“In 2006, we expanded our own sights to make our mission more global in scope.”

2006 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, Toronto, and Zug, 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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In today’s global marketplace, business leaders know that to stay competitive, they must attract, develop, and retain the best talent. Failing to develop women leaders means ignoring fully half the talent pool.

Smart companies now understand that diversifying the ranks of their leadership is no longer merely a nice thing to do, but rather a must have—a strategic business imperative. Catalyst research reveals that, on average, Fortune 500 companies with the highest representation of women in their senior ranks had significantly higher measures of financial performance than those with the lowest representation.

This understanding—that championing diversity is both the right thing and the smart thing to do—reflects the core of Catalyst’s mission: to build inclusive environments and expand opportunities for women and business.

In 2006, we expanded our own sights to make our mission more global in scope. To leverage our reach across continents, Catalyst opened a European office headquartered in Zug, Switzerland. This enabled us to bolster existing partnerships and develop new collaborations on the continent and around the world.

We extended our global research beyond North America as well, releasing a groundbreaking study of gender stereotyping in Western European businesses. Expanding on our study of stereotyping by U.S. business leaders, we found in Different Cultures, Similar Perceptions: Stereotyping of Western European Business Leaders that stereotyping persists across borders. In each culture, men rated women less effective at those leadership qualities the culture valued most. This study was one of nine major reports released this year—reports that tackled issues such as fostering networking for women of color and creating what we call “agile workplaces.” Catalyst member companies sponsored all of our research, including our landmark Census and Benchmarking reports measuring progress for executive and Board-level women.

We would like to take this opportunity thank our Board of Directors, our Board of Advisors, our Western Region and Canadian Advisory Boards, and our 338 member companies for their extraordinary commitment and generosity. Through support for Catalyst research, record-breaking contributions to the Catalyst Awards Dinner, and ongoing dedication to the Catalyst mission, they serve as models for the global business community and lead the way.

We at Catalyst are proud of what we’ve accomplished this year. But there is more work to be done. We look forward to achieving ever more ambitious goals in the coming year.

Ilene H. Lang
President
Catalyst

Charles O. Holliday, Jr.
Chairman & CEO, DuPont
Chair, Catalyst Board of Directors
Global Relevance

Catalyst members face issues of diversity and inclusion throughout the world. In 2006, we focused on understanding the barriers within organizations that prevent women from advancing—and ultimately harm the companies themselves. Ground-breaking research examined gender stereotyping in Europe and the effect on job performance of parental concern about after-school childcare in the United States. Our outreach arm, Advisory Services, worked with clients to create environments that benefit both women and businesses.

Research

Catalyst’s research provides a base of knowledge from which to identify barriers to women’s advancement in business and to develop and implement strategies that foster change in the workplace.

In March, we released the 2005 Catalyst Census of Women Board Directors of the Fortune 500, marking the tenth anniversary of this signature offering that tracks the progress of women on corporate boards. In Canada, we released the fourth such report, 2005 Catalyst Census of Women Board Directors of the FP500.

We continued to examine gender stereotyping, finding evidence that women in Western Europe face barriers to advancement similar to those confronting their counterparts in the United States. Different Cultures, Similar Perceptions: Stereotyping of Western European Business Leaders, released in June, confirmed many of the U.S. findings and showed that whatever leadership behavior a culture values most, men think men are more effective than women. (A study examining stereotyping of U.S. business leaders was completed in 2005.)

Another seminal report, After-School Worries: Tough on Parents, Bad for Business, was released in December. Conducted with the Women’s Studies Research Center at Brandeis University, the study found that both women and men are less productive at work because of concerns about what their children are doing after school.

Other notable research released in 2006 included Connections that Count: The Informal Network, released in May, found that women of color use these strategies are linked to their rates of an organization.
In 2006, Catalyst convened leaders and inspired change around the globe. We drew connections across borders and broke down barriers common to all women in their working lives. Special events addressing diversity and inclusion guided companies—as well as the women who work for them—in Europe, Canada, and the United States. Outreach programs provided our members access to the tools that transform workplaces.

The 2005 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500, released in July, indicated that large U.S. companies have made little progress in advancing women—especially women of color—to high-paying leadership positions in the past ten years.

Beyond a Reasonable Doubt: Lawyers State Their Case on Job Flexibility, the third and final Catalyst Canada study in a series, released in November, found that a majority of women attorneys believed that using flexible work arrangements hurt their professional development.

The 2006 Catalyst Member Benchmarking Report focused on global diversity at 134 member companies, noting that while members are working to establish substantial internal programs that address diversity in communities worldwide, many still need to make significant strides toward a truly strategic approach to inclusion. In the absence of such a strategy, the programs may not achieve substantial and lasting change at the organizational level. Finally, for the third time, Catalyst Canada benchmarked the status of women in capital markets in Canada.

Global Reach

“Our members are global companies, and they need help solving problems globally.”

— Nancy M. Carter, Ph.D., Vice President of Research, Catalyst
Advisory Services

In 2006, Catalyst’s strategic diversity consulting arm sharpened its focus to provide members with trusted advice and actionable insights to build and sustain diversity efforts. Using tools to assess the quality and impact of current activities and defining specific steps for progress, Advisory Services (AS) designed and led strategic planning sessions that enabled members to develop a framework for ongoing diversity-and-inclusion programs.

AS examined the relationship between global and local issues in order to secure change in a global environment. Although the imperative to win in a competitive marketplace reaches across borders and cultures (as does gender stereotyping), AS understands that local values influence specific strategic initiatives. In its consulting, the unit grapples with a company’s centralized diversity-and-inclusion plan as it pertains to local practices, and works to enable companies to achieve locally tailored solutions.

During the past year, AS also worked to leverage its extensive knowledge and disseminate the insights gained from its engagements to all Catalyst members. For example, the consulting group created a set of tools—Diversity 101, now available on MemberNet—that can assist any member in creating, revising, or implementing a diversity initiative.

“Companies are engaged in a global war for talent. The issue is top of mind for many. We aren’t debating the issue but rather how to execute on it.”

— Eleanor Tabi Haller-Jorden, General Manager, Catalyst Europe

Membership

Catalyst’s 338 members gleaning the resources necessary to implement. New members included several in Europe, among them S

In June, Catalyst opened its much-anticipated European office. Headquartered in Zug, Switzerland, it is headed by Eleanor Tabi Haller-Jorden, who was named General Manager, Catalyst Europe. The opening was celebrated in presentations in Dublin, London, and Zurich. In Dublin, the event coincided with the release of Different Cultures, Similar Perceptions: Stereotyping of Western European Business Leaders, an expansion of Catalyst’s 2005 U.S. gender-stereotyping research and the third study of women’s leadership in the region. Catalyst Canada also enjoyed new leadership, with the appointment, in August, of Deborah Gillis as Executive Director.

International Partnership

Many international partners helped Catalyst extend its reach around the globe. BP p.l.c. sponsored the presentation in London, and UBS AG its counterpart in Zurich. In addition, Catalyst partnered with the Institute for Management Development in Switzerland to conduct the groundbreaking European stereotyping study.

“With members and peers, leadership facing global...
Events

Catalyst leaders traveled the world in 2006 to spread the word about the advantages businesses gain by fostering inclusive workplaces.

The year began with a “Texas Roadshow,” a multiple-city tour of that state designed to introduce potential members to Catalyst’s mission and offerings. The event was sponsored by Thomas J. Engibous, Chairman of Texas Instruments Incorporated and outgoing Chair of Catalyst’s Board of Directors.

In April, “Women and Men in the Workplace: Exploring Perceptions, Strengthening Partnerships” was the topic of a presentation and panel discussion in San Jose, California. Hosted by Cisco Systems, Inc., the event attracted 150 participants, including a roster of senior executives.

In June, Catalyst President Ilene H. Lang traveled to Dublin to present the findings from the European gender-stereotyping report, Different Cultures, Similar Perceptions. The study found that despite country and culture, men perceived men rather than women as more adept at leadership skills. Garnering media attention across Europe, the research won mentions in The Financial Times, The Irish Times, and other international news services. These placements also helped promote Catalyst’s new European office. The presentations in Zurich and London ensued in October, as did a member meeting that drew senior leaders from several companies to discuss the implications of stereotyping in Europe and the United States.

Also in June, Catalyst partnered with Microsoft Corporation to bring together leaders of corporate women’s networks on the West Coast. At this Bay-Area event, each network shared a “best practice.” The business case for women’s networks was also the topic of a Catalyst Canada panel discussion hosted by Enbridge Inc. Held in Calgary in September, the discussion attracted more than 60 women from Canada’s major companies.

In October, more than 40 Catalyst members and guests attended “Shaping the Future of Corporate Leadership,” a breakfast in Los Angeles hosted by Deloitte & Touche USA LLP. At this event, Ms. Lang outlined the business case for advancing women into executive leadership.

Two events that focused on networking skills completed the 2006 offerings. “Building a Women’s Network and What It Means for Your Bottom Line,” hosted by Deloitte Financial Advisory Services LLP, was held in June in New York. In September, in Northfield, Illinois, Kraft Foods Inc. hosted “Building Alliances between Women of Color and White Women.”

Global Membership

Implement changes that benefit both women and the bottom line at Schlumberger Limited and Telenor ASA.

In November, Catalyst introduced a global membership package targeted to meet the needs of international companies with offices throughout the world. For a single discounted price, a global member is granted membership benefits in all areas of the world in which Catalyst maintains a presence.

MemberNet Expansion

In 2006, Catalyst relaunched our members-only website, called MemberNet, which provides resources for companies seeking to enhance their diversity-and-inclusion efforts. Members can access Diversity 101, a suite of tools and templates that helps users create and launch initiatives. They can join conversations with Catalyst’s senior leaders and other member companies by participating in a bi-weekly blog, and they can ask issue-specific questions of Catalyst experts.
At the Catalyst Awards Dinner held on March 16, 2006, President Ilene H. Lang noted that stereotypical thinking results in seeing the world “in one fixed way.” By contrast, the companies whose diversity-and-inclusion initiatives were being honored that evening engage differently, she said. “They confront stereotypes. They see the talents and capabilities that each individual brings…. They expand expectations. They empower all employees to contribute…”

More than 1,600 individuals gathered at the Waldorf=Astoria to honor initiatives put in place by three visionary companies—BP p.l.c., The Chubb Corporation, and Safeway Inc.—at this annual Catalyst event. The numbers set records and included more than 80 CEOs, along with senior executives, from 238 major companies.

While differing in scope and focus, the winning initiatives all aim to incorporate the recruitment, development, and advancement of women as a strategic business goal. BP, the first winner from outside North America, places emphasis on achieving diversity in local geographical markets. Its initiative, Global Path to Diversity and Inclusion, includes programs in career development, an index that tracks perceptions of diversity and inclusion, global diversity networks, and workshops on issues pertaining to gender, race, and nationality.

At The Chubb Corporation, Reach Up, Reach Out, and Reach Down identifies high-potential employees and gives them the tools to take charge of their careers as well as reach out to and coach colleagues. Employee resource groups have substantial access to senior management and to the Board of Directors. The groups identify external business opportunities and serve as leadership-development centers.

Safeway’s Championing Change for Women: An Integrated Strategy offers employees comprehensive career-development and mentoring opportunities, helping the company achieve its goal of promoting from within. Diversity Advisory Boards work with senior leadership, and managers are required to mentor diverse talent at every level, including entry-level store employees.

The Dinner capped off the 2006 Catalyst Awards Conference, which also set records with 550 participants attending. Entitled Innovative Strategies, Winning Results and sponsored by General Motors Corporation, the Conference offered attendees the chance to learn from senior leaders as well as employees whose careers have been helped by the Award-winning initiatives at BP, Chubb, and Safeway.

In the afternoon, workshops on global business, informal networks of women of color, and gender stereotyping—issues drawn from Catalyst research and expertise—provided in-depth information on topics crucial to business success. At lunch, Keynote Speaker Ann Fudge, Chairman and CEO of Young & Rubicam Brands, struck a chord when she talked about the challenges she faced juggling family and work, noting that she and her husband coped by filling out and coordinating their calendars a year ahead of time.

As always, the Conference and Awards Dinner proved both rewarding and thought-provoking. Participants celebrated the strides made by the winners and tackled the roadblocks that still hinder both women and businesses engaged in global competition.
2006 Catalyst Awards Dinner
Contributors

$100,000 and Above
BMO Financial Group
BP p.l.c

$50,000-$99,999
Alcoa Inc.
Cardinal Health, Inc.
The Chubb Corporation
The Coca-Cola Company
Dell Inc.
DuPont
Ernst & Young LLP
General Motors Corporation
Sidley Austin LLP
Texas Instruments Incorporated
UPS

$25,000-$49,999
ABN AMRO Incorporated
The Allstate Corporation
American Express Company
ARAMARK
Avon Products, Inc.
Bank of America Corporation
Best Buy Co., Inc.
Bingham McCutchen LLP
Bristol-Myers Squibb Company
ConAgra Foods, Inc.
DaimlerChrysler Corporation
The Dow Chemical Company
Georgia-Pacific Corporation
Harrah’s Entertainment, Inc.
The Hearst Corporation
The Hershey Company
Hewitt Associates LLC
Hewlett-Packard Company
The Home Depot, Inc.
Humana Inc.
IBM Corporation
International Paper Company
Kellogg Company
KeyCorp
Kimberly-Clark Corporation
KPMG LLP US
Lehman Brothers Inc.
Lowe’s Companies, Inc.
McDonald’s Corporation
Merrill Lynch & Co., Inc.
Microsoft Corporation
Morgan Stanley
Office Depot, Inc.
O’Melveny & Myers LLP
PepsiCo, Inc.
Pfizer Inc.
Pillsbury Winthrop Shaw Pittman LLP
Pitney Bowes Inc.
PricewaterhouseCoopers LLP
Raytheon Company
RBC Financial Group
Sara Lee Corporation
Scotiabank
State Farm Companies
TD Bank Financial Group
UBS
Wal-Mart Stores, Inc.
Wyeth
Xerox Corporation
Young & Rubicam Brands

$10,000-$24,999
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
Arrow Electronics, Inc.
Banta Corporation
Bayer Corporation
BDI Seidman, LLP
Bechtel Corporation
Booz Allen Hamilton Inc.
Bryan Cave LLP
Campbell Soup Company
Cisco Systems, Inc.
Colgate-Palmolive Company
Comcast Corporation
Convergys Corporation
Cominco Incorporated
Credit Suisse Group
Deloitte & Touche USA LLP
Deutsche Bank AG
Eastman Kodak Company
Electronic Data Systems Corporation
Enterprise Rent-A-Car Company
Fluor Corporation
GaloSmithKline plc
The Goldman Sachs Group, Inc.
Goodwin Procter LLP
HSBC Holdings plc
ING Groep N.V.
Interpublic Group of Companies
JPMorgan Chase & Co.
Kaye Scholer LLP
Kraft Foods Inc.
Limited Brands, Inc.
Lockheed Martin Corporation
Marriott International, Inc.
Marsh & McLennan Companies, Inc.
McCann-Erickson Worldwide Inc
Mckinsey & Company
Morrison & Foerster LLP
New York Life Insurance Company
Northern Trust Corporation
Orrick, Herrington & Sutcliffe LLP
Pearson plc
The Pepsi Bottling Group
Qwest Communications International Inc.
Safeway Inc.
Schering-Plough Corporation
Shell Oil Company
Sodexho, Inc.
Softchoice Corporation
Sprint Nextel Corporation
Starbucks Corporation
Starcom MediaVest Group
Sullivan & Cromwell LLP
Sunoco, Inc.
Swiss Reinsurance Company
Symantec Corporation
The Thomson Corporation
Vinson & Elkins L.L.P.
Weil, Gotshal & Manges LLP
Weyerhaeuser Company
Whirlpool Corporation
The Williams Capital Group, L.P.
The Williams Companies

$1,000-$9,999
Bausch & Lomb Incorporated
C.R. Bard, Inc.
Carlson Companies, Inc.
Charming Shoppes, Inc.
Covington & Burling

“Catalyst Award winners understand that if you see talent, you get talent. If you see promise, you get promise. And they get results.”

— Ilene H. Lang, President, Catalyst

Debevoise & Plimpton LLP
DrauthFCB
EMC Corporation
Equal Opportunity for Women in the Workplace Agency
Fasken Martineau DuMoulin LLP
FPL Group, Inc.
Gannett Co., Inc.
Grant Thornton LLP
Heidrick & Struggles
Intel Corporation
MasterCard Worldwide
Mattel, Inc.
McCarthy Tétrault LLP
Metaldyne Corporation
Molson Coors Brewing Company
NIKE, Inc.
Rite Aid Corporation
Rolls-Royce plc
SBLI USA Mutual Life Insurance, Inc.
Shook, Hardy & Bacon L.L.P.
Staples, Inc.
Tenet Healthcare Corporation
Torys LLP
Towers Perrin
Transcanada PipeLines Limited
Unisys Corporation
Visteon Corporation
VNU, Inc.
2006 Catalyst Donors*

In Addition to Awards Dinner Contributions

CATALYST GOLD
($100,000 and Above)
Booz Allen Hamilton Inc.
Debevoise & Plimpton LLP
Dell Inc.
DuPont
General Motors Corporation
IBM Corporation
KPMG LLP US
Pfizer Inc.
Texas Instruments
  Incorporated

CATALYST SILVER
($50,000-$99,999)
BP p.l.c.
Cisco Systems, Inc.
Citigroup Inc.
DraftFCB
Fannie Mae
General Electric Company
The Goldman Sachs Group, Inc.
Henkel Group
Hewlett-Packard Company
JPMorgan Chase & Co.
Microsoft Corporation
Pillsbury Winthrop Shaw Pittman LLP
PricewaterhouseCoopers LLP
Total S.A.
UPS
Wal-Mart Stores, Inc.
*Includes Pro Bono and Gifts in Kind

CATALYST BRONZE
($25,000-$49,999)
The Allstate Corporation
ARAMARK
Avon Products, Inc.
Banta Corporation
BMO Financial Group
Campbell Soup Company
Carlson Companies, Inc.
Chevron Corporation
Citizens Communications Company
Colgate-Palmolive Company
Credit Suisse Group
DaimlerChrysler Corporation
Deloitte & Touche USA LLP
Ernst & Young LLP
Exxon Mobil Corporation
General Mills, Inc.
Georgia-Pacific Corporation
Lehman Brothers Inc.
麦金利Tétrault LLP
Merrill Lynch & Co., Inc.
Morgan Stanley
Pitney Bowes Inc.
The Procter & Gamble Company
Starcom MediaVest Group
Xerox Corporation
Young & Rubicam Brands

*Includes Pro Bono and Gifts in Kind
Special Project Funding

U.S. RESEARCH
2005 Catalyst Census of Women Board Directors of the Fortune 500
Sponsors: DuPont; Heidrick & Struggles

2005 Catalyst Census of Women Corporate Officers and Top Earners of the Fortune 500
Sponsors: DuPont; Heidrick & Struggles

2006 Catalyst Member Benchmarking Report
Sponsors: Campbell Soup Company; Lehman Brothers Inc.; McDonald’s Corporation; PricewaterhouseCoopers LLP

After-School Worries: Tough on Parents, Bad for Business
Sponsors: Citigroup Inc.; Fannie Mae; Pfizer Inc.

Connections that Count: The Informal Networks of Women of Color in the United States
Sponsors: Credit Suisse Group; DaimlerChrysler Corporation Fund; IBM Corporation

CANADA RESEARCH
2005 Catalyst Census of Women Board Directors of the FP500
Lead Sponsor: KPMG LLP
Participating Sponsors: Chubb Insurance Company of Canada; Hudson’s Bay Company; Inco Limited; ING Canada Inc.; Linamar Corporation; Scotiabank

Beyond a Reasonable Doubt: Lawyers State Their Case on Job Flexibility
Lead Sponsors: Fasken Martineau DuMoulin LLP; Gowlings Lafleur Henderson LLP; McCarthy Tétrault LLP; Ogilvy Renault; Osler, Hoskin & Harcourt LLP
Participating Sponsors: Blake, Cassels & Graydon LLP; Borden Ladner Gervais LLP; Goodmans LLP; McMillan Binch Mendelsohn LLP; Torys LLP

Catalyst’s Report to Women in Capital Markets: Benchmarking 2005
Sponsor: Women in Capital Markets

EUROPE RESEARCH
Different Cultures, Similar Perceptions: Stereotyping of Western European Business Leaders
Lead Sponsor: General Motors Corporation
Participating Sponsor: IBM Corporation

2006 AWARDS CONFERENCE
2006 Catalyst Awards Conference
March 16, 2006
The Grand Hyatt, New York
Sponsor: General Motors Corporation

RECEPTIONS AND ROUNDTABLES
Women and Men in the Workplace: Exploring Perceptions, Strengthening Partnerships
April 28, 2006
San Jose, Calif.
Host: Cisco Systems, Inc.

Challenge 2006: Managing Talent Globally
June 12-14, 2006
Dublin
Sponsors: BP p.l.c.; IBM Corporation; Pfizer Inc

Women’s Networks: Galvanizing Results
June 19, 2006
Mountain View, Calif.
Host: Microsoft Corporation

Building a Women’s Network and What It Means for Your Bottom Line
June 28, 2006
New York City
Host: Deloitte Financial Advisory Services LLP

Building a Women’s Network: Maintaining Effectiveness and Maximizing Results
September 14, 2006
Calgary
Host: Enbridge Inc

Building Alliances Between Women of Color and White Women
September 15, 2006
Northfield, Ill.
Host: Kraft Foods Inc.

Catalyst Europe AG Launch and Release of Different Cultures, Similar Perceptions: Stereotyping of Western European Business Leaders
October 16, 2006
London
Host: BP p.l.c.

Shaping the Future of Corporate Leadership
October 18, 2006
Los Angeles
Host: Deloitte & Touche USA LLP

Catalyst Europe AG Launch and Release of Different Cultures, Similar Perceptions: Stereotyping of Western European Business Leaders
October 20, 2006
Zurich
Host: UBS AG

MEMBER EVENT
Texas Roadshow
February 13-15, 2006
Dallas, Houston, San Antonio
Sponsor: Texas Instruments Incorporated

SPECIAL GIFTS
AOL Women’s Committee
Nancy M. Carter, Ph.D.
Ann Dibble Jordan
JustGive.org
Ilene H. Lang
Christine Miller
Occidental Petroleum Corporation
Sheila A. Penrose
The Penrose Foundation
Marita Powell
The Rockefeller Foundation
Anne C. Weisberg
### Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$409,942</td>
<td>$520,772</td>
</tr>
<tr>
<td>Investments (note 3)</td>
<td>9,846,847</td>
<td>9,771,512</td>
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<tr>
<td>Accounts and other receivables</td>
<td>382,747</td>
<td>609,778</td>
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<tr>
<td>Grants and contributions receivable</td>
<td>1,603,722</td>
<td>1,043,422</td>
</tr>
<tr>
<td>Publication inventory</td>
<td>98,254</td>
<td>119,989</td>
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<tr>
<td>Prepaid expenses and other assets</td>
<td>310,295</td>
<td>249,369</td>
</tr>
<tr>
<td>Furniture, equipment, and leasehold improvements, net (note 6)</td>
<td>704,696</td>
<td>926,844</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$13,356,303</strong></td>
<td><strong>13,241,686</strong></td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET ASSETS** |                    |                    |
| Accounts payable and accrued expenses | $715,441           | 734,250            |
| Deferred revenue                | 45,885             | 122,500            |
| Deferred rent obligation (note 9) | 593,975           | 652,088            |
| **Total liabilities**           | **1,355,301**      | **1,508,838**      |
| **Net assets:**                 |                    |                    |
| Unrestricted                    | 7,167,955          | 7,647,494          |
| Temporarily restricted (note 4) | 1,434,478          | 828,283            |
| Permanently restricted (note 4) | 3,398,769          | 2,957,071          |
| **Total net assets**            | **$13,356,303**    | **$13,241,686**    |

*See accompanying notes to consolidated financial statements.*

### Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported in net income</td>
<td>$268,354</td>
<td>1,145,639</td>
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<tr>
<td>Adjustments to reconcile in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>279,985</td>
<td>274,486</td>
</tr>
<tr>
<td>Realized and unrealized gains losses on investments</td>
<td>(212,130)</td>
<td>(247,841)</td>
</tr>
<tr>
<td><strong>Contributed assets</strong></td>
<td>(14,208)</td>
<td>(105,653)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
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<tr>
<td>Decrease (increase) in accounts and other receivables</td>
<td>227,031</td>
<td>(114,834)</td>
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<tr>
<td>Increase in grants and contributions receivable</td>
<td>(560,300)</td>
<td>(507,498)</td>
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<td>Decrease in publication inventory</td>
<td>21,735</td>
<td>26,433</td>
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<tr>
<td>Increase in prepaid expenses and other assets</td>
<td>(60,926)</td>
<td>(108,810)</td>
</tr>
<tr>
<td>(Decrease) in accounts payable and accrued expenses</td>
<td>(18,809)</td>
<td>165,223</td>
</tr>
<tr>
<td>(Decrease) increase in deferred revenue</td>
<td>(76,615)</td>
<td>120,000</td>
</tr>
<tr>
<td>Decrease in deferred rent obligation</td>
<td>(58,113)</td>
<td>(58,112)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>$203,996</strong></td>
<td><strong>$589,033</strong></td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities:** |                    |                    |
| Purchases of furniture and equipment | (43,629)           | (200,359)          |
| Purchase of investments | (453,854)          | (4,165,000)        |
| Proceeds from sales of investments | 4,673,649          | 3,287,094          |
| **Net cash provided by (used in) investing activities** | **$93,166**        | **(1,078,265)**    |

| **Cash and cash equivalents at beginning of year** | **$520,772** | **1,010,004** |
| **Cash and cash equivalents at end of year** | **$409,942** | **520,772** |

*See accompanying notes to consolidated financial statements.*

### Supplemental Schedule of Functional Expenses

<table>
<thead>
<tr>
<th></th>
<th>National Education</th>
<th>Research</th>
<th>Communications</th>
<th>Advisory Services</th>
<th>Information Center &amp; Services</th>
<th>Total Program Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, benefits, and payroll taxes</td>
<td>$351,983</td>
<td>1,560,204</td>
<td>1,140,436</td>
<td>1,162,330</td>
<td>502,106</td>
<td>2,137,587</td>
</tr>
<tr>
<td>Professional fees</td>
<td>570,193</td>
<td>383,632</td>
<td>135,067</td>
<td>219,040</td>
<td>125,646</td>
<td>654,993</td>
</tr>
<tr>
<td>Pension expense</td>
<td>24,853</td>
<td>78,700</td>
<td>66,575</td>
<td>54,109</td>
<td>35,034</td>
<td>219,040</td>
</tr>
<tr>
<td>Occupancy</td>
<td>18,363</td>
<td>125,785</td>
<td>121,664</td>
<td>166,787</td>
<td>55,739</td>
<td>78,700</td>
</tr>
<tr>
<td>Printing, typesetting, and design</td>
<td>—</td>
<td>369,330</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>369,330</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,574</td>
<td>10,786</td>
<td>12,356</td>
<td>9,316</td>
<td>14,038</td>
<td>57,490</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>5,386</td>
<td>5,616</td>
<td>60,516</td>
<td>5,216</td>
<td>2,477</td>
<td>60,516</td>
</tr>
<tr>
<td>Books and subscriptions</td>
<td>6,219</td>
<td>3,875</td>
<td>3,891</td>
<td>2,277</td>
<td>58,455</td>
<td>58,455</td>
</tr>
<tr>
<td>Meeting/conferences, and travel</td>
<td>37,841</td>
<td>124,118</td>
<td>126,254</td>
<td>48,206</td>
<td>24,828</td>
<td>124,118</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>589</td>
<td>6,127</td>
<td>4,224</td>
<td>3,758</td>
<td>53,547</td>
<td>53,547</td>
</tr>
<tr>
<td>Telephone</td>
<td>8,589</td>
<td>13,863</td>
<td>16,021</td>
<td>13,674</td>
<td>4,648</td>
<td>13,674</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>11,134</td>
<td>69,426</td>
<td>63,129</td>
<td>51,957</td>
<td>30,927</td>
<td>86,480</td>
</tr>
<tr>
<td>Conference expense</td>
<td>—</td>
<td>191,214</td>
<td>191,214</td>
<td>957,506</td>
<td>1,125,692</td>
<td>1,125,692</td>
</tr>
<tr>
<td>Other</td>
<td>2,298</td>
<td>27,813</td>
<td>78,667</td>
<td>20,371</td>
<td>49,916</td>
<td>20,371</td>
</tr>
</tbody>
</table>

| **Total functional expenses** | **$1,200,022** | **2,410,545** | **2,344,060** | **1,717,041** | **957,506** | **1,125,692** | **697,605** | **10,452,471** | **8,655,174** |

*See accompanying notes to consolidated financial statements.*
Net assets that are not subject to donor-imposed stipulations and that are temporarily restricted net assets. 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. 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 are held in restricted funds or in SSTs. The Felice N. Schwartz Reserve Fund for the Advancement of Women in Business and the Professions is held in this fund.

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.

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.

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.” 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 current 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 2006 or 2005.

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 that 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, 2006 and 2005 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>$433,755</td>
<td>$431,714</td>
</tr>
<tr>
<td>Equipment</td>
<td>11,852</td>
<td>1,867,134</td>
</tr>
<tr>
<td>Computer software</td>
<td>61,500</td>
<td>61,500</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>711,744</td>
<td>710,666</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>2,424,155</td>
<td>2,144,170</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$704,696</td>
<td>926,844</td>
</tr>
</tbody>
</table>

(7) Donated Services and Assets

The components of donated services and assets for the years ended August 31, 2006 and 2005 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>$208,144</td>
<td>$226,621</td>
</tr>
<tr>
<td>Consulting</td>
<td>24,819</td>
<td>19,344</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>14,208</td>
<td>105,653</td>
</tr>
<tr>
<td>Other</td>
<td>265,000</td>
<td>335,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$572,062</td>
<td>411,267</td>
</tr>
</tbody>
</table>

(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 a maximum 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 2006 and 2005 was $333,010 and $286,518, 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 of 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 2007, the value of the rent for licensed space is being contributed by the licensor. The value of contributed rent over the agreement period of $401,634 was recorded as temporarily restricted donated services and contributions receivable. In 2006, an additional $91,000 was recorded for the extension of the lease. The contributions will be released from restricted net assets as the receivable is scheduled to be collected in the next year. Advisory fee income is recognized as revenue in the period earned.

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 a maximum 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 2006 and 2005 was $333,010 and $286,518, respectively.

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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 of 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 2007, the value of the rent for licensed space is being contributed by the licensor. The value of contributed rent over the agreement period of $401,634 was recorded as temporarily restricted donated services and contributions receivable. In 2006, an additional $91,000 was recorded for the extension of the lease. The contributions will be released from restricted net assets as the receivable is scheduled to be collected in the next year. Advisory fee income is recognized as revenue in the period earned.
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