

THE YEAR IN REVIEW: AN IMPORTANT TURNING POINT

THE ARTHUR W. PAGE SOCIETY 2006 ANNUAL REPORT

Arthur W. Page

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VISION

The Arthur W. Page Society is committed to the belief that public relations as a function of executive management is central to the success of the corporation. The membership of the Society will embrace those individuals who epitomize the highest standards of public relations practice, as exemplified by the Page Principles.

MISSION

To strengthen the management policy role of the corporate public relations officer by providing a continuous learning forum and by emphasizing the highest professional standards.

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LETTER FROM THE PRESIDENT



Dear Page Society Members, 2006 represented a critical turning point for the Arthur W. Page Society. We made significant steps to improve the member experience, which has been and always will be our primary focus.

But we also laid the groundwork for much more aggressive thought leadership in support of our mission, overhauled our visual identity, and set the stage for a new program that promises to create a Page-like experience for high potential future chief communications officers.

As we build on these initial steps in 2007 and beyond, we will be raising the Page Society to a new level. Not only will it continue to offer members a unique experience, but increasingly the Page Society also will have greater impact on other key constituencies – most particularly other C-suite officers and future chief communications officers. Our goal in all this is to support our mission of advancing the management policy role of the chief corporate public relations officer.

All of this was stimulated by the strategic reassessment that the Board of Trustees completed under Tom Martin's leadership as he closed out his two years as president at the end of 2005. As Tom reported in the 2005 Annual Report, we were guided by a comprehensive assessment of member opinions, which reaffirmed our mission and urged a more expansive approach to influence other stakeholders.

As 2006 began, based on the strategic reassessment, the board launched a set of initiatives designed to achieve four objectives:

- A broader and more influential membership base.
- Programs that more effectively prepare members to succeed as strategic, consultative members of the corporate senior management team.

- Better understanding among CEOs, other C-suite executives and boards of directors of the value of the Page Principles and the appropriate role of the chief corporate public relations officer.
- A pipeline of better-prepared future chief public relations officers and Page Society members.

Let's take stock of how we did against each of these objectives in 2006:

Membership

The board made a commitment to become more directly involved in recruiting, and elected to focus on the Fortune 100, where our penetration as the year began was only about one-third. By year-end, Fortune 100 representation had increased by 41% from 34 to 48. Overall, membership increased nine percent from 308 to 336, a record level. (We lost only 12 and gained 40 new members.)

In 2007, we have set our sights on the Global 100, and we intend to broaden our international representation. We are also focused on increasing diversity and on the high technology sector.

Programs for Members

As I mentioned in the opening lines of this letter, our primary focus always has been and will remain on the member experience – specifically, creating ongoing learning and networking opportunities that make us better at our jobs. The two crown jewels of this experience are the Spring Seminar and the Annual Conference. Our Spring Seminar co-chairs, Carol Schumacher and Ray Kotcher, and our Annual Conference co-chairs, Maril MacDonald and Peter Debreceny, raised the bar in 2006 with great speakers and interactive sessions designed to help members get to know each other better and exchange ideas on topics of interest.

In addition, the Programs Committee, led by Rich Jernstedt, expanded our regional meetings

(guided by Greg Elliott) and Page One Teleconferences (headed by Tom Kowaleski) to give members more opportunities to interact with each other during the year. In both cases, the emphasis is on substance, not just socializing, and on dialogue, not just presentations.

Counting the major meetings, regional meetings and Page One Teleconferences, there were 12 formal opportunities for members to get together in 2006. This, of course, does not count the many other opportunities to serve on Task Forces and Committees, which involve more than 80 members.

C-suite Thought Leadership

We call the group working on C-suite thought leadership the Page Mission Task Force because, if successful, this effort has the most potential to advance our mission by changing the way the role of the chief public relations or communications officer (CCO) is viewed in the C-suite and among corporate boards.

The task force, co-led by Valerie DiMaria and Jon Iwata, has created a white paper on the rapidly evolving role of the CCO and a survey of CEO attitudes about the CCO, both of which will be released soon and used to stimulate dialogue in the business media and directly with C-suite officers.

In addition, the Page Society will be cosponsoring, along with the Business Roundtable Institute on Corporate Ethics, a report making recommendations on how corporations can more effectively build trust. This also should stimulate dialogue that helps create a better understanding of the value of public relations and the role of the CCO.

Future Leaders

To meet a need members have expressed for a program that can help their high potential future leaders prepare themselves more effectively to become chief communications officers, a Future Leaders Task Force co-chaired by Maril MacDonald, Ann McCarthy and Judith Mühlberg

has done significant work on a new program, which we hope to launch, perhaps as a pilot, in 2007.

Their efforts have been concentrated on understanding how to attract true high potential leaders to an affordable program that will give them a Page-like experience with ongoing learning and networking opportunities.

A New Visual Identity

Another program initiated by Tom Martin toward the end of his tenure was a review of the Page Society's visual identity. With the help of Landor Associates and input from a number of Page members, we concluded that the existing logo and design system did not allow us to fully convey the dynamic image of a rapidly advancing and influential organization. The new visual identity, featuring a logo based on Arthur Page's actual signature and a straightforward design system that relies heavily on a clean look, is well suited to an organization whose word is its bond.

Based on the new design and assisted by Weick Media, we also unveiled a new website, which features additional content and functionality.

A New Chapter

Another major development in 2006 was Paul Basista's decision, at year-end, not to renew his contract as our executive director following two, three-year terms. Paul was our first full-time executive director, and the Page Society truly came of age during his tenure. Our membership increased by 40 percent and our budget doubled during Paul's tenure. More importantly, the quality of the experience we offer our members was transformed and Paul put into place procedures and systems that will enable his successor to build on his accomplishments.

In early 2007, the board appointed Tom Nicholson as our new executive director. We are pleased to have attracted such an experienced and accomplished communications and business executive to help us take the Arthur W. Page Society to the next level.

Paul's departure means a new chapter will be opening both for him and for us. We are grateful to him for his dedication and accomplishments, and we wish him great success and happiness as he undertakes new challenges.

Financial Report

All of this activity does come with a price tag, but thanks to the support of our members through their dues, conference fees, sponsorships and development fund contributions, we were able to close out the year with only a slight (less than \$2,000) deficit. If you examine the financial report, you will see what appears to be a 31 percent increase in both revenue and expense; however, virtually all of that increase is explained by the fact that we received (and accounted for in our financial report for the first time) a significant amount of in-kind contributions from very generous supporters, including Landor Associates, Weick Media and Financial Dynamics, to whom we are extremely grateful.

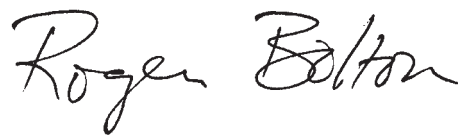
In sum, we remain quite sound fiscally, with assets on hand valued at close to our annual cash expense total and with a robust pipeline of

support from our members, whose generosity makes the operation and growth of this organization possible.

A Look Forward

As 2007 unfolds, you can expect to find many more opportunities to get together with other members. You can also expect to see major strides in bringing our new initiatives to life. The CCO white paper, CEO survey, BRT Institute Trust Project and Future Leaders Program all will make their first public appearances this year. We have engaged Burson Marsteller (following a competitive process open to all member agencies) to help us use these programs to generate a meaningful dialogue with key stakeholders in furtherance of our mission.

The rewarding work that we accomplished in 2006 was the product of many members who attend meetings; serve on the board, task forces and committees; and support the Page Society financially through dues, meeting fees and sponsorships. My hope for all members is that you find multiple opportunities to be engaged. If you wish to deepen your involvement, please let me know so I can help you identify a way to contribute that you will enjoy.



Roger Bolton
President

THE YEAR IN REVIEW

The year 2006 represented a significant step forward in enhancing the year-round membership experience and laying the groundwork for the future.

New Leadership for the Page Society

Following the election of officers at the 2005 Annual Meeting, the year began with new leadership at the helm of the organization. Roger Bolton, then Senior Vice President – Communications, Aetna, Inc., began his first term as President of the organization and Chair of the Executive Committee. A long-time member of the Page Society and the Board of Trustees, Bolton proved that he was committed to building on the past success of the organization and preparing it for the challenges and opportunities of the years to come. He was re-elected to a second term at the 2006 Annual Meeting.

Joining the Board of Trustees in 2006 were Cathy Babington, Paul Capelli, Kimberley Crews Goode and Tom Kowaleski.

Spring Seminar Focuses on Strategic Integration

At the Page Society's 21st Annual Spring Seminar, more than 265 members, guests and representatives of the media explored the importance of linking and integrating cultures, organizations, communities, people, processes and technology in today's highly competitive business world. Sessions aligned with the theme of "Strategic Integration: Fitting All the Pieces Together" also offered insight on ways to deliver consistent messages to stakeholders, while still supporting business objectives.

The two-day seminar, held at the Ritz-Carlton New York on April 6-7, kicked-off with a session entitled "News Delivery Media Integration" with broadcast news veteran Jeff Fager, the executive producer of "60 Minutes." Along with Carl Folta, Executive Vice President, Office of the Chairman, Viacom and CBS Corporation, Fager discussed the revolution



Carol Schumacher served as the Chair of the 2006 Spring Seminar.

taking place in news organizations – specifically the impact that platforms such as the internet and blogs are having on content delivery. Fager also discussed the future of online initiatives for traditional news organizations, including "60 Minutes" new deal with the popular internet portal Yahoo, which makes exclusive "60 Minutes" content available online.

In a session entitled "Creating an Integrated Corporate Communications Function," Janet Robinson, CEO, The New York Times Company, discussed ways to build a corporate communications function that is greater than the sum of its parts. A panel session that included Richard Edelman, Edelman Public Relations; Peter Hirshberg, Technorati; Suzanne Vranica, The Wall Street Journal; and Ashleigh Young, Ogilvy & Mather, looked at ways advertising, marketing and public relations can effectively be integrated to deliver exceptional results in today's demanding corporate environment. John Seely Brown, former chief scientist of Xerox and the director of its Palo Alto Research Center, illustrated how a shift from a push-to-pull dynamic in innovation is moving the power of influence from inside to outside the corporate walls.

The day ended with a welcome cocktail reception and gala dinner which recognized the winners of the Page Society's 2006 Case Study Competition. A performance by acclaimed playwright, actor and author Anna Deavere Smith followed the dinner.

The seminar was chaired by Carol Schumacher, vice president, investor relations, Wal-Mart Stores, Inc., and co-chaired by Ray Kotcher, CEO, Ketchum.

Building the Body of Knowledge Through the Case Study Competition

A case study focusing on a crisis related to brand and reputation management at the world's largest toy manufacturer, Mattel, earned a University of Southern California-Annenberg School for Communication student the Grand Prize in the Arthur W. Page Society's 2006 Case Study Competition sponsored by the Page Society and the Institute for Public Relations.

In "The Barbie Case," Liesbeth De Smedt, a candidate who is studying for her M.A. in Strategic Public Relations, laid out a challenging set of problems for students to consider, debate and respond to regarding anti-Barbie campaigns launched against Mattel, manufacturer of Barbie by other companies, toy manufacturers and artists.

De Smedt received her \$5,000 cash prize at the Arthur W. Page Society's Spring Seminar held in April in New York City. De Smedt's advisor, Dr. Craig Carroll, was also honored at the gala dinner.

In addition to the Grand Prize winner, students from the University of Missouri-Columbia, Missouri School of Journalism; Tuck School of Business at Dartmouth; and University of Notre Dame-Mendoza School of Business were awarded cash prizes in the two categories of submissions - business schools and communication/journalism schools.

The First Prize – Business School went to Daniel J. Pozen, a student at the Tuck School of Business at Dartmouth. His case was entitled "Managing a Crisis in Financial Services: Putnam Investments 2003-2004." He received \$2,500 and his faculty advisor, Paul Argenti, received \$650.

The Second Prize – Business School went to Quinn Bailey and Benjamin Gilfillan, students at University of Notre Dame-Mendoza College of Business. Their case was entitled "Choice Point: Personal Data and a Loss of Privacy." They shared a prize of \$1,500 and their faculty advisor, James O'Rourke, received \$350.



Page Society President Roger Bolton (left) and Frank Ovaitt, President and CEO of the Institute for Public Relations (right), congratulate the Grand Prize winner of the 2006 Case Study Competition, Liesbeth De Smedt (second from right) and her faculty advisor, Dr. Craig Carroll (second from left).

The Third Prize – Business School went to David Lee and Julie Ratliff, students at University of Notre Dame-Mendoza College of Business. Their case was entitled "Citigroup: Restoring Ethics and Image Before Growth." They shared a prize of \$800 and their faculty advisor, James O'Rourke, received \$200.

The First Prize – Communications/Journalism School went to Yuliya Melnyk and Moushumi Anand, students at University of Missouri-Columbia. Their case was entitled "How the Russian Company Pallet Trucks Used Public Relations Strategies to Protect its Business and the German Brand Pfaff-silberblau in Russia in 2001." They shared a prize of \$2,500 and their faculty advisor, María Len-Ríos, received \$650.

The Second Prize - Communication/Journalism School went to Anna Strahs, a student at Virginia Commonwealth University-School of Mass Communications. Her case was entitled "Court of Public Opinion Points Finger at Wendy's." She received a prize of 1,500 and her faculty advisor, Dr. Yan Jin, received \$350.

Established in 2001, the Case Study Competition is designed to increase awareness among students at accredited schools of business, communication and journalism about the value of public relations

as a critical function of corporate management. The objective is to help future business leaders understand various communications and reputation management issues that will confront them in their careers - and to encourage research that contributes to the profession's knowledge base.

Copies of the winning case studies, teaching notes and presentation materials are available on the Page Society's web site in the Resources section.

Page One Teleconferences

Again in 2006, the Page Society offered a series of hour-long teleconferences for its members and invited guests. Page One Teleconferences are intended to provide fast and easy discussion forums on subjects of current interest. They feature a moderator and guest experts who provide background, insights, and advice about how corporate communications can help deal with changed circumstances in what are usually highly charged environments. Participants are invited to engage in a two-way dialogue with the panel and moderator.

The year's first Page One Teleconference took place in May on the topic of "The Avian Flu Pandemic: Perspectives on Preparedness." It addressed how an influenza outbreak might affect industries, companies and stakeholders -- and what communications executives need to consider in preparing for it. The panelists included Dr. Elizabeth McClure, M.D., M.P.H., University of Minnesota, an expert on the origin and spread of infectious diseases; Cheryl (Cheri) Falvey, Partner, Akin Gump Strauss Hauer & Feld LLP, an attorney who counsels her clients on risk assessment and the major elements that need to be considered for excellent preparedness; and Jo-Anne Polak, Hill and Knowlton Canada, a communications executive with expertise in risk management and crisis communications. Thomas J. Kowaleski, a member of the Page Society's board of trustees, served as the moderator of the session.

The next Page One Teleconference, offered in August, was entitled "Privacy Matters: Safeguarding Identity, Data and the Corporate Reputation." The session featured a panel of

experts who discussed the topic of information privacy and the corporation's role in protecting the data and trust of their customers and employees. The panelists included Harriet Pearson, Chief Privacy Officer and Vice President of Corporate Affairs, IBM; Fred Laberge, Assistant Vice President of Corporate Public Relations, Aetna; Toni Simonetti, Chief Communications Officer, GMAC; and moderator Tom Kowaleski.

"Are We Our Vendor's Keeper?" was the title of the final Page One Teleconference of the year, offered in November. The session discussed the standards for ethical behavior of vendors, the role of communications in ethical compliance, and the responsibility of corporate boards in ensuring ethical business practices.

Participating in this rich and informative discussion were Dr. Michael Josephson, founder and president of the Joseph and Edna Josephson Institute of Ethics, one of the nation's foremost ethics consultants to major corporations and government officials; John Budd, founder/chairman of a boutique think-tank, the Omega Group, and a member of the national board of advisors to the National Association of Corporate Directors; Kirk Stewart, executive vice president and leader of the corporate communication practice at APCO Worldwide and the former global vice president of corporate communications for Nike, Inc.; and moderator Tom Kowaleski.

Promoting Regional Networking

One of the benefits of membership in the Arthur W. Page Society is the opportunity to network with other senior corporate communications and public relations executives representing a wide spectrum of industries. Several times a year, regional events are organized to give members and their guests the opportunity to network with one another and enjoy dynamic speakers.

The first networking event of the year took place in February at a special dinner honoring past president Tom Martin and outgoing trustees Nick Ashooh, Dick Badler, Jack Bergen, Kristen Bihary, Dominic Fry and Fred Hill. The dinner

was held in the private wine cellar at famed Chef Todd English's restaurant *English is Italian* in New York City. The guest speaker was L. Gordon Crovitz, Senior Vice President, Dow Jones & Company and President of the company's Electronic Publishing Group. Crovitz is responsible for the Dow Jones Newswires, Financial Information Services, Dow Jones Indexes and Dow Jones Consumer Electronic Publishing businesses, which include The Wall Street Journal Online and MarketWatch.com. He is a member of the Dow Jones executive committee and chairman of Factiva, the company's largest joint venture.

The next regional networking reception took place in June at the City Club in San Francisco. Consistent with the Page principle "Manage for Tomorrow," the event included a group discussion on the challenge of developing, hiring and retaining talented communications professionals. The session began with brief remarks from Don Spetner of Korn Ferry International and Smooch Reynolds of The Repovich Reynolds Group, two of the industry's top recruiters. The primary guest speaker was Aron Cramer, President and CEO of Business for Social Responsibility (BSR). He discussed the growing confluence of corporate reputation, public policy, corporate social responsibility and bottom-line business practices.

In June, the New York Regional Networking Event was held at the elegant Piano Due Ristorante. The guest speaker was Gary Silverman, the U.S. News Editor of the *Financial Times*. Silverman has worked for the newspaper since 1999, when he joined as U.S. Banking Editor. He subsequently served as Global Marketing Correspondent, based in London, before assuming his current position. In his presentation, he focused on the evolution of the news, and its effect on the greater relationship between PR and journalism – what he called a "critical distance."

The 12th Annual Chicago Networking Dinner was held in August at The Drake Hotel. Again this year, this annual event was a success with more than 50 members and guests in attendance. The event kicked off with an interesting panel

discussion about Chicago's bid to host the 2016 Olympics. The panelists included Peter Hersh of the Chicago Tribune; Thomas Kerwin of the architectural and engineering firm of Skidmore, Owings and Merrill; Michael Kontos of Hill & Knowlton; and moderator Peter Debreceeny of Allstate Insurance Company. Following a networking reception, a dinner was held featuring Paul O'Connor of World Business Chicago, who spoke about the efforts of this economic development organization in promoting metropolitan Chicago.

In September, the Arthur W. Page Society and the Public Affairs Council co-sponsored a special networking event at the University Club for members in the Washington, D.C. area. This luncheon program explored effective ways for corporations to manage integrated lobbying campaigns and deal with the rising influence of activist groups. Bill Oliver, Vice President, Public Affairs, AT&T, moderated a roundtable discussion about how companies use grassroots, issue advertising, media outreach, blogs and other strategies to buttress internal lobbying efforts. Doug Pinkham, President, Public Affairs Council, moderated a second session addressing how many activist groups are now taking their issues straight to shareholders in order to advance their political agendas, while others put pressure on corporate customers, suppliers and employees.

The first networking reception in the Minneapolis-St. Paul area took place in November at the headquarters of St. Paul Travelers. Among the highlights of the evening was a fast-paced presentation by Karl D. Speak, a recognized expert on internal brand building. Without question, internal brand building is one of the hottest topics in brand management today. It has become generally accepted that the brand on the outside with customers is only as strong as the brand on the inside of the organization. Speak shared a number of different case studies that provided practical insights on how to determine the role of internal brand building in an organization.

Annual Conference Focuses on Kaleidoscopic Change

With the theme of “Counseling the Corporation in Kaleidoscopic Change,” the 23rd Annual Conference took place October 22-24 at the elegant Ritz-Carlton Sarasota. More than 170 members and their guests participated.

The event brought together nationally and internationally recognized thought-leaders to examine, interpret and experience the kaleidoscope of changes in the marketplace, business and the communications profession.

The first external speaker was fellow communications executive Stanley Bing (a.k.a. Gil Schwartz), Executive Vice President – Communications, CBS Television, author & Fortune columnist. He provided a unique and humorous perspective on the “kaleidoscopic” change facing corporations and the implications for chief public relations officers.

The first full day of the conference featured Glenn Tilton, Chairman, President & CEO, UAL Corporation and United Airlines. He shared his perspective and personal journey of transforming



Sir Martin Sorrell shared his views about the issues, opportunities and challenges of the global marketplace and their impact on the communications profession.

United Airlines amidst one of the most volatile industry and historical points in time. He also explained how the company created a favorable regulatory environment and organizational flexibility to stay ahead of the shifting market and economic patterns.

Sir Martin Sorrell, Chief Executive, WPP, shared his views on the consolidation of communications services into a few global networks, the impact on companies and consultancies, and his vision for communications in the next decade.



Conference Chair Maril MacDonald (left) and Co-Chair Peter Debreceeny pose with the very funny Stanley Bing (a.k.a. Gil Schwartz).

Anne Stevens, former Executive Vice President and Chief Operating Officer, Americas Division, Ford Motor Company, provided insight into some of the competitive challenges of the domestic auto makers in Detroit and the personal challenges she faced as the first female executive vice president in Ford Motor Company.

Frans Johansson, author of *The Medici Effect*, demonstrated how the intersection of ideas from different fields and cultures can ignite an explosion of extraordinary new innovations. Conference attendees then tested his theory and methodology



*Frans Jobansson, author of *The Medici Effect*, explored how diversity helps drive break-through thinking and innovation.*

in break-out sessions designed to generate innovative ideas for solving current challenges facing companies and chief communications officers.

Rey Ramsey, CEO, One Economy Corporation, shared the story of his fight against poverty, using technology to help those who are cut off from the economic mainstream, helping them get connected and start creating assets.

During the evening, the participants enjoyed a networking reception on the beach at sunset, followed by a gourmet dinner and live entertainment.

The final day of the conference began with valuable insight on the growing Latino community across the country was provided by Monica Lozano, Senior Vice President, ImpreMedia LLC, Publisher and CEO, La Opinion and Chairman, National Council of La Raza.

An overview of shifting demographics and an update on the political sentiment was presented by Dr. Frank Luntz, CEO & Chairman, Luntz Mazlansky Strategic Research. He also discussed positioning strategies and how the power of language can achieve shifts in thinking and behaviors.

The final session featured two seasoned Washington politicians from both sides of the debate, discussed the current national divide, globalization's impact on America's leadership role on the world stage, implications for tomorrow's political and corporate leaders, and their perspectives on the upcoming midterm elections. The panelists were Michael Gerson, Former Senior Policy Advisor to President George W. Bush and Director of Presidential Speechwriting, and Joseph (Joe) Lockhart, a Founding Partner with The Guber Park Group, Former Chief Spokesman for President

Bill Clinton and White House Press Secretary. Page member Joan H. Walker, Senior Vice President – Corporate Relations, Allstate Insurance Company, moderated the session.

The Annual Conference was chaired by Maril Gagen MacDonald, Chief Executive Officer, Gagen MacDonald, and co-chaired by Peter Debreceeny, Vice President Corporate Relations, Allstate Insurance Company.

Honoring Outstanding Achievements

The Arthur W. Page Society presented three prestigious awards at a special ceremony held during the Annual Conference: The Hall of Fame Award, the Distinguished Service Award and the Page Principles Award.

Charlotte R. Otto, Global External Relations officer of The Procter & Gamble Company, was selected to receive the 2006 Hall of Fame Award, the Page Society's highest recognition. Created in 1984, the annual award honors a leading senior level communications executive for career achievement and outstanding contributions to the profession that help advance the role of the Chief Communications Officer. Inductees into the Hall of Fame have demonstrated a strong

commitment to the Page Principles throughout their careers, thereby contributing to the advancement of the role of the Chief Public Relations Officer. Recipients are also lauded for involvement and leadership in their local communities.

In her current role as P&G's global external relations officer, Otto is one of the company's top officers with responsibility for a wide range of communication and public affairs activities from media relations and product publicity to government and community relations.

Otto has had an exemplary career at P&G, marked by exceptional leadership of public relations, advertising and brand management. As the first female corporate officer of P&G, she has also proven herself an astute business executive and a valued member of the senior leadership team of this global company.

Otto is also well known for her leadership and service in the local community. She serves as chair of the Cincinnati USA Regional Chamber and is past chair of Downtown Cincinnati, Inc. and the Cincinnati Playhouse in the Park. She also serves on the boards of the Port of Greater Cincinnati Development Authority, Cincinnati Center City Development Corporation, and the Queen City Club of Cincinnati. She is the marketing chair of the Cincinnati USA Partnership. In 2005, The Cincinnati Enquirer named Otto "Woman of the Year."

Ron Culp was named as the winner of the 2006 Distinguished Service Award. This annual award recognizes an individual who has helped strengthen the role of public relations in our society by devoting themselves to services which help build and nurture the profession. Culp is Senior Vice President and Managing Director of the Midwest operations of Ketchum, a leading public relations firm. In this role, he is responsible for the agency's operations in Chicago and Pittsburgh. He also serves as a global corporate strategist in the firm's Global Corporate Practice.



President Roger Bolton presents the 2006 Hall of Fame Award to Charlotte Otto.

Culp's 30-year career spans a broad range of communications activities in government and the business-to-business, consumer products, pharmaceutical and retailing industries. Most recently, he was Managing Director and Chairman of Citigate Sard Verbinnen, where he established the agency's highly successful Chicago office.

Previously, Culp was Senior Vice President, Public Relations, Government Affairs, Communications and Community Relations for Sears, Roebuck and Co. During a 10-year career at Sears, Culp managed internal and external communications, marketing public relations support, state and federal government affairs and community relations, including the Sears Roebuck Foundation. Earlier in his career, he also held senior communications positions at Sara Lee Corporation, Pitney Bowes Inc. and Eli Lilly and Co.

Culp holds a Bachelor of Science degree in political science/journalism from Indiana State University.

Throughout his career, Culp has been actively involved in community service. He has demonstrated a particularly strong commitment to public relations students and education. In addition

to volunteering as a frequent lecturer and advisor to the public relations programs at colleges and universities, Culp has also served as a personal mentor to countless students and young professionals.

The Page Principles Award, previously known as the National Award, recognizes outstanding communications programming of an organization in which the communications officer is a member of the Arthur W. Page Society. The program selected for this award must represent one or more of the Page Principles in its development and/or implementation and demonstrate the critical importance of effective communications strategy and execution. The 2006 winner of this prestigious award is AT&T Inc. for the company's massive communications response in the wake of Hurricane Katrina in 2005.

AT&T's initiative during Hurricane Katrina illustrates the importance that telecommunications and the Internet play in our daily lives, especially during a disaster. As the hurricane ravaged much of the Gulf Coast and left thousands homeless due to storm damage and rising floodwaters, the corporate communications professionals from SBC Communications, which was in the process of acquiring AT&T Corp. to become AT&T Inc., closely tracked the plans of the Federal Emergency Management Agency (FEMA) to evacuate victims to Houston, Dallas, San Antonio and other cities in AT&T's 13-state local service territory.

Anticipating the communications needs, San Antonio-based AT&T quickly organized and provided free-of-charge key technology services to evacuees and relief agencies including additional phone lines, telephones, wireless phones, voice mail services, computers and high-speed Internet service. The company also deployed 50 onsite personnel to assist at the shelters, coordinated daily media activities at the shelters, and developed a donations program that raised \$10 million for relief agencies.

AT&T's unprecedented relief effort to reunite families after Hurricane Katrina clearly demon-

strated that the company's operating principles, which are very much aligned with the Page Principles, are more than just words -- the company acted on its values and delivered on its promise to do the right thing for the communities it services. The award was accepted on behalf of the company by Selim Bingol, Senior Vice President, Corporate Communications, AT&T.

A Bold New Look for the Page Society

The Arthur W. Page Society unveiled its new logo and visual identity system at the 23rd Annual Conference held in Sarasota in October. The new look and feel is the result of months of work by the Board of Trustees in close partnership with Landor Associates, one of the world's most accomplished and internationally recognized branding and design consultancies.

Earlier in the year, the Board of Trustees launched a project to examine the visual identity to determine whether a refresh would improve the organization's branding and communications. Landor Associates generously offered its services to the Society on a largely pro-bono basis.

Landor undertook an extensive process that included a review of the history of the brand and visual identity, a study of the brand landscape of related professional organizations, in-depth interviews with members and creative sessions with the Board of Trustees.



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After considering multiple design alternatives, the Board selected the new distinctive visual identity system featuring a logotype based on Arthur W. Page's actual signature. The new look is fresh and interesting, while preserving the strong connection to our heritage and the Page Principles. The

new logo has the added benefit of reinforcing the most fundamental Page Principle, “Tell the truth,” as one’s signature represents one’s word or bond.

Roger Bolton unveiled the new logo and visual identity system during the Annual Business Meeting in Sarasota. The new brand was met with an enthusiastic response from the members.

A Revamped Web Site

The Page Society ended the year on a high note with the launch of our completely redesigned web site at www.awpagesociety.com. The new site reflects the Society’s bold new visual identity, which was unveiled at the 23rd Annual Conference in Sarasota in October.

The web site reflects many months of work by Page Society members, staff, and our technology partner, Wieck Media, a leading technology company serving Fortune 500 companies that has generously provided their services on a largely pro-bono basis.

The new web site features more robust and improved functionality, including a new Members Only section with an enhanced member directory featuring photos of members and member-to-member email and a powerful interactive Discussion Forum.

Improving Collaboration with the Academic Community

The Arthur W. Page Society, in conjunction with the Tuck School of Business at Dartmouth, hosted the inaugural Arthur W. Page Society/Tuck School of Business Academic Symposium, a meeting that for the first time brought together academics, communications practitioners and journalists to discuss: the state of the profession, the challenges it faces and new areas of research that continue to push it forward. The two-day symposium was hosted May 17-19 in Hanover, NH, by Page member and trustee Professor Paul A. Argenti.

Members of the Page Society in attendance agreed that the meeting generated value for the profession and should be repeated in the future.

Promoting Diversity in our Profession

In January, the Public Relations Coalition, an alliance of 23 industry-related organizations including the Arthur W. Page Society, released the findings of its first diversity benchmark survey. The survey was part of the commitment made at the Coalition’s Diversity Summit, held in 2005, to increase efforts to improve diversity in the public relations and communications fields.

The survey found that minority and female representation needs to be increased, particularly at senior levels. The online survey was completed by 73 respondents, composed of heads of corporate communications within large corporations and CEOs of public relations firms. The study was conducted for the Coalition by BPRI, a WPP research agency.

Several areas that need to be improved in order to enhance diversity were identified in the survey, including recruitment and mentoring practices, networking activities and advancement procedures.

As a demonstration of our commitment to increasing the awareness of corporate communications and public relations as a career choice among ethnic minority college students, the Page Society again supported the Pathways to Diversity Scholarship program. The Pathways to Diversity Scholarship is a targeted scholarship for junior and senior college students who are committed to pursuing a career in corporate communications or public relations. The scholarship rewards students for their academic achievements and provides needed financial support for continuing their education. Working with The Lagrant Foundation and Inroads, the Page Society contributed a total of \$30,000 in scholarship funds in 2006. To increase awareness of the program and to involve our valued membership in a meaningful way, we also matched contributions of \$2,000 from our members.



ARTHUR W. PAGE SOCIETY

**ARTHUR W. PAGE SOCIETY, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2006 AND 2005**



ARTHUR W. PAGE SOCIETY

INDEPENDENT AUDITOR'S REPORT

Kattell and Company, P.L.

4055 NW 43rd Street, Suite 28
Gainesville, Florida 32606
TEL: 352-395-6565
FAX: 352-395-6636
www.kattell.com

To the Board of Directors,
Arthur W. Page Society

We have audited the accompanying statements of financial position of the Arthur W. Page Society, Inc. (the Society) as of December 31, 2006 and 2005, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to

obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arthur W. Page Society, Inc. as of December 31, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kattell and Company P.L.
March 19, 2007
Gainesville, Florida

**STATEMENTS OF FINANCIAL POSITIONS
DECEMBER 31, 2006 AND 2005
ARTHUR W. PAGE SOCIETY, INC.**

	2005	2006
Assets		
Current Assets:		
Cash:		
Checking	\$ 45,166	\$ 35,893
Money Market	<u>85,659</u>	<u>143,571</u>
Total Cash	130,825	179,464
Accounts Receivable	37,684	23,504
Prepayments	18,000	13,052
Investments	795,142	810,423
Book Inventory – Building Trust	<u>20,000</u>	<u>80,670</u>
Total Current Assets	1,001,651	1,107,113
Fixed Assets:		
Office Equipment	21,623	21,623
Accumulated Depreciation	<u>(6,487)</u>	<u>(2,162)</u>
Net Fixed Assets	15,136	19,461
Security Deposit	<u>29,660</u>	<u>29,537</u>
Total Assets	\$1,046,447	\$1,156,111
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 10,873	\$ 3,271
Payroll Taxes Payable	---	8,619
Deferred Revenue	140,443	189,555
Security Deposit	<u>14,768</u>	<u>14,768</u>
Total Liabilities	166,084	216,213
Net Assets:		
Temporarily Restricted	8,500	24,500
Unrestricted	<u>871,863</u>	<u>915,398</u>
Total Net Assets	880,363	939,898
Total Liabilities and Net Assets	\$1,046,447	\$1,156,111

See accompanying notes.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
ARTHUR W. PAGE SOCIETY, INC.**

	2006			2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Member Dues	\$ 423,663	\$ ----	\$ 423,663	\$ 405,975	\$ ----	\$ 405,975
Contributions:						
Cash	186,260	8,500	194,760	197,380	24,500	221,880
In-Kind Services	<u>315,300</u>	----	<u>315,300</u>	----	----	----
Total Contributions	501,560	8,500	510,060	197,380	24,500	221,880
Event Income:						
Annual Conference	214,295	----	214,295	246,288	----	246,288
Spring Seminar	193,475	----	193,475	216,950	----	216,950
Other Events	<u>14,745</u>	----	<u>14,745</u>	<u>20,520</u>	----	<u>20,520</u>
Total Event Income	422,515	----	422,515	483,758	----	483,758
Exec. & Leadership Forums	25,256	----	25,256	31,164	----	31,164
Sales of Publications	6,321	----	6,321	3,069	----	3,069
Investment Income:						
Gains	42,577	----	42,577	22,544	----	22,544
Interest and Dividends	<u>22,666</u>	----	<u>22,666</u>	<u>16,981</u>	----	<u>16,981</u>
Total Investment Income	65,243	----	65,243	39,525	----	39,525
Miscellaneous Income	2,607	----	2,607	1,777	----	1,777
Net Assets Released From Restrictions	<u>24,500</u>	<u>(24,500)</u>	----	<u>6,000</u>	<u>(6,000)</u>	----
Total Revenues	1,471,665	(16,000)	1,455,665	1,168,648	18,500	1,187,148
Expenses:						
Programs:						
Direct:						
Publications	57,431	----	57,431	54,383	----	54,383
Annual Conference	225,183	----	225,183	232,417	----	232,417
Spring Seminar	156,737	----	156,737	183,271	----	183,271
Committees	228,530	----	228,530	178,621	----	178,621
Allocated Costs	<u>485,287</u>	----	<u>485,287</u>	<u>350,050</u>	----	<u>350,050</u>
Total Programs	1,153,168	----	1,153,168	998,742	----	998,742
Management and General	298,350	----	298,350	106,870	----	106,870
Fundraising	<u>6,065</u>	----	<u>6,065</u>	<u>4,376</u>	----	<u>4,376</u>
Total Expenses	1,457,583	----	1,457,583	1,109,988	----	1,109,988
Net Gain (Loss) from Operations	14,082	(16,000)	(1,918)	58,660	18,500	77,160
Loss on Inventory Markdown	(57,617)	----	(57,617)	----	----	----
Change in Net Assets	(43,535)	(16,000)	(59,535)	58,660	18,500	77,160
Net Assets, Beginning of Year	915,398	24,500	939,898	856,738	6,000	862,738
Net Assets, End of Year	\$ 871,863	\$ 8,500	\$ 880,363	\$ 915,398	\$ 24,500	\$ 939,898

See accompanying notes.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006
ARTHUR W. PAGE SOCIETY, INC.**

	Program Services				Supporting Activities			Total
	Publications	Annual Conference	Spring Seminar	Committees	Allocated Costs	Management/ General	Fund Raising	
Salaries and Benefits	\$ ----	\$ ----	\$ ----	\$ ----	\$ 272,553	\$ 64,732	\$ 3,407	\$ 340,692
Facilities	----	93,618	93,958	37,508	----	----	----	225,084
Donated Services:								
Website Design	----	----	----	----	96,240	22,857	1,203	120,300
Branding	----	----	----	----	----	160,000	----	160,000
CEO Research Study	----	----	----	35,000	----	----	----	35,000
Consultants	----	----	----	----	25,794	6,126	322	32,242
Recognition	----	2,346	----	11,510	----	----	----	13,856
Awards	----	----	----	17,500	----	----	----	17,500
Scholarships	----	----	----	32,000	----	----	----	32,000
Speaker Honorarium	----	37,624	10,000	----	----	----	----	47,624
Other	----	16,459	6,800	1,897	961	228	12	26,357
Publishing and Sales	8,786	----	----	----	----	----	----	8,786
Underwriting	----	----	----	25,000	----	----	----	25,000
Audio Visual	----	29,603	20,389	----	----	----	----	49,992
Travel	----	9,659	3,498	----	9,449	2,244	118	24,968
Printing	14,962	15,049	5,861	6,940	12,317	2,925	154	58,208
Graphic Design and Production	33,683	----	----	----	----	----	----	33,683
Dinner Program	----	----	9,714	----	----	----	----	9,714
Bank and Credit Card Fees	----	----	----	----	----	15,383	----	15,383
Professional Services	----	6,500	4,517	48,376	----	7,472	----	66,865
Postage and Delivery Services	----	910	----	631	5,138	1,220	64	7,963
Insurance	----	----	----	----	13,457	3,196	168	16,821
Meals and Entertainment	----	10,759	----	2,320	----	----	----	13,079
Photography	----	2,656	2,000	----	----	----	----	4,656
Dues	----	----	----	5,250	----	----	----	5,250
Office Expenses	----	----	----	1,000	8,654	2,295	108	12,057
Website	----	----	----	----	4,589	1,090	57	5,736
Telephone	----	----	----	3,598	1,661	394	21	5,674
Occupancy	----	----	----	----	31,014	7,366	388	38,768
Depreciation	----	----	----	----	3,460	822	43	4,325
Totals	\$ 57,431	\$ 225,183	\$ 156,737	\$ 228,530	\$ 485,287	\$ 298,350	\$ 6,065	\$1,457,583

See accompanying notes.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005
ARTHUR W. PAGE SOCIETY, INC.**

	Program Services				Supporting Activities			Total
	Publications	Annual Conference	Spring Seminar	Committees	Allocated Costs	Management/ General	Fund Raising	
Salaries and Benefits	\$ ----	\$ ----	\$ ----	\$ ----	\$ 251,749	\$ 59,791	\$ 3,147	\$ 314,687
Facilities	----	110,521	111,196	57,839	----	----	----	279,556
Consultants	----	----	----	83,042	9,930	2,358	124	95,454
Awards and Recognition	----	2,312	----	23,519	----	----	----	25,831
Speaker Honorarium	----	58,300	5,300	----	----	----	----	63,600
Writing Services	20,013	----	----	----	----	----	----	20,013
Other	----	16,814	11,514	7,645	1,363	325	17	37,678
Book Publishing	2,562	----	----	----	----	----	----	2,562
Audio Visual	----	15,640	11,717	----	----	----	----	27,357
Travel	----	16,042	1,328	----	9,562	2,271	120	29,323
Printing	10,810	7,888	2,649	----	6,146	1,459	77	29,029
Graphic Design and Production	20,998	----	----	----	----	----	----	20,998
Dinner Program Bank and Credit Card Fees	----	----	25,662	----	----	----	----	25,662
Professional Services	----	----	----	----	----	15,573	----	15,573
Postage and Delivery Services	----	4,900	12,000	----	----	8,160	----	25,060
Insurance	----	----	165	458	5,791	1,375	72	7,861
Software Support and Training	----	----	----	----	10,543	2,504	132	13,179
Entertainment	----	----	----	----	1,805	429	23	2,257
Photography	----	----	----	332	----	----	----	332
Dues	----	----	1,740	----	----	----	----	1,740
Office Expenses	----	----	----	5,000	----	----	----	5,000
Supplies	----	----	----	----	3,967	942	50	4,959
Website Maintenance	----	----	----	----	2,334	554	29	2,917
Telephone	----	----	----	----	7,049	1,674	88	8,811
Occupancy	----	----	----	786	2,813	668	34	4,301
Depreciation	----	----	----	----	35,268	8,376	441	44,085
Totals	\$ 54,383	\$ 232,417	\$ 183,271	\$ 178,621	\$ 350,050	\$ 106,870	\$ 4,376	\$ 1,109,988

See accompanying notes.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
ARTHUR W. PAGE SOCIETY, INC.**

	2005	2006
Operating Activities:		
Receipts:		
Member Dues	\$ 374,551	\$ 376,850
Contributions	180,580	203,880
Events	447,771	511,272
Sales of Publications	6,321	2,590
Interest	5,401	3,857
Miscellaneous	2,607	1,777
Total Receipts	1,017,231	1,100,226
Cash Disbursements	<u>(1,140,870)</u>	<u>(1,118,735)</u>
Net Cash Used in Operating Activities	(123,639)	(18,509)
Investing Activities:		
Purchases of Fixed Assets	----	(17,817)
Sale of Investments	<u>75,000</u>	----
Net Cash Provided By (Used in) Investing Activities	<u>75,000</u>	<u>(17,817)</u>
Net Decrease in Cash	(48,639)	(36,326)
Cash, Beginning of Year	<u>179,464</u>	<u>215,790</u>
Cash, End of Year	<u>\$ 130,825</u>	<u>\$ 179,464</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Net Assets	\$ (59,535)	\$ 77,160
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Investment Gains	(42,577)	(22,544)
Investment Income Reinvestments	(17,142)	(13,124)
Loss on Inventory Markdown	57,617	
Depreciation Expense	4,325	2,162
Changes in:		
Accounts Receivable	(14,180)	(23,504)
Prepaid Expenses	(4,948)	(2,052)
Book Inventory – Building Trust	3,053	----
Security Deposit Paid	(123)	(29,537)
Accounts Payable	7,602	3,271
Payroll Taxes Payable	(8,619)	2,641
Deferred Revenue	(49,112)	(27,750)
Security Deposit Received	----	14,768
Net Cash Used in Operating Activities	<u>\$(123,639)</u>	<u>\$ (18,509)</u>

See accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
ARTHUR W. PAGE SOCIETY, INC.**

**NOTE 1 - SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Arthur W. Page Society, Inc. have been prepared on the accrual basis of accounting. Other significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization and Operations

The Arthur W. Page Society, Inc. (the Society) is a non profit organization committed to the belief that public relations, as a function of executive management, is central to the success of the corporation. Its mission is to strengthen the management policy role of the chief corporate public relations officer by providing a continuous learning forum and by emphasizing the highest standards of public relations practice. Programs include educational forums, research, scholarships for minority students and awards for outstanding achievements.

Tax Exemption

The Society is tax exempt under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Society has been classified by the Internal Revenue Service as an organization that is not a private foundation. Therefore, the Society qualifies for the charitable contributions deduction.

Cash

Cash consists of deposits in financial institutions. The balance in these accounts typically exceeds federal deposit insurance thresholds.

Accounts Receivable

Receivables consist primarily of contributions receivable. The Society records receivables at net realizable value using the allowance method, however no allowance is recorded since all amounts are considered fully collectable. There are no identifiable concentrations of credit risk related to these amounts.

Investments

Investments are reported at fair value. The Society invests only in debt and equity securities with readily determinable fair values.

Fixed Assets

The Society capitalizes office equipment costing more than \$500. Depreciation of office equipment is computed using the straight-line method over estimated useful lives of five years.

Book Inventory

The Society published a book in 2004 entitled "Building Trust". This inventory of books is recorded at lower of cost or market. Any mark-down to net realizable value is recorded as a loss. Management believes the books will be able to be sold or disseminated in furtherance of its purposes.

Revenue Recognition

Registration fees for certain programs and events are earned when the event is held. Registration fees received before the event are reported as deferred revenue in current liabilities.

Membership dues are assessed and are recognized as revenue on a calendar year basis. Membership dues received before the end of the year that pay for memberships of the next year are reported as deferred revenue in the current liabilities.

Contributions received are measured at their fair values and are reported as an increase in net assets. The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
ARTHUR W. PAGE SOCIETY, INC.**

Sales are recognized as revenue when the item sold has been delivered.

Contributions of services are recognized at fair value when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Advertising

Advertising costs are expensed as incurred.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The Society assigns most expenses directly to the related function. However, various overhead costs are allocated to programs, management and general and fundraising based on an estimate of the amount of time spent by Society personnel as they support those functions.

Program services include the expenses of publications, the annual conference, the spring seminar, the various activities of the Society's committees, as well as an allocation of salaries and other overhead expenses.

Fundraising expenses include an allocation of salaries and overhead expenses. There are no direct fundraising expenses as this activity does not consume a significant amount of the Society's resources.

Management and general expenses include all activities required to conduct the affairs of the Society which are not allocable to other functional areas. These expenses consist primarily of an allocation of salaries and overhead costs.

Use of Estimates

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

NOTE 2 - NET ASSETS

Temporarily restricted net assets consist of cash contributions received with the following donor restrictions:

	2006	2005
Restricted to provide case study awards	\$ ----	\$ 11,000
Restricted to support subsequent year	8,500	13,500
Totals	<u>\$ 8,500</u>	<u>\$ 24,500</u>

NOTE 3 - INVESTMENTS

The Society has invested in the following at year end. The basic investment strategy of mutual funds (equities or debt) has been displayed to provide an indication of market risk.

	2006	2005
Cash and Certificates of Deposit	\$ 154,328	\$ 142,843
U.S. Agency Securities	110,055	149,847
Legg Mason Mutual Funds:		
Growth Trust – equities	81,126	167,750
Value Trust – equities	163,970	167,350
Special Investment Trust – equities	48,676	45,154
Capital World Growth and Income Fund – equities	140,483	92,442
Income Fund of America – equities	45,291	----
Royce Fund Pennsylvania Mutual Fund – equities	51,213	45,037
Totals at Market Value	<u>\$ 795,142</u>	<u>\$ 810,423</u>
Totals at Cost	<u>\$ 712,199</u>	<u>\$ 733,090</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
ARTHUR W. PAGE SOCIETY, INC.**

NOTE 4 - COMMITMENTS

Contracts. The Society regularly enters into contracts for the use of facilities for its meetings. These contracts have provisions for minimum payments even in the event of cancellation. In addition, the Society may, from time to time, enter into contracts for the provision of services where significant portions of the services will be performed and paid for in subsequent years. Minimum commitments under these contracts at December 31, 2006 and 2005 are approximately \$123,000 and \$158,000, respectively.

Facilities Lease. In 2005, the Society entered into a lease for office space for a term of 5 years. The lease includes a security deposit of \$29,660. Concurrently, the Society entered into a license agreement (a sublease) with the Council for Public Relations Firms (the Council). Under the sublease, the Society shares the leased office space and the Council pays 50% of all costs of the lease, including a deposit of \$14,768. Future minimum lease costs and sublease receipts are displayed below:

Year	Lease	Sublease	Net
2007	\$ 62,794	\$ 31,397	\$ 31,397
2008	64,050	32,025	32,025
2009	65,331	32,666	32,665
2010	<u>10,924</u>	<u>5,462</u>	<u>5,462</u>
Totals	<u>\$203,099</u>	<u>\$101,550</u>	<u>\$101,549</u>

The Society records receipts from the Council as a reduction of its own facilities expenses. Net facilities expense for the years ended December 31, 2006 and 2005 was approximately \$38,800 and \$34,000, respectively.

NOTE 5 - PENSION PLAN

The Society offers a defined contribution retirement plan to all employees who have completed one year of service. The plan operates under section 401(k) of the Internal Revenue Code. The Society contributes 3% of an eligible employee's payroll and employees are fully vested after six years of service. Total costs of \$9,820 and \$5,094 are included in salaries and benefits for 2006 and 2005, respectively.



ARTHUR W. PAGE SOCIETY

THE ARTHUR W. PAGE SOCIETY OFFICERS, TRUSTEES AND STAFF

Executive Committee

President

Roger Bolton

Vice Presidents

Angela A. Buonocore

Peter D. Debreceeny

Maril Gagen MacDonald

William G. Margaritis

Thomas R. Martin

Anne M. McCarthy

Secretary

Richard D. Jernstedt

Treasurer

Nancy A. Hobor

At Large Members

James E. Murphy

W.D. (Bill) Nielsen

Trustees

Paul A. Argenti

Catherine V. Babington

Ann H. Barkelew

Roger Bolton

Angela A. Buonocore

Paul Capelli

Peter D. Debreceeny

Valerie Di Maria

Gregory Elliott

Matthew P. Gonring

Kimberley Crews Goode

Harvey W. Greisman

Nancy A. Hobor

Aedhmar Hynes

Richard D. Jernstedt

Raymond L. Kotcher

Thomas J. Kowaleski

Maril Gagen MacDonald

William G. Margaritis

Thomas R. Martin

Anne M. McCarthy

James E. Murphy

W.D. (Bill) Nielsen

James S. O'Rourke IV, Ph.D.

Helen Ostrowski

Ellen Robinson

Kenneth B. Sternad

Joan H. Walker

Donald K. Wright, Ph.D.

Executive Director

Paul Basista, CAE

Executive Assistant

Susan S. Chin

Communications Director

Dawn Hanson

* As of December 31, 2006



ARTHUR W. PAGE SOCIETY

2006 COMMITTEES AND TASK FORCES

President's Council

Roger Bolton, Chair
Ed Block
Dave Drobis
Larry Foster
Jack Kotten
Marilyn Laurie
Tom Martin
Jim Murphy
Bill Nielsen
Kurt Stocker

2006 Annual Conference Committee

Maril MacDonald, Chair
Peter Debreceny, Co-Chair
Catherine V. Babington
Mark Bain
Patricia A. Bergeron
Angela A. Buonocore
Marguerite F. Copel
William F. Doescher
Dominic Fry
Matthew P. Gonring
Patricia L. Harden
Raymond C. Jordan
Margery Kraus
Judith A. Mühlberg
Joan H. Walker

Business Schools Committee

Jim O'Rourke, Chair
Matt Gonring, Co-Chair
Paul Argenti
Jack Bergen
Clarke Caywood
Lou Anne J. Nabhan
Frank Ovaitt
James Rubin
Don W. Stacks
Ken Sternad

Executive Committee

Roger Bolton, Chair
Angela Buonocore
Peter Debreceny
Nancy Hobor
Rich Jernstedt
Maril Gagen MacDonald
Bill Margaritis
Tom Martin
Anne McCarthy
Jim Murphy
Bill Nielsen

Financial Planning and Operations Committee

Nancy Hobor, Chair

Sub-Committee Leaders

Bill Margaritis, Non-Dues Revenue
Ray Jordan, Investments

Other Members

Kristen Bihary
Mary Jo Keating
Bill Nielsen

Honors Committee

Marilyn Laurie, Chair
Ann Barkelew
Larry Foster
Jack Kotten
Maril MacDonald
Bill Margaritis
Tom Martin
Bill Nielsen

2007 Spring Seminar Committee

Ray Kotcher, Chair

continued, next page



ARTHUR W. PAGE SOCIETY

2006 COMMITTEES AND TASK FORCES

Membership Committee

Angela Buonocore, Chair
Ann Barkelew
Barbara Carmichael
Gregory Elliot
Matt Gonring
Don Kirchoffner
Maril MacDonald
Anne McCarthy
Ellen Robinson
Ken Sternad
Don Wright

Nominating Committee

Tom Martin, Chair
Roger Bolton
Dave Drobis
Rich Jernstedt
Jim O'Rourke
Ken Sternad

Programs Committee

Rich Jernstedt, Chair
Greg Elliott
Susan Henderson
Tom Kowaleski
Ellen Robinson

2006 Spring Seminar Committee

Carol Schumacher, Chair
Ray Kotcher, Co-Chair
Paul Argenti
Cathy Babington
Elizabeth Brooks
Dan Collins
Carol Cone
Ron Culp
Al Golin
Aedhmar Hynes
Rich Jernstedt
Charlie Perkins
Donna Reynolds
Maria Russell
Simon Walker

Diversity Task Force

Kimberley Crews Goode, Chair
Judy VanSlyke Turk, Co-Chair
Susan Atteridge
Peter Debreceny
Valerie Di Maria
Vicky Shire Dinges
Mike Fernandez
Ellen Weaver Hartman
Chris Hosford
Kathy Kelly
Maria Russell
Don Stacks
George Stenitzer
Mary Stutts
Cynthia Swain
Charlie Young

Page Mission Task Force

Valerie Di Maria, Chair
Jon Iwata, Co-Chair
Paul Argenti
Roger Bolton
Steve Cody
Peter Debreceny
Dave Demarest
Richard Edelman
Steve Harris
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PAGE PHILOSOPHY AND PAGE PRINCIPLES

The Page Philosophy

Arthur W. Page viewed public relations as the art of developing, understanding and communicating character—both corporate and individual.

This vision was a natural outgrowth of his belief in humanism and freedom as America's guiding characteristics and as preconditions for capitalism.

The successful corporation, Page believed, must shape its character in concert with the nation's. It must operate in the public interest, manage for the long run and make customer satisfaction its primary goal. He described the dynamic this way:

“Real success, both for big business and the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively.”

The Page Principles

- *Tell the truth.* Let the public know what's happening and provide an accurate picture of the company's character, ideals and practices.
- *Prove it with action.* Public perception of an organization is determined 90 percent by what it does and 10 percent by what it says.
- *Listen to the customer.* To serve the company well, understand what the public wants and needs. Keep top decision makers and other employees informed about public reaction to company products, policies and practices.

- *Manage for tomorrow.* Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.
- *Conduct public relations as if the whole company depends on it.* Corporate relations is a management function. No corporate strategy should be implemented without considering its impact on the public. The public relations professional is a policymaker capable of handling a wide range of corporate communications activities.
- *Realize a company's true character is expressed by its people.* The strongest opinions—good or bad—about a company are shaped by the words and deeds of its employees. As a result, every employee—active or retired—is involved with public relations. It is the responsibility of corporate communications to support each employee's capability and desire to be an honest, knowledgeable ambassador to customers, friends, shareowners and public officials.
- *Remain calm, patient and good-humored.* Lay the groundwork for public relations miracles with consistent and reasoned attention to information and contacts. This may be difficult with today's contentious 24-hour news cycles and endless number of watchdog organizations. But when a crisis arises, remember, cool heads communicate best.

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