05: *Washington Post*, "Few Women, Minorities Serve on Boards, Study Finds"
- ◆ 5/25/05: *DiversityInc*, "Catalyst Panelists Call for End of Long Work Week"

- ◆ 5/28/05: *The New York Times*, "Competition Aspect Hinders Business"
- ◆ 6/13/05: Gannett News Service, "Diversity Adds Spice to a Business by Better Minding Company Store"
- ◆ 7/15/05: National Public Radio – Marketplace, "Women Executives Advancing in the Workplace"
- ◆ 7/21/05: *The Economist*, "The Conundrum of the Glass Ceiling"
- ◆ 8/15/05: *The Globe and Mail*, "For Women, 'Line Positions' Can Lead to Top Jobs"
- ◆ 10/4/05: *The Financial Times*, "Men and Women Split on Work-Life Balance"

- ◆ 10/17/05: NBC TV Nightly News, "Still a Rarity in *Fortune* 500: Woman CEO"
- ◆ 10/19/05: *The Financial Times*, "Gender Stereotypes Mark Leadership Perceptions"
- ◆ 10/24/05: *The Wall Street Journal*, "Too Many Women Fall for Stereotypes Of Selves, Study Says"
- ◆ 11/3/05: *The Washington Post*, "Survey: Stereotypes Persist in Workplace"
- ◆ 11/14/05: *Fortune*, "The Art of the Decision; In the beginning, men set the rules for the boardroom. Now that women are on the move, will they bring a different style?"
- ◆ 12/8/05: *The New York Times*, "In Fashion, Who Really Gets Ahead"

"Women as well as men perceive women leaders as better at caretaker behaviors and men as better at take-charge behaviors. These are perceptions, not the reality."

— Ilene H. Lang, President, Catalyst (*The Wall Street Journal*, October 24, 2005)

Advisory Services

Throughout 2005, Advisory Services (AS), Catalyst's strategic diversity consulting practice, focused on designing customized workplace-specific solutions and developing the knowledge base and tools that we offer Catalyst members. Clients from a range of industries, such as law, consulting, accounting, health services, high tech, consumer products, pharmaceutical, financial services, and natural resources, included Avanade Inc., BMO Financial Group, Bristol-Myers Squibb, McCarthy Tétrault LLP, Microsoft, Reed Smith LLP, and Unilever.

AS clients benefit from a suite of services that helps them improve diversity and inclusion in their workplaces. This year, we completed full-scale needs assessments, worked with executive management on developing diversity strategies, and conducted workshops on work-life effectiveness, mentoring, and strategic use of affinity groups. Significant new work for companies based outside of the United States focused on creating global strategies that also respond to local needs. Noteworthy projects in 2005 included:

- ◆ developing diversity scorecards and councils;
- ◆ starting new women's initiatives and also reviewing and fine-tuning existing initiatives;
- ◆ designing work-life quality and effectiveness workshops for middle managers and individuals;
- ◆ creating programs for senior women; and
- ◆ designing a multi-level career development workshop for women in a law firm.

Because of growing interest in the use of diversity scorecards, AS also developed *Creating a Business-Aligned Diversity Scorecard*. This addition to our *Making Change* series of booklets helps organizations measure the progress of diversity efforts and keeps champions and managers accountable for positive change.

"In line with General Motors' commitment to diversity in the global automotive industry, GM is embracing and innovations and diverse perspectives of its employees in the groundbreaking Catalyst project. This project is a key element in the global business strategy. GM's commitment to diversity demands action from all employees. GM's commitment to diversity enables us to remain competitive in the global market. GM's commitment to women and provides a strong foundation related to our diversity goals."



Membership

Catalyst continues to respond to members' feedback for more networking and learning opportunities and extends its own outreach to prospective members through diversity roundtables and other informative member events.

Catalyst and UPS hosted a roundtable discussion in Atlanta on building HR and line business partnerships to advance women in business.

Catalyst and Nordstrom hosted a roundtable discussion in Seattle on creating an award-winning diversity initiative and understanding the criteria necessary to make change.

Catalyst and AMN Healthcare hosted a roundtable discussion in San Diego on personal networking and mentoring strategies for senior women.

Catalyst Canada facilitated a release event in Toronto for its *2004 Census of Women Corporate Officers and Top Earners* and explored the question: "What do you and your organization need to better understand in order to make change?"

Catalyst and PricewaterhouseCoopers LLP hosted a roundtable discussion in San Francisco, Calif., on how women and men in the workplace can advance diversity.

Catalyst and Avon hosted a roundtable discussion in New York City on building a pipeline for women across the globe.

Catalyst and Arnold & Porter LLP hosted a roundtable discussion in Washington, D.C., on building the business case for diversity.

Catalyst and STUDLEY hosted an event in New York City on building the bottom line through successful partnerships.

Catalyst and Mastercard International hosted a roundtable discussion in New York City on building the business case for flexibility.

Catalyst Canada hosted a discussion on *Reasonable Doubt: Creating Opportunities* series focusing on work-life balance in Canada.

al Motor's diversity vision, we believe to win
 otive business, or in any industry, creativity.
 re born of organizations that bring to bear
 and that leverage and develop the full potential
 the pursuit of total customer enthusiasm. The
 catalyst research exposes the realities confronted
 ss environment, encourages discussion, and
 n organizations seeking to remain leaders in
 bership and sponsorship of Catalyst activities
 at the cutting edge of diversity issues related
 rides the expertise needed to attain the goals
 ity strategy."

— Victoria E. Jones, Director, College of Leadership,
 General Motors Corporation



P hosted a roundtable discussion in San Jose,
 workplace partner for success.

e discussion in New York City on building a

sted a panel presentation and discussion in
 ss case for flexibility.

in Los Angeles discussing how to increase the
 ships.

sted a roundtable discussion in Purchase, N.Y.,
 ty.

uring a lunch event in Toronto for *Beyond a
 ies for Better Balance*, the second report in a
 Canadian law firms.

Events and Forums

Throughout 2005, Catalyst convened leaders, disseminated our knowledge, and inspired change at events around the world. Major highlights include:

- ◆ ***Beyond a Reasonable Doubt: Building the Business Case for Flexibility Launch.*** In March, this groundbreaking report was released at a media briefing well attended by the Canadian media and more than 50 Catalyst members at the University of Toronto Law School.
- ◆ ***2004 Catalyst Census of Women Corporate Officers and Top Earners of Canada Launch and second biannual Catalyst Research Forum.*** Held at the offices of BMO Financial Group in April, this event engaged nearly 60 participants from 22 companies to discuss the latest Census findings.
- ◆ ***Fourth Annual Women in Leadership Conference: The Next Generation of Corporate Leaders.*** In June, Catalyst partnered with The Conference Board Europe to hold this international conference in Prague, the Czech Republic. Nearly 200 people from 30 European companies participated.
- ◆ ***Women "Take Care," Men "Take Charge:" Stereotyping of U.S. Business Leaders Exposed Launch and Webinars.*** To celebrate the release of this report in October, Catalyst sponsored a breakfast discussion panel attended by nearly 60 people at New York University's Torch Club. In December, more than 170 Catalyst members and friends logged on to two live webinars to discuss the findings with Jeanine Prime, Ph.D., Director, Research, and author of the report.
- ◆ ***2005 Fortune Most Powerful Women Summit.*** Catalyst President Ilene H. Lang and several members of Catalyst's Board of Directors and Board of Advisors participated in this gathering of influential women from around the world.
- ◆ ***Catalyst CEO Summit.*** At this elite event, held at The Fairmont San Francisco in November, Catalyst convened more than 85 top executives of *Fortune* 1000 companies and top professional services firms, including 29 CEOs, to share perceptions, ideas, and strategies in an exchange that culminated in the creation of action plans that will form the basis of new gender diversity initiatives.
- ◆ ***Catalyst SpectrumSM Online University.*** This interactive learning community of diversity and inclusion professionals, human resources executives, and "line" diversity champions, launched in November, was designed to move organizations along their diversity journeys through listserves, e-conversations, and teleconferences. The responsive curriculum and discussions draw from the Catalyst SpectrumSM website and Catalyst's vast knowledge base from research, Advisory Services engagements, years of Catalyst Awards evaluations, and conversations with members.
- ◆ ***Beyond a Reasonable Doubt: Creating Opportunities for Better Balance Launch.*** Nearly 50 people, including many members of the Canadian media, attended the release of Catalyst Canada's second law report of the year at the offices of McCarthy Tétrault LLP in November. 5

2005 Catalyst Awards Dinner and Conference

On March 24th, nearly 1,600 business leaders from companies across North America and abroad filled the Grand Ballroom at The Waldorf=Astoria in New York City for the 30th Annual Catalyst Awards Dinner. The event was the culmination of an intensive, year-long process of evaluating business initiatives for promoting women's leadership. Dinner guests, including more than 50 *Fortune* 500 CEOs, gathered to celebrate the achievements of the 2005 Award winners: Georgia-Pacific Corporation and Sidley Austin LLP. Dinner Chair Anne M. Mulcahy, Chairman and CEO of Xerox Corporation, congratulated the Award winners for their achievements in advancing women.

Catalyst President Ilene H. Lang welcomed attendees and celebrated the winners, who have made the recruitment, development, and advancement of women not just a goal but a business imperative. "The Catalyst Award is an annual milestone of the progress we've made to achieve our mission and vision," said Ms. Lang. "This year's winning initiatives demonstrate what companies can achieve when they break through stereotypes and set new expectations for their organizations. By honoring these initiatives, we illuminate a path for others to follow."

Each of the Award-winning initiatives, although differing in focus, successfully demonstrates effective and innovative ways organizations support diversity and maximize their most important resources—their talent pools. Georgia-Pacific's "Bridging Cultures, Leveraging Differences" initiative is a rigorous effort to increase the representation of women at pipeline and leadership levels supported by a well-articulated business case; a network of individuals and teams providing vision, role modeling, and tactical solutions; and programmatic components and accountability mechanisms that ensure developmental and promotional opportunities. Sidley Austin LLP's "Strategies for Success: An Ongoing Commitment to Diversity" initiative is a sustained effort to develop women and advance them into partnership and positions of authority through the use of influential

committees, and formal innovative programs and accountability mechanisms.

Prior to the evening's Awards Dinner, nearly 500 business leaders from a wide range of industries gathered at the Grand Hyatt for Catalyst's 2005 Awards Conference: Innovative Strategies, Winning Results. Sponsored by GM Foundation, the day-long conference provided attendees with opportunities to learn more about the Award-winning initiatives, as well as Catalyst's innovative strategies, research, and expertise. This year's luncheon program included a thought-provoking dialogue in which a panel of media personalities discussed how the media has and will continue to shape public opinion about women in the workforce. The conference also included a series of panel discussions with some of the country's leading experts on topical issues facing women in today's workplace.

This year, Catalyst also established the Model Workforce Initiatives Department, which researches and evaluates the programs and strategies that drive organizational change. In addition to leading the Awards selection process, the team provides analysis, identifies models, makes recommendations, and proposes solutions that compel change.



"Great people, women or men, should be able to fulfill their aspirations. Catalyst continues to help organizations break barriers to merit-based advancement and to place no limit on where the employees' skills and energy can take them. We at BP are committed to employing the best people, everywhere, on the single criterion of merit. BP has seen great benefits from our collaboration with Catalyst on these mutual aspirations."

— Lord Browne of Madingley, CEO, BP p.l.c.

2005 Catalyst Awards Dinner Contributors

PREMIER

BMO Financial Group
BP p.l.c.
Georgia-Pacific Corporation
Sidley Austin LLP
Texas Instruments
Xerox Corporation

LEADERSHIP

The Allstate Corporation
American Express Company
ARAMARK
Avon Products, Inc.
Bristol-Myers Squibb Company
Chevron Corporation
The Coca-Cola Company
ConAgra Foods, Inc.
Cravath, Swaine & Moore LLP
Credit Suisse
DaimlerChrysler Corporation
Dell Inc.
DuPont
Ernst & Young LLP
FedEx Corporation
General Electric Company
General Motors Corporation
Georgia-Pacific Corporation
GMAC
Goodwin Procter LLP
The Hearst Corporation
The Hershey Company
Hewitt Associates, Inc.
Hudson's Bay Company
Humana, Inc.
IBM Corporation
International Paper
Kimberly-Clark Corporation
KPMG LLP
Lehman Brothers
Marsh & McLennan Companies, Inc.
MasterCard International
Incorporated
MBNA Corporation
McDonald's Corporation
Merck & Co., Inc.
Merrill Lynch & Co., Inc.
Microsoft Corporation
Morgan Stanley
PepsiCo, Inc.
Pfizer Inc.

Pillsbury Winthrop Shaw Pittman
LLP
Pitney Bowes Inc.
PricewaterhouseCoopers LLP
RBC Financial Group
Sara Lee Corporation
Scotiabank
Shell Oil Company
Sidley Austin LLP
StorageTek
The Thomson Corporation
UBS
Unisys Corporation
UPS
Wal-Mart Stores, Inc.
Whirlpool Corporation
The Williams Capital Group, L.P.
Young & Rubicam Inc.

BENEFACTOR

A.T. Kearney, Inc.
ABN AMRO Incorporated
Accenture
Bayer Corporation
Bechtel Group, Inc.
Bingham McCutchen LLP
The Boeing Company
Booz Allen Hamilton, Inc.
Campbell Soup Company
Cisco Systems, Inc.
Colgate-Palmolive Company
Deloitte & Touche LLP
Deutsche Bank AG
Eastman Kodak Company
EDS
General Motors Corporation
The Goldman Sachs Group, Inc.
ING Groep N.V.
JP Morgan Chase & Co.
Kellogg Company
Lockheed Martin Corporation
Marriott International, Inc.
Morrison & Foerster LLP
NIKE, Inc.
Northern Trust Corporation
The Northwestern Mutual Life
Insurance Company
Raytheon Company
Sears Holdings Corp.
State Farm Insurance Companies

Sunoco, Inc.
Symantec Corporation
TD Bank Financial Group
Thompson & Knight LLP
TIAA-CREF
Tyco International Ltd.
Wilmer Cutler Pickering Hale and
Dorr LLP
Worthington Industries, Inc.
Wyeth

PATRON

Akin Gump Strauss Hauer & Feld
LLP
Arrow Electronics, Inc.
Banta Corporation
Bloomberg
Buchanan Ingersoll PC
C. R. Bard, Inc.
Cardinal Health, Inc.
Convergys Corporation
The Dow Chemical Company
Enterprise Rent-A-Car
Fluor Corporation
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Gannett Co., Inc.
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HSBC Holdings plc
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Owens & Minor, Inc.
Pearson plc
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Reebok International Ltd.
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Society for Human Resource
Management

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Softchoice Corporation
Staples, Inc.
State Farm Insurance Companies
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Weil, Gotshal & Manges LLP
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Western & Southern Financial
Group
Weyerhaeuser Company
The Williams Companies, Inc.
Wyndham International, Inc.

CONTRIBUTORS

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The Stanley Works
Starbucks Corporation
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Sun Microsystems, Inc.
Towers Perrin
TransCanada PipeLines Limited



Change Makers

CATALYST CHAMPIONS

(\$100,000 and above)

BMO Financial Group
BP p.l.c.
Ernst & Young LLP
General Motors Corporation
The Goldman Sachs Group, Inc.
IBM Corporation
Morgan Stanley
RBC Financial Group
Sidley Austin LLP
UPS

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(\$50,000-\$99,999)

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Chevron Corporation
Deloitte & Touche LLP
DuPont
General Electric Company
Georgia-Pacific Corporation
Heidrick & Struggles
IBM Canada Ltd.
Lehman Brothers
Pfizer Inc
Pitney Bowes Inc.
PricewaterhouseCoopers LLP
Raytheon Company
Texas Instruments
Unisys Corporation
Young & Rubicam Inc.

CATALYST PARTNERS

(\$25,000-\$49,999)

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Accenture
American Express Company
Banta Corporation
BCE Inc.
Bechtel Group, Inc.
Bingham McCutchen LLP
The Boeing Company
Booz Allen Hamilton, Inc.
Bristol-Myers Squibb Company
Campbell Soup Company
Cisco Systems, Inc.
The Coca-Cola Company
ConAgra Foods, Inc.
Cravath Swaine and Moore
Credit Suisse
DaimlerChrysler Corporation
Dell Inc.
Deutsche Bank AG
Eastman Kodak Company
EDS
Exxon Mobil Corporation
FedEx
Gannett Co., Inc.
General Mills, Inc.
Goodwin Procter LLP

The Hearst Corporation
The Hershey Company
Hewitt Associates, Inc.
Hudson's Bay Company
ING Groep N.V.
International Paper
JP Morgan Chase & Co.
Kellogg Company
Kimberly-Clark Corporation
KPMG LLP
Lockheed Martin Corporation
Marriott International, Inc.
Marsh & McLennan Companies, Inc.
MasterCard International Incorporated
MBNA Corporation
McDonald's Corporation
McKinsey & Company
Merrill Lynch & Co., Inc.
Microsoft Corporation
Morrison & Foerster LLP
NIKE, Inc.
Northern Trust Corporation
The Northwestern Mutual Life Insurance Company
Pearson plc
PepsiCo, Inc.
Pillsbury Winthrop Shaw Pittman LLP
The Procter & Gamble Company
Sara Lee Corporation
Scotiabank
Shell Oil Company
State Farm Insurance Companies
StorageTek
Sunoco, Inc.
Symantec Corporation
TD Bank Financial Group
The Thomson Corporation
Thompson & Knight LLP
TIAA CREF
Tyco International Ltd.
UBS
Wal-Mart Stores, Inc.
Whirlpool Corporation
The Williams Capital Group, L.P.
Wyeth
Xerox Corporation

Special Project Funding

RESEARCH

2004 Catalyst Census of Women Corporate Officers and Top Earners of Canada

Lead Sponsor: Bell Canada Enterprises

Participating Sponsors: EDS Canada Inc.; Hudsons Bay Co.; Inco Ltd.; Linamar Corporation; Scotiabank

2005 Catalyst Member Benchmarking Report

Sponsors: Allstate Insurance Company; Campbell Soup Company; Lehman Brothers; Pfizer Inc

Beyond a Reasonable Doubt: Building the Business Case for Flexibility

Lead Sponsors: Fasken Martineau DuMoulin LLP; Gowling Lafleur Henderson LLP; McCarthy Tétrault LLP; Ogilvy Renault; Osler, Hoskin & Harcourt LLP

Participating Sponsors: Blake, Cassels & Graydon; Borden Ladner Gervais; Goodmans LLP; McMillan Binch LLP; Torsys LLP

Beyond a Reasonable Doubt: Creating Opportunities for Better Balance

Lead Sponsors: Fasken Martineau DuMoulin LLP; Gowling Lafleur Henderson LLP; McCarthy Tétrault LLP; Ogilvy Renault; Osler, Hoskin & Harcourt LLP

Participating Sponsors: Blake, Cassels & Graydon; Borden Ladner Gervais; Goodmans LLP; McMillan Binch LLP; Torsys LLP

Making Change: Creating a Business-Aligned Diversity Scorecard

Exclusive Sponsor: The Allstate Corporation

Women "Take Care," Men "Take Charge:" Stereotyping of U.S. Business Leaders Exposed

Exclusive Sponsor: General Motors Corporation

CONFERENCES AND RECEPTIONS

2005 Catalyst Awards Conference

March 24, 2005

The Grand Hyatt, New York City

Sponsor: GM Foundation

Release of 2004 Catalyst Census of Women Corporate Officers and Top Earners of Canada

April 27, 2005

Toronto

Sponsor: BMO Financial Group

Women in Leadership—The Next Generation of Corporate Leaders

June 21-22, 2005

Hilton Hotel, Prague, Czech Republic

Comprehensive Sponsors: BP p.l.c., General Electric Company, IBM Corporation

Partnership Sponsors: The Goldman Sachs Group, Inc., Pfizer Inc

Release of *Women "Take Care," Men "Take Charge:" Stereotyping of U.S. Business Leaders Exposed*

October 19, 2005

The Torch Club, NYU, New York City

Sponsor: General Motors Corporation

Release of *Beyond a Reasonable Doubt: Creating Opportunities for Better Balance*

November 23, 2005

Toronto

Sponsor: McCarthy Tétrault LLP

ROUNDTABLE EVENTS

Building HR & Core Business Partnerships to Advance Women in Business

January 25, 2005

Atlanta

Host: UPS

Creating an Award-Winning Diversity Initiative: Understanding the Criteria Necessary to Make Change

January 26, 2005

Seattle

Host: Nordstrom, Inc.

Advancement Strategies for Senior Women in Business

April 12, 2005

San Diego

Host: AMN Healthcare

Women and Men in the Workplace: Partnering for Success

June 23, 2005

San Jose, Calif.

Host: PricewaterhouseCoopers

Building a Pipeline of Women Across the Globe

July 15, 2005

New York City

Host: Avon Products, Inc.

Building the Business Case for Flexibility

August 10, 2005

Washington, D.C.

Host: Arnold & Porter LLP

Increasing the Bottom Line Through Successful Partnerships

October 6, 2005

Los Angeles

Host: STUDLEY

Building the Business Case for Flexibility

October 24, 2005

Purchase, N.Y.

Host: MasterCard International

SPECIAL GIFTS

Anonymous

Michael J. Critelli

K. Fanning

Cinda A. Hallman

Justgive.org

Ilene H. Lang

Christine Miller

National Geographic

Occidental Petroleum

Katherine Ortega

Sheila A. Penrose

Judith Rodin

PRO BONO & GIFTS IN KIND

Bell Canada Enterprises

Booz Allen Hamilton, Inc.

Debevoise & Plimpton LLP

Dell Inc.

Foote, Cone & Belding

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Financials and Notes to Consolidated Financial Statements

Consolidated Statement of Financial Position	2005	2004
ASSETS		
Cash and cash equivalents	\$520,772	1,010,004
Investments (note 3)	9,771,512	8,645,765
Accounts and other receivables	659,976	545,142
Grants and contributions receivable	993,224	485,726
Publication inventory	119,989	146,422
Prepaid expenses and other assets	249,369	140,559
Furniture, equipment, and leasehold improvements, net (note 6)	926,844	895,318
Total assets	\$13,241,686	11,868,936
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$734,250	569,027
Deferred revenue	122,500	2,500
Deferred rent obligation (note 9)	652,088	710,200
Total liabilities	1,508,838	1,281,727
Net assets:		
Unrestricted	7,647,494	6,715,034
Temporarily restricted (note 4)	828,283	713,343
Permanently restricted (note 4)	3,257,071	3,158,832
Total net assets	11,732,848	10,587,209
Total liabilities and net assets	\$13,241,686	11,868,936

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows	2005	2004
Cash flows from operating activities:		
Increase in net assets	1,145,639	890,616
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	274,486	251,529
Realized and unrealized gains losses on investments, net	(247,841)	(129,503)
Contributed assets	(105,653)	(46,477)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and other receivables	(114,834)	255,277
(Increase) decrease in grants and contributions receivable	(507,498)	278,958
Decrease (increase) in publication inventory	26,433	(6,585)
Increase in prepaid expenses and other assets	(108,810)	(63,997)
Increase in accounts payable and accrued expenses	165,223	18,657
(Increase) decrease in deferred revenue	120,000	(30,308)
Decrease in deferred rent obligation	(58,112)	(58,113)
Net cash provided by operating activities	589,033	1,360,054
Cash flows from investing activities:		
Purchases of furniture and equipment	(200,359)	(136,740)
Purchase of investments	(4,165,000)	(5,678,001)
Proceeds from sales of investments	3,287,094	4,575,606
Net cash used in investing activities	(1,078,265)	(1,239,135)
Net increase in cash and cash equivalents	(489,232)	120,919
Cash and cash equivalents at beginning of year	1,010,004	889,085
Cash and cash equivalents at end of year	\$520,772	1,010,004

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities	Unrestricted	Temporarily restricted	Permanently restricted	2005 total	2004 total
Revenue and support:					
Grants and contributions	\$3,214,794	1,233,369	—	4,448,163	3,936,740
Special events revenue (net of direct donor benefit costs of \$357,251 in 2005 and \$355,959 in 2004)	2,515,249	—	—	2,515,249	2,585,241
Donated services and assets (note 7)	411,267	—	—	411,267	314,803
Advisory fee income	1,629,955	—	—	1,629,955	1,456,580
Corporate board placement	—	—	—	—	112,500
Sales of publications	41,272	—	—	41,272	83,917
Honoraria and other	210,164	—	—	210,164	215,560
Royalties	6,298	—	—	6,298	13,639
Interest and dividend income	258,925	—	31,679	290,604	201,709
Realized and unrealized gains on investments	181,281	—	66,560	247,841	129,503
Net assets released from restrictions	1,118,429	(1,118,429)	—	—	—
Total revenue and support	9,587,634	114,940	98,239	9,800,813	9,050,192
Expenses					
Program services:					
National education	852,504	—	—	852,504	970,322
Research	1,760,354	—	—	1,760,354	1,325,408
Communications	1,724,583	—	—	1,724,583	1,395,746
Advisory services	1,950,821	—	—	1,950,821	1,828,764
Information center and services	830,628	—	—	830,628	781,236
Total program services	7,118,890	—	—	7,118,890	6,301,476
Supporting services:					
Finance and administration	1,052,494	—	—	1,052,494	977,846
Development and member relations	483,790	—	—	483,790	880,254
Total supporting services	1,536,284	—	—	1,536,284	1,858,100
Total expenses	8,655,174	—	—	8,655,174	8,159,576
Increase in net assets	932,460	114,940	98,239	1,145,639	890,616
Net assets at beginning of year	6,715,034	713,343	3,158,832	10,587,209	9,696,593
Net assets at end of year	\$7,647,494	828,283	3,257,071	11,732,848	10,587,209

See accompanying notes to consolidated financial statements.

Supplemental Schedule of Functional Expenses	Program Services					Supporting Services		2005	2004
	National Education	Research	Communications	Advisory Services	Information Center & Services	Finance and Administration	Development and Member Relations	Total	Total
Salaries, benefits, and payroll taxes	\$490,715	1,338,580	973,909	1,426,581	447,052	790,928	340,563	5,808,328	5,199,097
Professional fees	246,708	24,132	42,742	109,791	126,971	78,131	67	628,542	638,313
Pension expense	22,295	51,312	45,998	74,657	30,398	47,667	14,191	286,518	262,046
Occupancy	15,418	113,651	93,116	132,376	42,790	63,734	35,114	496,199	560,860
Printing, typesetting, and design	—	—	210,217	—	—	—	—	210,217	293,019
Supplies	2,987	13,945	12,045	18,061	17,847	8,704	4,021	77,610	87,396
Postage and shipping	6,527	7,444	51,182	14,641	1,742	3,798	5,075	90,409	112,096
Books and subscriptions	3,896	7,387	9,792	3,538	40,748	1,933	1,850	69,144	54,856
Meetings, conferences, and travel	24,789	99,357	57,869	46,622	23,453	9,573	41,184	302,847	245,958
Repairs and maintenance	473	5,889	2,600	8,195	28,322	3,133	1,245	49,857	78,232
Telephone	8,759	14,705	15,594	24,700	5,351	7,058	5,058	81,225	71,748
Depreciation and amortization	10,624	64,837	58,525	66,111	26,331	30,330	17,728	274,486	251,529
Conference expense	—	—	110,101	—	—	—	—	110,101	115,700
Other	19,313	19,115	40,893	25,548	39,623	7,505	17,694	169,691	188,726
Total functional expenses	\$852,504	1,760,354	1,724,583	1,950,821	830,628	1,052,494	483,790	8,655,174	8,159,576

(1) Nature of Operations and Summary of Significant Accounting Policies

Catalyst, Inc. is a nonprofit research and advisory organization with a dual mission of enabling women in business and the professions to achieve their maximum potential and to help employers capitalize on the talents of their female employees. Catalyst Canada, Inc. (Catalyst Canada) was incorporated on December 27, 2000 to fulfill the mission of Catalyst in Canada and is controlled by Catalyst, Inc. The accompanying consolidated financial statements include the accounts of Catalyst, Inc. and Catalyst Canada (collectively, Catalyst).

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. All significant interorganizational balances have been eliminated in consolidation.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of Catalyst.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that will be met either by actions of Catalyst and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated financial statements as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or removed by actions of Catalyst. Permanently restricted net assets consist of assets held in the “Felice N. Schwartz Reserve Fund for the Advancement of Women in Business and the Professions” (see note 4(b)).

(b) Comparative Totals

The consolidated financial statements include certain prior-year, summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Catalyst’s consolidated financial statements as of and for the year ended August 31, 2004, from which the summarized information was derived.

(c) Revenue Recognition

Contribution and grant revenue is recognized when an unconditional promise to give is received. As such, contributions and grants receivable are recorded in the year made and are recorded as restricted revenue if they are received with donor stipulations. The majority of contributions receivable is scheduled to be collected in the next year. Advisory fee income is recognized as unrestricted revenue when the related services are rendered.

(d) Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are recorded at cost or, if donated, at the fair value as indicated by the donor at date of receipt. Leasehold improvements are amortized on a straight-line basis over their estimated useful lives or the term of the lease, whichever is shorter. Furniture and equipment are depreciated on a straight-line basis over their estimated useful life of five years.

(e) Cash and Cash Equivalents

Catalyst considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents with the exception of those short-term investments managed by Catalyst’s investment manager for long-term investment purposes.

(f) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices. Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and investment income is recognized as revenue in the period earned.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

(g) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from the estimates made by management.

(2) Description of Program and Supporting Services

The following functional classifications are used to account for the program and supporting services of Catalyst:

(a) National Education

National Education fosters awareness and informs decision-makers of the changing role and needs of women in the workplace by promoting Catalyst’s mission of advancing women in business and the professions, Catalyst’s research, and services. The National Education effort also includes the execution of strategic plans to expand the reach of Catalyst’s mission in the North American business community.

(b) Research

Research conducts qualitative and quantitative research on both women’s leadership advancement and work/life issues across a wide range of industries, geographies, generations, and racial/ethnic groups. This research culminates in published studies that include findings from interviews, focus groups, and surveys, as well as company best practices and recommendations for companies and firms interested in recruiting, retaining, and advancing women. Catalyst has conducted research on women in leadership in the United States, Canada, and Europe.

(c) Communications

Communications creates and executes strategies to increase Catalyst’s visibility in the United States and Canada by developing strategic partnerships and strengthening its brand, products, and services. Communications is responsible for editing, designing, and producing all publications and collateral materials, and for public education activities such as press relations and speaking engagements. The department manages special events, including the Catalyst Awards Dinner and conferences to disseminate Catalyst research.

(d) Advisory Services

Advisory Services conducts large-scale internal organizational assessments on a proprietary basis for companies and firms. It advises employers on workplace barriers and successful strategies to retain, develop, and advance women. Advisory Services also provides single-issue, focused workshops on topics such as mentoring, creating women’s networks, and work/life integration.

(e) Information Center and Services

The Information Center tracks and collects information and produces quality results to requests through a comprehensive collection of books, periodicals, statistics, government reports, and press coverage of working women. It provides efficient, valuable information to Catalyst members, the media, and those who formulate public policy.

(f) Finance and Administration

Finance and Administration maintains operational, administrative, and financial responsibility for Catalyst.

(g) Development and Member Relations

Development and Member Relations enlists corporate, individual, governmental, and foundation contributions for general support and special research projects. The department manages relationships with members headquartered in the United States, Canada, and Europe.

(3) Investments

Investments consist of the following at August 31, 2005 and 2004:

	2005		2004	
	Cost	Fair value	Cost	Fair value
Short-term cash investments	\$251,328	251,328	45,841	45,841
Government securities	—	—	350,000	352,734
Corporate fixed income	6,032,588	5,948,834	5,398,588	5,360,896
Equities	3,338,841	3,571,350	2,990,906	2,886,294
	\$9,622,757	9,771,512	8,785,335	8,645,765

(4) Composition of Net Assets

(a) Temporarily Restricted Net Assets

Temporarily restricted net assets at August 31, 2005 and 2004 are restricted as follows:

	2005	2004
Women in Corporate Leadership	—	\$23,408
Women in Corporate Leadership – Europe	95,082	172,666
Making Change series	74,169	83,459
Occupancy	49,974	129,226
Benchmarking	21,399	11,949
Census	—	32,577
Census – Australia	4,571	13,607
Census – South Africa	11,685	19,312
Census – Canada	8,523	—
Pulse Survey	12,118	93,400
Global leaders 2	2,851	—
Women of Color in Firms	276,572	—
Member Website Development	135,473	—
Visible Minority Study	78,961	—
Other	56,905	133,739
	\$828,283	713,343

(b) Permanently Restricted Net Assets

During 1992, Catalyst established the “Felice N. Schwartz Reserve Fund for the Advancement of Women in Business and the Professions.” The principal amount of the fund may be borrowed on a short-term basis by Catalyst to complete research projects, which are of strategic importance but lack complete funding, and to meet temporary cash flow needs. The income earned from invested principal will be used to grow the fund in line with inflation and to complete the financing of research projects for which the majority of funds have been raised. Because borrowings from the principal of this fund must be repaid, these amounts have been classified as permanently restricted net assets. There was no borrowing from the fund in 2005 or 2004.

(5) Income Taxes

Catalyst is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been classified as an organization which is not a private foundation under Section 509(a).

(6) Furniture, Equipment, and Leasehold Improvements

The components of furniture, equipment, and leasehold improvements as of August 31, 2005 and 2004 are as follows:

	2005	2004
Furniture and fixtures	\$431,714	\$426,359
Equipment	1,867,134	1,566,477
Computer software	61,500	61,500
Leasehold improvements	710,666	710,666
	3,071,014	2,765,002
Less accumulated depreciation and amortization	2,144,170	1,869,684
Furniture, equipment, and leasehold improvements, net	\$926,844	895,318

(7) Donated Services and Assets

The components of donated services and assets for the years ended August 31, 2004 and 2003 are as follows:

	2005	2004
Legal	\$226,621	\$158,946
Investment	19,754	42,000
Computer equipment	105,653	46,477
Other	59,239	67,380
	\$411,267	314,803

(8) Pension Plan

Catalyst sponsors a defined contribution money purchase plan. Catalyst contributes 5% of compensation and employees are given the choice to contribute up to 5% of their salaries with Catalyst matching dollar for dollar up to limits established by the Code. An employee becomes eligible to participate in the plan after one year of service. Total pension expense in 2005 and 2004 was \$286,518 and \$262,046, respectively.

(9) Commitments and Contingencies

In 1997, Catalyst entered into a lease agreement for office space, expiring in 2012, for its New York City headquarters. In connection with the new lease, Catalyst received 14 months of free rent and reimbursement from the landlord for leasehold improvements of approximately \$552,000. The reimbursement from the landlord for leasehold improvements, as well as the value of the 14 months of free rent, have been recorded as deferred rent obligation and are being amortized over the lease term. Rental expense for this space is recorded on a straight-line basis. The lease provides for escalation based on operating costs.

In June 2002, Catalyst Canada executed a lease for office space expiring in 2007. Under the lease, Catalyst Canada is obligated to pay for rent and other occupancy costs.

In 2002, Catalyst entered into a license agreement for office space for its Western Region Program. Under this agreement, which expires in 2006, the value of the rent for licensed space is being contributed by the licensor. The value of contributed rent over the agreement period of \$310,598 was recorded as temporarily restricted donated services and contributions receivable. The contributions will be released from restriction and the receivable will be amortized over the lease term. Receivables include \$49,974 related to this agreement.

Aggregate rent expense amounted to \$486,878 and \$552,657 in fiscal 2005 and 2004, respectively. Future minimum lease commitments under the leases as of August 31, 2005 are as follows:

Year ending August 31:	
2006	\$388,141
2007	385,349
2008	336,963
2009	336,963
2010	336,963
Thereafter	848,111
	\$2,632,490

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