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GRAND AWARD WINNER

Memories of War; Need for Peace

Writer and Speaker: Stephen T. Banko III

Delivered to Veterans Expo, Utica, New York, October 14, 2008

Most Vietnam veterans I know still cling to the notion they could handle one more war and at least two more women. But all that I know of war and all I have heard of peace disavowed me long ago of such romantic illusions. I don't know that I'll ever be able to understand, much less handle, any women and I didn't handle my only war all that well. I once thought that made me less of a man, being traumatized by something we had all been told was some kind of rite of passage from adolescence to maturity. I never heard my father or his brother talk about being overwhelmed by World War II and his brother had flown bomber missions over Germany. They survived and didn't complain so I thought there must be something intrinsically wrong with me. I was afraid that we were the "least" generation of soldier: that we complained too often and too loud and that in so doing, we cheapened our service; we blurred our sacrifice, and we wallowed in our suffering.

I had help, of course. Our own generation — if they thought about us at all — saw Vietnam vets as suckers. Our fathers' generation thought us losers for not being able to conquer a rag-tag bunch of rice farmers. And me? I didn't know what to think. I was hurting. I was confused. And that guy that had carried me through the most terrifying times of my life was now a stranger to me and to those around me. It was but a blink of an eye from a violent Sunday night when I killed a man from ambush to a disoriented Friday night back home, among those I'd left behind when I went off to war.

It's over they kept telling me. It's over. Just forget about it.

In real time, they were right, of course. But my reality was somewhere between what I'd left and what I couldn't fully walk away from. My war was indeed over — and over and over and over again in my mind, playing on an endless loop — the same heat, the same hurt, the same horror ... always ending with me alive and so many of my friends dead.

It didn't take long for me to realize that surviving combat was almost as bad as not surviving.

So why did it take our government so long to realize it? Why did it take the psychiatric profession so long? Why didn't our fathers tell us the ugly, immutable truth about war: that never does anyone return as the same person who left?

Primitive societies knew it. They had no Dr. Phils ... no Sanjay Guptas ... no plethora of pop psychologists to gum the problem to death. But they had experience. They knew

what war did to the soul and the mind as well as to the body. Reach back into antiquity. Go all the way back to Virgil and his classic "The Aeneid." In Book II, Aeneas recognizes:

'In me 't is impious holy things to bear,
Red as I am with slaughter, new from war,
Till in some living stream I cleanse the guilt
Of dire debate, and blood in battle spilt.'

Aeneas knows he has murdered and plundered. He knows he has offended the gods. His survival does not excuse it. His cause cannot justify it. He knows he must atone for his combat conduct and cannot even touch the cherished things of his life until he finds that living stream

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VITAL
SPEECHES
— OF THE DAY —

in which he can cleanse his guilt.

Why didn't anyone tell us that which the ancients knew? Why didn't they tell us about the guilt of dire debate and blood in battle spilt? Why didn't they help us find the living stream of cleansing?

Writing centuries after Virgil but with the same sting of truth, Rudyard Kipling wrote of his son's death in World War I — "When they question why we died, Tell them, because our fathers lied."

Kipling's generation lied by touting the grand romance of war. It's hard to look back at the horror of the trenches and mustard gas and blind rushes into machine gun nests and think of anything romantic. Our fathers lied by omission, allowing us to believe that our war was like their war; that our cause was as righteous as their cause; and most of all, allowing us to believe that a grateful nation would take care of us in our pain and our suffering and our loss.

My generation lied in our silence as a new generation of warrior marched into battle. We failed to impart our experience. We did not share our knowledge. We committed the sin of our fathers — silently acquiescing to the necessity of war. In doing so, we ignored the lessons of our own combat survival and thus, inadequately prepared a new generation of survivors to understand, to recognize and to face the immutable, unalterable truth that we return from war different than we left. Instead of preparing our troops for that reality, we pump them full of the "army of one" philosophy. We imbue in them the warrior culture of the few and the proud. We challenge them to challenge themselves to face the test of honor that we say war is. Even as our military triumphs on the physical preparation of troops for war, it fails preparing for the psychological acceptance of the aftermath. Soldiers steeped in the warrior ethic and venerated by our national faith in force, saddle up for combat utterly unaware that the exhilaration of being shot at without result will one day be replaced by psychic damage deeply etched onto their brains.

Certainly, the lack of preparation for social assimilation inhibits the assimilation process and in that, many of us share varying degrees of responsibility. But at the core of the problem is the ugly reality that combat and exposure to combat change us in ways that the individual could never imagine and that those entrusted with our care fail to address. Aeneas knew what we fail to acknowledge: the trauma of war changes an individual in such profound ways that easy reacclimation to civilian life is the exception to the post-combat rule. In 1918, Americans hummed along to a song that asked "How 'ya gonna keep 'em down on the farm after they've seen Patee?" That song spoke to some of the ways that doughboys returning from the First World War would change. I believe it was a gentle way of telling loved ones not to expect their returning soldiers would be the same people who left.

A less gentle way would be to change the lyrics to ask how do we keep our soldiers sane after they've witnessed

the horror. My generation went off to war in the tradition of the cinematic heroics of John Wayne. But I don't recall seeing Sgt. Stryker's soldiers blown into red mist by a booby trapped artillery round. I never saw one of Stryker's men with half a face missing after being shot in the cheek. I never saw a movie medic with his hands buried in a man's bowels working to stanch the flow of blood. I never saw traumatically amputated limbs littering a battle and I never heard the wailing of a dying soldier calling for his mother as his life leaked into the rotten earth of a country half a world away.

But we all saw that, or versions of it. We all experienced that mind shattering, sense numbing, stomach wrenching disgust of the reality of war. I didn't have to be in Baghdad or Bora-Bora to know that anymore than I needed to be at Gettysburg or Iwo Jima. I know that because I know war and in war, only the geography changes. War is brutal. It is ugly and it reeks with a stench that can never be cleansed. The ultimate truth is that war is a surrealistic penal colony for the young patriots of the real world who must pay the price for the believable myths of national furors and private enterprise. So if you watched men die at Hastings in 1066 or killed Cong in the Iron Triangle in 1966 we are all part of the same brotherhood of war altered spirits.

The other aspect of combat survival that inhibits a survivor's journey from then to now is killing. I was raised a Catholic and of the grand prohibitions expressed in the Ten Commandments, the grandest was that against killing. I could find detours around most of the Commandments but killing was one that stood out as being pretty much immutable. I spent a life in my faith and still practice it devotedly, so when I went off to war I did so in the naïve belief that I wouldn't have to violate this greatest of the commandments. So when I did ... when I shot an enemy from ambush and ended his life ... I ended part of mine as well. I had crossed a line from which I knew there would be no return. I had become someone different and would never be who I was again. I was not only ready for punishment but almost eager for it; eager for the atonement that would expiate my guilt at violating the most inviolate commandment of the Judeo-Christian ethic. Instead, I was rewarded. Truly, Voltaire was correct when he reminded us that all men are punished for killing, unless in large numbers and to the sound of trumpets. Think of the mental Mixmaster stirring all those conflicting beliefs into some kind of amoral paste: standing over an enemy body and trying to muster the pride your comrades say you should feel ... standing over a dead friend and feeling relief that it wasn't you who died ...

But no medals, no accolades, no matter how much approval my ability to kill earned, it was impossible to divorce myself from the notion that killing was wrong, that I was wrong. The survival instinct was strong and would get stronger as I went on but it would become the cause

of the love-hate relationship I feel with my country to this day: loving it for what it has been and must be again in the world but hating it for what it made me do and endure in its name. Long after my shooting war ended, the battle with my conscience continued. That's a battle I've come to recognize as common to the combat experience and the essential reason that the combat soldier returns a different person.

We come home from combat and struggle with myriad issues: relationships, finances, romance, jobs . . . but the biggest conflict is internal. We come home and reside in familiar surroundings with familiar people but it is much harder to find the familiar version of ourselves. We left one person but we come back another and the other is often not who we long to be. Killing and almost dying will do that. Bodies battered and broken by bullets, bombs and booby traps will do that. The intrusion of violence and bloodshed will also.

Aeneas knew it. Aeneas knew that he needed to be cleansed. He knew he needed a living stream to make him human again. But he wasn't the only one. American Indians knew it too — the ones we called primitive savages. They were smart enough to know that warriors return from battle damaged in body and spirit. Bodies heal themselves. Spirits need work. So the tribes sent returning warriors off to retreats distant from the tribe. They sent them off to decompress, to purge their guilt, to heal their spirits. In modern society, we assign too few to care for too many and take too long to do it. There remains a built-in bias against those who seek care for damaged spirits, considering them weak or effeminate, so we tend to physical wounds but we don't talk much about spiritual wounds. Our belief in the righteousness of our causal justification and the refusal to understand the conflict between a collective national conscience and individual mores increase the odds against any quick or complete return to normalcy.

As the soldier struggles in the bivouac of his private first class world, society proclaims combat service a virtue. The dichotomy can be devastating. The veteran finds he is unable to be who he was, unable to connect with who he is and over time, becomes unable to be unable any more.

And the tragic aspect of the story is that none of this is new. The ancients knew what the stress of mortal combat could do. They understood survival guilt as well as anyone. They knew that healing the spirit and cleansing the guilt were essential parts of recovery. They knew it and addressed it long before we did in modern society. What they recognized remains for us to do and perfect. It would be wonderful to believe we have the will and the willingness to make war obsolete but I'm not that naïve. So we must, instead, make the living stream of psychic healing part and parcel of our understanding of war. Time is not the only measurement of the distance we've traveled since the Roman poet Horace wrote "dulce est decorum est pro patria mori." (It is sweet and fitting to die for one's country.) We're much closer to the sentiments expressed by Ernest Hemingway writing about WWII:

"In the old days, they wrote that it was sweet and fitting to die for one's country. In modern war, there's nothing sweet nor fitting. You die like a dog, for no good reason."

I will leave it to others to decide the reasons for which our soldiers die and I am not about to judge the merits of their deaths. I salute service and am humbled by sacrifice. My mission today has been to start the search for our living streams, for those of us whose lives are testaments to the effects of war, and for those who struggle still today with the need to heal, to cleanse, and to be relieved of guilt.

I hope something I said this morning will help us all — veterans, caregivers, loved ones, and medical professional — get to that stream. ♦

WINNER: EDUCATOR CATEGORY

Pax et Bonum: The Dedication of the SCAD Clarence Thomas Center for Historic Preservation

Writer: Harrison Scott Key/Speaker: Paula Wallace, Savannah College of Art and Design (SCAD) President
Delivered at SCAD, Savannah, GA, January 4, 2010

Thank you all for being a part of such a meaningful day in the history of SCAD and this community. Thank you, especially, to the representatives of the Franciscan Sisters from Savannah and Augusta, Georgia, who are carrying on the work that started here so many years ago. And finally, thank you to Justice Clarence Thomas for your decades of public service — a legacy that was cultivated right on these hallowed grounds.

We conserve this building to honor the good that was

done and will be done here. We conserve this building because it's our responsibility to preserve the good. We conserve this building because, as Justice Thomas says, "Right is right." It is right to honor the lives and work of those who came before. That responsibility is a truth Justice Thomas learned from the sisters who lived within these walls.

As with any building rehabilitation project of this scale, there are many to recognize. Thank you to Glenn

Wallace and everyone with SCAD Design Group and SCAD Physical Resources; the architect, Neil Dawson; our contractor, Walter Carson and the Carson Company; and the benevolent army of SCAD staff who toil behind the scenes every day to ensure that the life-affirming work of the university moves forward day and night. In particular, I thank Sally Rajcic and Ron Waranch, without whom this day would not have happened.

Today, we gather in a space of sacred memory. This former convent of the Missionary Franciscan Sisters of the Immaculate Conception was more than a place for the nuns to lay their heads at night. It was a sanctuary, the *sine qua non* of so many lives in this community. A place for children to rest, to be comforted, to be nourished. A place where, nearby, a young altar boy named Clarence served the mass ... walking in the early morning darkness from his home on 32nd Street.

Justice Thomas's story is one of crucible and triumph. His journey effectively began in the ashes of a house fire in his Pin Point home, ten miles south of here. From those ashes, his mother moved him and his brother to town, where the Franciscan Sisters and his grandfather Myers Anderson, whom he called "Daddy," would change his life forever.

Daddy was a man of priorities and principle. As Justice Thomas says in his memoir, according to Daddy, "Our first task was to get a good education [...] so that we could hold a coat-and-tie job." He also writes that, "[Daddy] warned us that if we died, he'd take our bodies to school for three days just to make sure we weren't faking."

To this day, Justice Thomas lovingly tells stories of Sister Mary Consuela and Sister Mary Virgilius and others who profoundly influenced his life. Who strengthened him. Who prayed for him. And who weren't afraid to push him to heights of intellect and imagination.

Make no mistake about it. Sitting in class under the sisters at St. Benedict's was not for the faint of heart. They demanded perfection in everything. Perhaps that's why Justice Thomas takes our nation's capitol in stride. The Beltway has nothing on Sister Mary Virgilius.

And through it all, the nuns taught their students two important lessons: that all human beings are created equal, and that segregation is morally wrong. In the Savannah, Georgia, of 1955, that was considered by some a scandalous proposition.

The nuns, along with so many others in his life, taught Justice Thomas that love and hard work would triumph

in the end. This, Justice Thomas says, was his inheritance. And what a priceless inheritance it is.

Justice Thomas carried that inheritance with him to Holy Cross. To Yale Law. To Capitol Hill. To the Department of Education. To the EEOC. To the U.S. Court of Appeals. And to that most vaunted podium of jurists, the Supreme Court of the United States. That coat-and-tie job has turned into a robe-and-tie job.

Justice Thomas has won a reputation on the court for his fearless intellect, his fierce independence of thought, and his belief in personal responsibility. These are the hallmarks of his jurisprudence, just as they were the hallmarks of his upbringing and the life of the Franciscan Sisters.

Reason magazine has called him, quote, "that Washington rarity: a genuinely independent thinker." He is one of the most steadfast and unswerving justices in U.S. history, with an unflinching commitment to upholding the U.S. Constitution. And that legacy began, in part, where we stand today.

That same legacy, that same ethos of intellectual rigor and human equality, will continue to be cultivated within these walls ... where students will study the law, economics, and practice of historic preservation — with every class designed to prepare students for professional careers that contribute to the public good.

The Franciscan Sisters continue to live an ethical system that manifests compassion, finds unity in diversity, and promotes reconciliation. They live out St. Francis of Assisi's dictum: *Pax et bonum*. Peace and goodness. It is a worldview that inspired public service in the life of Justice Thomas. And it will continue to inspire public service in SCAD students for years to come.

In an interview many years ago, Justice Thomas said, "We must ask ourselves the simple questions about what is good about our society and whether or not we are preserving the health of our society. Are we going to wait until we lose that health to be concerned about it?"

That's a fundamental question, and one that all students, through their work at the SCAD Clarence Thomas Center for Historic Preservation, are answering every day. We will preserve what is good. We do it because right is right.

We thank the friends and family from near and far and especially our honoree, Justice Clarence Thomas. I am deeply grateful to each of you for celebrating today with us, and I wish you all *Pax et bonum*. ♦

WINNER: AGRICULTURE CATEGORY

Putting the Future Into Perspective

Writer: Lani Jordan/Speaker: John D. Johnson, President and CEO, CHS Inc.
Delivered at the 2009 CHS Annual Meeting, Minneapolis, MN, December 3, 2009

Good afternoon. As always, it's a pleasure to present this management report at your annual meeting.

While I like to think I have a few talents, I will admit that I wasn't blessed with artistic ability. As a child, I'm sure the artwork I brought home from school was the stuff only a mother could love. I was really more of a connect-the-dots kind of artist.

But like many of you, despite my lack of talent, I had the opportunity to learn something about drawing in school. You all probably remember this. The art teacher would show you how to put a point on a piece of paper and by adding lines at different angles you could end up with a drawing that showed distance, height or the relationship of one object to another.

In short, we learned about perspective.

Now some people with real talent can take these basic lessons in perspective drawing and create beautiful works of art. Mountainous landscapes that seem like you can reach out and touch them. City scenes bustling with people. Stormy seas with horizons that seem to go on forever.

There was even one artist — Dutch artist M.C. Escher — who built his reputation on pushing perspective drawing to its limits. I'm sure you've seen some of these works, where you're not certain where one element ends and another begins.

(Pause)

Well despite my lack of artistic ability, the few things I learned about perspective drawing have been good lessons for life and, in recent years, for our efforts to set CHS on a solid course for the future.

(Start Camtasia drawing visuals here)

To create the complete picture, you must begin with a point on the horizon — a vision. Where you take that vision depends on properly adding the horizontal and vertical lines and other elements that bring it to life.

As one art book says, the goals of perspective drawing are to create a three-dimensional feeling and show objects in relation to each other. In the end, it's about the viewer's relationship to the drawing.

But successful perspective drawing requires one more thing. You can't just randomly add lines and elements. You have to really consider where you're adding them. It's about making certain they are positioned at the correct angles.

(End Camtasia here)

This is very much like what we've worked to achieve through the 2020 Vision process CHS began more than

three years ago.

We fixed our sights on a point on the horizon — the continued success of your company — and step by step have crafted a process for creating a detailed picture of CHS future, for both the immediate and long terms.

Ultimately, that point we all see on the horizon represents the achievement of our vision and our mission. We say we want:

To be an integrated energy, grains and foods system innovatively linking producers with consumers and that we want to accomplish this in ways that grow profitability and value for our stakeholders. For you.

During 2009, and as we move through 2010, we've been focused on the final aspect of this effort. We are looking far out into the future to determine how CHS can add long-term enterprise value for you. And we're figuring out what we must do to make this picture complete.

When we talk about our goal of creating long-term enterprise value for you, what do we mean?

I think it's a combination of several things.

First, we need to achieve profitable growth.

Even though our earnings for fiscal 2009 were down from the past three years, they still represent the fourth-best in our history and certainly meet our goal of consistently achieving annual base earnings of between \$300 million and \$400 million.

And while in a commodity business revenues aren't our primary focus, CHS continues to grow. Even with the decline in commodity prices from 2008 to 2009, clearly your company has broadened its reach on your behalf.

(Show 12 years of earnings and revenues charts)

Second, we need to provide an appropriate return on capital. In the case of our member-owners, that means achieving a return on your equity and returning cash to you, both of which we have achieved consistently.

(Show 12 years ROE and cash return charts)

Third — and fourth, — we must remain competitive in the markets into which we sell grain and processed grains and oilseeds, and we must be a reliable and competitive supplier of the energy, crop nutrients, livestock feed and other products and services you count on. We've done this by building a strong domestic and global grain marketing platform that keeps CHS, on behalf of its producers, competitive in the markets every day of the year. And, we also continue to do it by investing to make sure our supply infrastructure can serve you efficiently and effectively.

Finally, and, in many ways, most important, adding value means not only hitting the right marks, but getting there the right way. It's about values.

To use our perspective analogy, it probably doesn't matter how good the picture is if you've drawn it on paper that won't hold up. In the past 18 months, the headlines have flashed one disturbing story after another about the unethical actions by business leaders and companies.

That personally offends me and I'm sure it does you. That's not how we do things at CHS.

We believe in our tradition of partnership and shared success.

We value building lasting and rewarding customer relationships.

We're committed to managing our business with the highest integrity.

We know that our people and their innovative spirits are at the heart of our success.

And we are deeply committed to being responsible stewards in our communities. That means being Stewards of our Earth through the environmental, health and safety efforts of our operations. This year we took our commitment one step further by naming our first-ever vice president of corporate compliance who will ensure we meet all domestic and international regulatory requirements, as well as provide leadership for compliance for all future initiatives.

It also means being Stewards of our Communities by sharing our time, talents and resources. Its efforts like our new generation program that supports scholarships, academic programs and other educational efforts. It's the thousands of hours our employees and their families volunteer each year. And it's the many dollars CHS and its employees contribute each year to United Way campaigns and other worthy efforts all over the country.

You can learn more in this year's stewardship report, which you received with the annual report.

(Pause)

So these are really our starting points for creating the CHS of tomorrow — our vision, our mission, our values and our clear view of what creating long-term enterprise value for you means.

But how do we go from a point on the horizon and a few lines on a piece of paper to a complete picture?

As I said, a goal of perspective drawing is to visually establish relationships between one object and another. That certainly holds true for our 2020 Vision efforts. We know CHS success — short or long-term — depends on how we respond in relationship to many forces, most over which we have little control. That's something we've all seen a lot of over the past 18 months.

As the old joke goes, that point of light at the end of the tunnel may be a train heading at you. Our 2020 project has given us tools to identify what's coming at us and decide whether to get out of the way or hop on for the ride.

We've identified the certainties and uncertainties facing CHS as a whole, along with those specific to each of our 14 operating areas. By doing this, we've come to better understand the relationship between our businesses and trends including shifts in global grain exports, grain production, petroleum refining, insurance markets and much more. The recent market volatility provided an excellent test.

These, paired with leading financial indicators like the value of the dollar, consumer energy use and interest rates, have made us more adept at identifying changes on the horizon and, when necessary, redrawing our plans.

(Pause)

So, the picture takes shape. What next?

We've created the five big-picture strategic goals we believe already are moving CHS ahead to add long-term value for you.

You've probably become familiar with some of these over the past couple of years. This year's annual report and the videos you've seen today show just some of the progress we've made.

We must create "enterprise" culture and value. To my mind, that means two things. First within CHS we must strengthen internal connections between our diverse businesses to make sure we're sharing the best of the knowledge, processes and relationships that make us all better. Second, we want to better support our customers by providing a full menu of products, services and expertise that understands your business and your vision.

We must continue to grow through opportunistic acquisitions. This means adding facilities or businesses that fit strategically with our existing businesses. In the case with our soy protein foods business purchase a year ago, we found a new area that complements our processing business. With the CHS Winona River & Rail terminal acquisition you've seen today, we've gained greatly improved logistic capacity to meet crop nutrients customer needs in that region.

We must optimize current businesses and markets. That means taking what we already do well and doing it even better. It means helping our long-standing cooperative and producer customers grow their businesses. It means extending our offerings to new kinds of customers. It means finding innovative uses for our products and services. And, it means pushing the boundaries of our traditional geography when appropriate. The propane team has been an excellent example of this, helping current customers gain new efficiencies with programs like My Smart Drops, pursuing non-traditional customers and new uses, and reaching out to customers in the eastern U.S., like you saw in the video.

We must continue developing our global competency and presence. You'll hear more from Mark Palmquist, but to my mind this is about much more than simply opening an office in another country. It's a comprehensive strategy that keeps CHS and its producer-owners at the forefront of

the global grain markets. It certainly includes, as we say, having “boots on the ground” in key countries that allow us to keep your company in the markets year-around with U.S. grain and, at times, with grains originating elsewhere. But it also means having market presence — like we do in China — with a local staff that knows those customers. It means maximizing our global risk management and logistics capabilities. And, like we’ve done in places like Kiev, it means developing and hiring employees with global market competence.

Finally, and perhaps a bit hard to comprehend, we must keep building CHS brand value.

Your first reaction may be that a brand is merely a logo on a truck or a label on a can of motor oil. In reality, those are ways to build awareness, but they are not a brand.

A brand is the overall mental picture and feeling — based on awareness and experience — that comes to mind each time someone hears your name, sees your product or, most important, chooses to do business with you. It’s your reputation, built on that of your products, services, people and more. It’s where bringing our values of integrity, partnership, innovation and stewardship and lasting customer relationships really comes into play.

You might wonder why this is a major strategy for CHS — up there with acquisitions and global growth? How does it benefit you as a member-owner or other stakeholder? Well I think there’s no question that building awareness of CHS and its reputation tie directly to our success. We’ve certainly grown over the past dozen years as potential customers in the U.S. and around the world learned who we are and what we’re about through our own efforts. And it has come through things like our eight years as a Fortune “most admired” company.

But building the CHS brand is not simply about advertising or publishing a stewardship report or writing a check. It’s about reinforcing our name and reputation by walking the talk in how we do business and in how we operate.

That doesn’t mean we’ll make everyone happy every day. It doesn’t mean we won’t have a misstep every now and again. But it does mean we will always try to do the right things. We want CHS to continue to be known as a company our member-owners, customers, employees, financial partners and neighbors here and around the world want to connect with.

(Pause)

So, that’s the outlook for the next few years, but we need a finishing touch to make our picture complete. To truly gain perspective on the future, we must look far, far ahead, beyond that vanishing point on the horizon. To ask ourselves what CHS needs to be and where we must go to serve you and all of our stakeholders 10 and even 20 years from now. To be able to create that long-term enterprise value.

In this next stage of our 2020 Vision effort, we’re not only asking ourselves what we need to do, but thinking about how dramatic changes in the competitive

environment could affect us. Could new players enter one of our core businesses? Might there be a shift in control within certain product distribution systems? What if new technology — like an inexpensive, alternative fuel source — replaces the fossil fuels we sell?

We certainly can’t predict any of those things, but we need to be alert. Remember that reminder about perspective written in your car’s side view mirror? It says “objects are closer than they appear.” We must always anticipate what’s coming over the horizon and be ready to turn circumstances into opportunity.

I believe this will require the following:

We must maintain CHS financial strength and stability. A strong foundation provides both opportunity and the ability to weather unforeseen events and dramatic change.

To achieve that, we need to grow earnings. Today we think annual earnings of between \$300 and \$400 million — about what we did this year — represent a solid baseline. But to maintain that strong balance sheet, return cash to our owners and have resources to invest in the future, we must grow earnings by about 5 percent annually and raise that baseline by about \$200 million by the year 2020.

And, while revenues are not our primary focus, we’d like CHS to have a solid position on the Fortune 100 ranking. Our commodity-price driven revenues of 2008 put us at number 72 in 2009, but we’ll need to wait until spring to see how we rank in 2010. While it’s hard to quantify, it’s clear that being among the top 100 companies has benefits when it comes to attracting customers, business partners and even employees.

In addition, as you’ve heard already, CHS must continue to grow globally. Without a strong global presence, particularly in grain, I am convinced opportunities to build long-term value will be limited so we will continue to look for ways to expand our global footprint that benefit our owners and our customers.

(Pause)

Experience has taught me that some organizations are great at strategic planning but never get traction when it comes to carrying them out. Others are good at daily execution, yet fail because they couldn’t come up with a long-term strategy. To succeed, we must strike a balance. Doing that requires people with skills to not only envision the big picture, but to bring it to life.

We must attract, retain and develop the best talent at every level and in every geography. We realize that the critical need for talent extends to our member cooperatives. CHS Human Resources and our Business Solutions Consulting staff have teamed up on an excellent tool that will be available in 2010 to support your search for the best and brightest.

The five goals I’ve just listed are about change, but we have two other equally important goals that are about staying the same. With all of the growth we strive for, market volatility that’s a given, and events we can’t anticipate,

we will remain what we've been for nearly 80 years — a producer-centric company, committed to our customers' success.

CHS is about serving the farmers who ultimately own us and are our primary customers. Our energy business was created to meet your fuel needs. Our crop nutrients infrastructure is focused on your fields. Our grain origination system is developed to move your crop to market and to make certain we hold on to those customers for you year-around with other countries' grain. Our business solutions area strives to support you and the cooperatives who serve you locally.

We are steadfastly committed to your success as an owner and as a customer. And we extend that same commitment as we serve the diverse range of global customers who have come to depend on CHS for grains, food ingredients and products, and much more.

(Pause)

Even those with talent know drawing is not always easy. You consider each pencil stroke, yet keep your mind

focused on the final result. Every now and then, you need to erase one line and draw another. You work long and hard to make everything exactly right. To bring your picture to life.

(CHS logo drawing)

It's the same for CHS. Even as we focus on the thousands of small things we must do to serve you every day, we're thinking about what it will take to do that in the years and decade ahead.

It's like Dag Hammarskjold, the Swedish diplomat and respected United Nations leader, once said:

“Never look down to test the ground before taking your next step; only he who keeps his eye fixed on the far horizon will find the right road.”

Thank you for your business and your support during the challenges of 2009. And thank you for the privilege of keeping our eyes fixed firmly on the big picture of your company's success. ♦

HONORABLE MENTION: AGRICULTURE CATEGORY

Taking the Long View

Writer: Lani Jordan/Speaker: Michael Toelle, Chairman of the Board, CHS Inc.
Delivered at the 2009 CHS Annual Meeting, Minneapolis, MN, December 3, 2009

Good afternoon. Once again, on behalf of the CHS Board of Directors, thank you for investing your time in attending your annual meeting.

(Pause)

First of all, I would like to state for the record that from the deck of my house, I can see South Dakota.

(Pause)

Really. I can see South Dakota.

But considering that we live in Browns Valley, Minnesota, which hugs the state line less than a mile away, that's a pretty easy thing to do. In fact, some of the land my brother and I farm lies across the border in South Dakota.

On a clear day — and we have not had many of those this fall— I can see for many, many miles. The roof tops and steeples of my home town. Barns and rolling farm fields. And, off in the distance, an eastern South Dakota land form known as the Coteau des Prairies, a 200-mile long ridge pushed up by the ancient glaciers. Farther south, that ridge is dotted with dozens of wind turbines powering cities and towns throughout the region.

If I let my mind wander beyond that ridge, I can see the great wheat fields of the plains, the Rocky Mountains, the diverse agriculture of the Pacific Northwest and the great ports that allow CHS and its producers to ship grain all over the world.

The view from Browns Valley is unique for another reason. We sit right on the Continental Divide, nestled between Big Stone Lake on the south — which serves as the headwaters of the Minnesota River, ultimately flowing to the Gulf of Mexico — and, just a few feet away, Lake Traverse which is a source of the Red River of the North traveling more than 550 miles to its outlet in Lake Winnipeg and finally into Canada's Hudson Bay.

(Pause)

My geographic vantage point is a constant reminder that a lot of your outlook is often just a matter of where you stand and the direction in which you chose to look.

It's all a matter of perspective.

(Pause)

As I said when we opened this annual meeting, I can't think of a theme that would have fit the events of fiscal 2009 better than “Perspective.” Given the tumultuous nature of the past 18 months, it's important that we view financial results, events and other matters within the appropriate context. To get some perspective not only on where we've come from, but, more important, where we're going.

One very good example of this is our net income for fiscal 2009. For fiscal 2009, we're reporting net income of \$381.4 million, compared with \$803 million for fiscal 2008. Taken out of context, it would be easy to say — in

light of record 2008 results — that the 12 months of fiscal 2009 were a disappointment.

That couldn't be further from the truth. We need to put it into perspective. As John Schmitz will detail, fiscal 2009 was a very solid year for CHS. A year in which many of our businesses performed at record or near-record levels. A year ahead of initial expectations. A year that stacked up as the fourth-best year in our nearly eight decades of history. A year in which we added value for our member owners in many ways.

During fiscal 2009, based on record 2008 results, CHS returned \$347.2 million in cash to our owners. This year, even with the lower fiscal 2009 earnings, we expect to return an estimated \$220 million in cash, which will still make it our fourth best year in your system's history.

(Pause)

While we're on the subject of cash returns, I must put one important topic into perspective.

As most of you are well aware, the past 18 months have been quite the ride for the economy and commodity businesses. In no area was that more true than wholesale crop nutrients. In a very short period, we saw values plummet from record highs. As a result, we saw record wholesale crop nutrients earnings — and, subsequently, record returns to owners — for fiscal 2008, followed by significant losses in fiscal 2009.

John Schmitz will elaborate on the financial details, but I want to share the CHS Board's perspective on the decision we faced in addressing the fiscal 2009 loss.

Our bylaws include various alternatives for the treatment of patronage losses, but with the caveat that whatever manner is chosen, it must be equitable and in the best interest of all our owners. The choices include

- charging against the earnings of a profitable business unit,
- cancelling previously earned equity certificates
- charging against unallocated reserves or
- allocating against future years' profits of the affected business.

This was a complex decision for the CHS Board and one we had numerous discussions about. We approached this issue with three guiding principles essential to serving our member-owners' best interests: To be thoughtful in our decision making, to be fair and to be transparent.

Ultimately, the board's decision to charge the wholesale crop nutrients loss against the equity earned by crop nutrients customers for fiscal 2008 came down to this. Our responsibility as a board is to make the best decision for all of the owners of this cooperative.

We recognize that the decision to handle the loss in this manner creates difficulties for some member-owners, but in adhering to our three guiding principles, we believe we chose the best option. Your board of directors explored each of the alternatives and their implications thoroughly and thoughtfully before reaching a decision. We believe this decision is the fairest to the broadest range of CHS

owners, many of whom do not do crop nutrients business with us. And, once the decision was made, the entire board and members of the CHS leadership team have worked hard to make it, and our rationale, transparent to the membership. All of us have spent many days in meetings with member companies reviewing the process, the options and the ultimate decision.

Again, your board believes we made the responsible decision on behalf of the broadest number of stakeholders and we look forward to a future focused on creating value for you.

(Pause)

While as directors we recognize the scope and seriousness of our responsibilities every day, addressing an issue like this really calls on each of us to the director's role — whether we're talking about the CHS board or that of any business or organization — into perspective.

Widely publicized events in U.S. business over the past several years have certainly elevated the role and the responsibility of directors in the public eye, particularly in cases where boards may have fallen short of their responsibilities to their owners and others.

Your CHS Board of Directors is very aware of its responsibility to you, this company's owners, and all of our stakeholders. I'd like to share our perspective on the role this board plays along with updates on events of 2009 and what we think lies ahead.

Your board's responsibilities fall into four basic categories: oversight, governance, strategic planning and legislative outreach.

While all of these are important, certainly oversight is the broadest. John and his leadership team do an excellent job of managing this complex organization and operating it well. Nonetheless, your board — as a whole and through its committees — takes very seriously its role of ensuring that financial reports are sound, that CHS has sound programs for managing both market and physical risk, and that we operate in accordance with the law.

As you know, CHS has experienced growth and made a number of investments in both existing businesses and acquisitions in recent years. In addition to approving capital expenditures and investments, we ask our business units for post-project reviews to make sure that the results are meeting initial expectations.

(Pause)

As member-owners, certainly one of your major interests is CHS governance. For your board, this area has two primary aspects.

The first is development. Continuing to build our skills so we can ensure that the directors you elect have the knowledge to perform well for you in the other three areas — oversight, strategic planning and legislative outreach. We do this throughout the year by participating in educational programs, making certain that groups of directors have the opportunity to view other industries and geographies first hand, and by bringing in outside experts on

topics of current or future concern.

In recent years, we have continued to meet our goal of certification by the National Association of Corporate Directors for every CHS director. This ensures that each of us has a solid base of skills and knowledge, and that we continue to adapt best practices for boards of directors. This year, we also asked that organization to conduct an evaluation of our practices and performance. We were pleased, and hope you will be, too, when the NACD representative told us we're employing among the best practices they see in both public and private businesses in the U.S.

The second part of governance applies directly to you. It's making certain that the manner in which CHS is governed — and how you are represented — is appropriate in today's environment and for this evolving company. We regularly review our articles and bylaws and, periodically, assess our representation system.

During 2010, the board's Governance Committee will lead one of those extensive reviews, consistent with the objectives and metrics we have in place. They will look at factors like demographics, business growth trends and geography, which includes things like common agricultural production and traditional state boundaries. After their review, they will present a recommendation to the full board as to whether any changes are needed and, if so, what they may be. Should the board determine adjustments are needed, we'll bring a proposal to the membership for a vote at the 2010 annual meeting, with any changes approved taking place at the 2011 meeting.

Based on the data we've seen so far, we expect the recommendation to include subtracting a director from Region 1, Minnesota, and adding a new director in Region 8, which includes the south central portion of the United States.

You'll be hearing more as 2010 progresses.

(Pause)

In a volatile global environment like the one in which we all do business, I'm convinced that the worst perspective you can have is looking backwards. While assessing the past is important, what's essential is making a concerted effort to look ahead through strategic planning — the third of our roles as a board.

In his remarks, John Johnson will talk at length about the progress of our 2020 Vision process which is intended to keep CHS not only looking forward, but looking forward with a clear sense of direction. While the heavy-lifting of this comprehensive effort is the responsibility of our capable management team, I want to share the board's perspective. Not only are we involved and supportive of this process, it is our responsibility to you, as owners, to make certain effective strategic planning occurs that keeps this company on a long-term path of success.

Your board continues to be involved in the 2020 Vision process at key junctures. We lend our perspectives on behalf of the producers and member cooperatives that own

this company and also review and approve CHS strategic direction as it is crafted.

(Pause)

Sometimes the most important thing you can do with your perspective is to make sure others understand it.

That's been your board's role when it comes to speaking up on behalf of CHS and our member-owners at the federal and state levels. The more diverse and complex this company grows — and the more competitively challenging agriculture becomes — the more we must be involved and heard. CHS has a very capable governmental affairs staff that works hard to build relationships with organizations and industries with common interests. But we've also found that as producers and cooperative member-owners, CHS directors offer a perspective that elected officials and regulators want and need to hear.

There's no question that our annual board visits to Washington, DC, are valuable. Over nearly two decades of visits, we've built valuable relationships and a strong reputation in our nation's capital as well as in key states in which we operate. The lawmakers and regulators with whom we share our views respect CHS and consider us a source of credible positions and information representing agriculture and cooperatives.

This investment in time and relationships came into play during 2009 as the debate over climate change legislation gained momentum — particularly proposals that create a complex and likely costly "cap and trade" program to address greenhouse gas and global warming issues. I hope many of you had an opportunity to hear a presentation this morning by Bob Looney, our governmental affairs leader. Bob is well versed in the details of the current Waxman-Markey bill as well as the financial implications — as high as \$600 million a year for our petroleum refining operations. As this bill makes its way through Congress, we will need your help in making sure the perspective of agriculture, rural America and small, cooperatively owned refiners is heard.

(Pause)

At this time, I'd like to share with you a look at your 17 CHS directors in action, including some scenes from our 2009 Capitol Hill visits.

(Show video — about two minutes)

Will the members of the CHS Board of Directors and their spouses please rise so we can thank you for your dedicated service throughout 2009.

(Lead applause)

While I can't see South Dakota when I look out into this audience today, I can certainly see the future.

I see it in the faces of the more than 125 members of the New Leader Institute class of 2009, who have been in Minneapolis since Tuesday learning more about the cooperative system, issues facing agriculture and the need for strong, committed leaders in rural America. Based on what I've experienced with past participants, there's no question

that their perspectives on the future have been changed.

I also see the future each time I have the privilege to visit one of the organizations that focused on young people that we support through our financial resources, time and talents. CHS is proud of its involvement with many agriculturally focused colleges and universities through our Next Generation program, along with FFA, 4-H and other organizations so critical to creating future leaders and talented future employees for our industry.

Would this year's New Leaders, any New Leader Institute alumni and any representatives of the universities, colleges and other organizations with which CHS partners please rise so we recognize you and get a good look at the faces of the future.

(Lead applause)

There's an old saying that goes "where you stand depends on where you sit."

Each of us has many "seats." Throughout the year, we take our places in the cabs of our pickups, tractors and combines, trying to stay focused on the work at hand while looking ahead. When I'm not feeling the pressure of a late harvest, I enjoy my time in the cab, observing the changing

landscape of our farm, and the many miles of South Dakota on the horizon.

Other days, and sometimes long evenings, we occupy our seats as local cooperative directors or as leaders of our communities, churches and schools, trying to provide oversight, solve current dilemmas and determine the right course for the future.

If we're lucky, we might find a few minutes to take our seats at the family dinner table or in the stands at the high school football game. We enjoy the moments, but the future — braces, college educations and whether the next generation will be back to run our farms — is always on our minds.

Our time in each of these seats adds to our personal perspectives and shapes our vision for the future.

But no matter where we sit — and the different points of view we may have — I believe in the end we share a common perspective. We count on CHS to provide the products and services we need, to give us access to global markets and, ultimately, to add value for you.

From our seats at the CHS Board table, that's always our perspective.

Thank you. ♦

WINNER: COMMERCE AND RETAIL CATEGORY

Building a Sustainable Lead

Writer: Caryn Alagno/Speaker: Doug McMillon, President and CEO, Wal-Mart International
Delivered at the Wal-Mart International Year Beginning Meeting, Orlando, FL, February 20, 2009

Thank you very much.

I want to first start by, again, thanking Mike for his leadership in the international division over the last several years.

He has given this division — and this company — so much to be proud of ... and I know you've made him very proud as well.

So, thank you Mike.

[pause]

When you think about it, there has been a fair amount of change in our company over the last several months...

We have a new CEO, of course.

Here in International, we've welcomed Chile's D&S into our Wal-Mart family.

We're expanding our cash and carry operations in India ... and we're looking at new opportunities in Russia.

Alongside everything that is changing at Wal-Mart — the world in which we operate is changing too.

The global economic crisis has impacted everything from *what* our customers buy, to *how much* they buy, to *when* they buy it and *why*.

In the United States, consumption had been on a steady climb for decades.

But last quarter, for the first time in a long time, it fell.

And it's expected to keep falling throughout the year.

We see similar patterns in other countries too. The entire world is tightening its belt.

In the U.K., our ASDA stores are seeing increased customer traffic and a higher average ticket — they've had a phenomenal year.

But some of their strongest sales are in food — in areas like grocery, meat and chilled food.

People are still buying what they *have to* ... but they're buying less of what they *want to*.

In Japan, Seiyu is seeing strong sales in food and consumables, but apparel and general merchandise sales are both down.

I heard a figure last week that astounded me: The current economic crisis has contributed to a **\$33 trillion loss of wealth** — more than the entire 2007 GDP of the world.

How will people recapture this wealth? It's likely they won't — they'll have to change their habits.

I think for all of us, this crisis has brought home the reality that we can — *and that we have to* — start doing more with less.

Of course, it's also proven how interconnected we all are. What happens in New York impacts New Delhi; and what happens in central China has an impact in Central America.

We've never had a truly "global" economy before. But we do now.

And in this new global economy, *all of us* have to be more productive and more efficient; we have to make our dollars go farther.

Businesses are no exception. We have to build efficient, productive, sustainable solutions into our operations.

And we have to create outlets for our customers to save money and live better lives, even as circumstances beyond their control ... control every decision they make.

One way you've seen your company do this is with environmental sustainability.

At its core, sustainability is all about doing more with less.

It's about being more efficient with our resources.

It's about proving that quality, cost and responsibility are *not* mutually exclusive value propositions.

If we can look at our business and our supply chain and find ways to be more efficient and to take fewer fossil fuels from the ground ... we save resources and we save money; and our customers don't have to sacrifice quality or price.

If we can look at our stores and the products on our shelves and find ways to keep chemicals from entering our air or our soil ... we save resources and we save money; and our customers will have cleaner, greener places to live.

And if we can use our position as one of the world's largest retailers to empower people to take care of their families or to live more responsibly ... we can take the notion of "living better" to a whole new level.

[pause]

Around the world in the coming months, thousands of men and women are going to start shopping with us for the first time.

And our current customers are going to lean on us a little harder.

We have to work hard to keep them — today, as well as when this crisis subsides.

Now is the time for us to reinforce our value with these customers ... and to offer solutions that help them live better.

We have to deploy our dollars, our people and our capital resources more efficiently.

We have to demonstrate for our customers *how* we are being more productive and efficient; *how* we are innovating to deliver on our "save money; live better" mission.

It's about more than just price. It's about relevance.

It's about buying right. It's about delivering value and quality — and ensuring that neither comes at the expense of responsibility.

[pause]

So, what are we doing from a global perspective? What's

our strategy going forward?

One thing is focusing on e-commerce. Soren talked a little about this earlier today.

We know people are looking harder for value right now.

And they can get it without spending time in the car, in the store or in a checkout line. They can spend 5 minutes online instead.

So this is an area you'll see us put a lot of effort into.

We are also beefing-up our private-label development, which you heard about yesterday from John.

As part of their search for value across all segments, consumers are trading down — meaning they'll be more inclined to buy private-label products if it can mean saving a few pennies — *or pesos or pounds* — without sacrificing quality.

So, price and quality will be a big focus for us in our private-label.

In this economy, we know that in addition to saving money, *managing* money is going to be a priority for all of our customers.

So going forward, we're going to concentrate on expanding our financial services options for our customers.

[pause]

As a business, we are cutting back where we should.

But we are also freeing up resources to grow where we need to grow.

Earlier I mentioned our acquisition of D&S in Chile.

D&S is Chile's largest food retailer; it operates more than 180 stores — and just like Wal-Mart, it got its start as a family-owned business.

Another example is our exploration of the Asian market. We see extraordinary opportunities there.

We believe these are the *right* things to be doing for our business ... and that our mission and purpose as a company allow us to capitalize on the change going on around us in this economy.

How do we know? Because our customers and our shareholders hold us accountable every day.

We have to stay relevant to them and to their lives; we have to offer them what they want to buy. Or they'll take their limited resources elsewhere.

Sure, governments and NGOs have a role to play in ensuring that we operate responsibly, that we take care of our people, and that we're a good corporate citizen.

But the onus is on us to demonstrate that we are good for society; and that we deserve to have the freedom to operate in markets around the world.

I know Mexico launched a program this year to help its customers in a difficult economy.

They're offering 1,400 products — every day, household items like milk, yogurt, shampoo and detergent — *for just 10 pesos*.

They've also announced a plan to create more than 14,000 new jobs this year.

In Canada, we've opened up that country's first geothermal store.

Not only will it use 60% less energy and divert 85% of its waste from landfills ... it will create new jobs and bring our EDLP to thousands more people.

During Earth Month, Argentina will be featuring “economic refills” for cleaning and laundry items. They’ll also be talking to customers about the value of these products, both for the planet and their pocketbooks.

Who would have thought that ASDA could issue monthly reports about the economic welfare of the British consumer ... and have them quoted on cable news shows, in the headlines and in political speeches in Parliament?

ASDA has now become a resource of information about the British economy ... and an expert and an advocate on behalf of working families.

These are the kinds of things that are making a difference, and proving that we can be the advocate our customers need us to be ... and the leader we know our company to be.

[pause]

*

Maybe it’s because I’m here in Orlando where it’s a little warmer than it is in Bentonville.

Maybe it’s because I’ve seen so many guests come in and out of the hotel lobby with their golf bags on their shoulders...

But I guess the closest parallel I can draw to all this ... is Tiger Woods.

At 33-years-old, he’s one of the most successful golfers of all time.

He’s won more than 80 tournaments, 14 major championships and 65 PGA tour events.

He is the youngest player to win the Masters, the U.S. Open, the Open Championship and the PGA Tour.

He’s been the number-one golfer in the world for a total of 535 weeks — more weeks than any other golfer since rankings have been kept.

Tiger Woods has essentially redefined what it means to be a successful golfer.

He keeps raising the bar; he keeps outpacing his competitors; and he keeps setting new standards for other golfers — and for future golfers around the world.

But he spends hours practicing every day.

He remade his swing — one of the hardest things to do in golf — *twice*. Because that’s what it took to get better.

It’s been reported that before one major tournament, Tiger hit 700 balls in a single afternoon — all so he could work on perfecting his backswing.

When we think about our company, and our role in the world, *this* is the role we have to play.

We have to work hard; we have to constantly get better; we have to look at every aspect of our performance and seek out the opportunities to do better.

We have to stay one step ahead; we have to build a lead that forces our competition to catch up and to wonder what we will do next ... or what potential we have within us.

The world is constantly changing; we have to change with it. We have to keep adapting and working to stay ahead.

This is not something that’s going to be completed on a timetable of our choosing.

It is an ongoing process.

It involves continually getting better, continually changing.

It involves innovating and leading — and building solutions for our customers into our business and into our way of thinking.

We have a mission as a company that is exactly what customers around the world need right now.

If we operate responsibly, if we respect the role we can and must play in the world, and if our customers give us the privilege of helping them save money so they can live better lives ... we will build a sustainable lead ... that sustains our way of leading.

Thank you very much. ♦

HONORABLE MENTION: COMMERCE AND RETAIL CATEGORY

The Morning After

Writer and Speaker: Daniel Rose

Delivered at the Real Estate Lenders Association, New York, NY, November 10, 2009

The financial and economic trauma of 2008-9 challenges us to ask: where have we been, where are we now and where are we going?

Pundits who in 2007 didn’t have a clue about what we faced now write authoritatively of its causes; learned journals debate the future of capitalism; and public confidence in short-term and mid-term economic forecasts ranks below confidence in weather forecasts. Most distressing, there has been little informed and thoughtful discussion of

what precautions we should take to diminish the prospects of such upheavals from occurring again and again; and the foxes may remain in charge of the hen house.

Many turn to economic icons for insights. John Maynard Keynes, Milton Friedman and Joseph Schumpeter were smarter than their disciples realize, however; Keynes was not a Socialist, Friedman was not an anti-government anarchist and Schumpeter knew that not all business destruction is necessarily creative. Significantly, each would

have been horrified to see how our Generally Accepted Accounting Principles (GAAP) have today become Creatively Realigned Accounting Principles (CRAP)!

Home mortgages given to borrowers with no down payment and income insufficient to cover debt service; Triple A bond ratings given to securities of dubious value; 30 to 1 leveraged loans given to shaky borrowers; derivative packages and credit default swaps so opaque that even George Soros and Warren Buffett said they didn't understand them—all would have been decried, without reference to profound economic theories.

The economic nightmare we are going through represents a failure not of capitalism but of capitalists and their enablers. The colossal short-sightedness of our financial system's referees and scorekeepers—the Federal Reserve, the Treasury and the S.E.C.—has permitted shrewd gamblers to manipulate the system to their benefit and everyone else's loss; and now we are left with the wreckage.

The savings glut in emerging economies, the U.S. Federal Reserve's prolonged easy money policy in the early 2000's and Washington's anti-regulatory climate set the stage for increased leverage and for asset bubbles that were bound to burst. Political pressure on Fannie Mae and Freddie Mac—and the all but criminal failure of rating agencies to assess risk properly—combined to bring the international financial system to its knees, and, in 2008, to cost U.S. households some \$11 trillion—18% of their wealth.

Our vibrant, dynamic free market economy has taken a savage and unnecessary pounding, and much pain will be endured before we regain healthy long-term growth.

The housing crisis seems to be easing somewhat today, although nearly three million home mortgages are in payment default and an estimated 15 million U.S. homes are worth less than their mortgages. Diminished new construction, normal population growth and a drop of 30% so far in nationwide housing prices since their peak in May 2006 will in due course bring housing markets back to equilibrium.

But a fearful storm in commercial real estate still looms, and the federal government and the financial world seem in a state of nervous wishful-thinking.

Deutsche Bank estimates at \$1.7 trillion the total value of short-term commercial loans on banks' books (some 25% of the assets of the average institution), and Deutsche Bank analysts estimate that as many as three quarters of the loans taken out in 2007 ("the most toxic vintage") will have trouble rolling over. Others place at \$1.4 trillion commercial real estate loans falling due between now and 2012 with uncertain prospects of renewal. The Federal Reserve believes that banks are grossly under-reserved for these loans, at 38 cents on the dollar.

Commercial foreclosures are being avoided. "Extend and Pretend" or "Delay and Pray" is the governmental/banking response, with new accounting rules and low interest rates fueling hopes that maybe, maybe, time will permit some alchemy to "transform baser metal into gold." In the

meantime, no one knows what this means about the health of the banking system.

Giving solvent but hard-pressed borrowers elbow room is one thing, keeping "zombies" standing is another; and a distinction should be drawn.

Today, while federal authorities deserve high praise for working energetically to prevent a financial Crash from turning into another Great Depression, unemployment is over 10% and going higher, frightened consumers are increasing their savings and curtailing unnecessary purchases, government (federal, state and municipal) is running staggering deficits that must be faced eventually, and our fragile banking system is unable or unwilling to provide the liquidity our economy needs.

The current "jobless recovery"—fueled by massive government spending on "cash for clunkers," tax credits for home buyers, expanded unemployment benefits, etc.—is dependent on such stimuli and may peter out as those diminish. And no one knows to what extent newly-replenished inventories will find retail purchasers.

Governmental authorities are caught between the Scylla and Charybdis of short-term fear of destructive deflation and long-term disastrous inflation. We will undoubtedly muddle through, with a "best case" being continuing high unemployment, low growth and some painful dislocation for a few years, or we may face a "worst case" that our experts prefer not to consider.

The dynamism, creativity and entrepreneurial exuberance that stoke capitalism's powerful engines for growth tend to reinforce each other to speculative excess. Economic stagnation, on the other hand, results from excessive efforts to dampen those necessary "animal spirits." Others feel that a proper balance between savings, investment, production and consumption is the key to economic health, and that Adam Smith's "invisible hand" needs occasional outside guidance.

In any case, the capitalistic goose that lays our golden eggs must be kept healthy and safe. "Systemic risk" was not lessened by the Federal Reserve's mandate to use monetary policy to maintain stable prices and full employment. The S.E.C., like Claude Rains in the old film *Casablanca*, was "shocked, absolutely shocked" to find forbidden gambling going on under their noses. The F.D.I.C. was oblivious to conditions in the banking world, and the Treasury Department just helped everyone to "do their thing."

The crucial question is what steps we can take to permit us to benefit from a free market economy's vigor yet not be burned by its excesses; the outlook is not clear. The financial services industry's powerful lobbyists, the strongest in Washington, seem poised to stymie efforts that deal with causes of crises rather than symptoms. Memories in Washington are short, and "business as usual" is likely to be the order of the day.

In the immediate future, we must revive the economy; in the intermediate future, we must return to balanced

budgets and then “grow” our way out of the huge debts we are accruing; and in the longer future we must preclude such debacles from occurring repeatedly.

What should be done, and by whom?

1. “Too big to fail” is a problem that must be faced. Both explicit and implied government guarantees justify reasonable regulation, transparency, substantial capital reserves, modest leverage, and fair compensation practices (such as “claw backs”) to a greater degree than in the past; and, for those who do not want such guarantees, orderly bankruptcy proceedings must be accepted and anticipated as capitalism’s answer to incompetent management or bad luck.

2. Since the purpose of government regulation is to protect the saving and investing public and the productive business sector, and not to protect financial wheeler-dealers, we must rethink the distinction between savings institutions and gambling houses. Glass-Steagall, where were you when we needed you? Consumer protection groups, wake up!

3. The demagogues who promoted sub-prime mortgages cynically invoked the American Dream of home ownership, when they really meant the American Dream of “getting rich quick,” which usually doesn’t work. Renting rather than home-ownership is appropriate for many families, and this must be acknowledged frankly. A 60% rate of home ownership seems to be stable, a 70% rate seems unsustainable.

4. The multi-trillion dollar derivatives and credit default swaps industry must be subject to transparency requirements and reasonable regulation. Opaque markets lead to abuse of investors and to insider hanky-panky.

5. The “naked short selling” (selling shares one hasn’t borrowed) that destroyed Bear Stearns and Lehman Bros. should be prohibited. “Exchange Traded Funds” and “Dollar Carry Trades,” whose bursting bubbles can be widely destructive, require greater transparency and reasonable regulation.

6. Some form of continuing responsibility by the issuers

of securitized debt (for the protection of purchasers and to dampen the fee-induced issuance of junk) must be considered.

7. Financial services industry compensation and bonuses should relate to long-term, not short-term results (and that, ideally, should be true of U.S. business generally).

8. The abject failure of the securities rating institutions must be acknowledged and dealt with. “Let the buyer beware” is not good enough for the 21st century.

9. The Prompt Corrective Action law, which called on the FDIC to rate banks with regard to the level of capitalization and which empowered the FDIC to intervene forcefully with “Critically Under Capitalized Banks,” should be reinstated.

Finally, and most important:

10. We must decide which vehicle or vehicles are to be entrusted with the oversight of systemic risk to the entire financial system and its major components. The ancient Romans loved the phrase “Who shall guard the guardians?” The question remains today, and the answer may be “more than one.” A central bank independent of short-term political pressure is “necessary” but it might not be “sufficient.”

Can our governmental figures stop acting like politicians and start acting like statesmen? Can the financial services industry adjust its incentives to encourage constructive rather than destructive actions? Above all, can the American public, obsessed with rights rather than responsibilities and entitlements rather than obligations, accept a revised tax system that encourages increased savings, investment and production and moderately less personal consumption, with more emphasis on public goods over private, and more long-term thinking rather than short-term?

Furthermore, can we reduce oil consumption, get more value from health care spending, and end electoral gerrymandering so as to strengthen “the vital center” and to reduce the power of ideologues from the left or right? Finally, can we face frankly our unfunded obligations of Social Security and Medicare which now are into the many trillions of dollars?

The future of America depends on our answers. ♦

WINNER: ENERGY CATEGORY

Unconventional Thinking for Unconventional Times

Writer: Lucinda Trew/Speaker: Greg Ebel, President and CEO, Spectra Energy
Delivered to The Ontario Energy Association, Ontario, Canada, April 21, 2009

Good morning. It is a pleasure and honor to be with you. I am very familiar with the good work of the OEA. Union Gas is a longstanding and active member and we commend the collaborative approach you take in sharing knowledge and addressing issues.

I’m delighted to be back in Ontario — my home and favored stomping ground. I was lucky enough to spend a

stint here in the role Julie Dill now holds, as president of Union Gas. Now I’m based in Houston, Texas — quite a switch on both the climate and culture fronts!

For those of you who may not be as familiar with Spectra Energy, let me provide a quick overview. We are one of North America’s leading natural gas infrastructure companies. We’re a *FORTUNE* 500 business, and in fact we

were recently ranked in *FORTUNE*'S annual listing as the "most admired" pipeline company in the world!

We serve three key links in the natural gas value chain: gathering and processing, transmission and storage, and distribution. We have a very significant and growing presence in Canada. In fact, we have more employees working here than in the States.

I've titled my speech "*Unconventional Thinking for Unconventional Times*," because I believe we're facing an extraordinary period in energy today — one that will challenge all of us to overturn conventional thinking... break bad habits... and part ways with outdated ideology.

The economic outlook for developed and developing nations has been staggeringly altered: Mass global recession. High unemployment. Strife in the automotive industry and other sectors. An epic credit crunch. And the painful demise of once-revered financial institutions. Fortunately, given Canada's strong record of governance, its financial institutions have actually *gained* in global stature, rather than declined. This result positions Canada well to speak with an elevated level of credibility on issues like energy and climate change.

Governments in both Canada and the U.S. face the monumental task of righting the economic wreck — and righting the wrongs that got us here in the first place.

The public sector isn't alone in that task; all of us must all help shoulder the recovery effort — especially energy interests like ours. I say that because central to the current triage are themes familiar to this group: diversifying energy supply, investing in infrastructure, creating "green" jobs and addressing the issue of climate change.

I told you I'd talk about unconventional times, and the new era in energy is unconventional in its own right, particularly in the natural gas space my company occupies.

We've seen a seismic shift in the conventional vs. unconventional supply equation. According to Cambridge Energy Research Association or CERA, nearly *half* of today's U.S. production comes from unconventional plays — and will likely rise to *two-thirds* by 2018. To put that in perspective, just two decades ago, non-conventional plays accounted for *one-tenth* of production. The implications of this rebalancing act are huge and far-reaching — for our markets, our businesses and our shared energy future.

Tackling the challenges we face — and seizing the opportunities that inevitably emerge — will require new thinking. We can't limit our unconventional moves to those occurring below ground. We've got to be unconventional where it matters most — in the collective brain trust that will shape effective new energy policy and industry direction.

My colleagues and family will tell you I've never been shy about stirring things up — and I'm not about to hold back now! There are four conventions I intend to challenge

today, so let's get right to it:

Convention #1: Hydrocarbons have run their course.

Doomsday forecasters are fond of telling us that the end is near — that we're on the brink of exhausting North American supplies.

The reality? We're in the midst of an unprecedented supply *resurgence*. As noted a moment ago, until recently, unconventional sources, such as tight sands, coal beds and shale, accounted for only a small portion of North American gas production. But unconventional gas has begun to tip the scales in a significant way. And that rebalancing comes at just the right time, when all of us are seeking out clean, abundant, domestic energy sources.

In the U.S., as conventional production has declined, technology advances have made it easier — and more cost-efficient — to extract unconventional gas. There's been what some have referred to as a gold rush of sorts toward unconventional sources, and production capacity in the U.S. has nearly doubled since 2000.

The early Barnett Shale in Texas was followed by the Fayetteville Shale in Arkansas, Woodford Shale in Oklahoma, Marcellus in West Virginia, Pennsylvania and New York the and Haynesville shale in northwest Louisiana.

The same trend is playing out in Canada. The West, where Spectra Energy is fortunate to own and operate a strong network of assets, hosts a robust unconventional base, including the Horn River, Montney-Doig and the Cordova Embayment — reserves that could well dwarf some of the U.S. plays. Huge potential that will reshape the North American supply picture.

Comparing 2008 to 2007, we saw about a 10 percent increase in North American production growth from unconventional sources, but, we all know that this also coincided with a financial crisis and an unprecedented drop in commodity prices. And, while there's no doubt these two events led to reduced production in certain plays, the good news is that it can be ramped up extremely quickly. Producers know where the gas is and can get at it quickly and economically, and we're still only in the very early stages of tapping this rich resource.

Even if we had to look beyond our North American borders, the news is good.

Research studies indicates that on a global basis, unconventional gas represents a potentially recoverable resource equal to or surpassing global conventional reserves. A recent study by Cambridge Energy Research Associates puts worldwide shale potential in the 5,000 to 16,000 trillion cubic feet range. That's huge.

Adding up all conventional and unconventional gas sources worldwide natural gas supply estimates range from between 19,000 Tcf to 40,000 Tcf. Let's put that in perspective. The world demand for gas is currently just over 100 TCF a year today — about a quarter of that in North America. Even assuming a healthy increase in gas usage to help solve our environmental and energy needs we have

resources for well over a hundred years.

So we are not running short. We are not tapped out. In fact, we have only begun to tap the rich potential of natural gas. That's not to say we should use this energy source with reckless abandon, as conservation must play an important role here, but let's not set an energy policy based on scarcity and scare tactics.

Convention #2: Natural gas is a “bridge” fuel — a fuel that will help us cross the current environmental impasse until we have the silver-bullet renewable solution.

The term bridge fuel has a nice ring to it — it's become a bit of a rallying cry for our industry — a pithy slogan that resonates. It's been bandied about to point out, I believe, that there's a near-term need for natural gas, as a reliable standby that will see us through until renewable sources are commercially viable.

But the catch phrase has a fundamental flaw: A bridge has a starting point — and an end point. Given what we know about the wealth of reserves available today — and what we'll see in the years ahead — I don't see a hard-stop ahead for natural gas. It plays a vital role in our overall energy mix today, and it will tomorrow and down the road as well. It is part of the permanent solution we all seek.

We're all in favor of renewable sources that help us reduce our dependence on the combustion of fossil fuels, but let's take a sobering look at today's reality.

While in Ontario you're seeking to expand your supply by adding a robust supply of renewables, today, wind, solar and geothermal sources currently supply only about one percent of the world's energy. Even by 2030, renewables are expected to account only for 8 to 10 percent of global energy supply. And, due to the intermittent nature of these renewable sources — the sun doesn't always shine (even in Toronto), and the wind doesn't always blow (even in Ottawa) — you will still need natural gas as part of the overall energy mix.

Wind, solar and geothermal sources currently supply only about one percent of the world's energy. Even five years from now, renewables are expected to account for only five percent of global energy supply. We will surely see advances in renewable sources, increasing larger-scale application. For now, they primarily serve as supplemental, regional sources.

The reality is natural gas is typically the backup at wind and solar facilities to deal with the fickleness of nature. We will surely see advances in renewable sources, with increasingly larger-scale applications. For the medium term, however, they primarily serve as important supplemental, regional sources.

The scale of change required almost defies comprehension — and requires the *best and broadest mix of clean sources*.

Nuclear energy is a viable, clean alternative. But studies indicate that it will take one thousand nuclear power reactors — more than twice the number that exist worldwide

today — to offset just one-fourth of the anticipated *increase* in global CO2 emissions between now and 2050. And, under the most ideal circumstances, it takes 1,500 windmills, each three hundred feet high, to equal the output of just one nuclear power plant.

Consider also the footprint: A natural gas-fired generation facility that is built over just 10 acres generates 1,000 megawatts of electricity. It takes 10,000 acres of solar panels to generate that same amount of energy, and 40,000 acres of wind farms. This audience knows well how difficult it is to actually site anything, let alone one nuclear plant or a 40,000-acre wind farm.

My point is this: Alternative sources are essential, and an increasingly important part of our go-forward portfolio. But the reality is fossil fuels account for 80 percent of the world's energy today. And, they'll continue to provide the lion's share of energy for generations to come.

That's not a bad thing: Natural gas is the cleanest, most efficient fossil fuel — by far. The efficiency element is key here: there's very little waste generated from the point of production through end-use consumption. As such, natural gas has an important role to play, not as just a stop-gap, but as a cornerstone solution in our quest to reduce greenhouse gas emissions — and address a whole host of environmental issues like acid rain, urban smog, solid waste and water quality.

So we shouldn't be thinking in terms of bridges and end dates for natural gas. We should be thinking long-term — and looking to increase development and deployment. Natural gas is not a mere “interim” fuel — it's an integral fuel for the future.

Convention #3: Governments and energy companies can't come together to solve the important issues of our time.

Not true — never was and never should be.

I've worked on both sides of the public/private sector fence, and I can tell you there's deep, genuine and mutual respect all the way around. We don't always share the same view on the issues, but we do share the same goals: Serving the best interests of customers or constituents... solving problems... and building a better future.

As noted, there is a plethora of energy issues on the table today — and I am glad to see them be part of today's public policy centerpiece.

Here in Ontario, you have the bold new Green Energy Act, which takes a fundamentally different approach to energy policy by incorporating social and economic objectives into energy policy. The government has gone on record advocating the need for harmonization with the U.S. around energy policy. That's a worthy pursuit.

But I must tell you, as both a Canadian son and the CEO of a company with continental interests and perspective — I hope that Canada steps up to actively frame the debate rather than waiting for direction from Washington!

This is a nation with a long legacy of stepping out in

front on key policy issues. Our record of driving good policy decisions extends beyond our borders — and our sphere of influence exceeds our relative geopolitical position. We have skin in this game, and we need to take our place on the field. These times call for leadership — and the level of civic engagement for which Canada is known and respected

Canada has been a beacon of prudence in financial institution regulation and oversight and as a result, is now looked to for solutions in this area. The country should take that high level of credibility and respect and make the same true on energy and climate change. By doing so, the country can avoid abdicating to Washington the responsibility of determining what is best for Canadians, their lifestyles and commerce when it comes to energy and climate change.

For too long the U.S. has muddled through without a true and comprehensive energy policy. There have been constructive Congressional bills, of course — some needed steps forward, some worthy initiative, but no holistic plan that addresses *all* energy sources, *all* of the issues around encouraging supply, *all* of the complex infrastructure and access needs, and *all* of the related environmental and economic components. The current administration appears to be taking the climate change seriously, and President Obama's call for the creation of a "green energy economy" is a goal we all share in.

But government can't do it alone. It's an unhealthy mentality to shift all accountability to our elected officials with the hope that a "carrot and stick" approach can fix any problem. And, as we've seen time and again: "good enough for government work" isn't always good enough.

The climate bill offered up in the U.S. by Representatives Harry Waxman and Ed Markey includes an array of potentially stifling provisions — everything from mandated light bulb use to the very unrealistic expectation that 25 percent of U.S. electricity will come from wind, solar, geothermal or biomass by 2025. Not to be outdone, the Environmental Protection Agency is considering regulating CO₂ from lawn and garden equipment as well as enteric fermentation — livestock flatulence!

It's clearly going to take collaboration, compromise and a consensus-building view to gain meaningful ground in our quest for energy diversity, efficiency, security and innovation.

Trillions of dollars of investment will be needed in the decades to come. In order to invest with confidence, corporations like Spectra Energy need to be able to rely on a stable regulatory framework. As we all know too well, uncertainly stymies investment, which in turn stalls progress. We need energy policy and regulatory oversight that passes the endurance test.

Here's a good, first-hand example of successful collaboration right here in Ontario: Union Gas recently obtained

a single comprehensive certificate of approval for all of our assets province-wide that emit either noise or air emissions.

Through strong and positive leadership at Ontario's Ministry of the Environment, Union Gas obtained not hundreds, but *one certificate* that covers all of these assets — and did so within an 18-month period.

The certificate is aggressive in that it calls for continuous improvement in our emissions — something that is both reasonable and frankly essential for the care and well being of our environment. At the same time, the certificate is realistic and recognizes that, given the "must run" nature of our business, there are only certain times of the year when we can upgrade our operations.

This is truly a triple win scenario — the community and our environment wins through improved air quality, the Ministry of the Environment wins by ensuring Union Gas is fully compliant through tens of millions of dollars in capital upgrades, and Union Gas wins through having an innovative and streamlined approval process to deal with now and into the future.

Convention #4: We can enact energy policy today — and pay for it tomorrow.

This one worries me a bit. It's the bill of fare that will be required to move aggressively into the unconventional territory I've talked about today: Investment in continued exploration of shale and other non-traditional plays. Investment in the infrastructure needed to process, transport and distribute natural gas safely and efficiently. Investment in conservation, clean energy, and curbing greenhouse gas emissions.

All are needed... all are possible... if energy and environmental policy is clear, and business and consumers understand their rationale.

Nowhere is this more pressing than in the debate on how to best address the issue of global climate change. The U.S. Congress is currently weighing how to most effectively foot the bill for reducing carbon emissions — a cap and trade tax or a straight carbon consumption tax. Currently, the cap-and-trade scheme is the favored approach among the majority of policymakers committed to action on climate change.

The President's proposed federal budget has added expediency to the tax vs. trade dialog — its proposed cap-and-trade plan with 100 percent auction of carbon credits acknowledges a fundamental truth about addressing the climate challenge: It comes with a cost.

But we believe that a carbon tax — not cap-and-trade — better stimulates the substantive behavioral shift we need and, very importantly, recognizes the power of energy consumers to instigate change. It's an equitable, straightforward approach that will deliver near-term results across all sectors of our economy and promote market-based innovation as a means for lowering our carbon footprint.

A carbon tax directly and transparently assesses the

true costs associated with emissions. Transparency is key here: Cap-and-trade is too passive... too speculative... too opaque... and, quite frankly, too fraught with the potential for abuse and gamesmanship.

A straight-forward carbon tax raises the cost and price of products that result in greenhouse gas emissions by adding a fee to fuels that produce emissions. Any carbon tax should be revenue neutral, allowing both businesses and individuals to innovate, invest and deliver lower carbon emissions from their activities and be neutrally affected or, potentially, even better off economically.

Taxing carbon makes existing low carbon dioxide emitting options more attractive, and can be a powerful driver of investment in low-carbon technologies and future infrastructure. Tax revenue can be directed toward research and the pursuit of cleaner energy options, including natural gas. From natural gas-fired power plants to co-generation to hybrid automobiles, there's an advantage to relying on currently in-place, cleaner alternatives, while still developing additional renewable sources.

The methodology of cap-and-trade is less clear, with market signals masked by the complexity and likelihood of bureaucratic and politically driven allowances. The independent U.S. Congressional Budget Office deemed a carbon tax "the most efficient incentive-based option for reducing emissions" and "significantly more efficient" than an inflexible cap.

No one likes taxes. But we know that they work predictably and expediently, and they do stimulate behavioral change. Price signals under a carbon tax scenario are immediately felt and give us an incentive to reduce emissions.

In British Columbia, a carbon tax was proposed, approved and implemented in just four short months. It took the cooperation of business and government, but avoided the bureaucratic mess inherent with developing cap-and-trade schemes, which typically take years to launch due to the complicated government and regulatory structuring.

And, right here in Ontario, with the harmonization of the provincial sales tax and goods and services tax — with the PST soon to be applied to the energy sector at a rate of 8 percent — this in fact could be seen as a carbon tax.

There are other examples of taxes doing the good work they're meant to do:

In 1989, the Canadian government introduced the Goods and Services Tax, a national sales tax that replaced the Manufacturer's Sale Tax.

As you might expect, the move faced much opposition. A bitter political battle ensued. Eighty percent of all Canadians opposed the tax. To win Senate approval, the government was compelled to use Section 26, the little-known and rarely used Deadlock Clause.

Although the government argued that the tax was not a tax increase, but a *tax shift*, the highly visible nature of the tax was extremely unpopular. But unpopular doesn't

equate to unproductive. The Goods and Services Tax worked. It resulted in needed revenues... virtually eliminated a federal deficit ... and contributed to economic stability. Twenty years later, the wisdom of the Goods and Services Tax continues to help shape Canada's policy landscape — witness Ontario merging its provincial sales tax with the federal GST.

In the current debate around a workable climate change policy mechanism, could there be a parallel? Given the public's commitment and recognition of the need to address climate change, the politics of a carbon tax may be more possible today than ever before.

Finally, the relative simplicity of a carbon tax makes it far less susceptible to market manipulation and "gaming". And, it seems some environmentalists agree. A report recently released by an environmental NGO in the U.S., Friends of the Earth, contends that cap-and-trade would create a market for environmental derivatives, or as some have termed it a "Wall Street of emissions brokers." If you liked what traders and certain Wall Street types did to our financial system with mortgage-backed securities and credit default swaps, then you'll love what these traders will do to our environment!

The bottom line is that a revenue-neutral carbon tax is simpler to understand, transparent to consumers and business — both of whom are very smart at reacting to costs they can see. And, it avoids the hidden complex nature of a cap-and-trade scheme that requires government to pick winners and losers — which conjures up nasty images of energy price controls and the disastrous National Energy Program.

Investing in North America's infrastructure isn't just about increased public spending. We're going to need significant private sector investment, too, and that can only transpire in an open, productive market environment that incents and inspires necessary capital investment. Here in Ontario, energy companies have invested hundreds of millions of dollars over the last 20 years — in job creation, infrastructure and innovation. And what is most compelling about our industry's investment clout is that we're investing in the future — in sources, supplies and technology that will serve generations to come. In fact, worldwide, oil and natural gas companies are investing more than all of private industry and federal government combined in new energy technologies.

As we structure new policy approaches and address governance issues surrounding our financial institutions and capital markets, let's be sure that we don't at the same time construct regulatory impediments that discourage corporate and private investment.

Just a few weeks ago, the National Energy Board made a wise and timely move in TransCanada's Trans Quebec and Maritimes rate hearing. The current Return on Equity formula had been in place since 1995. Change was needed to address the growing gap between allowed returns for gas

entities in Canada vs. the U.S. Canadian utilities have been consistently and markedly below a reasonably constructed representative group of their U.S. peers.

On average, ROE rates have been 200 basis points lower in Canada. The implication? It has been much more of a challenge to attract capital and investments — particularly during periods of tight credit. We have faced that decision in our own company — deciding whether to allocate scarce capital dollars to the U.S. or Canada. And frankly, this year, returns from our Canadian businesses rarely made the cut.

The NEB's decision to use a weighted average cost of capital approach in setting the TQM return, rather than the traditional formula ROE, sends a very positive signal. While it's early yet — and we have miles to go before we know that the new approach will be used across all of Canada — we're hopeful that pipelines, utilities and their customers and shareholders will all benefit from this landmark decision, which will attract capital, stimulate investment in infrastructure, and level the playing field for those engaged in the important work of delivering energy.

More investment is going to be needed. Not just monetary investment in underground assets — but an investment in the human capital that will allow us to make the most of these unconventional times! We have a unique opportunity, and it's one we cannot squander by cowering behind the status quo. Business as usual won't serve our

business well — and it won't serve our markets, economy or society well, either.

I've tried to debunk a few myths today, because I believe that at pivotal times like these, conventional wisdom is the enemy of progress. Economist John Kenneth Galbraith (a native Canadian, by the way!) observed that “The conventional view serves to protect us from the painful job of thinking.”

The challenges ahead will require courage and our best thinking. I'm very optimistic about where that thinking will take us.

We need natural gas — and we have a wealth of resources to meet the growth in demand that will return when economic order is restored. We must allow market forces to work. We need cooperative, constructive approaches between the public and private sectors. And we need a healthy stream of investment and ingenuity.

Natural gas enjoys a comparative advantage that we need to champion for the good of all. I'm intentional in my phrasing here. Our advantage is **comparative**, not **competitive**. We all share in the goal of reducing carbon dependency and the ecological and social implications of CO₂ emissions. We must be willing to draw from an increasingly diverse mix of energy options, moving beyond the comfort zone of what's familiar... available... **conventional**. And we need to make sure that natural gas stands ready to deliver.

Thank you. ♦

HONORABLE MENTION: ENERGY CATEGORY

Energy — The Challenges for Environment and Security

Writer: John Patella/Speaker: Christine Todd Whitman, President, Whitman Strategy Group
Delivered to the Eisenhower Fellowships Conference, Paris, France, October 2, 2009

Good evening. Does it get any better than this? Cruising the Seine on a lovely October night, the lights of Paris around us, sipping fine French wine.

And this yacht; It's like a floating palace. This vessel, I'm told, was launched in 1963. But to me, it evokes an even earlier time — a golden age of trans-Atlantic travel, and those famous luxury liners like the *Queen Mary* and, yes, inevitably, the unsinkable *Titanic*.

The Seine is clear of icebergs tonight, my friends. But the waters of today's energy sector are as treacherous as the sea-lanes of the North Atlantic on that fateful night nearly a century ago.

Consider the challenges before us:

- Rising energy demand with no end in sight;
- Oil-related conflict threatening entire nations;
- More than a billion people trapped in poverty with no access to electricity or fossil fuels;

• And then there's our climate crisis, with its specter of rising temperatures, rising sea levels, floods and droughts.

So I ask again: *Does it get any better than this?*

When the *Titanic* hit the iceberg, it immediately started taking on water. But to passengers, in those naïve early moments, the ship seemed fine. People were reluctant to leave the seeming safety of the great ship for those little lifeboats being lowered into the dark sea. And the band played on.

In a similar way, much of the world remains oblivious to the challenges I just grimly outlined. Much of the world has no idea how much strain the old energy system is under, nor how much hangs in the balance. And many of those who do understand, leaders of government and industry among them, are reluctant to get into the lifeboats and leave the status quo — that gigantic, seemingly unsinkable system built on oil, coal and gas — in order to cast off into the unknown waters of the next energy economy.

Those who wait too long — those nations and companies that continue living in the past, keeping faith in the current system, or praying for a technological miracle — are living dangerously, indeed. Change is coming. But those who plan for it now, by implementing the right policies and making the needed adjustments, are securing the lifeboats that will carry them — and us — through the uncertain times ahead.

Among this year's group of Eisenhower Fellows are people working to develop the next-generation of bio-fuels, people who will help build new hydroelectric plants, or push the boundaries of fusion research, or create more sustainable models of development.

Fate has called each of you at a pivotal time in world history, and has placed you in its most critical arena — the energy sector — an industry that is interconnected with all other aspects of life.

Whatever first brought you to this work, you are in it now for just one purpose: to make a positive difference in the world. That is why we are together tonight, and why you were drawn to participate in the Fellowship Program.

So, despite the fact that I may have ruined dessert for some of you by mentioning shipwrecks, just being with you tonight fills me with hope that we can do this. We can meet the challenge.

Let's very briefly look at some of the main challenges, and how we might tackle them.

Energy demand is growing at a furious pace. The International Energy Agency says demand will jump 60 percent by 2030. Other projections see demand doubling by then. Much of it we know will come from China and India, which are rapidly industrializing. But households across the developed world are also using more and more energy to meet the needs of our plugged-in, high-tech lives.

Feel free to Twitter that.

Today, the refrigerator in the kitchen may be more efficient than ever, but consider what the modern kitchen looks like these days. On the counter next to the refrigerator, there's likely to be a charging station plugged in all day every day with cell phones, iPods and digital cameras.

Moving to the family room, the lap top, the flat-panel TV, cable box, DVD player, Wii video game and any other gadgets your kids — or husband — has talked you into, also remain plugged in, all day every day. Those two rooms undermine all of the energy-saving innovations of things like double-paned windows and more efficient heating and air conditioning systems.

In fact, the IEA says residential energy use from electronic devices will double by 2022 and increase threefold by 2030. That is equal to the current total residential electricity consumption of the United States and Japan combined.

Today, roughly 40 percent of the world's energy market comes from oil. Another 25 percent comes from coal, and 25 percent from natural gas. That's 90 percent of our global energy coming from hydrocarbons that contribute

to global warming.

Those percentages cannot hold if we are to meet the world's rising energy needs and address the issue of climate change. The environment can't sustain it, and the supplies won't be there to meet it.

So how will we meet our growing demand without permanently damaging our climate?

While we envision a future powered by clean, sustainable energy, we also must recognize that it's going to take the full mix of energy resources to meet demand.

That means fossil fuels will continue to play a critical role for years to come. We have to accept that. At the same time, we must start doing more right now to diversify our energy supply with renewable sources like wind, solar and large-scale hydropower. Nuclear power must also play a more important role.

And while there doesn't appear to be any technological magic bullet on the horizon, we need to fully investigate the potential of new technologies, like clean coal and hydrogen.

We also must accept that nations, while united towards common energy and environmental goals, must be free to tailor an approach to best fit their resources and the needs of their population.

No one promised that would be an easy one.

One part of the solution that is relatively easy can already be found all around us — in our appliances, buildings, factories and cars. I'm talking about the huge gains still to be made through conservation and energy efficiency.

Today's cars can travel twice as far in a gallon of gas as they did in 1970, and yet, only about 15 percent of the total energy in a gallon of gas ever reaches the wheels. The same principle applies across the spectrum of energy consumption.

We have only begun to scratch the surface when it comes to harnessing the potential of energy efficiency and conservation. Designing more fuel-efficient cars, high-performance household furnaces, and constructing more efficient power plants and buildings, is critical to meeting future energy demands.

The promise of energy efficiency is also critical to tackling the challenge of energy access in the developing world. We know the resources for this will always be limited, which makes it all the more important that we squeeze every last kilowatt from our efforts.

Imagine the victory, both for the environment and for human health, if the wood cooking fires of the third world — the leading cause of respiratory illness for women and young girls — could be replaced with ultra-efficient stoves.

But these things will be impossible luxuries if nations can't provide for their basic energy security. As important as the issues of energy access, energy diversity and global warming are, the quest for security trumps all.

To meet our insatiable energy demands, much of the world is forced to do business with volatile regions and even hostile nations to obtain a substance that is ultimately going to run out: Oil. We need not wait for the

final depletion of the world's oil reserves to see geopolitical tensions rise when energy security is threatened, or the lengths nations will go to preserve that security.

Last month, the controversy over the release of Lockerbie bomber intensified when Jack Straw, Britain's justice secretary, acknowledged that trade and oil — specifically an important oil agreement for BP — played a major role in the government's decision to include the bomber in a prisoner transfer deal with Libya.

Another example of the world's tenuous energy security came last winter, when Russia cut off deliveries of natural gas to the Ukraine in a dispute about prices. The summer before, Russia's military campaign against neighbor Georgia exposed the vulnerability of a pipeline in Georgia that carries oil from the Caspian Sea to Eastern Europe and the West.

The role oil has played in America's foreign and military policy over the past 20 years is undeniable. The 1990 Persian Gulf War in response to Saddam Hussein's invasion of Kuwait was an oil war. The world simply was not going to let Saddam dictate worldwide energy policy by ruling Kuwait and threatening neighboring Saudi Arabia.

The second Iraq war, while finally eliminating Saddam's regime, has not brought about the stability and energy security that some had clearly wished would be the byproduct.

Tension, instability and oil-influenced military actions are sure to increase around the world in the coming years, as we move into an era of ever-tighter oil supply. The only certainty is that, so long as oil dominates the world's energy economy, there will never be any such thing as "energy security."

Our energy challenge is bigger than any one country or

company to tackle alone. It's going to take a global effort.

And I wouldn't be at all surprised if one of the breakthroughs that help us to meet the challenge and fulfill society's hopes for a better life will be traced back to someone in this room, and to the experience of your Eisenhower Fellowship.

Dwight Eisenhower had an enduring vision of a world in which cooperation replaced confrontation, and understanding replaced ignorance. For more than 50 years, the Eisenhower Fellowship Program has been working to make that vision a reality by helping equip some of the world's most promising professionals to be leaders in their fields.

I'm sure it's already evident to you that your participation in the program is an invaluable opportunity. It's an opportunity to enhance your professional capabilities, broaden your perspective, widen your network of contacts and be welcomed into a community that is dedicated to building a more just, peaceful and prosperous world.

For all our sakes, I wish you nothing but success in your careers.

And when you get to Philadelphia, in the United States, there's a beautiful river called the Delaware that separates Pennsylvania from my home state of New Jersey, where I served as governor. I assure you there are no icebergs. In fact, the water is cleaner than it has been in decades. Even the oysters, which had all but vanished, are coming back.

To me, it's as lovely as the Seine, and if you'll let me, it would be my pleasure to show it to you, and we will continue our conversation there.

Thank you very much, and goodnight. ♦

HONORABLE MENTION: ENERGY CATEGORY

A Road Map for America's Energy Future

Writer: John A. Barnes/Speaker: Lamar McKay, Chairman & President, BP America Inc.
Delivered to the *Financial Times* US Energy Conference, New York, NY, September 24, 2009

Good morning. I would like to thank the *Financial Times*, particularly Ed Crooks, for inviting me to come here today and share my thoughts on the future of U.S. energy.

For more than a decade, it has been BP's position that America and the world must start moving toward a lower-carbon energy future.

Long ago, BP voiced its support for precautionary action with regard to climate change.

And a more diverse energy supply — one consisting of fossil fuels, as well as, biofuels, wind, solar and nuclear — is simply a good idea on energy security as well as environmental grounds.

But, a sensible roadmap — how society gets from here to there — has always been a bit vague.

Especially when you factor in the desire to maintain and enhance the standard of living Americans have come to expect.

The Energy Information Administration is projecting that US energy demand will grow from 101.9 quad BTUs in 2007 to 113.6 quad BTUs by 2030.

That's the equivalent of adding another Texas.

Alternative fuels have an important role to play, but care must be taken not to oversell what we can expect from them.

Promising too much, too soon when it comes to alternatives risks rendering the entire effort politically and economically unsustainable.

And the world can't afford that.

Even as we seek to diversify our energy portfolio, we need to take note of a basic fact.

Except for the 8 percent of US energy that is generated

by nuclear power and the 7 percent that comes from hydro and renewables, the entire US economy runs on fossil-based fuels.

That fact is key as we look forward.

One hundred and fifty years ago last month, Col. Edwin Drake discovered oil in Titusville, Pennsylvania.

A century ago, the company that would become BP found oil in the Middle East.

Since those events, an enormous infrastructure has been built to provide the world with oil and natural gas.

That infrastructure can't be replaced easily, quickly or cheaply.

So when we think about moving quickly toward a lower-carbon future, it makes more sense to work with that infrastructure than against it.

But we badly need a road-map.

A road-map based on a clear understanding of the existing infrastructure, changing technology, economic incentives and the policy trade-offs we will face along the way.

[PAUSE]

Some of the big questions are:

What kind of clean energy technologies are scalable right now? In the next decade or two?

Where can we get the biggest bang for the buck in reducing emissions?

And, most importantly, I think, how can fossil fuels actually drive reductions in our national carbon footprint?

US energy is divided broadly into two sectors.

Transportation, which overwhelmingly uses petroleum-based fuels...

And heat and electricity, which use mostly coal, supplemented by natural gas, nuclear, renewables, and some oil.

In 2007, transportation generated about 2 billion metric tons of CO₂, while combined commercial, residential and industrial heat and electricity generated almost twice as much, about 4 billion.

Obviously, the costs required to get a handle on that — and let's not kid ourselves, going lower-carbon will cost — should be spread as equitably as possible across energy sectors.

That is one of our core beliefs.

As a member of USCAP, we helped draft a blueprint for climate change legislation that recommended — among other things — how cap and trade could work — with equitable treatment as the basis.

If not done equitably — massive misallocation of capital and insulated consumption will occur.

That would seriously impede — or make much more costly — the very carbon reductions that we intend.

Bottom-line: a ton of carbon is a ton of carbon — whether it comes out of tailpipes or smokestacks.

Please keep that in mind as you view any contemplated legislation on climate change.

We also believe that higher prices alone are not necessarily sufficient to catalyze the changes that are required.

In other words, sometimes regulations are required to move things in a positive direction.

[PAUSE]

I am going to focus my remarks today around the electricity and heat generation sector, which accounts for the bulk of GHGs emitted every year in the US.

The EPA estimates that electricity generation alone causes 41 percent of all CO₂ emissions.

The three big players in this arena are coal, nuclear and natural gas.

And of the three, coal generates around 50 percent of the power, but 81 percent of the carbon.

So if we are going to get a handle on carbon generation, replacing or cleaning up coal is the place where we must start looking for significant reductions.

Squaring the circle of needing more heat and electricity while emitting less carbon will require a combination of energy sources.

But we believe that increasing the use of natural gas provides the most affordable, most efficient, most immediate and longer-term step in solving this conundrum.

To see why, look at coal...

Is there a path to clean, or at least cleaner, coal?

The answer is "yes" — but it will take time and money.

You've heard a lot about carbon capture and sequestration lately. Essentially, CCS involves capturing CO₂ at coal or gas-fired power plants and reverse-engineering a natural gas field — putting the gas back into the ground.

BP is involved in three major CCS projects, one in California, one in Algeria and one in Abu Dhabi.

With the appropriate regulatory regime and an adequate carbon price, we believe CCS could be commercial by 2020+.

But deployment will take time and, again, there will be substantial costs.

One way to constrain those costs is by replacing coal with lower carbon fuels.

Wind and solar are the sources most often mentioned, and BP is active in both spaces.

Wind has grown faster than any other renewable source. BP has over a gigawatt of gross wind capacity now spinning in the US and we are one of the country's top five holders of wind resources.

Wind can be economically competitive — but currently still requires subsidies.

Solar is higher cost than wind and requires a greater subsidy.

And both sources are intermittent, requiring back-up.

Smart-grid technology might help, but we don't have it yet.

So where does that leave us? Natural gas.

And it's not a bad place to be.

Natural gas has the greatest potential to provide the largest carbon reductions at the lowest cost using technology that is available today.

Natural gas has been around for a long time, of course, though it has generally been more of a supporting player in America's energy story than a star.

It's time that changed.

The prize is great.

If we get it right — and apply the necessary technology

within a stable fiscal and regulatory framework — gas can transform America's energy outlook in the decades going forward.

The list of its advantages is long:

- It is far and away the cleanest burning fossil fuel in the energy portfolio, delivering 60 percent less CO2 than coal per kilowatt hour.

60 percent!

- It is also the most versatile. Natural gas is unique in that it can be used for transportation, as well as for generating light and heat.

- Combined-cycle turbines, fuelled by natural gas, are also quick and relatively cheap to build.

- In addition to being cleaner burning, natural gas generators are more easily switched on and off than coal-fired plants, and can be expanded and permitted with far fewer NIMBY issues than coal or nuclear.

And the timing is right.

The United States is experiencing a renaissance in natural gas development.

Proven techniques, such as hydraulic fracturing and horizontal drilling, are being combined to open up new deposits of tight gas.

And this is happening, not only in traditional oil and gas states such as Texas and Louisiana, but also in such non-traditional areas as Pennsylvania, Ohio and upstate New York.

As a result, US dry gas production increased last year by 3.9 bcf/d, despite major disruptions from Hurricanes Gustav and Ike.

Without those impacts, production growth would have been closer to 5 bcf/d, just short of 10 percent year-over-year growth — a phenomenal achievement.

Estimates vary, but the US probably now has between 50 and 100 years worth of recoverable natural gas.

These new reserves, coupled with the recession, have driven natural gas prices to a seven-and-a-half year low, a fact with which I am more familiar than I'd like to be.

And those lower prices are having an effect. In only the last year, between 3 and 4 percent of US electricity generation has switched from coal to gas.

It is too early to say that the price spikes that have characterized commodities such as the coal and natural gas markets in earlier years are a thing of the past.

But I can say that I have confidence in the US resource base.

Globally, gas is becoming a much more fluid, global commodity — more flexible, more tradable, and more secure than in the past.

So with all of these advantages, why is the Energy Department projecting that the share of US electricity generated by natural gas will stagnate over the next 20 years?

Increasing use of renewables is one reason, and I think we can all agree that is to the good.

But another reason is that America is still building coal-fired power plants.

As of June 2009, 36 new coal plants are permitted, under construction or near construction in the US, with

47 more announced.

Inefficient coal plants — which some call “clunkers” — are still out there, with an average age of around 45 years.

And that's an average. One plant in Minnesota is — hang on — 95 years old.

In fact, coal is projected to be providing 47 percent of America's electric power in 2030, a level almost unchanged from today.

[PAUSE]

What's wrong with this picture?

At a time when we are looking to make the American energy portfolio greener, we are doubling down on the most carbon-intensive form of energy known to exist.

Even without a carbon price, new-build gas-fired plants are cheaper in cost to new-build coal-fired plants, and feature fewer emissions.

And they are only slightly more expensive than just retiring old coal plants.

If we could ramp up natural gas use by one trillion cubic feet per year, we could retire 150 GWh of the oldest and dirtiest coal-fired plants.

In fact, BP has calculated that — for a fraction of the cost of other options — as much as 30 percent of the near-term Waxman-Markey reduction volume target could be delivered through expanded gas use.

This would be for both power and by switching a variety of home appliances to gas, for example.

Nor is gas in some kind of competition with renewables. It complements them.

In Spain, for example, gas and renewable energy have grown in tandem.

And natural gas can use the existing fossil fuel infrastructure, which I mentioned earlier.

Fortunately, there are signs that natural gas is beginning to turn some heads inside the Beltway.

Interior Secretary Ken Salazar recently said that natural gas should play a more prominent role in the US energy picture.

So have former Vice President Al Gore, Senate Majority Leader Harry Reid, and Energy Secretary Steven Chu.

I believe there is a growing consensus that any bill in Congress that aims to control carbon simply must do more to discourage the highest polluting coal-fired plants and increase the use of natural gas.

[PAUSE]

In the near term — the next 10 years or so — our energy path for power and heat should look like this:

1. New electricity capacity should be met by renewable energy sources developed at a pace that is technologically and economically sensible — aided by transitional incentives, and natural gas;

2. The oldest, lowest efficiency coal plants should be substituted or replaced by natural gas-fired, modern Combined Cycle plants.

Over the medium- to longer-term, the electricity/heat demand mix should be met by:

1. Renewables and alternatives;
2. Natural gas;
3. Nuclear;
4. Coal w/CCS technology.

If we do that, then I think we have a fighting chance of meeting the challenge I outlined at the beginning of my talk. . . .

Reducing the amount of carbon we put in the atmosphere, while at the same time meeting increasing energy demand — at an affordable price for American families.

[PAUSE]

Natural gas has been described before as a “bridge fuel”

to a lower-carbon future. It is that, certainly. But I believe it can be much more.

Rather than merely a bridge fuel, it can be a destination fuel for a lower-carbon future.

The potential of natural gas is not a vision founded on conjecture or hope. It is founded on existing reality.

Increased use of natural gas provides us with the best, most realistic path for achieving the greatest emission reductions, at the lowest cost, using technology that is available today.

There is no need to wait. . .

Thank you very much. ♦

WINNER: GOVERNMENT CATEGORY

Border Security: A Policy Perspective

Writer: Karen Leniart/Speaker: Acting Commissioner Jayson P. Ahern, U.S. Customs and Border Protection
Delivered to The Heritage Foundation, Washington, D.C., July 28, 2009

Border security—and what a secure, yet open, America means to our economy and the world—is certainly an important policy issue today, and I’m happy to be here with you at The Heritage Foundation to lend some perspective to the issue.

Transition

As you know, we are still waiting for our new Commissioner to be announced—and as I have said many times, having a Commissioner named, confirmed by the Senate, and on board is extremely important for Customs and Border Protection.

Our homeland security mission is critical and we need to have permanent leadership in place. But until that time, I will serve as Acting Commissioner to the best of my ability. I will make sure that this agency keeps moving forward on the important programs that secure our borders and protect trade and travel.

During this time of transition, we recognize that the threat of terrorist attack is ever present.

We’ve seen recent attacks on the Police Academy in Lahore, Pakistan, that killed and injured recruits. Last November, we saw the coordinated attacks in Mumbai, India, that killed 165.

We take very serious the recent threats Taliban leaders have made about attacking America—as well as other potential threats.

So, these radical groups have not gone away—and we must never become complacent or let down our guard. Complacency is dangerous. This is a high stakes venture. We must stay focused.

A Historical Perspective

Let me lend some historical perspective to where we find

ourselves in this post-9/11 world.

Dean Acheson, one of our great Secretaries of State, published his memoirs under the title, *Present at the Creation*. This title portrayed a world ravaged by war and the determined efforts to create a new order from the remnants of the old.

These efforts were led by Americans.

At that time, countries in danger of being absorbed by the new tyranny of Communism depended on our wisdom, our resources, our commitment, and our unwavering belief in political freedom.

For a half century, we responded with steadfast opposition to Communism and a dramatically expanded foreign policy.

We emerged from the Cold War victorious. But just as we had experienced 50 years earlier, an established global system that had its own definition and predictability had been swept away.

We faced ambiguity and uncertainty.

But then came the attacks of September 11, 2001.

At that moment, two elements of the new world—a new threat and a new enemy—came clearly into focus.

9/11 exposed the vulnerabilities of an interdependent world and global economic system. And once again, it fell to the United States to lead the way in the fight against terrorism.

At Customs and Border Protection, we responded with a series of programs that pushed our borders back, or put another way, greatly increased our overseas presence—and the importance of our partnerships with the international community.

To many people, these steps seemed bold.

But there is actually a long American tradition of responding to surprise attacks from beyond our borders by expanding our reach and our interests.

The first such attack came with the British invasion of Washington, D.C., in August of 1814. Our reaction over a

period of years was to begin to view continental expansion through the lens of security.

We took control of Spanish Florida...annexed Texas...and fought Mexico over California. We came up with a policy—or doctrine—that told European powers we would not look kindly upon any further attempts to colonize land in America.

The next attack came at Pearl Harbor. The result was our entry into World War II. In its aftermath, we created a foreign policy that defined national interests in a way that envisioned practically every country in the world as having some strategic value.

So, what we did after 9/11 to secure our country is very much in the American tradition.

Improving Security: Global Commerce

9/11 presented Customs and Border Protection with a tremendous challenge. After going to Level One Alert and closing our borders, it quickly became apparent that we had to change the way we do business.

In the two days following the attacks, we dramatically stepped up inspections. We soon realized that however necessary these inspections may be for the short run, they could not be the basis for a new policy.

We had to find balance.

We had to secure our borders, without shutting them down. Without stifling the flow of legitimate trade and travel.

We knew the vast majority of shipments pose little, if any, risk. The key was to identify those shipments before they arrive and separate them from shipments that pose risks.

So we began crafting a new strategy.

We settled on a layered defense strategy, based on managing risk through advance information, targeting that information for risk of terrorism, and partnerships—both domestic and international. It is a flexible system, a system that can apply to cargo or people. It has since been adopted into law by Congress and embraced by the international community.

Here's how it works. In 2002, we began requiring the electronic submission of data on all shipments destined for the U.S. We run that information through our Automated Targeting System to determine whether a shipment warrants a closer examination.

We also enlisted the help of other countries. We proposed stationing CBP inspectors at key seaports abroad so that these examinations would take place before a container is even loaded. This is known as the Container Security Initiative. Today, we have hundreds of CBP personnel stationed at 58 of the world's largest seaports.

As important as the Container Security Initiative was for upgrading security in the global commercial environment, it is not sufficient all by itself.

We developed another program, a partnership with companies involved in international trade. It is called the Customs-Trade Partnership Against Terrorism—or C-TPAT (*Cee-Tee-PAT*).

The partnership is based on a bargain: we provide

expedited processing to the shipments of companies who employ security standards throughout their supply chain.

In relying on the desire for access to the U.S. market and leveraging the power of major U.S. importers with their business partners abroad, we created a program that promises to extend security from factory floors to American shores.

Today, there are over 10,000 certified C-TPAT member companies. And, this program has proved to be one of the largest and most successful partnerships between private industry and government.

Cargo Security: The Future

Protecting the stream of imports into the U.S. is a huge job.

The U.S. economy is central to the global marketplace, but to truly secure imports into the U.S., we needed to create a new level of security for virtually the entire international commercial system.

We began working with the World Customs Organization to create the “Framework of Standards to Secure and Facilitate Global Trade”.

This approach envisions that other nations create security programs to protect their imports and adopt the same security principles we have pioneered.

Among other benefits, this means that the private sector will have one set of standards to comply with, not multiple, different standards.

This is great for commerce.

It is also great for security.

Just as our border security suffered when several agencies had jurisdiction at our borders, supply chain security suffers with multiple standards. Different security standards also create potential seams through which terrorists and their weapons might pass undetected.

Our enemies have stated over and over again their wish to cripple the global economy. It is only prudent to take them at their word and adopt the measures necessary to deter them.

Here, I want to say a few words about the thorny issue of 100 percent scanning that Congress mandated by 2012.

100 percent scanning means every maritime container coming to the United States must have a radiation scan and a radiography image.

Customs and Border Protection currently has 100 percent scanning operations in Pakistan; the United Kingdom; Honduras; and at single terminals in Hong Kong, Korea, and in Oman.

Our concern is that 100 percent scanning NOT negate the effective layered, risk-based strategy that's already in place—and working.

100 percent scanning does not equal 100 percent security.

CBP has long held that 100 percent scanning is not necessary. It is costly and potentially disruptive to global trade. Using the current layered strategy to risk manage for threats is smarter and cheaper, and quite frankly, more effective than mandated 100 percent scanning.

We maintain that the resource commitment required to achieve 100 percent scanning at the more than 700 ports shipping to the United States could more effectively be used where security programs are less developed—for small vessels, air cargo, or cyber terrorism.

I have testified before Congress on this issue several times and told members of the Appropriations Committee that we need to revisit this law and reconsider the concept of 100 percent scanning.

Improving Security: People

Now, just as we rely on advance information to screen cargo, we do the same to determine risk for individuals entering the U.S. by air or at land crossings.

We continue efforts to improve this system with more and better information. Our goal, once again, is to separate those millions of travelers who pose little risk from those few who are a potential danger.

Our Advanced Passenger Information System—or APIS—and the Passenger Name Record—or PNR—data is mandatory for all passengers flying into the U.S. This information allows us to identify passengers who are on Terrorist Watch Lists or who possess terrorist risk factors.

Just as we created programs to identify cargo shipments posing no risk, we are establishing programs to do the same with travelers.

Under our NEXUS program with Canada, travelers who want the fastest processing at our ports of entry submit biographical and biometric data. We run this information through crime and terrorist data banks in both this country and Canada.

Our officers then interview these individuals, and after a successful interview, are eligible to enroll in NEXUS.

We began implementing US VISIT at all of our international airports for foreign citizens. This program enables us to confirm that the individual presenting his or her visa is the same person vetted by a U.S. Consulate.

We have also created a program that is similar in concept to the Container Security Initiative. This involves using advance targeting and intelligence, and working with foreign governments and air carriers to intercept high-risk travelers **before** they board flights destined for the United States.

This is the Immigration Advisory Program and is operational at **nine** overseas locations. [Amsterdam, Germany, Spain, England, Poland, Korea, Japan]

We have instituted a program requiring machine-readable passports with digitally embedded photos for travelers from all Visa Waiver countries.

Clearly, some residents of Visa Waiver nations are possible targets for terrorist recruitment. Under the old system, terrorists could prepare phony documentation, but the digitally embedded photo makes passport forgery nearly impossible.

One of our most recent programs—the Western Hemisphere Travel Initiative—has simplified and standardized documents necessary for travelers to enter the U.S.

from Canada or Mexico.

We launched this initiative in the air environment in January 2007. We ended oral declarations for entry into the U.S. in January 2008. As of June 1st, we standardized six documents that will be accepted by CBP Officers to enter the United States. Before, there were as many as 8,000!

We've also installed Radio Frequency Identification—RFID—readers at 39 of our busiest ports for quicker processing. Compliance rates have been in the high 90th percentile.

Northern and Southern Borders

We've also made tremendous strides in securing our Southern and Northern Borders—both at our official ports of entry and between the ports of entry—by adding more personnel, technology, and infrastructure.

The Economic Stimulus Bill gave \$720 million to Customs and Border Protection and the General Services Administration for improving our aging infrastructure and adding technology at our border.

Along our Southwest Border, we have completed over 600 miles of fencing, and where a fence isn't adequate, we're adding technology to provide radar and camera coverage.

Along with our investments in infrastructure and technology, we have put what we call “more boots on the ground.” By the end of this year, we will have over 21,000 CBP Officers at our official ports of entry and 20,000 Border Patrol agents between the ports of entry.

To address the recent escalation of drug cartel violence in Mexico, Secretary Napolitano placed emphasis on stopping the flow of guns and bulk cash into Mexico. We're also expanding our partnerships with state and local law enforcement along the southern border.

The Secretary has also named a new special representative for border affairs at the Department—Alan Bersin. He is a veteran prosecutor who has been charged with coordinating all of our efforts on the Southwest Border.

On our border to the north, we've also added more agents and officers, as well as technology, including Unmanned Aerial Systems (UASs). We've deployed additional sensors along the desolate stretches of land on our northern border and we've opened five air and marine branches. This gives us an increased presence and allows us to respond quickly to incursions.

This Spring, for example, someone stole an airplane in Canada and flew it into the United States. Even though CBP wasn't mentioned in the news reports, our Air and Marine Operations Center in Riverside, California, reported the incursion and our planes responded. CBP pilots and the U.S. military escorted the plane until it landed 6 hours later on a dirt road in Missouri. Luckily, this was not a security threat, but the point is: we were able to respond quickly to the violation of our air space.

The programs I've mentioned are just some—certainly not all—that make up our layered, risk based strategy.

And the economic crisis we are in today adds yet another dimension to the critical role CBP plays in securing our borders and supporting the competitiveness of American business.

Conclusion

The 9/11 attacks were meant to cripple our economy, to weaken our will and to hasten our retreat from the Middle East.

The attacks took advantage of our open society and the intricate, fast-paced global economy.

But instead, like the British attack in the 1800s and Japanese attack in the 1940s, 9/11 galvanized us and gave us clarity of purpose.

The same intricate system of commerce and travel that terrorists find so appealing a target can also be their downfall.

Once this system is properly secured, it will move even faster, create even more prosperity, and bring new

transparency to parts of the globe where business, political and commercial dealings are frequently conducted in the shadows. Ultimately, this will be too much of a lure for the very people the terrorists are hoping to sway toward their dreary vision of life.

This is a historic time—but also a dangerous time. The transition we are going through now is the first for our agency since it was created. Our job is to stay focused on keeping our country safe and open for business. We can't be distracted by the political rhetoric and events of the day.

If there was ever a time to take our eye off the ball, it was 6 years ago, when we were just coming together as an agency. But, we didn't. We kept it together—and this transition period will be no exception.

The American people are counting on us to be that last line of defense—and we will not let them down. And our new leaders will need our help—and we will not let them down either. Border security transcends politics—now and in the future. ♦

WINNER: NONPROFIT CATEGORY

How Far Will They Go Among So Many?

Writer: Hal Gordon/Speaker: Jonathan Reckford, CEO, Habitat International
Delivered to the Biennial U.S. Affiliates Conference, Atlanta, GA, January 23, 2009

We all remember the story of how Jesus fed over five thousand people with just five loaves and two fish.

We should remember it. It's the only miracle story, apart from the resurrection itself, to appear in all four Gospels. Obviously, this story made a deep impression on the Gospel writers, just as it has resonated among Christians ever since.

The different Gospel accounts agree on the main details. Jesus and his disciples needed a break. They had withdrawn to a remote place to rest. Despite their efforts to keep a low profile, they were recognized. A crowd of over five thousand men, women and children had gathered and followed them.

So Jesus preached to this multitude and healed their sick. As evening approached, the disciples urged Jesus to dismiss the people so this vast assembly could find food. But Jesus replied, "You give them something to eat."

Can't you just imagine how the disciples must have felt? "Really, Master — it's late in the day. We're supposed to be here for a rest. Have a little compassion on us as well as this crowd. We're tired and hungry, too. And we don't even have enough to feed ourselves.

We have five loaves — five small barley loaves at that — and two little fish." They asked Jesus: "How far will they go among so many?"

That's the question that I want us to ponder this

morning: "How far will our resources go among so many?" How are we going to multiply our resources to build decent, affordable homes for all who need them?

Over thirty years ago, Jesus gave Habitat a mission that seemed every bit as impossible as feeding over five thousand people. Our master called us to eliminate poverty housing throughout the world.

Since then, we've built over 300,000 homes.

That's a significant achievement.

But we still live in a world where over a billion and a half people are inadequately housed. The need for decent shelter is immense — and growing faster than we can build homes to meet it. So the question the disciples asked Jesus still challenges us: "How far will they go among so many?"

The question is even more pressing now, when a recession makes our task even harder.

Believe me — I know only too well that we're going through the worst economic times in the history of Habitat. The stock market is down, unemployment is up, and charitable giving has softened. We're facing the same challenges at HFHI as you're facing locally.

We've had to tighten our belts as well.

We know that the work you do is hard enough in the best of times, let alone the worst of times. When you have to let people go or turn away families who need housing, it hurts. A crisis like the one we're in now can cause the even

the strongest of us to lose faith.

Or, maybe not.

Remember, the first disciples might have rejected Christ's command to feed the multitude as hopeless. They could have given up. But they didn't. There was something about Jesus — the power, authority and assurance radiating from him — that made them willing to share what they had, even though it seemed impossible to feed such an enormous crowd.

They followed Christ's command; and the crowd was fed.

We don't know how Jesus multiplied the loaves and fishes. But we *do* know that there was more than enough to go around. After the crowd had eaten their fill, the disciples collected twelve baskets of leftovers.

Imagine how the disciples felt then. They saw that the simple act of sharing had unleashed power beyond their imagination. It was earth-shaking power. In time, as we know today, this carpenter turned itinerant preacher and his dozen rag-tag followers would launch a movement that would change the course of human history.

But the disciples didn't know the outcome of the story while they were living it. Neither do we. We don't know what lies ahead for Habitat. All we know is this: Like those first disciples, we've been called to do impossible things by someone far greater than ourselves.

All of us can understand such a call. Certainly you can. You're Habitat affiliates. You know all about what it's like to be called upon to do seemingly impossible things. You do it all the time.

Since I've been with Habitat, I've seen you at work, and I've marveled at all that you do.

It's because of *you* that Habitat is now the 14th-largest homebuilder in the United States.

It's because of *you* that we've achieved such a remarkable rate of growth in such a short space of time.

It's because of *you* that the world knows the power of Habitat — the power not just to build decent, affordable homes, but to transform lives.

When I look at the history of Habitat, I am amazed. I often wonder what it was like for the people who started Habitat more than 30 years ago. What motivated them to take on such a daunting task? If they had not been strong enough in their faith to set a goal of eliminating poverty housing throughout the world — *before they had built a single house* — where would we be today?

A few months ago, I had a chance to hear about the origins of Habitat first-hand, from someone who was part of those first conversations. I was in Naples, Florida, for the construction of Habitat's 300,000th house, when I met Sam Emerick. Sam was Habitat's first board chair. He's now 93 years old and still going strong!

Sam told me how he had met Clarence Jordan, the founder of Koinonia, at a conference on poverty back in 1965. They were chatting about ways to alleviate poverty when Clarence suddenly turned to Sam and said, "You

know ... if you want to help poor people have a decent, simple place to live, you can make it happen ..."

You can make it happen!

According to Sam, "That sentence grabbed me by the shirt. I couldn't ignore it. I literally felt that someone had gotten ahold of me."

That someone — God — had gotten hold, and never let go. Not even after Sam, Millard

Fuller and others created Habitat for Humanity in 1976. Not even when I met Sam when he was 93. He was still in the grip of that irresistible force that had grabbed him so many years before.

I asked him: "Sam, did you or the others have any idea what God was going to do with this when it all began?"

"We had no idea," he replied. "We just knew that the idea that got hold of us wasn't going to stop with us."

We understand that kind of divine calling because we have all had our own moments when we felt an irresistible call to help Habitat build homes.

I see the results of that calling everywhere I go.

Back in November, I spoke at the annual gala of New York City Habitat. It was held in an elegant Manhattan restaurant that used to be a bank. I had just finished congratulating our affiliate when, suddenly, I found myself being half-smothered by the embrace of this *incredibly* effusive woman — who had come charging at me from out of nowhere. "You cannot imagine how Habitat has changed life for me and my family!" she exclaimed.

The woman's name was Candace George. (She introduced herself once we both had a chance to catch our breath.)

Candace is a remarkable woman. She's a college-educated professional, but she doesn't make a lot of money as a fraud investigator for the city of New York. She's also a single mother with five children.

Before Habitat, all six of the Georges lived in a one-bedroom, fifth-floor walkup. If that wasn't cramped enough, there were other tenants: the apartment was infested with rats — so many, and so bold, that the children had actually begun to give them names.

The rats weren't the only health hazard confronting the family. The other hazard was discovered only when the baby, a boy named Daniel, got sick...really sick...He started having asthmatic seizures so severe that he had to be rushed to the hospital.

Once hospitalized, he would recover rapidly. But he would relapse as soon as he was taken home.

Eventually, a city health inspector identified the cause of these mysterious attacks — toxic black mold around the apartment's windows. That's why Daniel was constantly sick.

Since Candace was already a candidate for a Habitat home, the New York affiliate was able to find the family temporary shelter. Later that year, they moved into their own Habitat row house in Brooklyn.

That move made all the difference in the world for this family. Daniel is now five — a lively, talkative boy who's

doing great. He's hardly seen the doctor since their move.

Daniel's older sister, Soudea, whom I also met that night, told me proudly that she's getting top grades at one of the most rigorous magnet high schools in the city. She's also being courted by some of the country's most prestigious colleges. Small wonder that Candace George hugged me within an inch of my life when I met her.

As I said, I hear stories like this every day — tributes to all that you've accomplished.

Over and over we see how dramatically a safe, simple and decent home raises the health, educational and living standards of the families we serve — along with their self-esteem.

That's why we say, "It starts at home."

Screenwriter Randy Wallace summed it up in a quote that remains my favorite: "Habitat for Humanity is a perpetual motion miracle. Everyone who gives, receives — and everyone who receives, gives. If you want to stay complacent and uninspired, stay away from Habitat. Come close to Habitat and it will change you and make you part of something that changes the world."

We know that Habitat changes the world. If you want to see that with your own eyes, I encourage you to take a Global Village trip. Once you've had a look at the work we do around the world, you'll come back and encourage others to have a look for themselves.

You know, when Jesus told the disciples to share what they had, they didn't know that they would end up with more than enough. But they did. And Jesus was very specific that the fragments that remained should be gathered up. "Let nothing be wasted," he said.

Think about that for a moment. Jesus had just multiplied five loaves and two fishes until there was plenty to feed over five thousand people. But he says, "Let nothing be wasted."

I think there's a lesson for us here.

Right now, I'm sure many of you are wondering how you will meet the needs of your own communities, let alone how you will be able meet the needs of people in other lands.

But we should remember that we serve a God of abundance. If we have the kind of faith that the first disciples had, we can trust that God will not only provide for our local needs, but that there will be something left over to help people abroad who are so much worse off.

Perhaps \$1200 is just a fragment of a house to us — a crumb in a basket of leftovers. But in Africa, it can build an entire house. More than a house — a launching pad to a better life. So gather up the fragments, let nothing be wasted. Even the crumbs from our tables can be a banquet for the world's poor.

Earlier in this conference, you heard about the tremendous impact that your affiliate tithes have on families around the world. Tithing also benefits you.

I know that many of you have already discovered that your donors become even more enthusiastic about Habitat when they see how a fraction of their gift can double the

number of families we help. It's not "either/or," it's "both/and." Sharing with others abroad helps us here at home.

Even in tough times we have enough to share. We're gaining momentum. It took 20 years for us to build 50,000 houses. It took five years for us to reach 100,000, another five to build 200,000. And it took just three more years for us to build our 300,000th house.

We don't want to stop now, when we're needed more than ever. We're no strangers to adversity. We've weathered economic downturns before. Heck, we've stood up to hurricanes, earthquakes and tsunamis. We can cope with this recession.

We can find new ways of multiplying the loaves and fishes. We've been sharing ideas on how to do that over the past few days. We're going to keep on helping each other to fulfill Habitat's mission long after we leave here today.

Yes, the world economy is down. But there are upsides to even the sharpest economic downturns. Previously, rising land and materials prices were a huge challenge. For some of you, there are now land and lot deals at very attractive prices. Yes, the collapse of the housing market is a terrible thing. But foreclosures and abandonments offer new opportunities for us to acquire more houses that we can convert into homes.

In short, I believe we can keep growing, even in lean times. Remember the loaves and fishes: the disciples started out without enough to feed themselves. They ended up with twelve baskets of leftovers.

We really need to take that story to heart. We shouldn't be afraid to ask people to share, even during lean times. Because the evidence says that they will.

You might think that giving plummets in a recession. In fact, there's a recent study by Indiana University that analyzed giving patterns over the past forty years. This study found that since 1967, in years with a recession, giving has grown an average of 6.2 percent. Giving by individuals doesn't grow as much in recession years as in boom times, but it grows nonetheless.

I have every confidence that we can get — maybe not what we *want* — but at least the resources we *need* to keep growing.

One way for us to get those vital resources is to do a better job of telling our story. By that I mean that we need to tell more people how our work goes far beyond helping low-income people to own homes. Remember what moving into a Habitat home did for little Daniel George and his asthma attacks? Remember how an improved home environment helped give his older sister a better chance to excel at her studies?

But we have more than anecdotal evidence that better housing raises health and educational standards.

For instance, we have a study on the effects of Habitat housing in northern Malawi. This study concluded that the incidence of malaria, respiratory or gastrointestinal diseases was reduced by 44 percent in those children living in Habitat houses compared with those living in the rest of the community.

That's a breathtaking impact in a developing country where a one or two percent improvement in health statistics is considered to be a big change.

We also have a study where Habitat families in Costa Rica were interviewed. Some 88 percent of those families reported improvements in their general health. Thirty-eight percent of these families reported that their children were doing better in school, and 39 percent reported that their children had developed a more positive attitude towards school.

When donors hear results like this, we get their attention. Our research shows that when we explain how better housing promotes better health and educational outcomes, we attract new supporters. In tough times, donors want their money to do as much good as possible. So let's tell people just how much good we do.

I'm convinced that with faith, with energy and with ingenuity, Habitat can not only continue our mission — we can actually do more. And you can lead the way. You are our laboratories — constantly experimenting with new ways to fulfill our mission.

Remember Sam Emerick, whom I met while building our 300,000th house?

As Sam and I were talking, a local volunteer — another man who was obviously well up in years — came over and introduced himself. He said his name was Paul Johnson. Then he added, with considerable pride, that he had been volunteering in Collier County for 20 years.

"How old are you?" asked Sam. "I'm 86," Paul replied. Sam looked at him and offered this piece of advice: "Keep going, kid." "Keep going."

That's good advice for all of us at Habitat — we've got to "keep going."

I know that these are difficult times. I know that there are moments when we all get discouraged. But I also know that we can't stop now. There is too much at stake.

The theme of this conference is, "No hands but yours..." This theme comes from one of my favorite sayings of St. Teresa of Avila. I think it's worth repeating:

"Christ has no body now on earth but yours, no hands but yours, no feet but yours; yours are the eyes through which Christ's compassion looks out on the world, yours are the feet with which He is to go about doing good and yours are the hands with which He is to bless us now."

At Habitat, we get to be Christ's hands to help house the needy. Let us remember that Jesus had a carpenter's hands. He cut and shaped wood. He built houses. To participate in the work of Habitat is to identify with our master's life and work in a particularly personal and meaningful way. It is our mission — it is our duty, our privilege, our blessing — and our joy — for us to be those strong, loving, busy carpenter's hands for all the people of the world who need a decent place to live.

So let us lift up our hearts, let us lift up our hopes, let us lift up our hands — and let's get back to work!

Thank you and God bless you all. ♦

WINNER: PHARMACEUTICAL CATEGORY

Healthcare Reform: Getting it Right

Writers: Erick Dittus and David Brennan/Speaker: David Brennan, CEO, AstraZeneca

Delivered to the Pharmaceutical Research and Manufacturers of America Annual Convention, San Antonio, TX, April 3, 2009

Thank you Dick...

It's great being with you today...

And... I'm especially glad to be up here with *my good friend, Dick Clark*.

During Dick's tenure..... we've *redoubled our industry's efforts* to listen to our stakeholders.

We've gone a long way in remedying the "trust deficit"...defining *more transparent ways* for us to interact with physicians... and clarifying our views on *the appropriate use* of Direct to Consumer advertising.

Thank you Dick for your leadership... and a special thanks to Billy Tauzin. As President of PhRMA... Billy has done a lot to make *PhRMA a better and more effective organization*...

Let's give them both a well-deserved round of applause...

(Lead Applause)

As PhRMA's new Chairman... I'm looking forward to

working closely with Billy and the PhRMA team... and with Dick... my board colleagues, the membership and *partners* as we meet the challenges...*and the opportunities*... presented to us.

(Long Pause)

But, today...there's a crisis going on...

We are in the midst of a deepening global economic recession.

Since the onset of this downturn in the United States alone...4.4 million *people* have lost their jobs and... in many instances... they've also lost *their health insurance*...

It's not hyperbole to say that before this recession is over..... millions more *will* join the 47 million other Americans who already *do not have health insurance*.

So...what's the cost of this lack of proper health insurance?

For one thing, more people who don't have the ability

to pay..... will crowd already overtaxed hospital emergency rooms. Everybody's premiums **will rise**...

And, without routine access to a physician and to preventive care..... there will most likely be an increase in the prevalence of the chronic diseases — like diabetes — that now claim up to 75 cents **of every health care dollar** spent in the US.

(Short Pause)

And as if that wasn't enough... Medicaid and Medicare costs continue to soar... as ballooning healthcare costs touch just about **every American household**...

A Kaiser Family Foundation study shows that in 1970... US healthcare spending stood at a modest 365 dollars per resident, or 7.2 percent of GDP. But by 2016... health care spending is forecast to rise to **12,782** dollars per US resident.

That's an unbelievable and **unsustainable 19.6 percent of GDP!!!**

Today, everybody is worried about this **immediate** economic crisis, but... the cost of healthcare has been **undermining the financial soundness** of the nation **for a long time**.

From Main Street to Capitol Hill... people are clamoring for change. Elected officials and policymakers from both sides of the aisle are discussing... **and of course debating**.... their visions of healthcare reform...

So... the crisis in American health and healthcare... and the need for change **NOW** ... **is a headline story**.

(Short Pause)

Getting the Right Healthcare Reform

As we move forward with healthcare reform... we've got to make sure **that this time** we get it right.

I'm in **full agreement** with President Obama.... that we need reform that's built on American traditions... to meet the diverse medical needs **of our people**, while we're reducing cost and strengthening the economy.

Americans deserve a system **that provides every man, woman, and child... with a consistent level of care**. I'm talking about a system that helps them **live healthier**... and live longer...

We — the members of PhRMA and our partners across Healthcare and every sector — want to do all that we can... to play **an active role** in building practical **solutions**.

(Short Pause)

As we promote better healthcare for patients and their families.... it's easy to move into a white hat... black hat... us versus them worldview. We can't afford to do that anymore. And, **most importantly... sick patients certainly can't afford for us to do that**.

So, with the goal of healthcare reform... **we've got to work together in a new way**... where we respect our differences and understand we all are facing real change.

If we can genuinely do that... we open the door to more powerful **and inventive** collaborations.

And you know what?

I **think** we're succeeding.

Some partners — who are with us for the first time at our annual meeting — **were, until recently... absolute critics of the industry**.

For years they used their resources to criticize us... **while we battled them**.

But today, **I'm glad to say**... we're connecting around the need to **reform a broken system**.

Thank you for being here!!!!

(Short Pause)

As we develop proposals at PhRMA ... **we need to recognize, and on occasion remind ourselves**... that we don't have all the answers... We have to listen carefully to our partners and others seated around the table.

We want deliberations dominated by ideas... **not by ideology**. Americans deserve a debate that features fresh thinking and open mindedness... **not partisan bickering**.

Only respectful, give-and-take discussions will produce the reforms we need.

I look forward to **actively participating** in many more of these discussions...

(Pause)

Access, Prevention and the Physician

What needs to be **at the center** of the health care reform debate?

First, we've got to have quality-care... **with an emphasis on outcomes**. And, we also have to **reduce healthcare disparities**.

Next, we've got to preserve what is good about the current system. And, in my view, that includes the strong relationship between physician and patient.

Without access to prevention information **and the counsel that comes from routine visits to a physician**..... Americans without health insurance are [a lot] more likely to die of cancer and other chronic diseases.

(Short Pause)

Prevention and access are not just about a pill. Yet, even with a doctor's best counsel, lifestyle changes by themselves... won't stem the tide of chronic disease. We need the right medicines... for the right patient... **at the right time**.

We want to make sure that the uninsured **and the under-insured** ... both have sufficient access and coverage. And... **that coverage needs to include a comprehensive prescription drug benefit**.

(Short Pause)

Our challenge is to expand our pipelines of **valued medicines**... that make a **meaningful** difference in patients' lives. That's **the most important** step we can take in fighting chronic disease.

Studies show that newer medicines reduced hospital and other non-drug costs. For each additional dollar spent on newer pharmaceuticals... over \$6 are saved in total health care spending. And... over 4 of those dollars come from savings in spending **on hospital stays**.

But... innovation without delivery... **doesn't help the patient**.

With that in mind... the PhRMA-led Partnership for Prescription Assistance — in alliance with 1,300 national state and local partners — brings Americans in-need access to medicines.

PPA is clearly very important. But... it's **no substitute** for having comprehensive healthcare that provides every American **with a real, affordable opportunity** to get the innovative medicines they need.

(Short Pause)

Co-Pay Reform: Revamping the Payment Structure

President Obama noted that medical costs have gone up **four times faster than wages.**

Yet, **as other healthcare costs spiral...** medicines have remained at about the same percentage of the healthcare dollar **for 40 years!!!!**

That's the good news.

The bad news... is that insured patients are forced to pay **considerably higher** percentage co-pays on medicines... than on what they pay for other healthcare services.

I'm an advocate of free-market-based healthcare solutions. But, within that framework...I support **appropriate government efforts** to protect people whose healthcare needs aren't met by the private marketplace.

That's exactly what the Pharma industry does with the prescription savings program. I also agree that standard insurance coverage **can be improved.**

Quite frankly...Americans **DESERVE co-pay reform.** The current skew of the standard insurance benefit... clearly **penalizes patients** for the use of the more innovative medicines.

Several companies are learning the benefits of co-pay reform.

Pitney Bowes, for instance, reduced co-payments for drugs prescribed for diabetes and asthma. The *Wall Street Journal* reported that the company realized **a \$1 million net savings** in the first year...by reducing complications common to those diseases.

Some health insurers are also 'getting it'. And, this kind of innovation on the part of payers...provides the incentive for innovators to bring high-value medicines to market.

Wouldn't it be great if this outcome-based approach became standard practice?

(Short Pause)

Our Victories: SCHIP and Medicare Part D

In the midst of these challenges we — **with a growing list of partners** — have achieved real progress...in promoting healthcare reforms that benefit tens of millions of people.

Recently, 4.1 million previously uninsured, low-income children...gained access to healthcare under the State Children's Health Insurance Programs... otherwise known as SCHIP...

PhRMA was proud to support SCHIP's reauthorization **and expansion.**

With SCHIP in play... millions of children gain access to affordable healthcare, and...are **less likely** to be touched

by chronic diseases that increase costs and short-circuit their potential.

(Short Pause)

At the other end of the age spectrum... another PhRMA-supported bill... Medicare Part-D ... was enacted over 5 years ago...

Before Medicare Part-D came in... an estimated 30-to-40 percent of Americans over 65 **had no drug coverage.** Now, **over 90 percent** of those eligible for Medicare use the comprehensive prescription plan!!!

Wall Street Journal... AARP...and other polls...all show that satisfaction levels continue to approach 90 percent among older adults using the plan.

And, as the Medicare Part-D participants gain the benefit...American taxpayers save money.

The Congressional Budget Office has reduced its previous 10-year expense forecast for the program... **by 438 Billion dollars...** or **37 percent!!!! That's a big saving!!!**

You know... when was the last time a government program achieved **a high satisfaction rate**, and... came in a several hundred **billion dollars** below projected costs?

Both SCHIP and Medicare Part-D ...had opposition from folks with whom we've worked on other issues. I appreciate their concerns. But, as these programs promote better health... they **can also** save patients and taxpayers **money...** Not a bad combination win !!!

(Pause)

Continued Medical Innovation: A Must

In his speech to Congress, President Obama... called for our nation to find a cure for cancer.

We applaud him for that...

We also want to move **closer to that goal.**

But... we can't get far down that road **without continued world-class innovation.**

And, you know what?

Our industry can't get there without the government.

And, the government won't get there without us.

(Say in a soft voice)

Quite frankly... We need each other.

Tripling the funding to the National Institute for Health or the National Cancer Institute... would give Americans some early-stage victories. But, that's not going to cure the wide spectrum of diseases known as cancer.

While the government assists with research... the bio-pharmaceutical industry has the ability to bring medicines from the laboratory to the patient in a consistent... **systematic...** way.

(Short Pause)

Over the last 25 years we've come along way in the war on cancer.

But contrary to the Hollywood-like scenarios...our battle with cancer isn't so much about spectacular breakthroughs as it is about **steady... incremental...** progress.

Innovative incremental improvements... have brought **tremendous benefits** to millions of cancer patients and

their families...as medicines extend and increase the quality of life.

In thirty years, with better screening and treatments... we've improved the cancer survival rate from one half of those diagnosed to two thirds. And, with some diseases, such as breast and prostate cancer...patients now have about 90 percent or better survival rates.

Maybe we can cure cancer. But, even if we don't... our scientists tell us that we're moving toward making it a **treatable** chronic disease, a condition like arthritis that can be managed...**a disease that you can live with... rather than die from.**

Achieving that goal even faster and creating **sustainable** healthcare reform...requires policies that are **more conducive** to the medical innovation that is the genesis and cornerstone of our industry.

So what needs to be done?

(Short Pause)

We need an environment that includes strong, well-defined intellectual property rights...a productive NIH... and a robust research-based **and patient-driven** pharmaceutical industry... whose products can move more efficiently from the laboratory to the patient...**and** a strong, well-functioning FDA.

These are **all** essential... if we are going to find cures for dreaded diseases... **and meet the other unmet treatment needs of people everywhere.**

(Short Pause)

FDA: An Agency in Crisis

Now...what do I mean by a "strong, well-functioning FDA"?

Clearly, it's doing better than a decade ago, but... an understaffed and under-funded

FDA is an agency in crisis!!!

In 2008, the FDA missed more **than 50 PDUFA goal application review dates!!!**

Who pays the cost of those delays?

Yes, they impact individual companies, but... it's the patient **waiting** for the next critical medical advance who pays **the highest price.**

So, what are we — the members of PhRMA — **doing about it?**

We're working hard for increased appropriations to the FDA...so that it is recognized as a watchdog **with a full set of teeth...** an agency with the technology and people it needs to do a **more timely and consistent job...** in regulating us...**and bringing innovative treatments to patients.**

(Short Pause)

Competition from Abroad

As we debate in America medical innovation's importance...other nations develop policies to expand their role.

When I took my first job in the pharmaceutical industry, Europe **was** the world pharmaceutical leader.

Most of my pharma colleagues over 40 know the rest of the story.

With governments constraining patient access to new medicines... investment returns shrank...and a segment of Europe's pharma-base shifted to the United States.

Today...both the European Union and individual nations are working to institute pro-medical innovation policies...to recapture Europe's marketshare.

For example, Great Britain's Prime Minister, Gordon Brown, has put less intrusive and more predictable policies in place... that open the door to innovation, as the Brits upgrade their school's science and technology curriculums.

(Short Pause)

In Asia... several countries are rolling out medical innovation strategies.

China in particular... is moving to create a better environment for innovation...**and investment in innovation.**

The Chinese are taking the long view...as they invest large sums of government money, and create strategies to develop the infrastructure and bio-chemistry knowledge in people **that will make them more competitive...** over the next 20-to-40 years.

(Pause)

Today, the US leads the world in creating new medicines... and we've got to make sure that this drive for innovation continues.

Last year, US pharma spent \$65 billion on R&D... and in 2006 the overall biopharmaceutical sector added \$88 billion to US GDP...

And then there are the jobs...over 3.2 million people's jobs have direct or indirect ties to our industry...

We have an important economic impact on the nation. But, in addition to that... our citizens are among the first in the world to gain access to new, often life-saving medicines.

Quite frankly... without a pipeline full of innovative medicines — which will both improve health expectations of patients as they reduce other medical costs — it will be difficult, if not impossible...to create meaningful **and sustainable** healthcare reform.

(Long Pause)

Actions We Must Take

At the end of the day, I think it's safe to say... that every one in this room wants significant health care reform.

What **key actions** have to be taken to achieve reform that benefits patients and reduces costs?

One...Promote quality care — for all — **with an emphasis on outcomes.**

Two... Embrace a system that supports a doctor / patient relationship...**and emphasizes prevention and personal responsibility.**

Three...Bring about co-pay reform — reform that gives patients **real access** to the best medicines and treatments.

Four... Work toward policies that promote **continuous medical innovation.**

And Five... Be advocates for strengthening the FDA... so that they can do **a more timely and consistent job.**

For all this... **collaboration is key...** We need to partner differently...**and act differently** than we have in the past.

*(Short Pause)***Collaboration is Key**

Whether in the development of new medicines or promoting existing products... partnerships are essential. And... they're no less important in promoting comprehensive healthcare reform.

In every partnership, alliance or coalition that PhRMA enters... the common denominator has to be that our allies support improving patient care **and delivering life-enhancing medicines.**

With that goal in mind, and as economic turmoil deepens and the healthcare crisis touches more people... our coalitions expand.

Through actively working in partnerships and coalitions... we are making progress... and continuing to learn from one another...

You, know... we don't... and won't agree on everything... Some might even shake their heads when they're reviewing the broad assortment of individuals and organizations that have joined together under our healthcare reform umbrella. But, the fact is... our goal is **quite clear**: better more cost efficient and less costly healthcare for families.

(Short Pause)

With the goal of both sharing ideas **and gaining access to new perspectives**... I'll soon be on the road crisscrossing the US... meeting with policy makers and influencers, elected officials and others, including patients... and healthcare professionals **of every stripe**...

Throughout my tenure... from this trip and others that follow... I intend to **stay in touch** with what's going on at

the grassroots level **and on Pennsylvania Avenue.**

(Pause)

(>>>Close: About 2 Minutes to Go<<<)

Moving Forward: Building A Better Healthcare

You know... I came to this industry 33 years ago... motivated by the challenge of **improving human health**... and wanting to be part of a business that contributes something real to society.

Every day, our medicines improve people's lives... especially the lives of those afflicted with serious, highly prevalent diseases, like cancer. Now... with the potential for **the right kind of healthcare reform**... we may soon help even **more people.**

And it is a good time for PhRMA.

There's no doubt: we have the challenge of recession, but... current healthcare debates give us the opportunity to make our case... and make it **very publicly!!!**

We start the discussion with stronger business codes... and a renewed emphasis on transparency: This will **serve us well and make us a stronger... better partner** in the healthcare debates ahead.

Working together with partners and advisors **from every sector and every walk of life we can**... and I believe this time **we will**... get the right healthcare reform.

I envision a time... not all that far away... when **all people in need** are diagnosed and treated... fewer are hospitalized... and medicines will be seen not as the cost of sickness, **but... as an investment in improving health.**

Together we **will** make that happen.

Thank you. ♦

WINNER: TRANSPORTATION CATEGORY**Commencement Address: There Are No Secrets to Success**

Writer: Luke Boggs/Speaker: Joe Leonard, Retired CEO, AirTran Airways
Delivered at the Georgia Military College, Milledgeville, GA, June 12, 2009

Good evening.
General Boylan...
Faculty, staff, alumni...
Family and friends...

And 2009 graduates of Georgia Military College...
Thank you for your invitation and your hospitality.
This is a grand and momentous occasion, and I count it a real blessing to be able to share a few thoughts with you.
PAUSE

Graduates, this evening marks, for you, a great moment of progress and personal accomplishment.
And I want to begin by offering my congratulations.
You have worked hard...
You have overcome adversity...
And you have reached a new level of achievement.

You have every right to be proud.
Yet, even as proud as you are, graduates, I can assure you that you are not alone in being proud tonight.
Each and every person at this celebration is proud of you.
And with good reason.
PAUSE
This evening, then, is about you, graduates.
But it is not all about you.
This is also a special occasion for those who have come to celebrate with you.
You may have a friend here tonight who encouraged you at a critical moment.
Maybe you have a special professor who went out of his or her way to help you find your own.
Perhaps you have a grandparent or other dear relative

who prayed for you.

Maybe you have a sister or brother here who inspired you.

Or perhaps you have parents here who always had your best interests at heart.

Maybe you didn't always see eye to eye, but your mom and dad never tired of trying to help you become all that you could be.

PAUSE

This, then, is also a special night for your guests.

And maybe for some other people who aren't here.

An elderly relative...

A loved one in a distant city...

Maybe a teacher, coach, mentor or minister.

Take some time in the coming days to say thanks to those who helped you reach this milestone.

Write a note...

Pick up the phone...

And thank someone.

Tell them you've graduated...

Let them know where you're headed...

And thank them for all they've done for you.

In a few short minutes, you'll make their day...

And you may well make their year.

And I promise: you'll never regret taking the time to say thanks.

LONG PAUSE

I can't tell you how great it is for me to be back here in Georgia.

I was born and raised in Augusta.

About a year ago, after a decade in Florida, my wife and I moved to Minnesota, where we're close to some wonderful family members.

Which is a good thing, because the weather, just between us, is lousy.

PAUSE

Seriously, though, there is something special about coming home to Georgia.

I grew up just a stones-throw from the airfield in Augusta.

From a very early age, I was captivated by the comings and goings of the airplanes.

When I was 11, I got a job cleaning the planes and gassing them up.

At the ripe old age of 13, I became a pilot.

Much later, I built a long and enjoyable career in the airline business.

Even now, though, I sometimes wonder what kind of ballplayer I might have been if I'd been born next door to a baseball field instead of an airfield.

PAUSE

Tonight, we're gathered on Grant Parade Ground—named for a family that sent four generations of students to GMC.

Some of you have a similar story, with no shortage of college graduates in your family.

Many of you, however, are among the first members of

your family to go to college.

If so, your family may be a little like mine.

You see, my mom and dad, neither of them were college educated.

They worked hard...

They took care of my sister and me...

And they put a very strong emphasis on education.

My sister, who was five years older, went to nursing school in Atlanta.

It was a tremendous sacrifice for my parents to help her through her training, but they did whatever it took: scrimping and saving and going without.

When I was finishing high school, my family had no idea how I could afford to go to college.

In fact, my mom invited some correspondence course salespeople to come by the house and tell us what they might be able to do for me.

That's how much my mom cared about my education and my future.

PAUSE

I began my studies at Augusta Junior College.

When I finished two years of pre-engineering, I didn't have the money to transfer to a four-year school.

So, I kept on going to school and working.

Eventually, I moved on to Auburn, where I earned my Bachelor's in Aerospace Engineering.

In the end, I squeezed four years of higher education into just six short years.

PAUSE

After college, I was in logistics and then air travel—a business I loved.

I learned from many wonderful people, including an honest-to-goodness legend in Col. Frank Borman, who commanded the first Apollo mission to circle the moon.

Later, I took on the challenge of building AirTran Airways.

There weren't a lot of experts who were real bullish on AirTran when I came onboard, but, working with a lot of outstanding Crew Members, we proved the doubters wrong.

Year after year after year.

PAUSE

Graduates, you may be wondering if I have any secrets of success to share.

In a word: no.

Because, in my view, there are no secrets to success.

Rather, I believe the keys to success are not secretive at all.

They're pretty simple and straightforward, hidden in plain sight.

PAUSE

The foundation, to me, is hard work.

And this is good news for you.

Each of you, after all, has shown that you're no stranger to hard work.

For my own work ethic, I was blessed to have my father's example to follow.

My dad never worked fewer than three jobs.
 He would have a regular, full-time job, as a health inspector.
 He would spend two nights a week working at my uncle's liquor store.
 My father also learned tile-setting, which he used on weekends, doing tile and cement repair work.
 PAUSE
 None of what my dad did was glamorous.
 But it was good, solid, honest work, and he did it anyway.
 Week after week.
 Month after month.
 Year after year.
 And he and my mother took care of our family.
 PAUSE
 As I mentioned, I had jobs from a very early age.
 In high school, I worked with my grandfather at his gun and lock repair shop.
 In college, I drove an ambulance.
 I also worked at an Augusta TV station, WRDW.
 I was a cameraman, I ran audio, and I even directed a news, weather and sports show in the morning.
 Great thing about television was being able to do a split shift—working two hours in the morning and six at night.
 That left the day open for my coursework.
 PAUSE
 So I was a hard worker.
 As my dad's son, I came by it naturally.
 In fact, I can honestly say, looking back, that no one worked harder than me.
 At the office, I was not always the first in the door, but I was always the last out.
 And it was a good thing I had hard work on my side.
 Because, let's face it, there is always going to be someone smarter...
 Someone better connected...
 Someone better looking.
 And those are things we can't control.
 But we can control how hard we work.
 PAUSE
 I think another key to success is surrounding yourself with great people.
 This didn't come naturally to me.
 I was always fiercely independent...
 I never wanted to have to rely on others...
 And so I worked very hard and tried to do it all myself.
 Over time, however, I came to realize I couldn't do everything, and I surrounded myself with the best people I could find.
 And that made all the difference.
 PAUSE
 Another key: Develop ways to size up the people around you.
 I was a pretty extreme risk-taker in my career.

As such, I went into numerous new organizations without knowing a soul.
 In time, I had to learn how to figure out very quickly who I could trust and who I needed to be concerned about.
 After all, you are always going to face challenges...and some of them are going to be people.
 So be ready to avoid the troublemakers and the doubters and the cynics.
 PAUSE
 Want another piece of advice?
 Do all you can to stay focused and balanced.
 Don't get too high on the good days...
 Or too low on the bad days.
 Because you're going to experience both kinds—and you need to be prepared to make the most of all of them.
 PAUSE
 A few more thoughts on success.
 Know what is important — and stick to it.
 Do the job that you have and do it with everything you have.
 Don't worry about the next job.
 Tomorrow will take care of itself — and working on the next job is bound to get you in trouble.
 Don't worry about seeking attention or promotions or awards.
 Those too will take care of themselves.
 PAUSE
 Graduates: I can honestly say to you tonight that your potential is unlimited.
 In this great country, brimming with freedom and opportunity, there is no limit to what you can achieve.
 Never forget that.
 PAUSE
 Many people of great accomplishment were told to quit.
 The stage manager of the Grand Ole Opry told a young Elvis Presley to go back to driving a truck.
 Michael Jordan was cut from his high school basketball team.
 Walt Disney was once fired for—quote—“lacking ideas.”
 PAUSE
 As adults, I think we're often limited more by our own sense of what's possible than by anything else.
 So, when you're tempted to doubt yourself, don't.
 Because the world needs you out there dreaming and planning and building.
 There is always something new waiting to be created.
 After all, every tradition, every technology, every piece of art and music, every concept, every idea was once new.
 Your generation will determine what's new tomorrow.
 PAUSE
 And so-called expert opinion?
 Experts are wrong all the time.
 In 1899, the head of the US patent office declared, quote, “Everything that can be invented has been invented.”
 In 1977, the founder of Digital Equipment Corporation said flatly, “There is no reason anyone would want a computer in their home.”
 In 1910, no less authority than Scientific American said

“it is only a matter of time before any reasonable man realizes that [airplanes] are useless.”

So don't let the experts discourage you.

PAUSE

Success, according to Booker T. Washington, should be measured—quote— “not so much by the position that one has reached in life as by the obstacles which he has had to overcome.”

By that yardstick, you are a success tonight.

In your time here at GMC, you have shown you can overcome adversity.

You have been tested and found true and strong.

And you are now more than ready to face whatever challenges tomorrow may bring.

PAUSE

Tonight, persistence...resilience...and perseverance... they're all part of you, part of your DNA.

Why?

Because of your experiences here, yes.

But also because of the history and tradition of Georgia Military College.

It's a story that began 130 years ago next month, when the General Assembly voted to establish Middle Georgia Military and Agricultural College.

The doors opened six months later...and, within a month, this institution had 321 students.

GMC has a history of getting things done...and fast.

PAUSE

On January 1, 1894, the Old Capitol Building burned, putting the school out of commission for...two whole days.

Six months later, the building was repaired.

On January 10, 1919, the barracks burned.

A new barracks, which you call Main Barracks, was finished in less than a year.

On March 23, 1941, the Old Capitol again caught fire.

Classes resumed just two days later.

PAUSE

Persistence.

Resilience.

Perseverance.

They've been modeled for you here.

By the institution itself...

In the stories of distinguished alumni and faculty...

And by your president.

The Latin motto of this place is *Opera cum Fidelitate*.

Which means service with faithfulness.

Gen. Boylan embodies this motto—and has his entire life.

As a cadet at West Point...as an army officer in Vietnam, Grenada and elsewhere...and as president of this college.

You want to see what service with faithfulness means?

You need look no farther than Gen. Peter Boylan.

PAUSE

As I close, graduates, I say again congratulations on completing your studies at Georgia Military College.

Tonight, you have made your family and friends very proud.

Make sure you thank those who are here...and others who have helped you along the way.

As you leave this place, remember that there are no secrets to success.

But you can work hard...

Surround yourself with good people...

Avoid cynics and doubters...

And stay focused and balanced.

Remember, too, that your potential is unlimited...

That new ideas come along every day...

That the experts often don't have a clue...

And that persistence, resilience and perseverance are part of you, part of your DNA.

I sincerely wish each of you every success and joy life has to offer.

VERY LONG PAUSE

Thank you very much and God bless you all. ♦

WINNER: HOT BUTTON TOPICS CATEGORY

Imagining “The Other”

Writer and Speaker: Bob Deutsch, Cognitive Anthropologist and Senior Associate for International Communications in the Center for the Study of the Presidency and Congress

Delivered to the Interagency Committee on Strategic Communications, Washington, D.C., October 30, 2009

The world has changed. The possibility of a superpower “High Noon” has receded. The currency of power has shifted to things less explicit than ‘throw weight’. Nations and nation-states are no longer the only unit of political concern. Simultaneous with such alterations, a digital world has emerged creating an expectation of voice and a provision for interconnectedness. Modernity and globalization, though, have also opened a Pandora’s

Box of long-dormant grievances and frustrations. Competition over narratives, histories, resources and identity are now occurring around the globe—leading to fear, humiliation and degradation of social bonds.

This moment in history also features an American president whose multi-cultural story and cognitive style re-integrates many disparate facets of human experience. This president is not only courageously addressing the major

global problems of our time, but he is also actively changing the way the United States represents itself to the world, both in the ways the administration behaves and thinks.

For all these reasons, we are now at a tic of the clock when geopolitical issues can be explored through a new lens. We can now ask questions such as, What is it to be human? What does it mean to engage with the world? What drives anger, violence and human insecurity? What role is played by a leader who exerts power while understanding that even fleeting exclusions can lead to distrust that has no half-life?

Consciously or unconsciously, directly or indirectly, we are now all interconnected—in hope *and* in hate. As a result, now, more than ever, we must “Imagine The Other.” This takes imagination; a way of thinking and feeling that goes beyond the old paradigm of politics and policies, with its assumption of rational actors, its disembodied institutions and reifications, and its limited lexicon of interests, compromises and concessions.

The fact is—whether the venue is international relations or interpersonal relations—people are now exposed to a great number of channels and messages, including hearsay and propaganda. All inputs that get through the initial gatekeeper of “personal relevancy” are put through a Cuisinart-like cognitive process wherein ingredients are modified by the receiver’s preexisting beliefs and current emotions.

The problem is: Information and rationality are puny in the face of belief. People are not objective, linear or logical. The mind evolved to act, not to think. And in peoples’ need for action—particularly when under perceive threat—they sculpt input to confirm their preexisting beliefs and can compartment one thought from another such that self-contradictions are not a problem.

So at a time when U.S. public diplomacy faces unprecedented challenges and when understanding and communicating with ‘The Other’ is a vital part of national security, we must update our rationalist paradigm of strategic communications.

Under a new, cognitive paradigm, it would be recognized that the core task for U.S. public diplomacy is not persuasion, but evoking the bond of identification in the service of people’s sense of self-expansion. People—all people—possess a story about themselves that they tell to themselves, involving aspects of their lives that are latent and not fully constituted. If we can show that we understand them and the stories they have about themselves, peoples’ attachment to and regard for us will grow. This kind of connection can only be achieved if Americans relate to foreign publics in terms of the paradoxes, existential dilemmas, core narratives, and self-images that are the most important aspects in all our lives.

If practitioners of U.S. public diplomacy are ever going to understand how we have come to our current impasse with much of the world and move beyond it, we must first listen and comprehend the *emotional-logic* of people’s

subjective experience. In our current situation, we lack the mutual sense of connectivity and trust with the rest of the world necessary to achieve that. Instead, a different focus and bold shift in orientation are needed.

The United States needs a better way to understand foreign states of mind.

Pay Attention to the Mind

A large part of the problem is that current models of persuasion—in government, as well as the corporate world—date from the 1950s. They have not incorporated the latest insights from modern research about what causes people to embrace ideas. What we need is a new paradigm for U.S. strategic communication and public diplomacy that draws on the latest discoveries about human nature and the nature of mind.

The “push-down” theories of persuasion—public diplomacy strategies that rely on logic and facts, and even the concept of “winning hearts and minds”—are all obsolete models of communications. People cannot be persuaded of something that they do not instinctively believe.

Modern research show that people reason “emotionally,” often see the world in the contradictory terms of paradox, and crave the respect and satisfaction that only comes when they feel their *identities*—more than their interests—are understood and valued. In turn, the power to influence others emanates from displaying understanding, insightful empathy, and inclusive leadership—not a recitation of the merits of one’s position or reasons why others should be grateful, which often generate resistance and resentment.

Indeed, U.S. public diplomacy must develop better ways to understand, listen, and talk to The Other. This will be difficult because America has never been inclined to know The Other; it never had to.

Knowing the Other

Perhaps the central misguided assumption in public diplomacy is the notion that people are rational actors, who, if they can just be pragmatic, basically think as Americans do—that the world is a mirror image of us. This is a *dangerous failure* of imagination.

In actuality, people are guided by an emotional-logic composed of symbolic associations, images, narratives, metaphors, and mythologies. Yet, despite the fact that logic and rational arguments barely influence actual decision- and perception-making processes, they are the mainstay in the present paradigm of public diplomacy. This must change. People are not moved by “top of mind” rationalistic arguments. Instead, strategic communication campaigns require a more complex approach that must include the following implicit messages:

First, The Other must feel he or she has something in common with the U.S., that they are in some way like we are, that there is something about us that is familiar and comfortable. Audiences must be approached in terms of

this familiar, as we create communications that evoke their core narratives and metaphors about the world and themselves. Novel ideas are off-putting; they are dislocating and require too much effort.

Secondly, The Other must feel that America understands them, that we can be trusted, and that they can participate with us in evolving the world. By showing we understand The Other, we make them feel safe. In response, they will not feel threatened. If they feel threatened by us, or by our advocacy of what is novel and unaccustomed, they will reject the messages we send.

Lastly, in The Other's recognition that regardless of what we share and can participate in together, the U.S. and they are, in fact, different; however, in this recognition also lies the realization that these differences can help each of us expand our self-identities. Here, we must make the audience's familiar, novel. This can be accomplished by outlining a 'grand narrative' in which we offer a way in which, working together, both we and the target audience renew and expand our sense of self. We must communicate the sense that we have the power, through our insights and capabilities, to help the target audience become more authentically itself.

Thus, for example, a "war on terror" or a "war on al Qaeda" narratives do not communicate to foreign audiences that we understand and value these audiences and can help them become more authentically themselves.

Research over the past decade shows that audiences from every part of the globe—including the United States—feel that the third millennium is the world of "too"—"too fast, too complex, and too competitive." A participant in one focus group articulated what is perhaps modernization's core paradox: "Things are always advancing and getting better—sometimes for the worst." There is great power in being able to demonstrate that U.S. leaders understand and share this core feeling.

In addition, U.S. leaders must articulate a vision or grand narrative that demonstrates how America can lead the way forward to a world that preserves the best of the past, respects and values differences, and embraces and manages the challenges of the inevitable, fast approaching future.

To begin to know The Other in his or her full human authenticity—paradoxes, ironies, illogicalities included—is the urgent necessity for U.S. public diplomacy. To achieve this, research on foreign attitudes must go beyond traditional polls with their pre-masticated answers. Instead, we must utilize in-depth, one-on-one interviews and group discussions in which the core narratives and stories of self,

of others, and of how the world "works", can be heard and explored. People from different tribes, religious affiliations, and levels of activism *must* be listened to. This upfront work is absolutely required before strategic communications can be designed effectively.

Knowing Ourselves

To regain the world's trust, the United States must do a better job of understanding its instinctual biases in how it perceives the world and creates narratives about it. Writing 57 years ago, Christian theologian Reinhold Niebuhr argued in *The Irony of American History*, that "a weakness of our foreign policy" is that: *we move inconsistently from policies which would overcome animosities toward us by the offer of economic assistance to policies which would destroy resistance by the use of pure military might. We can understand the neat logic of either economic reciprocity or the show of pure power. But we are mystified by the endless complexities of human motives and the varied compounds of ethnic loyalties, cultural traditions, social hopes, envies and fears which enter into the policies of nations, and which lie at the foundation of their political cohesion.*

The sobering accounts of the missteps of the occupation authorities in Iraq illustrate the dangers that occur when Western paradigms of behavior and attitude are presumed to operate in very different cultures.

In the wake of the Iraq misadventure, one of the first steps in the way ahead for the United States lies in showing the world that we are coming to grips with our blind-spots as a culture and that we have a dawning sense of the unconscious assumptions that have historically led us into blind geopolitical alleys. In short, it is time for us as a nation to face our shortcomings, without succumbing to sentimentality or excessive self-flagellation.

President Barack Obama has demonstrated a superb capability, in Cairo and elsewhere, to speak to foreign audiences about their dreams and aspirations and how they intersect with American values. But the role of a "tribune of the world's people" is too large for any one man, no matter how talented.

This is why we need public diplomacy professionals who, operating under a new paradigmatic framework, can elicit, understand and give voice to the different stories of how people's identities around the world are being riven by the challenges of modernization and globalization.

The task is immense. **We must transcend our identity without negating our identity.** A bold endeavor, but we have no choice. Attention must be paid. ♦

HONORABLE MENTION: HOT BUTTON TOPICS CATEGORY

Patriotism, Valor, Fidelity and Ability

Writer: P. Michael Field/Speaker: Ronald J. Daniels

Delivered at the Homewood Campus, Johns Hopkins University, Baltimore, MD, May 20, 2009

(Introduction by Blue Jays Brigade Commander Lt. Col. Steve Pomper)

Thank you, Lieutenant Colonel Pomper.

Johns Hopkins—the man who left his fortune to create the university and the hospital bearing his name—is remembered as a tremendously successful merchant and investor. We are told he devoted himself entirely to the business, never traveling, never marrying, and seldom spending money on personal pleasures. He arrived in Baltimore as a young man in his teens, and after that he never left—never even went as far away as Philadelphia. In one sense he led an uneventful life.

But he lived during eventful times, and on two occasions Johns Hopkins was in a position of great responsibility when enemy armies threatened to invade Baltimore. The first was when the British sailed up the Chesapeake to bombard Fort McHenry during the War of 1812. The enemy landed an expeditionary force at North Point and advanced against the city with the intent of occupying and destroying it, as they had done earlier in Washington. Johns Hopkins was a young man of 19 who had been left in charge of his uncle's shop and children. A wrong decision could have led to financial ruin, or the death of beloved family members.

Almost fifty years later another invasion panic swept Baltimore. After stunning losses at the first battle of Manassas, there was great fear that Baltimore would be attacked and occupied by a Confederate Army. The mayor and city council turned to Johns Hopkins to raise immediate cash to defend the city. Mr. Hopkins was instrumental in organizing the city's leading bankers to provide \$5 million to build and man the city's defenses. Later, he would play a key role in organizing the B&O railroad to move men and war materials in unprecedented numbers in support of the Union army.

These experiences and other events during his lifetime made Johns Hopkins a lifelong disciple of the art and science of leadership. We know this for two reasons. The first comes from what the newspapers, colleagues and family members said about Mr. Hopkins when he died in 1873. They all told stories about how he had an unusual knack—and took genuine pleasure—in picking out young men of promise, and helping them get started in life by personally guaranteeing loans that enabled them to enter business. On many occasions, after banks had refused to make a loan to someone who had no other collateral than integrity and strength of character, Mr. Hopkins would sign a personal note on his behalf. His contemporaries report he had an

uncanny ability to pick winners, and rarely was he disappointed in his choices.

Johns Hopkins recognized leadership when he saw it. He valued leadership tremendously—so much so, that he decided to leave half of his personal fortune to establish this university. He left no suggestions about how we should teach or the courses we should offer, but he did leave one very specific set of instructions. In his will, he directed the trustees of the new university to establish scholarships for students “because of their character and intellectual promise” — a second and more permanent instance of his commitment to identifying and supporting the leaders of tomorrow.

This is a commitment we honor to this day, which is why we are so very proud to claim the Blue Jay Battalion as among the first and longest-serving ROTC programs in the nation. Yours is an exemplary program that has served our nation exceedingly well, producing more than 50 generals and admirals among the 2,245 commissions that have been granted since 1916, and going forward all the way to include our newest officers standing here today. The United States military has the single greatest commitment to the idea of leadership—and to the *ideals* of leadership—of any organization—private or public—in the world. You are the newest examples of this commitment, and to the Army's organizational principle of lifelong leadership development.

And yet it is surprising—inside the Army and out of it—how often the meaning of leadership is misunderstood. Many people think that leadership means authority, and authority means having the ability to tell people what to do. General Dwight Eisenhower—who would later be President Eisenhower—used to keep a short piece of string on his desk to disprove that theory of leadership. He'd put his finger on one end of the string and illustrate how easily you could pull it in any direction. “But try to push it,” he'd caution, “and it won't go anywhere. It's just that way when it comes to leading people.”

As our corps of cadets knows so well, leadership in the military is defined by service. Our commissionees today are not taking a job where they will be in charge of others. They are committing to service that is both unique and unlimited in which they will be *responsible* for others. There is a world of difference between those two notions.

It is the seriousness of your choice, and the significance of your chosen vocation, that we honor today. It is this purposefulness that makes you uniquely different from

your classmates. If you look around a typical college campus you will see an overwhelming sense of uniformity and homogeneity of choices. Most of the students on a college campus are engaged, while they are here, in a process of discovering themselves. You have made the more difficult choice of starting a journey of commitment to selflessness. You are called upon as officers of the Army to demonstrate selfless service to the nation, and to the soldiers who will be placed in your command.

The reality is that this is a period when there is significant peril. You voluntarily entered military service at the time of two major wars. There is a call for maturity on the part of all of us, military and civilian alike, to say we live in a scary world where the prospects of a 9-11 event are real, and the challenge we face is figuring out how we protect our core institutions and remain faithful to our core principles. A strong, capable and smart military is part of that solution.

Today, in the presence of your classmates and families you will swear an oath of office. The language in that oath is derived directly from the oath of office of the President of the United States, dictated in Article 2 of the Constitution. Recently the former vice president appeared on television on *Face the Nation* and was asked about actions he had taken while in office. He justified his actions by saying “look at it from the perspective of a senior government official, somebody like myself, who stood up and took the oath of office... and raised their right hand and said we’re going to protect and defend the United States.”

In fact, as you all know, the oath he took—which is nearly identical to the one you are about to take—commits you to “support and defend the Constitution of the United States.” The difference may sound small, but it is enormously important. Today you are pledging to uphold the system of laws by which we agree to be governed. This is not an oath to defend any specific territory or persons or property. And while enlisted soldiers have a somewhat different pledge, by which they swear to obey all lawful orders, by taking this oath officers in the service of the United States are bound to disobey any order that violates the Constitution of the United States. It is not your guns, but your fealty to this sacred vow that forms the best and most durable bulwark in defense of our liberties.

It is so important for all of us to remember that the army in a democracy wields not just military force, but *moral* force as well.

Fifty years ago, when African Americans were, in the

words of Martin Luther King, “crippled by the manacles of segregation and the chains of discrimination,” President Truman signed Executive Order 9981 to put in process an end to that segregation and racial discrimination in the armed services. Years before the March on Washington, years before the Civil Rights Act, and a universe away from imagining an African-American Commander-in-Chief, the American military was told by its civilian command that justice and fairness and equality were the paramount virtues of American society. Not everyone in the military was pleased with the order and some, no doubt, were deeply opposed. The tenets of leadership were tested, and in the end the professionalism and fealty of the American military prevailed, as it has throughout this nation’s history.

I am one of those who believe a similar day will one day arrive when the military is told by its civilian leadership that we will no longer discharge soldiers who had served honorably but are unwilling to abide the onerous restrictions imposed on an integral and non-negotiable part of their lives under “don’t ask, don’t tell.” And, when that day arrives, it too may test your leadership or the leadership of your fellow officers — just as the Truman Order tested the leadership of the military to implement a policy which was not welcomed by all.

But in this, as in all the tests you will face, I have no doubt you will fare honorably and well, and display leadership worthy to the occasion. It is for this reason your senior officers repose special confidence in your patriotism, valor, fidelity and abilities. Johns Hopkins has a long history of singling out young people of exceptional promise. Rarely have we been disappointed, and I have every confidence that our faith in these soon-to-be second lieutenants will be fully and completely confirmed.

This afternoon we have gathered to applaud the newest members of the Blue Jay Battalion. All of you are to be congratulated for having completed rigorous academic studies at Johns Hopkins or other neighboring schools while fulfilling the requirements of the ROTC program. This was not an easy task. These achievements were not lightly won. But having made them, you have earned a special mark of distinction among all our graduates, and can claim not only our admiration, but also our enduring respect.

Congratulations graduates. You have achieved much. We are enormously proud of you, of your courage and convictions, and of the commitment you have made to your country.

Thank you. ♦

WINNER: DIVERSITY CATEGORY

Clarity: The Foundation of Trust

Writer: Simon Ruebens/Speaker: Sharon Allen, Chairman of the Board, Deloitte LLP
 Delivered at the Out and Equal Workplace Advocates Summit, Orlando, FL, October 8, 2009

What really matters

Good morning. Thank you all for your warm welcome. And, Christie, I appreciate your gracious and very heartfelt introduction. Your comments have beautifully reinforced what I'd like to talk about today—that what really matters are the connections that can exist between people. Because in today's world, I'd like to think that what really matters is not who we are in terms of identity, but who we are in terms of fellow human beings.

Christie's story about our fathers brought back a lot of memories. Both of our fathers took great interest in what we did and great pride in what we accomplished. They believed that we could be whatever we wanted to be—and if there were something we wanted to do, they encouraged us to do it and just do it well. Looking back, I think that what we learned from our fathers are the things that bring people together rather than set them apart.

As I began to prepare my remarks for today, I realized that when it comes to the LGBT community, there are things that I know and there are things that I understand ... but there were also things that I'd need to learn. What I know is that the LGBT community is an important component of the workforce. The skills, perspective, and commitment of this group can bring tremendous value to any organization that embraces them and recognizes their potential to contribute.

What I understand is that this group faces challenges unlike any other population. And those challenges are based on vision. No, not the vision that leaders are expected to have—to see over the horizon or around the corner to guide our organizations. I'm talking about vision in the sense of perception. While I was a minority in my profession and business for many years, my "minority" status stood out as soon as I walked into a room full of men.

Orientation, however, is invisible. You don't wear it on your sleeve. You don't wear one of those pre-printed stickers that say across the top, "Hi, I'm (fill in the blank)" and then write in the words "lesbian, gay, bisexual, or transgender" where you're supposed to put your name. And even if you're "out," you may still be invisible to those who choose to see you as a stereotype instead of seeing you as the person you are.

While I may understand the challenges you face conceptually, I can't really know them. This brings me to the acknowledgment that I (and the business community) have more to learn. And that's why I took a "journey" to get to this podium today. No, I'm not referring to the flight I took

from my home in Pasadena. Instead, with Christie's help, my journey included meeting some of our clients who also happen to be part of the LGBT community—to understand their achievements, challenges, and frustrations; in short, to get to know them. They helped validate my thinking and offered perspectives I had not completely considered. So here I am, fresh from my journey. And, I'd like to share with you what I now see.

A mixed bag

Today, when I consider the intersection between the business community and the LGBT community, what I see overall is pretty much a mixed bag. There is ignorance and inertia in some quarters, changing attitudes in others. I see a society and a workplace where being "different" can be greeted with a wide range of emotions—everything from immediate ridicule and exclusion to belated understanding, acceptance, and the warmth that comes with complete inclusion. It's clear that there's still much work to be done before everyone can leave judgments and self-editing behind and move on to the work at hand.

Companies need to answer an important question—one that asks what happens when "who" I am enters the workplace. It's a question that every company needs to answer positively and emphatically. I'm encouraged by the fact that many companies are stepping up. In fact, the Human Rights Campaign Foundation reports that 260 companies received perfect scores on its Corporate Equality Index in 2009, a 33 percent increase from the year before. And I'm pleased to report that this is Deloitte's third consecutive year receiving a perfect score.

At Deloitte, we know how important it is to provide a safe and equitable workplace. But, unfortunately, it wasn't always that way. Because while my organization has always made the physical safety of its employees a top priority, we haven't always been as diligent in providing a work environment that was equitable.

I know. It happened to me and many other women. And while I don't know what it's like to be an invisible minority, I do know what it's like to swim against the tide and work as a minority. Hopefully, this will serve as a starting point of connection with you today as I continue my own journey to better understand your experiences.

In the story that I'm about to tell you, Deloitte many years ago had to learn a most valuable lesson the hard way, from incredibly talented women who said quite simply, "I can do better elsewhere."

Lost opportunities, wasted potential

When I joined the accounting profession in the early 1970s, exclusion based upon gender was a widely accepted norm. Perhaps that was natural given that only about five percent of graduating accountants were women back then. Fast forward 20 years to the early 1990s and many things had changed. Like demographics.

Accounting firms were hiring equal numbers of men and women. That was a good change. Which led to an assumption at Deloitte—where almost half of our new hires were women, and had been for some years—that eventually the admission rate of women to the partnership would increase. But it didn't—it remained at less than 10 percent. Something wasn't adding up. Something was broken. And many talented women were leaving our firm.

Fortunately, we didn't assume why this continued to happen. We did the research and found that, contrary to what many thought, women were not leaving us to go home and raise families, which by the way is a perfectly acceptable alternative. Instead, they were leaving Deloitte because they were not getting the best assignments (which we were afraid to give them for fear that they'd leave!). So they went to other industries where they could work hard and advance in positions that offered them more responsibility—as well as far greater flexibility to fit their work into their life and their life into their work.

So, in 1993, our leadership created “The Initiative for the Advancement and Retention of Women,” what we refer to as our Women's Initiative, or “WIN” for short. And it's working.

Since that time, we've essentially eliminated the gender turnover gap. Our admission rate of women to partner and director has increased from single digits to almost 35 percent. Women comprise one-third of our board. Today, Deloitte has more than 1,000 women partners, principals, and directors. And, yes, we are the only one of the large professional services firms in the U.S. with a woman serving as chairman.

Let me share some of the lessons we learned from WIN. First, be fact-based; do the research to truly understand the root cause of an issue. Second, get the support of senior leadership. Visible, ongoing support by the leaders of an organization drives real change. And, finally, find support outside of the “minority” group. The irony of our WIN success is that it was not just women who created the program. It was also men, in this case the leader of our firm at the time who conceived, nurtured, and vocally supported it.

So what does that have to do with an employee who is lesbian, gay, bisexual, or transgender? Actually, quite a bit. Recognizing that orientation is invisible and gender is not, I believe that the LGBT community has an opportunity to leverage the lessons learned from its fellow minorities.

I'm on the board of Catalyst, a nonprofit research and advisory organization focused primarily on the advancement of women. Just recently, Catalyst released the findings of a study it conducted in Canada on building LGBT-inclusive workplaces. Catalyst found that, despite Canada's

legislation designed to protect LGBT individuals, workplace barriers still persist, such as a lack of awareness about the needs of LGBT employees; discriminatory behaviors, conscious and otherwise; and exclusion from important networks that pave the way toward advancement.

These barriers suggest that regardless of existing legislation, it's up to individual companies to breathe life into the letter of the law, so that the spirit of the law can accomplish what was originally intended. That would be a great strategy for businesses everywhere. And not just because it's what's legal, politically correct, or socially just. Today, there's a strong business case for supporting the LGBT community.

The business case for LGBT inclusion

Like any business case, it begins with value. From the macro perspective, there's the burgeoning LGBT market. In the U.S., its purchasing power is estimated at more than three-quarters of a trillion dollars. Equally important, this community continues to develop strong brand loyalties to those companies that are particularly meaningful to them—that is, companies that are committed to diversity and equal treatment of employees, and companies that market directly to the LGBT community.

These are connections that matter. In fact, some of the strongest loyalties are reserved for those companies who were pioneers in advertising directly to the LGBT community, such as American Airlines, Apple, and Subaru in the 1990s. And, today, such companies as Absolut, IKEA, and MTV Networks with its LOGO channel.

That's a macro view, and it's impressive. But what I also see is value from the micro view—the value made possible by employees whose workplace enables them to focus freely on their work.

In the Catalyst study that I mentioned earlier, the one quote that resonated most with me was given by a lesbian. I appreciate her economy of words. In voicing the close link between diversity and business value, she said, “Engagement happens when a person feels appreciated and accepted for who they are. Profits are not far behind.”

Tom Johnson phrases it another way. Controller of Clorox and an Out and Equal board member, he calls it “not being able to do your best work in the closet!”

That makes a lot of sense. Why would a business organization handicap any portion of its workforce, asking them to contribute and add value, while at the same time fostering an environment that diverts their focus and energy by having them worry about image or perception?

Business is hard enough. To have a portion of the population engaged in “self-editing” in order to maintain appearances is not only unfair, it's unwise. It's a waste of corporate assets, and in this case the most valuable of assets—intellectual capital. Clearly, there's business value in accepting and enabling everyone in the workforce to contribute to their fullest. Which brings me to the second component of the business case—demographics.

Today, we're in the midst of one of the most profound

demographic shifts in our nation's history. Consider these facts. Currently, age 62 is the median age for retirement in the U.S. This year, an estimated 10,000 Baby Boomers will turn 62—each day. And in the next 10 years, 43 percent of the working population will become eligible to retire.

Furthermore, research conducted by Deloitte indicates that there will be fewer young people to replace retiring workers every year for the next 30 years. With such staggering labor shortages projected well into the future, businesses simply cannot afford to neglect the individuals of any demographic group as employees or as candidates for future leadership.

Talent is the fuel of growth. And every drop is precious. Which leads me to a third aspect of the business case—and that's diversity of thought.

Deloitte is a “people business.” Clients share with us their most difficult business issues. We help them by providing the intellectual capital that we bring together from a diverse group of talented partners and colleagues. It's a concept that we call “One Deloitte,” which capitalizes on our nature as a multidisciplinary team of professionals whose expertise spans consulting, tax, audit, and financial advisory services. What makes the concept of “One Deloitte” work is diversity of thought. In fact, our value proposition in the marketplace is built upon our ability to examine difficult problems from many different perspectives. It's these different perspectives that add richness to the dialogue, foster innovation, and create value in multiple ways.

My journey to greater understanding

As I mentioned at the outset, I sought different perspectives as I began preparing my remarks for today. I was fortunate to spend time with a number of Deloitte clients who volunteered through Christie to share with me what it's like to be gay in the workplace. My experience was enlightening, and fascinating. The people I spoke with were incredibly open. Their passion was evident and their stories were compelling.

I learned about the decision-making involved in coming out in the work environment. They told me that if the “fit” between coming out and the work environment isn't right, you essentially have two choices. You can either choose to remain hidden. Or, you can choose to actively seek another work environment where you can “bring your whole self to work”—a phrase that I heard repeatedly during my conversations.

Environment is important. How often have we seen a work environment that is toxic push valuable people—gay or straight—right out the door? It can be an environment without ethics, in which glowing words are always betrayed by deceitful actions. It can be a business without a soul, in which talented employees are viewed solely as a means of production. Or it can be a workplace without knowledge and sensitivity, in which those who are “different” can feel demoralized and detached. One of our clients told me her story, and it actually brought tears to my eyes.

Lisa Sherman, executive vice president and general

manager of MTV's LOGO channel, worked 18 years at another company before finally moving on to a safer and more equitable work environment. Her decision to move on eventually landed her at the LOGO network, and it's a decision that you can read about as a Harvard Business School case study in authentic leadership.

On her last day before moving on to a new company, Lisa stopped by to visit the CEO. He thought she was coming in to say goodbye. However, what was originally scheduled as a 15-minute meeting became a two-hour farewell. One in which Lisa came out to her very surprised boss and told him that she hadn't had the courage to come out before, for fear that being open would hurt her career. But her honesty that day has had a lasting impact on other members of the LGBT community in that company. They benefitted from the proactive changes the CEO undertook as a result of her conversation with him.

The other clients I spoke with told me that the decision to come out at work is an ongoing inner debate, particularly as you advance in your career. They told me that you continually ask yourself—is this where I add a new barrier to further advancement, or even bring my career to an abrupt halt? Or, do I remain hidden so I can progress and, ultimately, contribute more as an agent of change when I reach a position of greater influence?

These are very real questions whose answers represent very serious decisions. To me, the right answer is that companies need to show leadership so that anyone can bring “their entire self to work”—and, in doing so, act freely in advancing their companies and their careers.

That brings me to another message our clients shared with me—that it's important for groups like Out and Equal and the entire LGBT community to be supported not only by LGBT employees, but by straight employees, too!

What do I mean? Look around, and you just might see a country divided, and I'm not just talking about red states or blue states. We might see other boundary lines that separate people by economics or ethnicity, gender or generation, race, religion, or ... orientation. Our society faces many different challenges of how to transform “us” and “them” into “we.”

Our clients told me that coming out, with information and openness, was the best way for them to “demystify” others. They said it's the best way to let people know that orientation poses no threat.

After all, despite differences, and we're all different in some way, people are essentially the same. When I was first elected Deloitte's chairman in 2003, I was asked if I wanted to be addressed as chairperson or chairwoman. The answer was neither—and I certainly didn't want to be called a chair, either. I didn't consider myself a piece of furniture! I just wanted to be the best chairman that I could be.

Because I'm not a woman chairman. I'm a chairman—who happens to be a woman. Just as Tom Johnson isn't a gay financial executive. He's a financial executive—who

happens to be gay. Just as Lisa Sherman is a leader—who happens to be a lesbian.

There's a world of difference when you view the world that way, and it's a difference worth fighting for. Our society has to move beyond so-called "descriptive" labels. Because, all too often these days, labels don't really describe. Instead, they have become instant code that limit, and serve as just one more barrier to keep "us" at a safe distance from "them."

It's as if I told you that, last week, I spoke in Dallas about corporate governance to a heterosexual audience. How ridiculous does that sound? I spoke to an audience. Period. Just like this one.

And maybe that's the point. Because the more I listened to our clients, the more I realized that while sexual orientation may vary, people share the same basic needs. They want to belong. They want to be accepted. They want to contribute and be recognized for the value of their work.

I know that business is far from perfect, and that successful companies want and need to improve. And I also know that it's up to individuals to make their voices heard.

For example, last year at this conference, our chief diversity officer, Allen Thomas, met with members of Deloitte's LGBT community, just as I will later this morning. During the session, he was asked about our firm's health care benefits regarding in vitro fertilization. Allen was made aware that for a woman to qualify for coverage, she had to document her attempts to get pregnant by "conventional" means.

Now, in the general population, that may come across as a reasonable requirement—for a woman who is straight. But, of course, when you think about it, it's unacceptable (if that's the best word choice) for a woman who is gay.

Needless to say, Allen thought about it and, as a result, he and others took action. Shortly thereafter, Deloitte changed its policy, making in vitro fertilization benefits available without this specific caveat.

You are important

For companies that want to be great, diversity and inclusion represent far more than a human resources program. Together, they comprise a crucial process that's essential to building a safe and equitable workplace. And when I say "process," I mean words spoken and actions taken over time that are consistent, mutually supportive, and send an important message to LGBT employees that you are important to our organization—and the more of yourself you bring to work, the more valuable you are.

Minority communities have always needed a champion for their needs, whether it's through the efforts of an organization like Out and Equal or through the visible leadership of senior executives. It's especially important for senior executives to lead by example—by initiating dialogue, listening carefully, and demonstrating transparently that they serve as allies, just as I referred to in my lessons learned from our Women's Initiative.

In closing, I recognize that work remains to be done. However, in making my journey to be with you today, I've seen many things that have given me hope that the business community will step up and do what's needed to improve the workplace for everyone.

Through the clients I've met, I've seen that the talent to lead and excel is held by those of every orientation. Through your participation at this summit, I've seen the clarity that eliminates all doubt and enables everyone to move forward. And through the people that I've spoken to here in Orlando, I've seen once again what I've known all along—that who you are is what really matters.

After all, the business case is far too compelling to ignore. And no business can afford for the talent, character, and value that you represent to remain invisible anymore.

Thank you for inviting me to be with you today. And best wishes for your success tomorrow. ♦

WINNER: EDUCATION CATEGORY

You Can Get There From Here: The Highs and Lows of Writing a Thesis

Writer and Speaker: Dr. Heather Kavan

Delivered to Doctoral candidates at Massey University, New Zealand, November 19, 2009

When I was invited to speak to you today, one of the first things that jumped into my head was a cartoon strip I saw in a student magazine in my first year at University. The first scene showed a young, bright-eyed student saying, 'Gee, University is fun.' The second picture showed him looking older and wearier, still saying, 'Gee, University is fun.' The third scene carried the same

words, but the picture was of a skeleton.

I suspect that the cartoonist had never done a PhD because otherwise he might have drawn a fourth picture, with the student wearing a graduation hat giving a deconstructionist analysis of the word 'fun' that only people wearing the same funny hat could understand.

But my focus today isn't on the scholarly aspects of a

PhD — other speakers at your seminar will talk about these. My emphasis is on the cartoonist's earlier images — the excitement of learning versus the wearying years of sustained study — in short the highs and lows of doing a PhD. I'll also offer some thoughts on the personal quality you most need to get through the lows.

For those of you who don't know me, I have the dubious distinction of being the only person in New Zealand who has been on trial for doing a PhD. You may be wondering how anyone can be on trial for doing a PhD. Well, this was the Family Court, and the plaintiff claimed I was working on my thesis and therefore unable to give my daughter as much as he and his wife could.

I won't go into the details of the case, which dragged on for four years, except to say that ultimately I lost my daughter, my apartment, my subsequent relationship, all my money, and even my cat. It was scorched earth way of doing a PhD — everything along the way was destroyed.

I sold my furniture, rented a room, and opened my boxes of PhD material. And then I had an epiphany. I realized that my research was one of the few things in life that no-one could take from me. The quest for knowledge is up there with love, loyalty, and the other immortal experiences. It's almost surprising that Bono hasn't written a song about it.

Each of you too has your own story, your own challenges and sacrifices, which will colour and shape the highs and lows I'm going to describe.

As many of you are in the earlier stages, one of the biggest lows you're probably experiencing is that lingering feeling that you haven't done enough.

Each article you read links to more literature, and the realization of how much you don't know can throw you into a state of near panic. Life events may divert your energies, and deadlines loom. It seems that whenever you relax and do something like watch TV or read a magazine, guilt has a way of squeezing in at the edges.

Another common experience is frustration. Top of the list of PhD frustrations is a breakdown of technical equipment when you're racing to meet a deadline. Coming a close second is when you realize that someone else has already had your original thought.

You can also become so overloaded with information that it becomes hard to work out what's significant and what's not. Does anyone remember when John Cleese came to Palmerston North and was surprised that the audience laughed in all the wrong places during his performance? I couldn't help wondering if this was because of the large number of academics there. Their minds were probably so full of scholarly information that they were making idiosyncratic connections with Cleese's humour and missing the punch lines.

Further down the track you could also experience conflicts with supervisors (who never seem to look anywhere near as impressed by your work as they should) or

get entrapped in departmental politics. Also, others you depend on may have their own agendas. The computer consultant who has all your data on his computer starts selling Amway, or the lecturer who has been helping you needs someone to mark 200 first year assignments.

Then there's the dullness. As you yawn your way through a glut of articles that seem to squeeze the life out of your topic, a crashing wave of boredom descends.

To distract you from the boredom there are the classic PhD fears. What if you lose your data, miss your deadline, sleep in on the day of your Oral? But the real question is: 'What if I'm not good enough?' The PhD becomes a sort of Everest, with the added challenge that you've got to dissect and analyse every step the previous climbers have made.

After all this, you may wonder if your research is worthwhile. Here you are: part of the next generation of scholars, with problems to address like global warming, poverty, Aids, and oil dependency; and your 100-page discussion on the fine points of the theory of the non-existence of reality looks rather frivolous. Sure, examiners like this type of thing, but you may have an uneasy feeling that you're wasting your life.

Well, here's the good news. A doctorate is like childbirth — when you see what you've produced, you forget all the birth pangs. And if you shriek during labour, people will forgive you.

They'll forgive you because most PhD students are experiencing the same thing. The acronym alone is said to stand for 'Permanent Head Damage'. The comedian Melvin Durai says that a PhD 'can put more stress on a human brain than almost any endeavour, except perhaps filing taxes and negotiating peace in the Middle East.'

In fact, the stress has spawned a whole industry. There's a PhD board game, a bit like snakes and ladders, which begins, 'Lose sanity first', and ends with you standing in the dole queue. There are T shirts with slogans, 'Don't ask me how the PhD is going,' 'Ten things never to say to a PhD student,' 'I survived my PhD,' even a T shirt for husbands to wear, 'I survived my wife's PhD,' in fact even one for your dog to wear. Then there's a PhD comic with the trademark line, 'If you enjoy your PhD, you're probably mad already,' and books with tempting titles like, 'How to write your dissertation in 15 minutes a day,' (by the way, the author admits this is impossible and she just wrote the title to grab your attention).

But it's not all suffering and exploitation. There can be tremendous highs. Some are startling; others are things we often don't appreciate until later.

Let's begin with the ones that are easy to take for granted. First, although the situation is changing, most doctoral students get to choose their topic and follow their passion. No matter how eccentric your interest, you can do a thesis on the subject.

And let's face it, some of us do some pretty odd topics. Last night I did a quick Internet search for PhD titles

and here's a sample of what I found: 'Human sexuality and extended spaceflight,' 'The perverse in the Buffy verse' (referring to Buffy the vampire slayer), and 'The suburban culture of the donut store.' However, this next one I really think is cheating: a PhD on 'The PhD as a learning process.'

As well as following your passion, you're working completely for your own benefit; you're not slogging away in a soulless job for someone else's glory.

At some points, there may be excitement. You're exploring new pathways, devising your method, waiting curiously for results, and working in an intellectually stimulating environment. You develop friendships with fellow students, which often continue long after you've got your degree.

Another high point may be the first time you present your research at a conference. I've heard academics say that the postgraduate papers are always the best presentations. You're likely to get constructive feedback, and this may lead you in new, interesting directions. At the same time, you make contacts that can open up career opportunities further down the track.

Then there's the rare sense of satisfaction you get when you're deeply engaged in your work. There's something almost archetypal about the image of the lone scholar studying in a dimly lit room, living on the financial edge, and oblivious to the outside world. I like to think that there's a kinship with scholars from history who, despite great financial and personal sacrifice, have toiled through the night, obsessed with the same questions that obsess us. Sure, this isn't a line of reasoning that I'd like to try out if there were debt collectors at my door, but it's an uplifting thought.

Sometimes too, feelings of satisfaction catch you unaware. You may return to a chapter you wrote some time ago and be surprised by how good it is. Or you may be so pleased with a section you've written that you re-read it and admire it again and again.

But the best highs are the moments of discovery. Suddenly, inspiration strikes, and an idea flashes into your mind. Your heart pounds. Time stands still. You've discovered something, maybe even something no-one in the history of the world has noticed or understood.

It doesn't matter how small the discovery. Nor does it matter that when you tell people they look at you strangely. Scholars spend their life aching for experiences like these.

The key to making these discoveries seems to be tenacity: persisting when most people would give up. Songwriter Benny Andersson likens the process before a breakthrough to sitting outside a cave waiting for a dragon to emerge. If you wait long enough, the dragon will come out. Others will walk away from the cave, tired, bored or hungry, but if you just hold on, the dragon will appear.

Another great milestone is the day all PhD students dream of: you finish your thesis. Elated, and most likely sleep deprived, you take your manuscript to the printers and choose the colour for the binding. Later you collect the bound volume and hold it in your hands, feel the solid

board, smell the fresh print, and admire the gold lettering on the cover.

Finally, of course, there's that soaring moment when you're awarded your degree. The late nights have paid off, the time of insanity is over, and the journey that began with one small step is now ending with the examiners congratulating you.

You've got Doctor in front of your name, new skills, and a killer vocabulary. You've also got an edge in the research and academic job market — less than 1% of the population have PhDs. There are even more payoffs down the track when you publish a book or articles about your research, or get asked to give expert opinion on your topic.

Some of these experiences may seem far away from where you are now, so let's move on to answering the 'how' question: How do you ascend from the lows to the highs?

Between the extremes are experiences in the middle: experiences like hope, optimism and humour. When you're on a low and the high seems too far away, the best thing you can do is move to this next level up. It's like changing gears on a car. It's easier to shift from first to second and then third gear than to change directly from first to third.

You can logically move to a position of optimism because the facts are on your side. More people finish their doctorates than those who drop out, and it's rare for a candidate who has completed a thesis to fail. The task itself is no different from any other piece of research except that it's sustained, and if you didn't have the ability, you wouldn't have been allowed to enrol in the first place. Moreover, the outcome is totally within your control: those who get doctorates aren't necessarily the most brilliant candidates or the ones with the best opportunities; they're simply the ones who stayed with it to the end. Ultimately, a PhD comes down to tenacity.

You'll recall that I mentioned tenacity earlier when I was talking about the role persistence plays in making discoveries. But there's another side to tenacity too, and that's believing in yourself. Some call this tenacity of spirit.

There's an inspiring example of this in physicist Leon Lederman's recollection of an encounter he and a fellow physics student had with Albert Einstein. The two graduate students travelled to Princeton in the hope of meeting the great genius. Einstein agreed to see them, and, after the customary greeting, asked each of them what they were studying. Lederman answered that he was doing experimental research on the properties of pions and his friend answered that he was working on quantum theory. Einstein shook his head, replied that these were a waste of time, and said goodbye — crushing them in about thirty seconds.

Most of us would be disappointed, if not mortified by the experience, but Lederman and his friend were on cloud nine — they had talked physics with Einstein! Both continued, with exceptional enthusiasm, on their 'time wasting' topics, making significant discoveries, and in 1988 Lederman received the Nobel Prize in Physics.

That, for me, is tenacity of spirit, and Einstein himself, described by his biographer as ‘the freest man I have ever known,’ would have appreciated their intellectual independence.

It’s almost time to close now, and I’d like to do so by sharing with you an image from history. Five thousand years ago, the Egyptians carved statues of a mysterious figure called the sphinx. The sphinx was a half-lion, half-human being who reclined in front of entrances to special places where initiation rituals were held, and asked the seeker a question. He wouldn’t let you through the doorway unless you gave the right answer.

Like the sphinx, the PhD experience throws up

questions, demanding you give the right answer before you go through the door. And whether these questions are personal, academic, or even just financial, the answer is always the same: ‘How much do I believe in what I’m doing?’

And that pretty much sums up my message. On the surface a PhD is about your literature review, methodology and analysis, but at a deeper level it’s an initiation ritual that tests your belief in yourself. Five, ten, maybe twenty years from now, you’ll have forgotten how much blood you lost, and you’ll pick up your thesis, read a couple of pages, and wonder how you ever thought it might not be good enough.

And for one crazy moment, you may even think of doing a second one. ♦

WINNER: HEALTHCARE CATEGORY

Remarks to 2009 Blue Cross/Blue Shield of Massachusetts Health Coverage Fellows

Writer: Paul Nuti/Speaker: Dr. Charlotte S. Yeh, MD, Chief Medical Officer, AARP Services Inc.
Delivered at Babson College Center for Executive Education, Wellesley, MA, May 5, 2009

Thank you for the kind introduction. It is a special honor to be participating in such an important and timely conversation. It is, literally, crunch time in health care reform. And it behooves all of us who write about health issues to be able to capture the nuances and pose the vital questions so that people in this country understand what is at stake. I’d like to thank Blue Cross/Blue Shield Massachusetts for sponsoring the Health Coverage Fellowship, and I only hope that I might add some perspective to what you learn here.

I will say that perspective is something I do possess. I am fortunate to have what has been described as a “360-degree perspective” on health care: 20 years in emergency department care, time in the federal government running a regional Center for Medicare & Medicaid Services, and stints in the private sector with an insurance company, a physicians group, and a major regional medical center. And now, I am with a consumer organization. I’ve worn many hats and have, I think, a sense for the big picture of our health care system.

I should begin with the general observation that traditional media, as we all know, is in trouble. At the rate that newspapers are disappearing, there will soon be nobody left to provide the balanced perspectives we need to educate the public on health care and help craft practical solutions. We can’t afford a void like that at this point in time, on the cusp of major reform.

So, in this direction, I’d like to draw on my experience and share with you a few of the stories that I believe are *not* being told about health care. They are stories that raise

epistemological questions about how we as a society go about delivering health care to citizens, and they are stories that open pathways for the kind of health reform that so many people across the country are anticipating. In sharing these stories, my goal is simply to get you invested enough to keep asking questions and keep writing.

You’ll surely note a couple of key themes running through the stories. The first is the simple query, “what is health reform trying to solve, generally?” And the second is the urgency of addressing the health insurance situation, currently a complicated tangle of so many different types of coverage. With millions of Americans uninsured, getting at the ‘why’ of this seems like an obvious priority. So let’s begin.

* * * *

In a perfect world, the health care system would balance all stakeholder interests — those of the consumer, the provider, the payer, and the government — while conspiring to keep the ‘best possible patient outcome’ front and center.

But, there is real-time complexity in doing this. Every health care situation bears a distinct fingerprint. This makes it difficult to square patient outcomes with the broader interest of all stakeholders in balanced, pragmatic resolution. Put another way, there is a built-in tension in the system pitting its capacity to be consistent in rewarding all stakeholders against its capacity to be flexible in addressing the specific needs of individuals.

So, health reform approaches that can mediate this tension are of keen interest at the moment. In part, we’re talking about reform that produces a *customization* of health care that easily accommodates personal values. We’re

talking about shaping personalized care, a genomics of care.

The question is, how do you design a value-based health care system that must take into account the fact that 2% of the Asian population can't take certain epilepsy medications because they'll get a serious skin infection? Or, that 40% of African-Americans can produce their own beta-blockers whereas only 2% of Caucasians can?

In short, how do we balance recognition of personal need with the standardization that aspects of the system, such as coverage decisions, require — for efficiency, cost-effectiveness, and predictability? And what do you do about the exception to the rule, for individual consideration?

On this score, I am reminded of working in the emergency department at a time when we really wanted to set up rules that you only go to the emergency department for a crisis, an emergency. If it is a primary care matter, you need to see a primary care physician.

Well, what do you do about the guy who comes into the ED with a cold on a Tuesday morning — a time when physicians normally have office hours? Without prejudice, I see the man about the cold, thinking this is really a simple cold; over-the-counter medications should do the trick. I finally ask the man whether he thought about seeing his doctor since we have this whole value-based system that we encourage and we want to focus on primary care so that we can prevent exacerbation.

His response to me was, "Well actually, I just lost my job and I couldn't face going to see my doctor because I have an eight-year old son and I am so stressed about losing my job and not having any money, and I don't know what I am going to do to my son."

Now, here's someone who is finally acknowledging stress and the risk of abuse it may pose to his son. It was on his mind but it was not something he could talk about in triage, or the ED.

There are a couple of takeaways from this story: First, we can only grasp the complexity of every individual's encounter with the health care system if we have the tools, skills, sensibilities, and inclination to do so. I've always believed that the patients you see in the emergency room are a window into health policy. In this case, the system was able to pinpoint a link between the man's physical health and his mental health through intuitive communication. While we may not have resolved this man's issues — namely, his economic insecurity and his lack of health care coverage — we at least opened a pathway to a 'best possible outcome.'

The second takeaway is trickier, more of a question for those who see a transformed system that is balanced, in letter and in spirit: in the situation above, how do physician, payer, and patient — three stakeholders in the scenario — work in partnership to cover the costs of the man's ED visit and direct him to resources that could help alleviate his mental health risks? Rather than highlighting the differences that keep stakeholders from finding happy outcomes

in highly personalized situations like this one, it is my contention that dialogue between them would do much to shape a system that accommodated all consumer health care needs.

* * * *

The provider piece of the balance puzzle is equally complex because there tends to be a systemic bias toward eliminating variation in care in order to get consistency across the board and sustain economies of scale in the marketplace.

But one of the things I learned as a carrier Medical Director is that there are sound reasons for variation in health care. What we need to be doing is identifying, for the benefit of the system as a whole, the circumstances under which variation ought to be recognized and permitted.

Here's an example of what I mean. I had received a request from an academic medical center that was interested in offering coverage for stem cell transplants in cases of a very rare disease — primary amyloidosis. Now, we're good at painting everyone with the same brush and creating value-based coverage across the population but what do you do about the rare and the uncommon?

The center wanted to extend coverage for this particular disease but when you drilled down, it turned out that they did fifty times the case load of their nearest competitor, the Mayo Clinic. In fact, the center had received cases from around the world precisely because it was known for performing successful stem cell transplants in cases of primary amyloidosis.

It seemed to me that a local coverage policy made sense. In fact, I thought there should be variation in the line of coverage because this locality had developed the appropriate expertise, system, and center of excellence to support such a policy. But when this kind of localized medical service was proposed for application to national coverage decisions, it became non-covered because the 'excellence' could not be guaranteed nationwide.

A core health reform challenges from the provider side, then, is twofold: one, to find expeditious ways to move from these pockets of excellence to a more widespread, scalable standard of excellence; and two, while that transition is taking place, to find ways to cover the rare and the uncommon in a value-based system.

A second story touching on the significance of variation is also drawn from my time as a carrier Medical Director. On my second day on the job, the staff came to me and said "You know, Charlotte, we just noticed that last year we spent \$2.2 million on a particular drug and \$1.8 million went to a single physician. We think there is something funny about this data." I agreed, thinking something must be wrong and that we must take immediate action to control costs. We should create a policy and cut it off at the knees, I thought.

Well instead, we took a look behind the scenes and it turned out that this physician — much like the academic medical center in the previous story — was attending to an extremely rare disease which has a very high mortality rate

of 10%. It was a major regional referral. The physician was probably one of a handful of physicians who treated this disease and seemed to be having some good success.

So the question was whether this physician was really at the cutting edge of progress or doing something nefarious. The broader point, though, is that in order for sound decisions about coverage policy or value-based purchasing to be made, it is important to drill down and get the facts.

And in this case, the facts were that variation in care was serving the greater good and not the individual designs of a greedy doctor. The nuanced context in which this variation was taking place needed to be understood if there was to be, at the end of the day, a correct balancing of stakeholder interests that would ultimately produce the ‘best possible’ patient outcomes. The challenge then becomes how to craft a policy that would make this medication more widely available.

Wider use of comparative effectiveness research (CER) is, in fact, among the reforms under consideration that would reset the variation conversation. It is widely believed that CER levels the playing field by setting ‘best possible patient outcome’ as the standard which, in turn, may accelerate the development of new care options by breeding competition around that standard.

So, when making decisions about what care option is “right,” consumers, providers and payers will all be starting from the same point — and can then craft health care to suit the personalized circumstances of the individual. Starting with same common understanding makes for rational individualization.

One last point on this: transforming health care will encompass both advocacy and changing the marketplace. CER is likely to influence the latter. It is capable of reshaping the health care marketplace by changing the way all stakeholders go about making medical decisions, by putting a market value on balancing the intersecting interests of consumers, providers, and payers.

* * * *

Another dimension of balanced health care is a nuanced, proportional, system-wide sense of ‘possibility.’ The health care marketplace is in the business of creating possibilities for people — technologies, procedures, pharmaceuticals — to live longer, healthier lives, or to at least manage illness so that it allows for quality of life. The question is whether patients, providers, and payers can jointly navigate these possibilities in ways that best preserve the ‘best possible patient outcome.’

End-of-life provides a useful milieu for examining this question, partly because there may be emotional personal and family considerations in play that alter the possibility equation. At the same time, there is the greater good that advances in health care may one day serve. New approaches to care-giving, new end-of-life choices, medical

homes, nurse help lines, innovations like Tele-health, fresh emphasis on health literacy, new geriatric care resources — all of these market-driven possibilities add complexity to what may have once been straightforward.

Years ago, I was running an emergency department and the chief of cardiology came storming into my office one morning. “Charlotte,” he demanded pounding his fists on my desk. “How could you do this?” He was taking issue with the emergency room chief about what had happened the night before. A 50-year old man had been brought in — he had had a major heart attack that blew out his heart valve. It seemed certain he would die.

The cardiologist said, “The man was sent up to the intensive care unit without a cardiology consult. We probably couldn’t have saved him but we would be in a better position to save the next one as we would have learned something.”

We went to talk to the emergency room chief who said, “Charlotte, what are you talking about? This is a 50-year old guy. He had a massive heart attack. He blew out his heart valve. He’s going to die. You’re lucky I even admitted him. I really wanted to call the priest but since there were still things we could do, I admitted him to the ICU? What do think the cardiologist was going to do?”

So here’s the challenge. On the one hand, we talk about the quality at end-of-life, about good informed decision-making, and about not generating high end-of-life costs. This is good for the family and good for the individual facing end-of-life. This is the stance taken by the emergency room chief.

On the other hand, there is a social good in the mix here, and that is the opportunity to learn something, anything that would improve our chances of saving a life. Why, for example, do you think we save premature infants at 30 weeks, 28 weeks, 26 weeks, 24 weeks, and now at 22 weeks? Somewhere along that continuum, the case is made that someone is willing to push the envelope in order to achieve the greater social good. This is the stance taken by the cardiology chief.

* * * *

My parting thought is that the trajectory of health reform does in fact seem headed in a direction that places more shared responsibility on patients, providers and payers. The hope is that all of these stakeholders will regularly reflect on what the best possible patient outcome means in every case, communicate amongst themselves, and coordinate individual care accordingly. This would be the kind of balance that is necessary.

And it is my hope that all of you — in reporting on the extraordinary developments in health reform — will routinely seek out the nuance, complexity and resonance of every health care situation you encounter.

Thank you, and best of luck to you! ♦

WINNER: LEADERSHIP AND MANAGEMENT CATEGORY

Why Business Must Change to Earn Back Trust

Writers: Grant Neely & Jeff Kindler/Speaker: Jeff Kindler, Chairman & CEO, Pfizer
Delivered to the Confederation of British Industry, London, England, November 23, 2009

Pfizer is a proud member of the British business community. We began operations here in 1952, the year that Queen Elizabeth came to the throne. Following a recent acquisition, I am proud to say that Pfizer is now the largest supplier of medicines to the National Health Service.

Our ties to the United Kingdom were born in the hour that forever sealed the friendship between your country and mine. In the years between the two World Wars, a miracle drug was discovered—penicillin. It was the first real defense against bacterial infection, and it held the promise of saving millions of lives on the fields of battle. But producing that miracle was slow and laborious.

As the Battle of Britain raged, and the bombs of the *Luftwaffe* landed, just yards from where we now stand, penicillin was still being produced one dose at a time. It took precious time — time that the allies simply did not have. So the British and American governments issued an urgent appeal to Chemical manufacturers: Help us find a way to make more penicillin, faster.

Pfizer stepped up, and our scientists soon discovered a way to mass-produce it. We bought an old ice plant in New York, and our employees worked around the clock to convert it into a penicillin factory. Our chairman posted a sign that read, “The faster this building is completed, the quicker our wounded men get penicillin, the new life-saving drug.”

Within four months, Pfizer was producing five times more penicillin than originally anticipated. In the end, more than 90 percent of the penicillin that the Allied forces carried ashore on D-Day was made by Pfizer. This story still inspires our people today, and not just because we are proud that our company contributed to the war effort. It inspires us because it recalls a time when countries, and governments, and businesses came together, in common cause, for something larger than themselves.

The Lost Spirit of Common Cause

It was a time when everyone trusted everyone else to do the right thing. It’s a time that today seems very long ago indeed, because that spirit of trust and common cause has evaporated. It’s up to all of us to earn it back, starting now.

Today’s theme is “The Shape of Things to Come.” But for many of us in business and in government, the shape of things to come may not be the same as the shape of things that we *want* to come. If we fail to change, then the shape of things to come will not be pretty, for our companies or for society as a whole. And if you think you’re exempt, you are wrong.

If we fail to change, then the real and legitimate anger that people around the world are feeling will lead to policy changes that could damage the competitiveness of the U.K., Europe, and the United States and put the long-term prosperity of our people at risk. Elected officials will be defeated, and businesses will face limits on their licenses to operate.

We’re already starting to see this. Over time, it will mean lost opportunities for the private sector innovation that can create jobs and rebuild the economy.

The reason is clear: In Europe and the United States, nearly two-thirds of people say year ago. The numbers are even worse for governments. But we *can* turn things around, and earn back trust . . . and that’s what I’d like to talk about today.

Now, if you read the papers, you may know that my company recently paid a very significant fine on a compliance charge in the U.S.

So you’re probably asking yourself, “Jeff, who are you to talk about trust?” That’s a fair question. That case centered around some of our sales people improperly promoting one of our medicines for uses that the U.S. government had not authorized.

As a result, we were prosecuted, and we pleaded guilty to a felony. We paid the U.S. government \$1.8 billion dollars to settle the case, and another \$500 million to address other pending civil matters.

We announced the final settlement in September. It was a blow to our employees. It didn’t reflect the company they know. Our friends and family members asked us all, “What is going on at Pfizer?” The real question was usually left unsaid: Is Pfizer no different from the countless other institutions that have violated the public’s trust?

Lately, it seems to be happening more and more. Just over the past year, an accounting scandal forced out the Speaker of the House of Commons. That hasn’t happened since 1695. In the U.S., the Illinois Governor was arrested, impeached, and thrown out of office for influence peddling. A member of Congress was convicted of accepting bribes and storing the cash in his freezer.

Business hasn’t done any better, from reckless risks with other people’s money, to Ponzi schemes, to insider trading, and more. Many large banks and automakers now owe their very existence to bailouts that taxpayers paid for. The people we serve are angry because the companies that failed over the past year were rewarded, and regular people had to pay for it.

It’s been “a year unlike any other,” as the public relations

firm Edelman called it in their “Trust Barometer” survey. That survey showed levels of trust in business and government dropping to new lows.

It’s easy to see why. Across society, people have come to believe that the rules meant to bring order to society instead are manipulated to benefit the rule-makers. It has become so widespread that having questionable ethics is practically seen as the norm. In fact, doing the *right* thing now seems quaint and old-fashioned when so many people seem to get away with doing the *wrong* thing.

People have had enough, and the backlash is real. It’s fueling demands for more restrictions on business and governments. People say, “Banks should risk less, and pay their executives less. Oil companies should drill less, and burn less. Drug companies should charge less, but not do less R&D.” Sometimes, this criticism is warranted. Sometimes, it’s not. But when the majority of people don’t trust you, they’ll find a way to force you to change.

It’s Up to Us to Earn Back Trust

So this is where we are. And it’s up to us to earn back the trust that we’ve lost. It will take a lot of time and energy. We have to start by letting people know, “we hear you.” This new era of responsibility starts with acknowledging where we’ve gone wrong, showing that we’re making real changes, and demonstrating that we are willing to work together to address society’s most urgent problems.

At Pfizer, we’ve begun to change. We know we need to be straight with people. No one has any tolerance for corporate spin. So, we’re disclosing more information than ever. You can go to the Web to see how we compensate doctors outside our company, the progress our scientists are making, the results of more than 1,000 trials of experimental new medicines, and the outcomes of studies of medicines that are already on the market.

We’ve changed the way our salespeople interact with physicians. The golf trips are long gone. No more fancy dinners, or tchotchkes left in the doctor’s office. Fewer representatives in the waiting room, more training, and a greater focus on providing up-to-date information about the medicines physicians prescribe.

Meanwhile, we’re expanding our work for people who cannot afford our medicines. Seventy percent of the world lives on less than \$3,000 a year — four billion people. In the past, we’ve reached them through philanthropy. As just one example, Pfizer has given away 87 million treatments of Zithromax over the past few years to treat the infections that cause blindness in poor countries. This has helped eliminate trachoma, the leading cause of preventable blindness, in many places. In fact, the WHO has set a goal of eliminating this terrible disease from the entire Earth by 2020, and we’re going to help make that happen.

But we know that philanthropy alone isn’t enough. So we’ve also created a new business dedicated to creating a marketplace, one that’s *not* dependent on charity, and that

will provide people living in the developing world with affordable medicines in a socially responsible and sustainable way. And we’ve created another business to expand access to generic medicines around the world.

These are all important changes. They are the right thing to do. But we have to do more.

We completed our \$68 billion acquisition of Wyeth last month. It was the first major M&A deal since the economy collapsed in September of last year. The combination created a much larger and more diversified health care company. It gave us a unique scale and global reach. It gave us an unmatched portfolio of health care solutions for every stage of life, from pre-natal vitamins and infant formula, to vaccines and preventive care, to treatments for Alzheimer’s.

We’re obviously very excited about the greater ability to make a real difference. But we also stepped back and asked ourselves some fundamental questions. That’s something we all should do regularly.

Making Commitments

We asked ourselves: How can we uniquely serve the world’s health needs? What can we do that no other company can do? And what responsibilities come along with that? At Pfizer, we’ve made seven commitments to ourselves and to the people we serve, who are all of you. They are unique to what we do, and no other company could make them.

First, we have committed to advancing wellness, prevention, treatments and cures, because health is one of the most important investments a society can make. It’s time to move beyond simply helping people get better after they get sick. Shouldn’t we help them keep from getting sick in the first place?

Most of us try to take care of ourselves first, before going to see a doctor. This usually starts with products like Robitussin for cough and cold, or Anadin for the aches and pains the weekend rugby warrior gets from overdoing it.

When people take care of themselves in these ways, they feel better. They also reduce the burdens on health systems, and that saves money for all of us. So as a society, we have to do more to advance health and wellness at every stage of life.

Our second commitment is to bring the best scientific minds together to challenge the most feared diseases of our time. Solutions are within reach to some of the world’s most serious health problems. Biopharmaceutical companies around the world are now studying more than 860 potential new medicines to treat cancer. More than 2,000 medicines are now being studied to treat the conditions that affect older people, including Alzheimer’s. It’s a terrible condition, yet science knows relatively little about it. Our researchers come to work every day to advance this science, hoping to help the people they love by one day finding new ways to treat Alzheimer’s, and

even prevent it.

And when we can't quite do it alone, we'll even *join with our competitors* to advance science and health. We did that earlier this year when we split off our HIV business. GSK did the same, and we combined them together to create a new specialty health care company, called Viiv Healthcare. Viiv will be able to seek new health solutions in ways that neither company could do alone.

Third, we have committed to setting the standard for quality, safety, and the value of medicines. If we ask people to put our products in their bodies, then people deserve to know they are safe, that they work, and that they are worth it.

We do this through a world class medical organization. But our work extends beyond the medicines we make, because a global economy requires us to be vigilant to ensure that people are protected from counterfeit medicines.

One British newspaper reported that as many as eight million counterfeit pills may have made their way to NHS patients last year. In fact, the World Health Organization estimates that about 30 percent of all prescription drugs on the market are fake. Most people don't know that, so we're trying to get the word out.

You might have seen the advertisements that Pfizer ran in cinemas here in the U.K. earlier this year. The ads showed the dangers of counterfeit medicines, and we deliberately made them shocking. One showed a man taking a pill and then coughing up a dead rat, because some counterfeit drugs contain traces of rat poison.

We're also working on enforcement, partnering with customs officials and the Home Office border agency to police the supply of medicines coming into the U.K. The health and safety of the people who use our products depends on it.

Fourth, we have committed to using our global presence and scale to make a difference in local communities and the world around us. Selling medicines is not enough. People expect us to respect and support their communities, to act ethically, to practice environmental stewardship, and to support responsible public policies.

Here in the United Kingdom, these include policies such as those outlined by the Office of Life Sciences in the Blueprint that Lord Drayson, Lord Mandelsohn, and others have advanced. This plan aims to create jobs and strengthen the British economy, by improving the operating environment for the life sciences sector. It grew out of a close partnership between Government and industry, one that aims to support the NHS in its drive for innovation, and deliver a higher standard of care for the British people. The plan is in its early stages, but I hope it will prove to be a model of productive cooperation between business and Government.

Fifth, we have committed to promoting curiosity, inclusion, and a passion for our work. Together, these traits generate the scientific innovation that leads to new treatments and cures.

For example, we have one group of scientists who are studying a genetic condition that keeps people from being able to feel pain. You see this in parts of the world where people are able to walk on burning hot coals without feeling any pain. This can badly disable the people living with it. So we are working to identify the genetic defect that triggers this. The science behind this unique and rare medical condition could unlock new solutions to help millions of people who live with chronic pain. That would be a tremendous medical advance. And it all starts with curious scientists, working in a place that encourages learning about diverse cultures, and bringing deep passion to their work.

Sixth, we have committed to being a leading voice for improving everyone's ability to have reliable and affordable health care. It's the right thing to do morally and economically.

In every part of the world, we have a responsibility to work in partnership with governments and NGOs to expand access to quality care. Let me highlight some ways we're doing this.

In emerging economies such as China, living standards could improve by a hundred fold, within just a single generation. So China has launched a massive reform effort to expand access to care, particularly in its remote areas beyond the large eastern cities. This will create more need for more doctors and researchers. So, Pfizer is helping train scientists at Fudan University and the Shanghai Institute for Biological Sciences.

In Bangladesh, we're working with Professor Muhammad Yunus, to expand access to health care using the model of Grameen Bank. That's the micro-finance bank he founded to help entrepreneurs obtain loans, start small businesses, and lift themselves out of poverty. This is the first step toward better health, and we want to help take the next one.

And around the world, we're working with former U.S. President Bill Clinton's foundation to reduce the cost and expand the availability of an important antibiotic used to treat tuberculosis in people living with HIV/AIDS.

Finally, we have committed to maximizing our financial performance so we can meet all of our commitments to all who rely on us. This may be the most important commitment, because all the others depend on it. We can meet the other commitments *only* if we deliver strong and sustainable business performance.

In much of health care, this matters because only private business can do what we do. That's because since World War II, the ability to manufacture medicines on a vast scale, and distribute them widely, has been the single most significant improvement in health care. But the research and development that leads to new and clinically relevant advances is painstakingly slow.

While we are taking clear steps to improve our R&D efficiency, bringing a new medicine to market still takes more than a decade, and costs more than \$1 billion. For

every one medicine that makes it, another 10,000 research projects fail along the way. That's simply the reality of science, and only a for-profit business can take on risks like this. Because no public official could tell voters, "We failed 10,000 times and succeeded once." They'd lose the next election 10,000 votes to one.

But for us, this is just how business works. Because the risks are so high, the companies and the investors that take them deserve to be compensated for them. That's why we *have to* maximize the financial performance of our business. Everything we do depends on it.

We've said to our stakeholders: Here are our commitments. Measure us not by what we say, but by what we do.

Our success depends on scientific advancement, bringing relevant new products to a changing global marketplace, and strong business performance overall. But it depends just as much on the type of business we run and on whether people trust us. That's an important reason why we have made these commitments.

We know the stakes are high. If we don't do what we

say we'll do, we'll lose trust even further. Then we could lose customers or face more legal problems. But most of all, everyone will lose out on new opportunities to add more years to people's lives and life to their years.

This is not unique to Pfizer. It's true for you too, whatever industry or public office you're in. So it's up to each of us to earn back trust. Everyone has a role, even if you didn't contribute to the problem.

Step one, is to acknowledge that there *is* a problem. Then, we all have to demonstrate our commitment to doing things differently, by taking actions that focus beyond our bottom line to serving society as a whole.

The British and the American people want a return to the days when countries, governments, and businesses came together in common cause, for something larger than themselves. It's up to us to make this happen. It's the right thing to do, and our success depends on it, even our survival.

I believe this very deeply, and that is why I am grateful to everyone at the Confederation of British Industry for inviting me here today to share these thoughts. ♦

HONORABLE MENTION: LEADERSHIP AND MANAGEMENT CATEGORY

The Secret History of Women

Writer and Speaker: Julia Hughes Jones

Delivered at the St. Johns County Public Library, St. Augustine Beach, FL, August 19, 2009

It is my pleasure to be here with such a delightful group of library patrons. The secret history of women is my topic today, and is an appropriate subject because we celebrate the 89th anniversary of Women's Suffrage on August 26.

You may be wondering right now just what is secret about women in history. The answer to that question is shocking because women have been excluded from the historical story until recent decades. Queens and other prominent females have not been left out, but there are certain archetypes and standards that historians have used to portray even those women. Today I will reveal four of those concepts from history that have been appropriated as descriptive of all women.

As a preface, it is useful to remember that we live in a world where the daily focus is, and has always been, placed on male achievement and male images in religion, politics and business. Females not only continue to be viewed as inferior, but we sense we are not valued in the way that males are.

The truth is, as you will see, that women have not been just incidental to world cultures, but we have actually been such an integral part that I felt compelled to develop this topic into a book. By tying together widely scattered

known information, I have learned there is no logical basis for the official disregard of women's presence in history. Certainly there is no basis for the "woman is inferior" belief carried down throughout the ages.

Martin Luther is partly responsible for my writing this book because he told a group gathered around his kitchen table in 1533: "Girls begin to talk and to stand on their feet sooner than boys because weeds grow faster than good crops." Recognizing that "weeds" is Luther's metaphor for females did not alleviate the discomfort I felt in being called a weed. I simply wanted to know why he said such a thing.

I discovered in my research that Luther's reflection was, and continues to be, the echo of ancient philosophical and theological conjecture about female inferiority in mind, body, and, yes, even in soul. Luther was primed to believe this fallacy by centuries of both great and small minds that came before him.

Although Luther is credited in history with changing the course of Western civilization by dividing Christianity into Catholic and Protestant, he cannot be held responsible for designating the female as inferior to the male. More than 20 centuries before Luther compared girls to "weeds," the classical belief of female inferiority was already firmly

established in antiquity.

The four patterns or concepts about women that kept cropping up in my extensive research are indelibly stamped in world history, and continue to plague women because they are rooted in the idea that women are inferior.

First, women have been ignored as unimportant to world development except as **keepers of the hearth** and as support structures for the deeds and misdeeds of the men in their lives. Women's only value has been viewed as their ability to function for the benefit of man. Men's value is routinely viewed as their ability to function for the benefit of mankind.

There is much more to us than that, however, and today's professionals, both male and female, are beginning to uncover the truth. One of the important findings is that women have been fundamental in the development of language and communication. It is generally conceded that humans would probably still be speaking with grunts, groans, and sign language without the female gifts for communication.

In addition to language discoveries, archaeology is currently experiencing a shift in thinking from a predominantly male protector/provider interpretation of prehistory to one that includes women as instrumental to the survival of humanity. The stories of great woolly mammoth hunts of archaeological myth are being revisited because it is now understood that those enormous animals could not be slain by prehistoric men using prehistoric weapons. Now it is professionally recognized that women and children were as involved in hunting for food sources as were men.

One of the best reports on the changing view of prehistory can be found in *The Invisible Sex* (Smithsonian Books). Contrary to previously published and accepted information about prehistory, women did not just tag along, lugging a few necessities and herding the children while men strode forth on the great adventure. The authors conclude that archaeologists have long been blind to the role of women and offer documentation to back up their findings.

The second concept that keeps popping up in research on women's history is one with biblical roots. Have you ever noticed that women in the Bible and women in history are routinely described as either **Madonnas or harlots**? The best example of the harlotization of women can be found in the story of Mary Magdalene, the most famous harlot in Christian history and world art. What is striking about this image is that she was not a harlot.

Why was she portrayed as a harlot in biblical history? Ancient philosophers promoted the inferiority of women as an indisputable fact of nature. Women were believed to be a subhuman species, and, as such, were the property of men. When a 6th century pope re-invented Mary Magdalene as a harlot rather than a possible disciple of Christ, it can be seen as a reflection of the way women have been treated in history not only by religious spokesmen but also by society. Censuring Mary Magdalene as a harlot removes her from consideration as a leader in the

early church.

In 1969 the Catholic Church revised Mary Magdalene's role once again. The label "penitent," referring to her unfounded reputation as a reformed prostitute, was dropped when the Roman Missal and calendar were amended after the Second Vatican Council. As noted by the *American Catholic*, Mary Magdalene could "well be the patron of the slandered."

If, as many currently believe, slandering Mary Magdalene strengthened the case against women leaders in the church, this pope succeeded by creating a stained glass ceiling that continues to block access to women ministers of any denomination.

Recent reports are highly intriguing about the mystery surrounding Mary Magdalene's role in biblical history. Many scholars and theologians are now speculating she may have been an actual apostle of Christ. At least one Catholic theologian has acknowledged the possibility that she was probably the author of the Book of John.

The third historical concept about women is that we are said to be **too emotional** to be leaders except in the home or the acceptable women's professions. We live in a society that routinely declares women as dependent, passive, gentle, emotional, weak leaders, and compassionate, all personality traits that are not associated with the power and capabilities of strong leaders.

Recent news reports about women leaders are the perfect example of this antiquated and/or manufactured excuse of emotionalism that is always used against women. For example, do you know what Sonia Sotomayor and Sarah Palin have in common?

Both women are described as too emotional to be qualified for the offices they have sought. Emotion and compassion, according to several male leaders in Washington, are not traits of good leaders.

The historical record says that men are rational and logical thinkers who do not let emotions get in the way of leadership. But is this always true? No one mentions that male leaders experience "emotion" when preoccupied with skirt chasing, and there have been plenty of news stories about that subject lately. As news columnist Leonard Pitts recently asked, just what were these male leaders thinking *with*?

In keeping with Pitts' question about the anatomical thinking mechanism these male leaders were using, did you know that it was not until the 19th century that someone invented the first protective device for athletes? Decades later, in the 20th century, someone decided the brain needed protection as well, and the football helmet was finally invented.

Sadly, the question of female emotions raised by male leadership continues to be the biggest barrier to women in politics, religion and business. Conventional wisdom rules that men lead and women follow. The trouble with that antiquated belief is that males are the convention and their wisdom rules.

The fourth historical concept about women is the irrational verdict that women have played **no noticeable role that history records**. This phrase is the sum and substance of women's place in the records documented by society's appointed custodians of historical facts.

In a third millennium verification of this continuing cultural state of mind, certain political accomplishments of the lone woman candidate for American president in 2008 were characterized as "no noticeable role that history records." This conclusion came in a news report that stated Hillary Clinton had exaggerated her influence over the family and medical leave act signed by her husband as president in 1993.

People in Arkansas will dispute that finding because we know what groundwork was done before the Clintons got to the White House. The usual notions of *power behind the throne* and *pillow talk*, always applied to wives of public figures, are convenient criticisms of influence-wielding spouses, but apparently were inconvenient when the opposite point needs proving.

The point here is the description of Hillary Clinton in this news report actually put into words the perspective of historians and journalists about all women until recent decades: *No noticeable role that history records*. Let us not forget that journalists write the first draft of history.

Another instance of where this mindset about women is found is in the first women astronauts program during the late 1950s and early 1960s. Dogs, monkeys and white male jet pilots pioneered the American space program and women officially *played no noticeable role that history records*.

It was not until the images of man in space became tarnished by what some have called NASA's "dirty little secret" about the women they rejected, women who in many ways bested the men, that the story began to be told. Thirteen women underwent grueling physiological and psychological fitness testing in the infancy stages of the space age. The truth, if it had been widely reported earlier, is that women had the right stuff but were eventually barred (and later reconsidered) because of their sex.

Women were originally brought into the program because NASA engineers had a problem with the space capsule design. A lighter weight woman requiring less food and fewer oxygen canisters offered the perfect solution. In addition, there was an added benefit for using a woman to pilot the Mercury Redstone rocket. Medical and psychological testing results showed that women are better than men at withstanding pain, heat, cold, loneliness, and monotony.

The women chosen to train as astronauts in the late 1950s and early 1960s were called the Mercury 13, but they never got into space. The government, NASA, and even the American public just could not see women in the role of astronauts. It is heartbreaking to realize today that these 13 women with unbelievable skills and histories for their era are women almost no one remembers.

History as we know it has been compiled and recorded

by mostly male scholars until the last century for good reason. Women ordinarily have not been allowed to be professionals in archaeology, history, theology, and anthropology. Shockingly, in many eras women were not permitted to be educated at all.

Today's professional historians, theologians, archaeologists, and anthropologists (not all of whom are female) have now begun to dig up female remains either out of the ground or out of the written chronicles of history. Using fresh research methods, reviewing old conclusions, and questioning what is called the "received wisdom," or what males decided in the past, many of these professionals have uncovered startling evidence about the failure of historians and other professionals to see the impact of women in history.

On August 26 we celebrate the anniversary of women's suffrage in America. In thinking about the women who made it possible for all females to vote and actively participate in government, I ask that you remember that women's fight for suffrage was conducted in a world holding little respect for the feminine side of either males or females. Not much has changed since the early 20th century because the images of macho-male physical activities, such as wars, rough sports, political maneuvering, continue to be commonplace. Images of women are uncommon and usually limited to a brief reflection of a woman's personal appearance and/or emotional condition.

We continue to see the face of the masculine, not the feminine, taking precedence in daily news and world activities, and not simply because there are fewer women in power positions. The masculine image is what is honored as responsible leadership. That may be changing, however.

In a recent article in *Foreign Policy* online magazine, the writer declares that the global dominance of men has come to an end because the current recession has dealt a mortal blow to the macho men's club called finance capitalism. There is mention of a great shift in power from male to female because people finally understand that macho aggressive, risk-seeking behavior is destructive and unsustainable in a globalized world.

What I see as destructive and unsustainable in a globalized world is either sex in total control. Balance is what is required to achieve long-lasting and sustainable success in all things. When both males and females have equal status and each gender is valued for sex-specific strengths, balance will be reached.

Eckhart Tolle points out in his book, *The New Earth*, that the world became unbalanced when the feminine was demonized and when males began denying their feminine side. As Tolle sums it up, this amounts to a case history of cultural insanity.

If we have experienced cultural insanity for the last three millennia, and if things are truly changing to allow the female equal representation alongside of males in all aspects of politics, business, and religion, perhaps our future portends to be starkly different. Equal numbers of

males and females will most likely foster a tempering of the power to wage war and possibly stem the tide of economic disaster. Certainly U.N. Secretary General Ban Ki Moon's statement in early 2009 is a prediction of our future well-being if both males and females are equal in all things. To paraphrase, Ban replied to a male questioner that any government that listens to women will listen to you, too.

The National Women's History Project theme for the coming year is *Writing Women Back Into History*. Today

we are more aware than ever before of the reasons behind the choice of that theme.

For more information about the roles women have played in history, please see my recently published book, *The Secret History of "Weeds" or What Women Need To Know About Their History*, or my website at www.juliahughes-jones.com.

Thank you and good luck to us all on our search for equality in all things. ♦

WINNER: PUBLIC POLICY CATEGORY

Can We Seize This Moment to Reform U.S. Health Care?

Writers: Grant Neely & Jeff Kindler/Speaker: Jeff Kindler, Chairman & CEO, Pfizer
Delivered at the Economic Club of Chicago, Chicago, IL, February 9, 2009

Two weeks ago, Pfizer announced that we are acquiring Wyeth and creating what we believe will be the world's premier biopharmaceutical company. We are very excited about the opportunities this will give us to better address unmet medical needs across the globe.

But, unfortunately, to compete successfully, we also have to lay off nearly 20,000 people from the combined company. Sadly, we are not alone. This past Friday, we all learned that 600,000 people lost their jobs in just the last month.

Twelve million people are now out of work in this country. They and countless others that *do* have jobs are living with real fears about how they will pay the bills, whether they can hold onto their homes, and what happens if someone in their family gets sick. They're scared and they're angry.

Many of them blame people like some of us in this room—the men and women who work in America's big companies. They look at us and see greed and selfishness. Many believe the very system of capitalism has failed them. To state the obvious: much of the American public has lost confidence in American business.

Regrettably, this is not a new experience for people like me or for others in the biopharmaceutical industry. A belief that our prices are too high, that we run misleading advertising, and that we care more about playing golf with doctors than about helping them understand our medicines—all of this has earned our industry a reputation near the bottom of all American institutions.

We're not alone anymore. Along with the financial industry, automakers, energy companies, mortgage lenders, and lots of others, we have to earn back a lot of trust. If we fail, then the real and legitimate anger that so many are feeling could lead to policy changes that could damage American competitiveness and put our country's long-term prosperity at risk.

It will take a lot of time, energy, and change to turn this

around, so we have to get to work. The best way to start is by letting people know “we hear you” and “we get it.” We need to acknowledge where we've gone wrong, that we're making real changes, and that we are willing and able to work with policymakers to address our country's most urgent problems.

For millions of Americans, one of the most urgent such problems is health care, and that's what I'd like to talk to you about tonight.

Fundamental, Familiar Problems

The health care problems we face are fundamental and familiar.

We spend too much and get too little. We spend nearly \$2 trillion on health care every year in America—the most in the world, by far. Each year, we pay for 35 million hospital stays, 64 million surgeries, 900 million visits to doctors' offices, and 3½ billion medical prescriptions. The Congressional Budget Office says total U.S. health spending could reach 25 percent of GDP about 15 years from now. That's up from 16 percent of GDP today and less than 9 percent in 1980.

We spend much more than most developed countries, yet we rank far behind them in most health outcomes whether it's obesity, prostate cancer, or any number of other metrics. These high costs and poor outcomes grow out of a complex, convoluted system that's full of inefficiency and unfairness.

Look at insurance. One person could be covered by a half-dozen or more plans throughout her life. The state children's health insurance program could pay for her childhood immunizations. As she grows up, her mom's employer might provide insurance to pay to set the bone when she breaks her leg playing soccer.

Once she enters the working world, her employer might provide the insurance that covers her own child's birth. If

she loses that job, she might buy COBRA for a while. And, when her savings run out, she might turn to Medicaid, or just go to the emergency room and hope for the best. Another job or two might bring as many insurance plans, before she retires and turns to Medicare.

And consider the health system's terrible unfairness. Studies show that people living in the very same community can experience enormous disparities in health care outcomes for no other reason than the color of their skin.

Geography matters too. If a patient on Medicare lives in Minneapolis, the average cost for a year's care is about \$5,200. In Miami? A little over \$11,000.

Why this huge difference? The data show that the price of individual things—an operation, a hospital stay, and prescription drugs—varies very little. It's how many of the things that doctors prescribe that accounts for the difference. Nobody really knows the reason, but Medicare patients get a lot more care in Miami than Minneapolis.

But here's what's really disturbing. The Miami patients—as one researcher put it—“do not have better health outcomes.” They don't even have more “satisfaction with their care.” \$6,000 more and no better outcomes—and that's for those who have access to health care!

A Unique Opportunity

In a strange way, there is good news here. The system has gotten so bad and the need for reform so clear, that we just might have a unique opportunity to fix it. In fact, for the first time in decades, there is broad agreement across the political spectrum and the private sector on many elements of reform and on the urgency to act.

So I'd like to share some thoughts on how I see this playing out over the next year or so and how my industry can play a constructive role in advancing reform. But, as I said, until our industry starts to regain the public's trust, our standing to make positive contributions to the reform effort is limited.

Pfizer is Changing

So I'd like to first tell you a bit about some of the changes we're making. Let's start with the basics.

We need to be straight and open with people. No one has any tolerance for corporate spin. So, at our company, we're disclosing more information than ever, from the progress our researchers are

making, to the results of more than 1,000 clinical trials of experimental new medicines, to the outcomes of follow-on studies of medicines that are already on the market. You can get all of that information on the Web.

In fact, earlier today we announced that we'll begin disclosing how we compensate doctors outside our company—doctors who do important work to ensure that medicines meet the needs of patients and health care providers alike. We're not the first company to do this, but we *are* disclosing more information than any others.

Our industry is also reforming the ads you see on TV. We're enforcing meaningful standards to clarify the roles and responsibilities of our advertising spokespeople, to ensure that ads meant only for adults are shown only at appropriate times of the day, and to make sure that our ads provide a balanced presentation of both a medicine's risks and its benefits. In addition, we now launch consumer advertising only after new medicines have been on the market for six months, so that doctors can gain experience with new medicines before they become widely known by patients. This is something doctors have asked us to do.

We're also responding to the criticisms of the way our salespeople interact with doctors. The golf trips are long gone. No more fancy dinners, or tchotchkes left all over the doctor's office. Fewer representatives in the waiting room, more training, and an even greater focus on providing up-to-date, accurate information about the medicines physicians prescribe.

Meanwhile, we're continuing and expanding our work for people that cannot afford our medicines.

Seventy percent of the world's population—four billion people—live on less than three thousand U.S. dollars a year. In the past, we've reached them through our philanthropic work.

As one example, Pfizer has given away 87 million treatments of Zithromax over the past few years to treat the infections that cause blindness in poor countries. This has helped eliminate the leading cause of preventable blindness in some countries. But looking ahead, we've established a new business unit dedicated to creating a sustainable marketplace, not dependent on charity, that will provide the developing world with affordable medicines in a socially responsible way. Meanwhile, here in the United States, we've helped more than 53 million Americans without insurance get their medicines for free or at reduced cost.

Supporting Reform, Not Stopping It

In addition to changes like these, we have adopted a new approach to legislation and public policy, with an emphasis on actively supporting appropriate reforms, rather than simply trying to stop things we don't agree with.

Along with others in the industry, we vigorously supported expanding S-CHIP, the federal-state plan that provides health coverage to children of working families. The President signed this bill into law last week. This program has been a great success, helping more than 7 million children of working families get the preventive care they need to start school healthy and ready to learn.

In Congress, we're also advocating for a stronger Food and Drug Administration—one that's better funded and shielded from the political influence that has gotten in its way in recent years.

How many businesses do you know that want a stronger regulator? We do, because it will give patients greater confidence that the medicines they take have been thoroughly reviewed by independent scientists for safety and efficacy.

Issues like S-CHIP and a stronger FDA are common-sense solutions that generate broad agreement. As health care reform advances, a similar consensus is emerging around some basic issues. So, let me turn now to the political landscape and the areas where I see agreement emerging. Then, I'd like to touch on a few subjects that will undoubtedly generate substantial debate in the health care debates going forward.

A Lot Has Changed Since 1994

A lot has changed in the politics of health care since Hillary Clinton led the country's last attempt to reform it. Back then, ideology was an obstacle. The left assumed the answer was to end private insurance. The right assumed making everyone buy their own coverage would solve everything. Neither side wanted to compromise, and we all know what happened.

But when health care reform failed, nobody won, and the problem just got bigger. So today, the battle is not so much left versus right, or Democrats versus Republicans, or business versus labor. It's really all of us against a problem that has become too big to ignore.

Everyone now understands that this is a serious crisis. That's why we are now seeing some unusual pairings coming together to find solutions. The Business Roundtable and the American Association of Retired Persons. Insurance companies and doctors in the American Medical Association. Pharmaceutical companies like Pfizer and the Service Employees International Union.

How much have things changed? Two TV commercials tell the tale. Maybe you remember the first one, featuring a couple named Harry and Louise. Have a look.

[Screen shows a worried couple sitting at a kitchen table, looking at bills:]

Woman: But this was covered under our old plan.

Man: Oh yeah. That was a good one, wasn't it.

Announcer: Things are changing, and not all for the better. The government may force us to pick from a few health care plans designed by government bureaucrats.

Woman: Having choices we don't like is no choice at all.

Man: If they choose... Woman: We lose.

Announcer: For reforms that protect what we have, call toll free. Know the facts. If we let the government choose, we lose. Call today.]

[Second video opens, showing a shut-down factory behind a chain fence.]

Announcer: At a time when American businesses are hurting, why should we worry about fixing health care? Because quality, affordable health care can save money and make businesses more competitive, so they can invest in innovation, hire back workers, create jobs, get the economy working again. For everyone—quality, affordable health care. It's not just something we should do for America's families; it's something we must do for America's economy.]

That second ad is on the air now, and it's sponsored by a lot of people that don't agree on a lot. But they do agree on this. This time around, the business community in general, and the insurance and pharmaceutical industries in particular, are *supporting* comprehensive health care reform, not opposing it.

Broad Agreement Emerging

Broad agreement is emerging on some basic principles. To begin with, no serious policymaker is advocating either a total single-payer system or one that has no important role for the government. Instead, we see broad support for an approach that relies on both the public and the private sectors to improve health care coverage, its quality and affordability.

For example, **most people support the following:** First, expanding private sector coverage through the employer-based system, probably coupled with employer mandates and a “pay or play” requirement; second, expanding public sector coverage by increasing Medicaid coverage for lower-income Americans; by allowing people age 55 and older to buy into Medicare; and by extending SCHIP eligibility, as we saw last week; and third, there is increasing support for mandating individual coverage as well as for creating a federally-run, nationwide risk pool modeled on Federal Employee Health Benefits. This would be administered through a national “health care exchange”—something like you're seeing in Massachusetts—in which public and private plans would be offered to all Americans, regardless of pre-existing conditions.

And, to improve quality and affordability, we're seeing broad support for ideas such as:

- Increased emphasis on prevention, wellness and chronic disease management;
- Incentives to improve adherence with treatment;
- Aligning financial incentives with patient outcomes;
- Federal reinsurance for catastrophic costs; and
- Increased investment in health information technology, which is a clear imperative for any other aspect of reform.

In addition to these widely supported principles, two other ideas hold out great promise if they are done right—and great peril if they are not.

The first is something called “**comparative clinical effectiveness research.**” These are independent reviews of medicines and medical procedures to assess their effectiveness and value to patients. Done right, these reviews will help physicians, patients, employers and health plans by providing evidence-based assessments of the most effective ways to keep people well and to treat illness.

But done wrong, these reviews can hurt patients... by rationing health care, limiting treatment options, and blocking access to proven new innovations. We've seen that happen in the United Kingdom.

Last week, for example, the U.K.'s comparative effectiveness regulator reversed course and agreed to pay for an

innovative cancer medication called Sutent, which Pfizer makes to treat advanced kidney cancer. But that decision came only after physicians and patients loudly protested the agency's earlier refusal to pay for this medicine.

Interestingly, the agency had always agreed that this medicine is effective and could extend life by several months. But they said that it was not worth the cost. So, until now, they wouldn't pay for it, and patients in the U.K. couldn't get it, unlike patients here in the United States.

In another case involving another company's product, the U.K. agency proposed that certain medicines to slow down the onset of blindness would be paid for only if you'd already gone blind in one eye and needed to treat your second eye. I'm not making this up. Their reasoning was that, as long as you could see out of one eye, it wasn't worth the cost to treat the other one.

Decisions like these occur when assessments are based too much on short-term cost considerations, and not enough on long-term value. Comparative effectiveness research can be a powerful tool but it should not just ask, "What does a medicine cost?" It should also ask what is the treatment worth, compared to sickness or alternative treatments.

A second important proposal is to create an **independent federal board to oversee much of the health care system**, perhaps including decisions about coverage and pricing. The proposed board would set standards for coverage under federal health plans. Because of the importance of federal health plans, these standards are likely to have a significant influence on the private market. This body would be independent from Congress and the Executive Branch, much like the Federal Reserve.

I believe this proposal is a good idea, since it would insulate much of health policy from politics. But giving such responsibility to an independent panel could limit the ability of citizens to influence the policy that affects their health care and to make, in consultation with their doctors, the best health care choices for themselves. So we have to make sure that the federal board is set up and run in a way that puts science, innovation, and value ahead of politics and that does not have a sole focus on short-term cost controls.

Finally, some people are advocating a few ideas that I believe would be mistakes and should not be part of health care reform. The biggest one centers around the biggest problem: cost.

We all know that our system is too costly and inefficient. One way of addressing that problem is to establish strong, scientific measures and incentives that focus on long-term value and that pay for good outcomes. Companies like mine, for example, must demonstrate that when our medicines are used appropriately, they will prevent disease, help manage sickness, improve health outcomes, and save costs in the long run.

But some people go further and believe some form of price control of drugs will improve the cost and quality of health care. I respectfully disagree. Such restrictions on the

free market system will, in fact, hinder the ability of medical innovators to pursue the next generation of vaccines, treatments, and cures for illness.

Where Does a Health Care Dollar Go?

It's important to remember how we actually spend our health care money, because I don't think everybody always appreciates this. For every one dollar we spend on health care in the U.S. . .

- 31 cents goes to hospital care;
- 21 cents goes to physician and clinical services;
- 18 cents goes to equipment and personal health care;
- 7 cents goes to dental and other professional care;
- 6 cents goes to nursing homes; and
- 7 cents goes to overhead.

Just 10 cents of every health care dollar goes to prescription medications, and it's been that way for some time. Embedded in that cost is a unique burden for the U.S. that most other countries don't bear—the costs of research and development.

Medical R&D costs a lot of time and money. Today, it usually takes about a decade and costs more than one billion dollars to bring a new medicine to market—three times what it cost only 20 years ago.

Medical research remains a very high-risk enterprise. For every 10,000 new projects our researchers begin in the lab, only one will ever make it to the pharmacy as a new medicine. And only three of every ten drugs that make it to market ever recoup their investments. People funding this high-risk enterprise, whether with private capital or in a public corporation like mine, expect and deserve a return on their investments or they simply won't make them.

Our system encourages that kind of investment and provides the strong intellectual property protections necessary to nurture biomedical innovation. That kind of innovation, in turn, advances American competitiveness and job creation. As we go about reforming health care, we need to be very careful not to undermine this system that has done so much for so many people for so long.

We can learn a lesson from Europe. Not too long ago, Germany was known as the "world's medicine chest," by virtue of the number of companies with R&D laboratories there.

But over the years, European governments have adopted policies that hindered investment in biomedical research. Today, the European Commission reports that 70 percent of the world's biomedical research originates in the U.S., with only 25 percent coming from Europe. It's clear that pro-innovation policies are critical to long-term prosperity and to advancing health care for our children and grandchildren.

Can We Seize this Opportunity?

It's difficult to imagine a more complex area of politics and public policy than health care. Reforming our health care system will be very hard as we face some extremely tough

questions. Will the economic crisis that we're experiencing enable health care reform to advance, or prevent it? Is there enough political will to expand coverage to people that don't have it, even if that means making investments that will only pay off over time—just as we are facing an exploding budget deficit?

Right now, it's hard to say which way these questions will go, and I have to tell you that I'm a little less optimistic than I was even a month or two ago. But I believe an economic imperative and a unique political opportunity have come together to create a moment where health care reform can actually succeed.

As President Obama has said: "Health care reform has to be intimately woven into our overall economic recovery plan. It's not something that we can put off because we are in an emergency. This is part of the emergency."

So, can we seize this unique moment and make progress when we've been unable to do so for so long? I asked myself that question last week as I sat in a meeting of Pfizer leaders from around the world. I got the answer as we heard from a cancer patient named John Gillivan. Listen to what he had to say.

[Video opens with man speaking at podium:

My name is John Gillivan, and I have stage four kidney cancer. [Holding a bottle of pills:] This is a bottle of miracles, and I am here today to tell you about my miracle.

In 1996, I was first diagnosed with renal cell carcinoma of the clear cell type. A CAT scan had discovered a tumor in my kidney, and a biopsy confirmed that it was malignant. My cancer metastasized to my lung, lymph nodes and remaining adrenal gland.

Luckily for me, the doctor where I'd been treated was

one of five or six in the country who were beginning a Phase-two trial called SU-011,248. I was offered one of the 62 spots nationwide. Only four of the 17 patients in the original Phase I trial had kidney cancer, and only two of those had responded.

Nevertheless, I jumped at the chance. The drug has since been FDA-approved and given the brand name Sutent. After just two cycles, my tumors had begun to shrink. Within six months my lung was clear, my lymph nodes were back to the normal size, and the tumor in my adrenal gland had shrunk by over 50 percent.

It's now been four and a half years. I'm still on Sutent and I feel much more than lucky to have gotten such a durable response.

The fight is not finished, my fight is not finished, and your fight is not finished.

Please, on behalf of all those that I'm here to represent, when the work is difficult and the hours are long, lean into it. We're all depending on you. Thank you for my miracle.]

The first doctor Jack Gillivan saw after he was diagnosed said there was no treatment and told him,

"Jack, tomorrow is offered to no one." But Jack persisted.

We talked to him last night and he told us something that most companies don't like to hear—but that we love to hear.

He said: "Pfizer, I'm no longer using your product." After four and a half years, his last tumor is gone and he is living a full, active life with his family.

This is what gets us to work every day. So, I ask again: Can we seize this moment to reform health care in the United States, so we can help more people like Jack Gillivan?

The answer is simple: We must. ♦

HONORABLE MENTION: PUBLIC POLICY CATEGORY

Beyond Wisdom: Business Dimensions of an Aging America

Writer: P. Michael Field/Speaker: Yash Gupta

Delivered at the Bayview Medical Center, Baltimore, MD, November 12, 2009

I imagine this. You are boarding a routine business flight. As you get on the plane you notice the pilot looks perhaps a bit... *grandfatherly*. In fact, he is only two years away from his FAA-mandated retirement age.

You sit and open a magazine. You know, in advertisements airline flight attendants always look like the champagne they are pouring: fresh and bubbly. But looking around the cabin at the flight crew the words that instead come to mind are *mature* and *no-nonsense*. All three flight attendants are in their 50s.

You are belted comfortably, your seat is in the upright position, and you have just felt the wheels lift off the runway from LaGuardia Airport.

Only a couple minutes into your flight there is a loud bang, followed by another loud bang. Flames shoot out from the plane's two jet engines, and then they both go silent. Less than three minutes later, the pilot makes one terse announcement: prepare for impact.

The next thing you know you're floating on the Hudson River and the flight crew is quickly and efficiently moving you on to the wings of the aircraft. They know their jobs.

Flight attendant Doreen Welsh is 58. She's been flying since 1970 — almost 40 years experience. Sheila Dail is 57. She's been flying since 1980, and the other flight attendant, 51-year-old Donna Dent, has been flying since 1982.

As you watch the rescue boats approach, one thought goes through your mind: At moments like this, who needs fresh and bubbly?

The story of Flight 1549 suggests that in our society perhaps we have been too quick to praise youth, too ready to underestimate the value of age, wisdom and experience. One thing is certain: as we look forward to the middle years of the 21st century, we are going to have ample opportunity to discover if our assumptions, our prejudices, and our policies about older people are valid — or if perhaps we have some serious reconsidering to do.

Good morning.

I am so pleased to be here today. And I am honored to be asked to deliver the Elizabeth L. Rogers, MD Visiting Lecture in Geriatric Medicine. Thank you, Chris, for that very kind and generous introduction. Dr. Durso is a graduate of the Carey Business School, having received his MBA degree in 2007. We are exceptionally proud to call him an alumnus of our school.

In years past this lecture has offered insights into how scientists, clinicians and health care administrators might improve the health, well-being, and medical outcomes of aging Americans.

Today, I want to take a somewhat different approach. You may have wondered, 'What has the dean of the Carey Business School got to say about geriatric medicine?' The answer is this: about the medical science of geriatrics, very little. But regarding the *outcomes* related to our ability to enable people everywhere to live longer — a great deal. This morning I want to turn our focus from the causes of increased life spans to their effects.

Every seven seconds another American turns 65. We are a graying population. And that huge cohort of Americans known as the baby boomers is just entering their senior years. What does this mean to us as a society, as a nation, and as an economic player in a newly globalized world economy? For too long we have been focused on the freshness and bubbly effervescence of youth. What we now need to understand is the capacity, wisdom and experience of older age. What can we expect—and how can we best prepare—for this marked change in our society, when the number of Americans 65 years and older moves from about 12 percent of our population today, to a projected 20 percent in the year 2030?

When we look back at the 20th century, we see an era of unprecedented technological change and progress. It witnessed everything from the invention of radio and television to airplanes, rockets and the atom bomb. But perhaps the single greatest achievement is what happened right here — and in other academic medical centers around the world.

The biomedical revolution of the 20th century profoundly altered our world — more than television or radio, more than jet travel, more than the atomic bomb. Consider this: life expectancy at birth in the United States in 1901 was 49 years. At the end of the century it was 77 years, an increase of greater than 50 percent. Similar gains have been enjoyed throughout the world. Life expectancy in India and The People's Republic of China was around 40 years at mid-century. At century's close it had risen to around 63 years. Vaccines and antibiotics and better understanding of human health, nutrition and disease states have led to these enormous advances.

This may have been not just the crowning achievement of the 20th century, but even perhaps one of the most profound revolutions in recorded human history. And while it was just gathering steam, in 1936, a Columbia University professor by the name of Robert K. Merton published an article in the *American Sociological Review* titled "The Unintended Consequences of Purposive Social Action." In this article, Professor Merton postulated that when we take bold and even visionary action, even if everything goes according to plan, sometimes paradoxes and strange outcomes can arise. This was the first formulation of what is now commonly called the law of unintended consequences.

Today, as we unfold the 21st century, this law of unintended consequences has special relevance to the great increase in life spans achieved in the 20th century. One hundred years ago, in the developed world as a whole, about 3 percent of the population was over 65. Today that number is 15 percent. By 2030 it will be 25 percent. Think of it — a quarter of the population aged 65 or older! And many of them will be considerably older. By the year 2050, five percent of the American population—that's one in 20—will be age 85 or older.

The unintended consequences of this profound demographic shift will be felt around the globe. In particular, I think there are four areas in which it will have enormous importance. First: at the societal or sociological level. Second: in the economic and thus the political sphere. Third, in all matters related to health care, and in particular, how resources within this \$2 trillion industry are allocated. And finally, number four, in the realm of education. In the next few minutes I'd like to consider what the demographic changes ahead mean in each of these four areas.

First — Aging as a Social Issue

Here in the United States, the aging of America coincides with, and amplifies, the diversifying of America. This country has a long tradition of accepting immigrants. I should know. In the second half of the 20th century that immigrant stream came increasingly from non-European countries. In general, immigrant families tend to have higher birth rates. By the turn of the millennium, whites in the U.S. had an

average of 1.9 births per woman, compared with 2.0 births among Asian Americans, 2.2 births among blacks, and 3.2 births among Hispanics.

This has a two-fold effect. First, as is often reported, the country is becoming less white. In 1980, Caucasians comprised 82 percent of the American population. But by 2020, they will be just 62 percent of the population — still a majority, but considerably reduced. And the skew of that population will be especially noteworthy. More and more white Americans will also be older Americans. At the same time, more and more of the youngest generation are being born to non-whites. In 2001, for instance, ethnic minorities in the U.S. contributed 42 percent of all births, even though they made up only 31 percent of the population.

It is not my intention here to make any sociological observations or predictions based upon purely racial or ethnic characteristics. But it is worth considering one behavioral tendency in light of this shift in color across generations. Americans tend to segregate by race where they live, and have continued to do so even after segregation laws were abolished. Now older Americans are congregating to a greater degree in certain regions because of weather, or in specific communities like the Erickson retirement communities pioneered here in Maryland. But we must ask: how will this play out? Because of the national demographic shift, those centers will become increasingly more white than the population at large. This, along with wealth and social status differentials, will perhaps make it more difficult for the people in those communities to find common cause with their neighbors and fellow citizens in the larger public sphere. Democracy however, only works when we find the means to work together.

In rural and non-mobile societies, aging is a process that occurs at home, in the embrace of an extended, multi-generational family structure. In some important sense in this situation the older people become honored and important members of the community.

This is not the case for us. Advances in medical care and reduction in disease burden among older Americans means that today's retirement communities are active and vital places. But they are increasingly forming worlds of their own. There has been little attention paid to the social consequences of older Americans self-segregating in this way. Are we in fact creating 'geriatric ghettos' that are self-contained, self-referential and in some profound way disconnected? Do we stand in danger of losing the shared commitment to the common good?

Certainly there is evidence suggesting that as the population ages, its commitment to the next generations declines. We see it when we enter a debate about shared sacrifice for the nation's future, but Social Security and Medicare are immediately exempted. We see it when any talk of tax increases to reduce a national debt that could potentially cripple future generations is rejected out-of-hand. And we

see it when the news has images of Medicare recipients holding signs protesting against health care reform.

We face a challenge, therefore, as more and more Americans enter their senior years. We must find ways to prevent—as much as possible—a generational disconnect magnified by issues of race, ethnicity, social class, and living arrangements from becoming a generational chasm.

Number Two: Aging as an Economic Issue

This morning I am speaking largely to the *American* experience of an aging population. However it is important to remember this occurs in a *global* context that has profound implications for our economic competitiveness and standards of living. Across the globe, the average age of national populations is advancing as countries rich and poor have fewer children.

In Britain it took 130 years—from 1800 to 1930—for the fertility rate to fall from an average of five children per family to two, the replacement rate of fertility that leads to stable populations. In South Korea, that transition took just 20 years, from 1965 to 1985. In Iran it dropped from seven in 1994 to fewer than two by 2006 — and the number for women in Tehran is just 1.5! We are witnessing an unprecedented race to stable population states, and we know that as families get smaller, they get richer too. What this also means is that many emerging economies today have vast resources of young people. In India the average age is 25. In Mexico it is 23. Compare that with Japan or Italy at 42 or the United States at about 36.

Historically, aging populations have meant slower rates of economic growth. A country with an average age of 23 or 25 is in a 'Goldilocks period' with few dependent children, few dependent grandparents, and a lot of adults in the middle who are ready and eager and willing to work. As the average age of a country moves into the 40s, an increasingly larger proportion of the population is made up of retirees. The result? The rate of economic growth falls.

These demographic changes have enormous business implications. Where will we get the workers necessary to make our economy function? In the U.S. the workforce grew by almost 30 percent in the 1970s as the baby boomers grew up and more and more women went to work. Through the 1990s and up to the present time the rate was around 12 percent. In the next few decades it will be only two or three percent. What was once a flood of new workers will decline to a trickle.

Prior to our current economic troubles, the Bureau of Labor and Statistics was projecting a shortfall of 10 million workers in the U.S. economy next year. In Western Europe the potential problem is even more severe.

If you try to foresee what cataclysmic challenges confront the business community in the decades ahead there are three that warrant special attention. On a global level, how can we build new models of environmentally sustainable businesses? On the transnational level, how will we

incorporate and embrace the enormous emerging economies of India, China and other Asian countries? And on a national level, how will we adapt to older consumers and older workers? Today's mature adults control more than \$7 trillion in the United States, representing 70 percent of the total wealth. As our population ages, more and more spending power will be concentrated in the hands of older and older customers. American companies will have to adjust not only what they are going to sell and the services they will provide, but also the makeup of the workforce that will perform these functions.

This new demographic reality can have surprising repercussions. Three years ago the U.S. Army raised its age limit for enlisting from 35 to 42. The Army recruits about 80,000 soldiers a year, and now about 5 percent of its incoming corps is made from this new category of older soldiers. The aging of America has profound implications for employment trends.

But where this trend is most problematic is in the area of retirement, and the expectation of most Americans that after a lifetime of work they will be able to enjoy a significant period of leisure as a sort of reward. Already this notion is beginning to meet conceptual as well as practical challenges. It is no coincidence that publications like the *Harvard Business Review* has begun to print articles with headings like "It's Time to Retire Retirement".

Our whole retirement system, and the expectations that have grown up around it, is a study in the law of unintended consequences.

When the Social Security system was introduced in 1935 most existing schemes used age 65 as the age of retirement, so the planners made a rough guess that this was a good age for their system too. At that time typical American workers were expected to live and collect benefits for only a year or two beyond the age of 65. Subsequent studies showed that this age produced a manageable system that could easily be made self-sustainable with only modest levels of payroll taxation. In the United States, as in most other countries, we adopted a 'pay-as-you-go' formula that depends upon the generation of current workers to pay the expenses of surviving retirees.

What wasn't anticipated is what happens when the average worker begins living 12 or more years beyond their retirement date, as they do today, with projections of even greater life spans ahead. In the OECD countries an average man in 1960 could expect to spend 46 years in the workforce and a little more than one year in retirement. By 1995, the number of years in the workforce had decreased to 37, while the number of years in retirement had jumped to 12. In Italy by the year 2000, the median retirement age had dropped below age 59, and the typical worker could look forward to a retirement duration of almost 21 years! But who is paying the bills?

On one hand this is a wonderful achievement. But more retirees living longer coupled with the slowing of the

growth of the labor pool means that you will have fewer workers available to cover, through their payroll taxes, the costs of retirees. This is a problem in America, but in Europe it is very nearly a crisis, with predictions of only two workers available per retiree by mid-century. And in China, which has a two-decade history of enforcing its one child policy, the possibility exists of one day having less than one worker per retiree. This is where crisis becomes catastrophe. Can these systems even be sustained?

The evidence suggests there is a real danger here, especially when you consider the tax rates imposed to prop them up. Twenty-four countries (two-thirds of which are in Europe) now have payroll tax rates that equal or exceed 20 percent of wages.

Part of the reason for creating retirement systems like Social Security in the first place was to remove workers from the labor force to make room for younger workers just starting out. It was a humanitarian means of backfilling employment. However, this is a blade that cuts both ways.

Just as you can arbitrarily choose a retirement date in order to encourage workers to move *out* of the labor pool, so too you can—at least in theory—raise that age to move more workers back *in*. The United States, Britain and other countries have already begun moving in that direction, but of course it is not easy as a political matter to simply announce to people they now have to work more years before retiring.

Here is an area where the business community has an opportunity and an obligation to play an important leadership role. Remember there are very few industries—...other than commercial airline pilots—... that have mandatory retirement ages. The challenge facing American businesses is to develop new and flexible working arrangements for older workers that will allow them to enjoy a comfortable half-way experience between full employment and full retirement. This will both address national labor needs and ease the strain on our payroll-based retirement system.

The Third Issue: Aging and Health Care

I think we can all agree that it is in the realm of health care that the aging of America is drawing the most attention.

I don't need to tell a gathering of the nation's leading geriatricians that there is an underlying disconnect between our health care system as it currently exists, and the requirements of an efficient and well-managed program. Recent reports have warned of shortages of 24,000 doctors and nearly 1 million nurses in a decade's time. The number of trained geriatricians in this country is shockingly low—one estimate says there are fewer than 8,000 in practice—and the number of Americans with chronic illness or degenerative conditions such as cancer, cardiovascular disease or arthritis is astonishingly high — in excess of 100 million. These are illnesses that require long-term care management, typically by teams of highly skilled caregivers.

Meanwhile, the supply of voluntary, unpaid caregivers

is shrinking as smaller families, with fewer children, and more working women, reduce the number of potential candidates. It is worth noting that in the United States today, twenty percent of women ages 40 to 44 have no biologic children. Who will provide care for them when they reach advanced age? As is sometimes the case, the difficult choices facing us as we age are generally issues we choose not to discuss.

As a society we have become very good at denying our own mortality. There is a saying that Europeans *know* that death is *inevitable*; Americans *believe* that death is *optional*. I have always found that rather telling.

There was a fascinating column in the *New York Times* not long ago about a study conducted by the Pew Research Center. The center surveyed about 3,000 adults aged 18 and older and asked them first how old they were, and then how old they *felt*. They discovered that there is a gap between actual age and what we would call reported age. Not only that, the gap gets larger the older the person responding to the questions. Most adults over the age of 50 reported feeling 10 years younger than their actual age. But between 65 and 74 a sizable number reported feeling between 10 and 19 years younger, and there was a significant number of 75-year-olds who reported feeling 20 years younger than their real ages.

It is not surprising then that today's older Americans—and particularly the baby boomer generation—have driven unprecedented demand for vitamins and tonics, cosmetic surgery and knee replacements, and youth-giving therapies of all kinds.

On the Internet a website called RealAge offers a 150-question test covering lifestyle and family history. From that information assigns a 'biological age' of how young or old your habits make you. It then makes recommendations of how to get 'younger' through better living and non-medical solutions, such as sleeping more or taking multivitamins or daily exercise. To date, this online test has been taken by—are you ready for this?—more than 27 million people. www.realage-dot-com. Don't worry, I will be happy to repeat that web site address for you at the end of my remarks if you want to make a note.

This is an important metric. It is a telling indication of the deep and abiding interest among older Americans of feeling and looking younger than their actual age.

And it suggests two trends, the first of them fairly obvious. Number one, if you have a drug, device, therapy or procedure that in some way turns back the clock—or even makes the claim to halt or reverse aging without even offering any proof—there is an enormous and ready-made market waiting out there and the potential to make huge sums of money. Consider only Viagra, popularly portrayed as a fountain of sexual youth, which has recorded U.S. sales in excess of \$1 billion since it came on market 10 years ago. And that doesn't even consider its main competitor and market leader Cialis!

But there is a second trend that may be more problematic. How will an aging America choose to spend its limited health care dollars, both for current care and for research into new therapies? Health care professionals are aware that chronic disease is perhaps the primary driver of medical costs and accounts for something on the order of 80 percent of health care expenditures. If—just hypothetically speaking—we could discover a pill to prevent diabetes, the health care savings, and the reduction in human misery and premature death, would be enormous. Now the likelihood of such a pill being discovered is small. But we do know already, starting today, that if we could reverse the epidemic of obesity, particularly childhood obesity, that has engulfed this nation, we could make huge strides in reducing the subsequent incidence of diabetes.

But even in the United States medical resources are finite and limited. How are we to balance the demand for the management and treatment of the growing number of diabetics—particularly among the elderly—with the opportunity to reduce the incidence of this disease at some future date?

I would suggest that the allocation of increasingly scarce health care resources is going to be the greatest national challenge to arise from the demographic shift now underway. There will be a strong temptation to stint on future health goals in order to address the acute medical needs of the present. But I am also an optimist in this regard, because I believe the enormous pressures to make more efficient use of our health care dollars will present unique opportunities for visionary business leaders to create new models and modalities of health care delivery.

Fourth and Finally: Aging, Education, and the Knowledge Base

When Captain Chesley Sullenberger glided his crippled U.S. Airways airplane to a near-miraculous landing on the Hudson River, he did so with more than 40 years and 27,000 hours of flying experience.

Since 2007, Captain Sullenberger has run his own safety consulting business which provides emergency management, safety strategies and performance monitoring to the aviation industry. He is, in other words, a world-class expert in aviation safety, and it is fair to say, the person you would most want to have at the controls of your air flight in that critical situation.

In no small way, Captain Sullenberger is emblematic of how older Americans by their many years of experience and education represent an irreplaceable national resource of skills and wisdom.

This, of course, is a particular provenance of our universities, the institutions uniquely designed to define, protect and transmit our civilization's store of knowledge. Our system of higher education will need to play a leading role in finding and educating those million nurses, 24,000 doctors, and all the other workers in health care and beyond that will be needed in coming years.

Some colleges and universities are already beginning to look at the pool of older Americans who skipped college the first time around, as perfect candidates to fill these needs. In Kentucky, the state university system wants to double the number of adults in the workforce holding college degrees in the next 12 years. To do so they have identified more than 10,000 state residents with some college credits completed, and are wooing them back to complete their degrees in an effort called Project Graduate. In Ohio there are an estimated 450,000 citizens with some credits but no degrees who are being targeted under a plan called Complete to Compete.

Currently in the U.S. about three percent of all part-time and full-time undergraduate students are age 50 or older. Looking forward, our colleges and universities—and yes, our schools of business—must help prepare for the profound changes that will accompany an older, grayer America.

In one sense, we have already arrived at an inflection point, which has been amplified by a slowdown in voluntary retirements because of the recession and losses in the value of retirement portfolio assets. Dropping retirement rates can lead to a core productivity problem as more and more people hold on to their jobs for longer and longer. These more expensive workers have the effect of raising costs and potentially putting companies at an economic disadvantage. And in seniority-based systems where the last hired is first fired—for instance union jobs—a deep and prolonged downturn can have the effect of removing younger and newer workers permanently, as they are forced eventually to find other lines of work.

Meanwhile, when a bad economy forces workers to stay long after they would like to retire, you build a pent-up demand for retirement. When the economy recovers and stock portfolios rebound, you are suddenly faced with a capacity problem when retirees leave in great numbers, taking all their knowledge and experience with them.

This is the so-called ‘knowledge transfer’ challenge. Although it has been much discussed in recent years, its solution remains more of an aspiration than a successful practice. Few companies have put mechanisms in place to make knowledge transfer happen. A 2003 survey by the Society for Human Resource Management suggested there is little planning underway to prepare for the effects of the coming wave of retirements. More than 70 percent of companies responding had no benefits or programs available to retain key older workers; nearly 60 percent did not directly recruit mature workers.

In America we face a special challenge. Throughout the 20th century, the United States led the world in one very important statistic. We were the nation with the highest percentage of young people aged 18 to 22 enrolled in college. This is no longer the case. Other countries are doing better at providing their young people the education they need to thrive in the knowledge economy. We often talk about how expensive elite schools like Johns Hopkins have

become. This is what grabs the headlines. But it is the non-elite schools that educate the vast majority of our college students that really need our attention. In the mid-twentieth century we sent tens of thousands to college on the GI Bill. Then later as part of the Great Society we provided Pell Grants to give college opportunities to many thousands who could not otherwise afford it. And at the same time, there were many no-cost or extremely low-cost opportunities to get a college education, such as the City College system in New York, and the California state university system. This represented an investment in our future, and it gave us a huge competitive advantage. But we have retreated from these programs, and abandoned some outright.

Here again, and in the starkest terms, we see a potential conflict of the generations arise. With limited financial resources, do we focus on making sure American seniors have secure and stable retirements? Or, do we maintain our historic investment in the world’s best and most open system of higher education?

The problem is compounded by the skew in fertility rates mentioned earlier. A greater percentage of children are being born to families further down the economic ladder. Consider that in the context of this stark reality: a child born to a family in America with a household income of \$90,000 or more has a one-in-four chance of going to college. If the family income is \$35,000 or less, that chance drops to just one-in-forty.

While American businesses must be re-examining how they can best use the skills and abilities of an aging workforce, they must also have their eyes to the future. They must be forging partnerships with colleges and universities to help prepare the future generation of business leaders. Some elite institutions have begun offering free education to the children of families making minimum wage or below. Here at Johns Hopkins, we have the Baltimore Scholars program that offers a free Hopkins undergraduate education to any qualified student who graduates from the city school system. This is a start, but much much more will be needed.

From a business perspective, we face an urgent and critical need to address the aging of America strategically. We must begin by asking, what skills do we need? What skills are we in danger of losing? And how can we find innovative new approaches to retain—and when necessary replace—these skills, recognizing that the steady and significant growth in the labor force we have come to expect may no longer be available? Business mind-sets must change, marketing strategies must change, HR policies must change, and change is never easy. But at the core, this demographic shift—and in many industries it is going to be felt more like an earthquake—is a wonderful opportunity to re-engineer, re-imagine and rejuvenate how business done in America.

Let me conclude by thanking you for indulging me in this exploration of at least some of the societal and business

implications of the global demographic transformation we are witnessing. For those of us involved in business, either academically or in practice, this is a tremendously exciting and challenging time to be grappling with these issues.

To sum up, in 2006, almost 500 million people worldwide were 65 and older. By the year 2030—just two decades from now—that total is projected to increase to 1 billion, or one out of every eight people on earth. Midway through the coming decade—and for the first time ever—people over 65 will outnumber children under the age of 5. This is a tidal wave of change, and it will have dramatic effects on social entitlement programs, labor supply, trade and savings around the globe. Socially and economically, medically and educationally, these changes present unique challenges. Many of these issues are new, and we are still coming to terms with their solutions.

For my part, I am convinced above all of one thing: it is by insuring the future of our young people that we can best

provide for those who grow old.

A strange way to end a lecture dedicated to geriatric medicine you may think. But this makes perfect sense, because remember, we were all young once. Our challenge is to gain the wisdom and experience of a Captain Sullenberger, but never lose the excitement, the enthusiasm, and the optimism of our youth. As a nation we are growing older. The challenge is, how young can we remain? And yes, for those who are curious, I did pay a visit to that little quiz you can find at www-dot-realage-dot-com. My score? 25.

This is an audience that has probably thought more than any others about the aging of America. I hope I have been able to provide some fresh insight. Thank you for giving me this opportunity to offer my perspective. Now I would be delighted to take your questions and comments as we continue this discussion.

Thank you. ♦

HONORABLE MENTION: PUBLIC POLICY CATEGORY

The Path Forward on Climate Change

WHY AUSTRALIA NEEDS TO ENGAGE NOW

Writer: Fletcher Dean/Speaker: Andrew N. Liveris, Chairman & CEO, The Dow Chemical Company
Delivered to The Climate Alliance, Melbourne, Australia, November 17, 2009

G'day and thank you for inviting me to be part of this critical meeting of the Climate Alliance.

Everyone who delivers remarks to a conference by video instead of in person says, "I wish I could have joined you in person."

In my case, those sentiments happen to be very, very true. As you can perhaps tell from my "lack" of an accent, I grew up in Australia — born in Darwin, moved to Brisbane when I was 15, and eventually earned a degree in chemical engineering from the University of Queensland.

I mention my down-under roots not only because they give me something in common with those of you watching me in Melbourne. But also to point out that I know first hand that this land's environment is magnificent, but fragile. And like you, I'm acutely aware of what changing climates can do to Australia's crops and livestock and, ultimately, to its economy.

That's why I believe that when it comes to addressing climate change, Australia must be a leader. We have too much at stake to ignore it or let someone else lead the way for us.

That's why I'm so glad to see the Climate Alliance come together. It's a chance for this great country to put its best foot forward — to help lead the other developed countries of the world — as we all look for solutions to a challenge that knows no country boundary.

So let me begin today by talking about fundamentals

that have brought you to Melbourne today — climate change, sustainability, and the business community.

Today, the world emits approximately 32 billion metric tons of CO₂ a year. That is up from 24 billion metric tons just 10 years ago ... roughly a 35 percent increase.

Why are CO₂ emissions continuing to grow? Simply put, because the world's economy continues to grow. The global economy is in crisis right now, of course. But the long-term trend is clearly for continued growth, in the developed world and especially in emerging markets, such as India and China.

And those economies are fueled by energy that, for the most part, comes from the combustion of fossil fuels. That combustion creates CO₂. And when you pull it all together, growth of the economy, which is good, equates to growth in CO₂ emissions that are changing our climate.

The issue before us today is not whether climate change is man-made. The evidence is clear and convincing that CO₂ emissions are growing and temperature is rising as a result. So the time for debate is over ... this is the time for action.

This is the time when we must step forward collectively and break the link between growth in the economy and growth in CO₂ emissions. If we don't take this action and break this link, there is only one alternative left. The economy must shrink.

And as each of you know, that so-called 'solution'

is palatable to no one, especially not the business community!

So, how do we — you and me and other corporate leaders — dissolve the connection between economic growth and rising greenhouse gas emissions while preserving economic growth?

Let me outline a multi-pronged approach built on three bedrock ideas:

First, we must use the technology available now to begin the process of slowing, stopping and reversing CO2 emissions in our atmosphere.

Second, the developed nations like the U.S. and Australia must step forward and lead this charge.

And third is the idea that, in our response, we must ensure that everything — and I mean everything — be on the table.

Let me explain, beginning with technology.

If we could all go back a 150 or 200 years in human history, we'd probably be appalled at how people lived. Medicine was scarce if it existed at all. Water quality was poor around the world. Communication often took days and weeks. Lives were shorter and terribly more difficult. In short, life was hard.

Today, we can pick up what our ancestors would consider miracle drugs virtually anywhere. Communication is instantaneous. Water quality — while not universally better — has been improved immeasurably.

And the biggest difference between then and now? Technology. A little more than a hundred years ago, the elements of modern chemistry began making possible the technological advances that allowed our ancestors to make huge advances in quality-of-life issues. It provided medical solutions so they could lead healthy lives. It provided advances in electronics and water purification. It provided new housing solutions and affordable energy.

In short, technology was the enabler that allowed them to lead fuller, healthier and happier lives.

And just like then, technology today is paving the way for a more sustainable future. I know this for a fact because I see it at work at my own company every day.

Everyone knows the chemical industry — the industry I represent — is one of the largest users of fossil fuels. For Dow's global operations, for example, we use the energy equivalent of 850,000 barrels of oil every day. That's probably a familiar sounding number, since it is nearly equivalent to the daily oil consumption of ... well, of Australia.

What fewer people know is that since 1990, Dow has reduced our energy intensity by 38% saving 1,600 trillion BTU of energy. This savings is equivalent to the energy needed to power all the residential buildings in California for one year.

During that same time, we have reduced our absolute greenhouse gas emissions by 20 percent — well beyond Kyoto targets. This has prevented 86 million metric tons of CO2 from entering our atmosphere.

How much did these energy and CO2 reduction cost us? You may be surprised to know that for an initial investment of \$1 billion, we have delivered \$8.6 billion in savings to Dow's bottom line. After all, like those of you in Melbourne today, we're a business, not a philanthropy.

But being a business that has as its mission "to constantly improve what is essential to human progress by mastering science and technology" we believe there is ample room for us to make money AND make a difference by being a solutions provider.

That's why we continue to target new and more impactful sustainability goals that include aggressive climate change targets.

One of our targets is to reduce our energy intensity by 2015 by a further 25 percent and our greenhouse gas intensity by 2.5% a year.

Improving efficiency is a good short-term solution but it's not the only solution. Long term, we are working toward more renewable energy sources like wind and solar.

All of these solutions to climate change depend critically on advances in technology.

Some of that technology is still being developed and some is on the cusp of becoming mainstream. But much of what we need already exists. What we need now more than anything is action to put that technology to work, which brings me to my second point.

Australia and the other developed nations of the world must lead the way on developing actionable solutions. At Copenhagen and in other multilateral forums, for example, we should be drawing on our experience and expertise to advocate for targets, timetables, and standards that will help the world community break the bonds that tie economic growth to rising greenhouse emissions.

We can't wait for others to lead ... nor should we. Climate change is real. But so are the business opportunities it represents.

At Dow our proactive approach so far has allowed us to focus on sustainability and climate change through technology and innovation. We've opened new paths to growth and high corporate performance without being forced to act by government.

The Climate Alliance is a wonderful opportunity for you here in my country of origin to do the same ... to engage in a proactive way ... and to push our agenda into the world consciousness.

But make no mistake. Governments can't do it alone. They need the business community and the business community needs the government. In fact, this is the time — moreso than any time in our world history — when we need to forge new public-private partnerships so we can work together on the future.

A good example is the Global Carbon Capture and Storage Institute launched earlier this year by the government of Australia and of which Dow is a founding partner. It's a great example of government taking the lead and of

extending our existing energy supplies while waiting for alternative energy sources.

Other governments need to follow our example by stepping in, for example, and developing energy efficiency standards on things like buildings, automobiles and appliances that would be implemented by business. We need to work together — the public and private sectors — to set new national and international standards.

And we need to cooperate to ensure our technology solutions are affordable for every economy. That's critical because climate change is a global problem that requires a global solution. We in the developed world should lead the way but we cannot do it alone.

We need every business engaged, we need every technology engaged, we need every country engaged ... if we hope to successfully address climate change.

And that brings me to my third and final point. When it comes to addressing this great challenge, we cannot afford to leave any solution behind. We need them all.

What does that mean in reality? What are the practical implications?

It means that, in the short term, there is no alternative for fossil fuels in our energy mix. Yes we need alternatives and companies around the world — my own included — are working aggressively to develop more efficient and more advanced energy sources.

For the most part, however, these solutions won't have an appreciable impact in the near term. Until they can be scaled up, we will still need to embrace what we have — natural gas, clean coal, oil and yes, nuclear — to ensure our economies moves forward. And we need government support to find ways to use these existing energy sources in a more sustainable way while we're concurrently developing the new energy sources of the future. That includes, by the way, developing nuclear waste handling standards and

international agreements on where the waste goes.

It will be expensive and it will take time. But by working cooperatively together — with true public-private partnerships — we can make it work. In fact, we must. There is too much at risk to gamble away our children's heritage.

But to make it happen — to successfully address climate change in our generation — we must embrace the technology we have today to ensure we're all living as efficiently and sustainably as possible. That means setting efficiency standards for houses, buildings and automobiles.

It means we must use our power as developed nations to establish the targets and standards and timetables necessary for us to move forward with strong public-private partnerships.

And we must use everything in our arsenal to forge new solutions. There is no one silver bullet that will solve our problems. No one energy supply. No one technology.

As we move forward, we must keep in mind that it will be the sum of our technologies, the sum of our energy sources and the sum of our willpower that will carry the day for us.

By coming to this launch today, you have demonstrated that you understand this ... that you appreciate the business opportunities and the challenges that climate change presents.

Simply by being here you have taken an important step to strengthening your bottom line while also being a steward of the bounty that surrounds you in a land we all love.

But now is the time to step forward yet again and allow Australia to be the leader I know it can in addressing this great challenge. Remember that we at Dow stand beside you — ready willing and able — to help promote the changes necessary for us all to tackle this mutual challenge.

Thank you for allowing me to share my thoughts with you and thank you for coming together to help secure Australia's future. ♦

WINNER: COMMENCEMENT ADDRESS CATEGORY

Commencement Speech by Anne Lynam Goddard

Writer: Jeffrey Porro/Speaker: Anne Lynam Goddard, President & CEO, Christian Children's Fund

Delivered to Assumption College, Worcester, MA, June 15, 2009

Thank you for that kind introduction. And my thanks to my wonderful alma mater for the great honor of inviting me to speak on this special day.

It is always a joy to come back to here, to the fond memories of a place that played such an important role in my life. But it is really exciting to be here on a day that is so important in the lives of each and every one of you.

I think it's safe to say that have I have a lot in common with just about every one of the faces I see here today.

Parents, not only are you and I pretty much in the same

generation, but a year ago I was in the same situation you are in right this moment I was listening to a commencement speaker at my son's graduation from Virginia Tech.

So I believe I know what you're feeling: **joy**, of course, at what your son or daughter has achieved. (Oh yes, and that those tuition bills won't be arriving every semester any more.); **relief** that you and your child made it through pretty much unscathed.

And maybe just a *little* apprehension, that your mature, responsible young adult might be tempted to tell you some

of the things that really went on here, when you weren't around.

I also have a lot in common with you new graduates too, though you may find that a little hard to believe.

After all when I went to school here we were pretty much in the technological Dark Ages. Can you image going a whole day, let alone four years without a single text or Tweet? Well, we didn't even have fax machines. (Your parents can explain to you what those are).

iPods? Forget it. The Walkman hadn't even been invented yet.

I wrote my papers in long hand then typed them out because the personal computer had not moved very far from Steve Jobs' and Steve Wozniak's garage.

I graduated the year Saturday Night Fever came out, along with the first Star Wars movie, and the first Rocky.... and gas cost 65 cents a gallon.

Yes, it was long, *long* time ago.

But even though the times were very different, I do have a lot in common with the class of 2009 graduates... because like many of you, I was profoundly changed by my years here.

If you had asked me when I arrived here in 1973 who among my classmates was the *least* likely to be chosen to be a future commencement speaker, I would have chosen... myself without a doubt.

My Irish immigrant parents quit school when they were 13. The nuns had to convince my mom that college was a good idea for her daughters, and I was the first in my family to go out of state to school — travelling all the way from New Jersey to Assumption.

Now I have to admit that, pretty early on, I gave my mom some reasons to have second thoughts about letting me go. In those days, one of the campus traditions was a tug of war across the duck pond. The losing team, of course, wound up *in* the pond.

Well, the tug of war took place the first month I was here; my team lost; and we got good and soaked. So all of the girls ran to our dorm and threw our jeans in the dryer. Unfortunately, when it came time to sort out the clothes, mine got lost — my favorite pair of blue jeans was nowhere to be found.

So now I had to explain to my conservative Irish Catholic mother how I managed to lose my pants during my first month away at college.

Bless her heart, she let me stay. And before long Assumption was expanding my horizons. First, I was introduced to an exotic life form — the American Protestant. Yes, because I'd grown up in an Irish Catholic community, I had to come all the way to Worcester to meet someone who wasn't from a parish.

And then Assumption exposed me to something even more out of the ordinary, something that had been the object of fascination — and fear — while I was growing up — the public school student.

Of course, there were no public school students in my Catholic schools. Not only that, whenever anything bad happened in my town, the nuns assured us that public school students had done it. Assumption helped me get rid of that stereotype.

And that was just the start. I'm sure that the class of 09 is filled with better writers and thinkers, thanks to Assumption. My time here certainly taught me how to analyze something and write my opinion on it in a convincing manner.

I'll bet that many of you have gained leadership skills from your time here. I'm grateful for the leadership opportunities Assumption provided, though of course some of those were the kinds of lessons you learn from making mistakes.

For example, I learned pretty quickly that I have a problem with acronyms. Dr. David Siddle, a professor of human services and rehabilitation studies, was a major influence on me. He encouraged me to become a leader of the National Rehabilitation Association. Unfortunately, in the first meeting announcements I wrote I abbreviated the organization's name with the initials "NRA." My husband, who is a gun control activist, still gives me a hard time about that today.

I have to admit, that was not the worst example of acronym problems. I was a residence advisor for several years. One of my duties was organizing the welcoming parties for administrators, who would come to live with us on our dorm floor for a semester. One year, our guest was the Assistant to the Dean. So I prepared a big sign inviting our residents to come to a welcome party. I wrote the words "Assistant to the Dean" in huge letters. Unfortunately, I abbreviated "assistant" with the letters "A..S..S"

Fortunately, that administrator had a sense of humor.

I'm sure Assumption has expanded your horizons even more than it expanded mine. And I know something else about you 2009 graduates. Although this is one of the most exciting days in your life, it is also a time of... well maybe not fear exactly—but "concern" both for you and your parents.

Part of it is the fear of the unknown that all graduates face —my class as well as yours— after four years of knowing where you'll be and who you'll be with the next year, now all the options are open.

But this year there are other reasons to be worried. You are thinking about entering the job market during the worst economic conditions in your lifetime, and in the lifetimes of your parents, too.

I'm sure you've already gotten a lot of advice from people my age and older on what to do about that—getting unsolicited advice is part of the graduation ritual.

I'm about to add to it, so I thought long and hard about what I might say in the hope it might be useful and maybe a little different.

I decided to say some of the things I wished someone had told me on graduation day that would have helped me relax about the future and make my way forward.

The first thing I want to say is, "keep your self open to

new experiences.” Assumption expanded your horizons. Don’t let the process stop here.

New experiences open your hearts as well as your minds, so you can find the things in life that are enjoyable and rewarding.

Let me give you an example of the power of new experiences that I learned from my own work. Christian Children’s Fund was founded in 1938. At the heart of our early operation was a plan to let individual donors contribute a set amount of money per month to “sponsor” an orphaned child in China. That approach continues today. What began as a modest effort to build and operate orphanages, has evolved into a global force working for children encompassing the globe. Today CCF operates in 31 countries and assists about 15.2 million children and family members worldwide.

I’ll say more about our work in a moment. But right now I want to tell you that heading up CCF gives me the opportunity to talk with children in developing countries all over the world. And everywhere I go, I ask them the same question, “What do you want to be when you grow up?”

No matter where I go, 99 percent of the kids give the same answer: they want to be teachers. Not business people, doctors, scientists, lawyers... *teachers*.

Now keep in mind that these are kids from countries and from cultures that are as different from each other as Boston is from Timbuktu.

The reason they all give the same answer is that poverty has narrowed their horizons—the only kind of professionals they have experience with are teachers.

The only exception came when I recently visited a group of school kids in Ethiopia. When I asked them my question, a lot of them said, “pilots.” I was puzzled until I realized their village was in the flight path of an airport, so everyday they watched the planes — and the pilots — fly by overhead.

Now clearly, every one of you here today in caps and gowns already has had a much wider range of experiences than the kids I talk with.

But I guarantee you that — as wide as your horizon may be today — it could be much wider. And if you expand it, you will have a chance to learn lessons you never dreamed of and discover the things in life that truly bring you joy.

When I graduated, I thought I had found exactly what I wanted. I loved Worcester, and I was happy working here as a social worker. But I also had the dream to join the Peace Corps. I thought I’d enjoy the two years away, then come back to live my life here.

For me, that time in the Peace Corps working in Kenya expanded my vision in wonderful ways I had never anticipated. First, it taught me some very practical life lessons I don’t think I could have ever learned anywhere else.

For example, shortly after my training, I was assigned to a village, and shortly after that I accompanied a local German doctor as he traveled around from one tiny place

to another checking on the local medical dispensaries. I guess because I was still in my “developed world” mindset, I did not bring any food and water along with me, not realizing that might be a problem.

Oh yes, and it was Thanksgiving Day, my first outside the U.S. Well, there weren’t any 7-11s, no restaurants, no road side stands — no food at all and hardly any water as we travelled around during a long, long day. Finally, that evening we reached a larger village, with plenty of water, and very generous hosts who said they would feed us.

So they brought out — not a turkey, but ...a cow...a live cow ... which they proceeded to slaughter, about two feet in front of me.

After I recovered my appetite, I was still starving, but it took hours to finish slaughtering and roasting the animal. By the time we sat down to eat, it was quite dark. Now in Africa when they cook a cow...they really cook a cow — pretty much everything, inside and out gets cooked and served. So here I was on Thanksgiving, sitting in the dark hungry, while people passed me parts of a cow I had never seen or even imagined before.

Finally, the German doctor leaned over to me and said, “Pick out something with a bone on it.” I did as I was told.

So Kenya quickly taught me to always be self reliant — and in particular when travelling in the Third World, even on Thanksgiving, bring your own food and water.

But that time in Peace Corps did much more than that — it accomplished what expanding your horizons always does — it helped me discover what I am passionate about — fighting poverty and helping children.

That passion has taken me from Kenya to Somalia, where I ran a small non-governmental organization or NGO, serving refugees at a time when a million desperate people had come across the border from Ethiopia.

It took me to Bangladesh, where I headed a women’s health and development project and saw how women who are better educated and have fewer babies can help break the cycle of poverty for their children. It took me to Indonesia, where I focused on the care and protection of infants and children under five.

And it took me to Egypt, where I was the first female country director for CARE in its 50-year history in Egypt, and where we took on the barriers that keep girls out of school.

And now it has taken me to Christian Children’s Fund.

CCF is a charity that combines humanitarian work and development work. In the midst of an emergency, CCF is there, as part of the relief effort. But after the crisis has passed, and others leave, we stay — fighting the root causes of poverty.

Of the very many development organizations in the world — CCF is most identified for its defining focus on children throughout all their stages of development. While we are committed to the health and education of children, we also believe children have the capacity to improve their own lives, to be leaders of the next generation. They can

bring lasting change to their families and communities in a way no adult or outsider ever can.

These views are the distinguishing features of CCF. Today, these views take the practical form of a distinctive three-part approach that follows the birth and growth of a child. First goal: healthy and secure infants. Second goal: educated and confident children. The final goal: skilled and involved youth.

Or, we can put it another way:

- Get healthy.
- Get smart.
- Change the world.

I would love for you to join us in the work we and other organizations do in helping children and fighting poverty around the world. The need has never been greater. Economists estimate that the global economic meltdown is forcing up to 53 million more people — a mind numbing number — into poverty this year. And far, far too many of them will be children. Those numbers are expected to grow much larger until the economy recovers.

But I'm really not here to recruit you to join me in *my* passion. Instead, more than anything I want you to find your own. Because once you find your passion, you will be taking a huge step toward achieving the kind of happy life everyone dreams of.

After finding your passion what's next? Simple: find a way to get paid for following it. Now at this point I can see many of you thinking, "Yeah right. Who's going to pay me for *that*?"

Let me say a couple things to answer that question. I'm smack in the middle of the baby boomer generation, and I can't tell you how many people my age and older who I talk to who say they wish they had followed their passion and not settled for something less.

Live all around the world in some of the poorest communities in the world...and raise a family...and have a rewarding career... doesn't sound possible, right? But I did

it because I decided to do what I was passionate about.

Your passion will give you the power to find a way to make a living doing what you love.

Now I'm sure some of you are thinking, "Well, people who can earn money doing what they love have incredible luck. That's the kind of luck I don't have."

You know, I've been doing a lot of thinking about luck recently, about luck and fate. In the last year, my son was shot four times by the Virginia Tech shooter... and we learned my husband had cancer. Both survived, both recovered and both are doing well.

So I know very well that, of course fate controls our lives in extreme circumstances. But my personal philosophy is that most of the time luck is like the early version of the Mario video game. You know the one where the little platforms are moving up and down, and you have to make sure you jump when you're on one that is moving up. You're in trouble if you jump when one is moving down.

Luck is like that — if you pay attention, seize the opportunities at the right moment and make that leap — you'll be lucky. You'll find that job that pays you and feeds your passion.

Let me close with a quote. The words of the quote are powerful in themselves, but they have a special meaning because of the circumstances when I first heard them. When I was a CARE director in Egypt, one of my colleagues was [NAME] who was CARE director in Iraq. Unfortunately, she was also one of the first casualties of the Iraq war.

A few weeks before she was killed, we were in a meeting, and she said she had just heard Maya Angelou speak. Maya Angelou said, "[the] mission in life is not merely to survive, but to thrive; and to do so with some passion, some compassion, some humor, and some style."

Assumption has given you the tools you need to thrive. Now it's up to you to make a life filled with passion, compassion, humor, and style.

Thank you. ♦

HONORABLE MENTION: COMMENCEMENT ADDRESS CATEGORY

Be Explosive! Maximizing Chances from Chaos

Writer: Tim Hayes/Speaker: Jimmy Williams Jr., President, Alcoa Defense Incorporated
Delivered to The Pennsylvania State University Class of 2009, May 16, 2009

[After being introduced by Chancellor Kevin Snyder... wait for quiet, then begin immediately into text:]

*"What happens to a dream deferred?
Does it dry up like a raisin in the sun?
Or fester like a sore — then run?
Does it stink like rotten meat?
Or crust and sugar over — like a syrupy sweet?"*

Maybe it just sags like a heavy load...

[Pause]

*...Or does it **explode**?"*

Don't defer your dream. Make it explode.

Chaos creates chances.

Taking chances means taking risks.

Taking risks leads to either reward or failure — and either could be explosive.

But I say, either way — **you win.**

Why, you may ask? The real question is: **Why not!**

Because the future is yours to create and to build.

So embrace the future - be explosive.

The late legendary management strategist Peter Drucker wrote 17 years ago:

“Uncertainty in the economy, society, politics, has become so great as to render futile, if not counterproductive, the kind of planning most companies still practice: forecasting based on probabilities. Unique events have no probability. . . Planning for uncertainty asks, ‘What has already happened that will create the future?’”

My message today is that, much the same as when Drucker wrote those words nearly 20 years ago, we again find ourselves immersed in uncertainty. Markets have imploded and are fighting like mad to get back to higher ground. We have a new president whose personal popularity is in the stratosphere, yet his administration faces and is making choices that almost by necessity will polarize the American population. We are coping as a nation with the morning-after hangover after a long binge of easy credit and manufacturing not so much goods, but goodies.

And here you all are, 50 shining faces with brains full of a freshly minted, quality Penn State education, ready to wade into this choppy surf and to start swimming. Drucker tells us that unique events like the world you are graduating into have no probability. That our best bet is to see what’s already happened in order to create the future.

There’s some wisdom in that advice, so let’s take a little walk down the corridors of recent history. A funny thing about people is that sometimes the future takes time to fully form, even when it’s staring them in the face.

Back in 1966 at Bell Labs, where the best and brightest scientific minds in the United States could be found, something was developed that went by the name of “light amplification by stimulated emission of radiation.” Fortunately, it soon went by the acronym taken from that literal description, the name we know simply as LASER.

Of course, lasers today are used in revolutionary surgical procedures, manufacturing, printing, and innumerable applications. Yet in 1966, the attorneys at Bell Labs refused to seek a patent for this new technology, claiming it had no relevance to the telephone industry. Today, in combination with fiber optics, lasers instantly transmit billions of bits of information, when prior to their discovery, even the best telephone cable could carry only 138 conversations at once.

But the technology almost never made it out of the Bell Labs because of the remarkable, redoubtable, regrettable human idiosyncrasy of not being able to see the future — even when the tools to build it are right before our eyes.

Technical innovations like the laser may be primitive in their first forms. Take the history of aircraft, for instance. The first planes were made from wooden frames with canvas covering. From there, aluminum became the standard. My predecessors at Alcoa would like to thank the aviation

industry for enabling that golden age for our company! Today, it’s graphite and other materials that offer high strength, light weight, and maximum pliability for planes that must go farther and faster under stresses that Wilbur and Orville could never have contemplated, calculated, or coped with.

So what’s the point here? Only that challenges always throw new and different variables at you. The only thing that never changes is the fact that everything changes. How you think about and embrace those challenges, changes, and periods of chaos will drive your success.

Make no mistake, these are times of uncertainty with the economy, changing technology, and markets. But there always are a set of absolutes that will allow you to create your future. You will be successful based on your ability to track trends and utilize the competencies you’ve developed.

Here’s what I mean. Industries will always be evolving. Right now the automotive industry is metamorphosing before our very eyes. GM, Chrysler, Ford, even stalwarts like Toyota, know that their business models no longer fit. It’s time to think differently.

For students like you, this creates opportunities to serve up new ideas, to approach traditional situations in fresh ways. You’re lucky. You cart around no baggage of “That’s the way we’ve always done it,” or “We tried that 10 years ago — it didn’t work then and it won’t work now.”

No, you’re the voice that says, “When I go looking for a car, here’s what I want to see,” or, “Why can’t we move this function to the front, or connect this part to that part?”

You’re the ones who can throw open the windows, get some sunshine and clean air blowing through the organizations you will join.

You’re the ones who realize that times of chaos create unusually rich opportunities.

You’re the ones who have the right, even the expectation, to **be explosive.**

Thinking back, my commencement speaker at Texas A&M in 1983 was then-Vice President George H.W. Bush. I can recall quite clearly that he talked about the evolving role of the U.S. in the world economy. How interesting that all these years later, the same topic is once again center stage.

As we as a nation work to figure out how our economy will adapt, whether it will continue to lead the world or join forces more widely with other economic regions, one truth remains. No matter what that vague, amorphous thing called “the economy” does, you still need to get and keep a job. They say all politics is personal. I say, so are all economics.

It’s worth knowing right up front that some changes in the economy will complement your skill set, while others will disrupt them. To put it into a context that the graduates here can grasp, think of the dreaded “pop quiz” that your professors have sprung on you from time to time during your years here. You’ve wondered why these pop quizzes occur. After all, you haven’t had the time to work through the material, you haven’t had the chance to

challenge your professors on it, the test came before you had all your ducks in a row. It doesn't seem quite fair.

Well, ladies and gentlemen, welcome to the rest of your life.

Pop quizzes may be unsettling but they're good for you. They force you to think on your feet, to recall and reassemble information in new ways, to bust you out of your comfort zone and test what you're really made of. When you can not only do those things but welcome them when they come, you're going to go places. You're going to seize the chances that rise from chaos.

You're going to embrace the future and **be explosive**.

I have taught for years at the college level, and I've seen students cross that threshold. You can see the light go on behind their eyes when they realize that — just like those airplanes I talked about earlier — they have high strength, light weight, and maximum pliability. They take courage from knowing that they can fly faster and farther than they ever dreamed, no matter what sorts of stresses they may face. It's a tremendous moment for them when they figure out how to explode to create their future.

At both Washington University in St. Louis and Carnegie Mellon University here in Pittsburgh, my teaching experience has taught me many things. We all learn in different ways, for example, which translates into using different ways to focus a team in the workplace. We're all students throughout the rest of our lives, in one form or another. And learning should never cease. That may be the biggest lesson of all.

I'm honored to serve as the board president for the western Pennsylvania chapter of the Juvenile Diabetes Association, where we just held an annual gala that helped raise \$915,000 this year, in this rough economy, when we started out with a goal of \$850,000. It took a lot more volunteers this year and a much more strategic and carefully planned effort, but it all came together successfully. I share this with you only to say that the single true reward for this kind of work for everyone involved is the satisfaction of achieving a larger goal, in our case finding a cure for diabetes. It's about giving and not only receiving all the time.

Charitable work like this for me instills a sense of humility and directs how I interact with my superiors and subordinates in a business setting. It's some of the most productive time I spend, while never making a dime for myself. Some things are bigger than money, my friends, and I hope you always hold that thought foremost in your minds.

A word to the parents here this morning. My daughter, Danielle, is a sophomore at the University of Michigan. I have shared these same thoughts with her that I'm sharing with all of you. Parents, I can tell you that I have the same anxieties and concerns as you about what my daughter will

be able to do with her education in a world that is rapidly changing. Our children shape our lives in ways they will never understand or appreciate — until, of course, they have children of their own.

Days like today shine so bright in our memories, like a photographer's flash or a cavalcade of fireworks that illuminate the summer sky. Yet it's the hundreds and thousands of moments over a lifetime of learning and growing that not only add color and structure to our memories, but that make the bright memories like today even remotely possible. Parents, congratulations on guiding these men and women to this event. As one who will be sitting in your place two years from now in Ann Arbor, let me say thank you and well done.

[Lead applause for parents.]

My experience has been a blending of pursuing business objectives and applying technology. I hold an MBA and a doctorate in engineering. Armed with my accumulated knowledge and experience, I for one feel good about our nation and our economy, because just as has happened so many times in the past, that same blending of business and technology will lead us into better times once again.

Penn State has prepared you for this, even amid all the uncertainty in the world today. Plus, the Penn State alumni network is the largest in the world — you're joining an amazing global force today.

With that in mind, here's your final pop quiz as a student here:

[Shout:]

WE - ARE!

[Students will shout back:]

PENN - STATE!

You all pass with flying colors. Blue and white, of course.

Just remember that chaos creates chances.

Taking chances means taking risks.

Taking risks leads to either reward or failure — and either could be explosive.

But I say either way — **you win**.

Why? Better yet — why not!

Because the future is yours to create, to embrace, to build.

I opened my talk today with the poem, "A Dream Deferred," by Langston Hughes. My message to all graduates is — Don't defer your dream for anybody, at any time, for any reason.

Take the chances that chaos creates.

Build the future you want for yourself, your family, your employer, your community, your world.

Always...and in all ways...embrace the future and **be explosive!**

Thank you and congratulations. ♦

HONORABLE MENTION: COMMENCEMENT ADDRESS CATEGORY

St. Thomas University Opus College of Business Commencement Address

Writer: W. Scott Horne et al/Speaker: Timothy P. Flynn
Delivered to The University of St. Thomas, St. Paul, MN, May 23, 2009

Thank you, Dr. Puto for your very kind introduction. I am humbled by receiving this tremendous honor. I just hope Sister Mary Magdalene, my elementary school principal, was listening from above. She'll be relieved to know that all my 'visits' to the principal's office paid off!

Let me start out by congratulating each of the 351 recipients of their MBA from the Opus School of Business. I know that there are 2,500 of your friends and family, faculty and administrators, here today that are very proud of you.

And I am sure some of you might just have your very own Sister Mary Magdalene smiling down on you with a slightly surprised, and might I say very proud, look on her face as well!

During our time today, I would like to first talk to you about the current economic environment and why I am optimistic; second, to encourage you to be a lifelong student of leadership; and third, a short story about "what really matters."

But before I do, let me take a moment and talk about you, the members of the graduating class of 2009. You have taken many paths to this moment. Fifty of you quit your jobs two years ago to invest in yourself and advance your career. Thirty of you had your companies invest in you, sending you to this program so that you could bring a broader perspective to the table.

And, 250 of you began this journey three, four or five years ago, working all day and spending your evenings and weekends here at St. Thomas, to enhance your career and develop yourself as a leader.

You represent every level of management and many of you have already had promotions since your time at St. Thomas.

But even more important than your collective career accomplishments, you are also moms and dads, sons and daughters, brothers and sisters, husbands and wives, friends to many, and role models to those who will come after you. And, I know that your time here has not only improved your business skills, but more importantly has improved your life skills. You have grown as a person as well as a business leader through your experience at The Opus School of Business.

Since you started this journey some four years ago, as you have grown and changed, so has the world around you. And, at a faster pace than any time in history. Since you've been here, YouTube, Facebook, and now Twitter have become part of our daily lives.

This period of unprecedented change has also brought us the most challenging, the most severe, economic environment since the Great Depression. Consider for a moment in the last 24 short months:

- 2.6 million American's have lost their jobs,
- everyday Americans have seen their retirement savings cut in half,
- Chrysler has filed for bankruptcy, and GM, once the icon of American business, appears to be destined for the same.

There was a time last October when our financial system almost collapsed. Lehman Brothers filed for bankruptcy. AIG needed \$85 million dollars from the government to remain in business. Merrill Lynch was saved by the Bank of America. And that was just over one weekend.

I was on a series of calls with 75 or so other CEO's and representatives from the government. Liquidity had totally frozen, there was a real concern that some markets might not even open, and contingency plans were being considered.

Now you are probably wondering, 'When is this guy going to get to the optimistic part?'

There is no question there is much to be concerned about regarding the current environment. You might even think the dreams and hopes you had when you joined this tremendous program cannot be achieved in this environment, that they might be lost forever. I say absolutely not!

Every generation has it challenges. When I think back upon my graduation 30 years ago this weekend, things were pretty challenging as well:

- inflation was running at close to 20%,
- mortgages rates were close to 20% as well,
- Chrysler received an \$800 million dollar loan guarantee from the government to stay out of bankruptcy,
- unemployment was higher than it is today.

Collective wisdom was that my generation might not ever be able to afford a home, the world would never be the same. And actually, it wasn't. There were many ups and downs, but things did improve and we did go on.

Now, let's get to that optimistic part. There are several reasons I am optimistic. The fact that every major country has proactively dealt with this crisis with unprecedented global collaboration is encouraging, over \$5 trillion of stimulus is being spent.

Another reason to be optimistic is the world is awash in private capital, and eventually it must be put to work.

And finally, and I think maybe most importantly, it is

times like these that new business models emerge, that innovation and entrepreneurship take hold, and that new jobs are created.

The challenge is to seize the opportunity that this crisis represents - a once in a lifetime opportunity to take a fresh look at every aspect of business, to think beyond the short-term and take a long term point of view.

You have the good fortune — and the great challenge — to be leaving school just in time to be part of this fundamental change. In this new economy, businesses that make real things and offer real services will be rewarded.

In this new economy, we will encourage and reward long-term investments in new technologies, products and services, not short term bets on the markets.

There is no quick fix to this crisis. It will take time. And at times, it is pretty easy to get depressed. But I am an optimist, and I am confident we will emerge from this crisis stronger than ever before.

Another optimist and Midwesterner, President Harry Truman once said, “A pessimist is one who makes difficulties of his opportunities and an optimist is one who makes opportunities of his difficulties.”

You have to ask yourself, “Are you an optimist?” “Are you prepared to make opportunities out of these difficulties?”

Or, are you going to think like another great philosopher with Minnesota roots, Charlie Brown, who said, “The meaning of life is to go back to sleep and hope that tomorrow will be a better day.”

As tempting as that might be, I doubt that’s why you spent the last few years getting your degree.

So, I urge you to be optimistic and do as President Truman said, seize the moment, “make opportunity out of difficulty.” For it is moments like these that people like you were put on earth, to inspire, to persevere, to lead.

That is why I would like to now move to my second topic, to encourage you to become a lifelong student of leadership. I’m often asked how I define leadership. To me, it’s very simple, it’s all about trust. It is about earning the right to have others put their trust in you and then living up to that responsibility everyday.

Unfortunately, in many circles “trusted business leader” has become as much an oxymoron as “jumbo shrimp” or, in today’s world, “safe investment.”

Vivid images of CEOs being cross examined by Congress about their business decisions make the average American extremely cynical about business leaders today.

In fact, according to the annual Edelman Trust Barometer, trust in business is at its lowest level since they began doing the survey 10 years ago. And keep in mind, this includes the Enron years.

A staggering 77 percent of U.S. respondents reported that they simply don’t trust business leaders to do the right thing. That’s lower than lawyers and politicians!

And only 17 percent of Americans believe what a CEO

says today. So, for the 17 percent of you in the audience who just might believe what I have to say, I will go on.

Trust is at the heart of any relationship, business or personal. Without trust, no system can function. In fact, it really was a lack of trust in and among financial institutions that caused the credit markets to literally freeze up.

So, let me issue a personal challenge to each of you. Your goal as a new generation of leaders, fresh from a program that leads the way in teaching business ethics, should be to think about what you as a leader will do every single day to personally restore trust in business leaders, to restore trust in the system.

I encourage you to become a student of leadership. Think back on those individuals that have inspired you to do your best, to reach beyond what you thought was possible.

- What made you trust them? What made you put your faith in them?
- That teacher or professor that pushed you, but inspired you.
- That coach that allowed you to endure things you thought impossible.
- That boss that you would walk through walls for. What made you follow them? What made you trust them?

Then, think about that teacher that pushed you, but did not inspire you, that coached you but couldn’t reach you, that boss that you couldn’t wait to get rid of, that you simply did not trust.

Every day, in the classroom, in the office, in personal life, you witness leaders and their behaviors.

Throughout your career, be a student of leadership. I would encourage you to reflect back on who helped you get to this point in your career. What made you listen to them?

What life lessons did they teach you? How did they affect you, shape you as a person, and as a business leader?

Draw from these examples, and future examples, to develop your own personal leadership style. So when people put their trust in you, you never let them down.

I would like to close with a story. It is about what really matters. And I would like to tell it to you by giving you a short quiz. Yes, I know you thought your days of taking quizzes were over, but please indulge me with one more.

See if you can answer the following:

- Name the five wealthiest people in the world.
- Name last five people to win the Nobel Prize.
- Name the last five Academy Award winners for best actor and actress.

How did you do?

Now, here are a few more. Let’s see how you do on these:

- Name a teacher who aided your journey through school.
- Name three friends who have helped you through a difficult time.
- Name a person who has made you feel special and appreciated.

- Name two people you trust completely.

A little easier? It is not fame or fortune that really matter, that stands the true test of time.

The people who make a difference in our lives are not the ones with the most credentials, the most money, or the most awards. They are the ones who really care the most about you.

I encourage you to always remember what got you to this point in your career, and never forget where you came from. And 20-30 years from now, as your career draws

to an end, may you have the true gift of success - to be loved by your family and friends, to be trusted by your colleagues, and to help those around you achieve their maximum potential.

As you reach for your dreams and turn difficulties into opportunities, stay true to your values. I know you will make us all proud. It will make your own Sister Mary Magdalene proud. But most importantly, you will make yourself proud. ♦

HONORABLE MENTION: COMMENCEMENT ADDRESS CATEGORY

What Starts Here Changes the World

Writer: Caryn Alagno/Speaker: Marvin Odum, President, Shell Oil Company

Delivered to the University of Texas Cockrell School of Engineering, Austin, TX, May 22, 2009

Thank you very much. It's wonderful to be back on campus this evening.

I want to, first, thank the faculty and staff for inviting me here.

And I want to commend you for consistently giving the engineering community — and the business world — an exceptional class of graduates, year after year.

To the parents, friends and family in the audience: congratulations.

Every one of these young men and women sitting before us today is here because of you and the support and guidance you've given them. *Well done.*

[pause]

Graduates, it doesn't seem like that long ago that I was sitting where you're sitting.

But it's been long enough for me to have a son, also named Marvin, who's in his third year here at UT... a daughter, Lauren, who has already graduated and is now in Teach for America ... and a teenage daughter, Taylor, who's still at home.

Watching them grow up has been an incredible experience.

Their generation — *your generation* — looks at the world in a completely different way than I did when I was your age.

You're technologically connected in ways I could never have imagined.

Probably *because* you're so connected, you have stronger relationships with your friends and families ... and you're more aware of what is going on in the world.

You're one of the most socially-conscious, civic-minded generations in history. *Just this year, UT students and staff volunteered more than 3 million hours.*

That's amazing.

[pause]

When you think about it, your generation is one that has really been *defined* by "*redefining.*"

Most of you were about 10 years old when the Internet became a fixture in our homes and in our lives.

You were 14 — maybe just starting to read the papers and to become aware of the world around you — when the attacks of September 11 forever changed it.

Last fall, in a historic election — *on so many levels* — some of you cast your very first votes for president.

And today, you're graduating in a time of immense economic uncertainty. *I'm sure that's crossed your mind a time or two as you've thought about your life after UT.*

[pause]

As I understand it, a few years ago we adopted a new way of talking about ourselves at UT... a new way of describing what goes on here.

You've probably seen it around campus; I've seen the phrase in various alumni newsletters, on television and on the website.

It's: "*What Starts Here Changes the World.*"

That's really powerful. And to me, it's a challenge *to all of us* as Texas alums.

It's a promise of things yet to come. And it's a commitment that the entire world stands to benefit from what *we* will do when we leave here.

So, my question for you today is: What will *you* change?

What will you *redefine*? What *big ideas* will you have?

Without a doubt, the challenges before the world today are big — and big problems are rarely solved with small solutions.

The global financial crisis is unlike *anything ... anyone* has seen in generations.

In this country, we face a health care crisis that's hurting American families and businesses.

And, of course, our energy challenges have compelled us to think about how we're going to fuel our future ... and what that future will look like.

It's often said that as engineers, our work lies at the intersection of what society needs and the practical,

commercial applications to bring it to them.

Right now ... in *this* economy, with *these* challenges ... there is *no better time* to be an engineer.

[pause]

I think I'm very fortunate to work at Shell, where we address big challenges every day: climate challenges, responsible energy, innovation, technology...

And like all of you, I want to make good on the university's commitment to change the world for the better.

I know that this sense of purpose, along with the solid academic foundation I got at UT, has helped me get to where I am today.

But so did a few things I learned throughout my career.

Some of them came from great leaders and great experiences, and quite honestly, some of them have come from mistakes I've made.

So graduates, I know you've received a lot of advice over the last several weeks — *and probably more today alone than you'd ever imagined.*

But if you don't mind, I'd like to offer you a few more pieces this evening.

They've helped me and I hope they can help you.

First, **Take Chances.**

Step outside of your comfort zone.

There's probably a reason this quote resonates with so many of us: "When I look back at my life I regret the things I *haven't* done more than the things I have."

For me, that's certainly true. I'm glad I've taken chances.

I've run with the bulls in Pamplona... I've climbed the Matterhorn.

And those experiences have shown me the value of taking risks.

You learn so much about yourself and what you are capable of doing ... when you allow yourself to be challenged.

Many years into my career at Shell, I had the opportunity to leave to run a global power generation company.

It was a company in financial stress. It was a different business, and a different corporate culture.

And making the move was certainly a challenge for me.

But it turned out to be the *biggest single* learning experience of my career.

I developed leadership skills and a personal confidence that made me *better* at my job when I returned to Shell.

I learned things there that I couldn't have learned if I had I taken the easier, safer, more comfortable route and stayed where I was.

So, *take risks; take chances ... but Give Back.*

That's my second piece of advice.

Put others first. Build on the commitment to service that has set your generation apart.

Do more for the world than the world does for you — *that* is success.

Now — big, grand, over-the-top opportunities to give back will be rare...but small ones will surround you every day.

Next year, will you help the new employees in your office learn the ropes?

Will you find opportunities ... or the time ... to volunteer?

Will you use the skills and talents you have as an engineer to just make a living ... or will you put them to use to help others?

Look for ways to serve ... and to be a part of something greater than yourself.

As you're looking for those opportunities: **Look for leaders you can learn from.**

Throughout your career you will learn some of the most important things you need to know by observing how other people do their jobs ... how they conduct themselves.

Sadly, you'll also learn a lot about what *not* to do by watching some people around you.

But, by constantly being on the lookout for *leaders who lead well*, and by adopting their habits — or avoiding their pitfalls — you will go far.

And this can take a number of forms.

I love to read, and I especially love biographies.

Lately I've read *Team of Rivals* about President Lincoln. I've read *American Lion* about Andrew Jackson.

I read both of these on my Kindle ... *so don't assume your generation has cornered the market on being technologically savvy!*

I just finished *Endurance* about Captain Ernest Shackleton, who was shipwrecked in the Arctic for 17 months in the early 1900's.

I guess you could say he was a bad leader for getting his crew stuck there in such dire straits, or a great one for eventually getting them out!

But my point in bringing up these books is that you can look for good leaders anywhere.

A leader doesn't have to be a person who outranks you at work ... or, as in all three of these cases, even a person who is still living.

But keep your eyes open. Look for what you can learn.

And from that, develop your own personal leadership style.

Next, **Think Long-Term ...but know that the long-term is already here.**

I was on a panel at Harvard recently, and its focus was "fixing global challenges in the long-term."

That sounds like a nice idea. We all want to fix the proverbial leaky roof rather than patching its holes.

But today's challenges are getting bigger at a rapid pace. They're snowballing.

Around the world, we share a global, interconnected economy ... We share the same aspirations of a better quality of life ... We share the same air, the same water and the same resources.

So we've *got to* share the same urgency associated with addressing these challenges.

We don't have the luxury of thinking about long-term as

if it's far removed from our daily lives.

The long-term is here.

Sure, "a journey of a thousand miles begins with a single step."

But the road to long-term solutions starts with addressing today's problems now, and addressing them powerfully.

So, bring out your big ideas — think big ... and think in the here and now.

And finally, **Know who you are.**

Have goals; have a clear picture of what you want to achieve in life.

Have drive; have passion. Have a work ethic that never disappoints.

But make sure that all of these things are in line with what you believe and what you stand for.

Life will take you down paths you may never expect ... it will surprise you.

But you will never be surprised by the person you become or the decisions you make ... *if* you stick to your principles and let them guide you to success.

Know who you are ... and know who you want to be. And don't *ever* compromise.

[pause]

As I close, I want to again say, "Congratulations" to the graduates.

Today, you are receiving a degree from one of the best schools in the country.

But you're also gaining membership into an exclusive club.

Around the world, nearly half a million Texas exes are changing the world for the better — in every industry and on every continent ... in classrooms and in boardrooms ... in concert halls and in Congress.

Our reach is broad and our impact is deep. But our roots are *here*.

As you leave campus today — *as you let what started here for you change the world* — **take chances ... give back ... develop your own style of leadership ... think long-term but know that it's already here ... and, above all else, know who you are.**

I can't wait to see you build on what you have started here at UT ...

And the world can't wait to see what you will do.

Thank you very much ... and Hook „em Horns! ♦

WINNER: AWARD ACCEPTANCE CATEGORY

Award Ceremony for the Queen's Award for Enterprise — Introduction and Reply to Lord Crathorne.

Writer: Brian Jenner/Speaker: Ian Barnard

Delivered at the Teeside Industrial Estate, June 26, 2009

Ladies and gentlemen,
My name is Ian Barnard, and I am the managing director of Cleveland Cascades. It gives me great pleasure to welcome you to our ceremony here today.

This is a great moment in our company's short history. I am pleased we're able to mark it in the company of our invited guests and the friends and family of the company's workforce.

My first duty is to introduce, Lord Crathorne, the Lord Lieutenant of North Yorkshire.

On behalf of all of us, Lord Crathorne, I'd like to welcome you to the home of Cleveland Cascades Ltd.

We are experts in the design and manufacture of bespoke, retractable, loading systems for the handling of dry bulk materials.

We prevent dust and toxic substances escaping when materials like cement or wheat are transported from one place to another.

That means that we do for ports and building sites, what the smoking ban has done for bars and pubs.

It's particularly appropriate that Lord Crathorne is giving us the award today, because he's an expert in Captain Cook.

For over 30 years he has been a trustee of the Captain Cook Birthplace Museum.

Like Cook, we see ourselves as pioneers.

We've been as far as Christmas Islands and Australia to promote our chutes. And we're mapping the way dry goods will be delivered safely around the world in the future.

In our business, we certainly believe in craftsmanship.

Watch the ladies who sew our chutes and you'll see it in action.

We also believe in excellent design.

Our designers seek to create the most imaginative and attractive products. We also believe in running a modern, cutting-edge, competitive business.

This award ceremony today is gratifying evidence that we have had some success.

The first cascade I built was in my garage. Steve Maxwell and I dropped washing powder down it. That was 18 years ago. We've come a long way since then.

I'm glad that you didn't see the state of facilities several years ago.

We're very proud to have transformed this once-derelict place into a smart factory, with excellent facilities.

Ladies and gentlemen, I'm delighted to hand you over to Lord Crathorne.

ENDS

I'd like to thank Lord Crathorne for his kind words.

Listening to what you said, we all feel proud that Cleveland Cascades has achieved so much in so little time. Despite tough trading conditions, our business continues to prosper and we have been bold in our business planning.

To win one Queen's Award is a formidable achievement.

To win three for our product is a very satisfying habit.

And that's not to mention our Engineering Council Environment Award for Engineers, as well.

We're building up a fine collection of plaques to show off to visiting clients.

As I came to the ceremony today, I asked myself the question, how should the company reward the staff?

I read in the *Financial Times* recently, that Brompton, the bicycle company, achieved record monthly sales just shy of £1m in March of this year.

The factory celebrated with fish and chips all round.

The journalist said that job-seeking ex-bankers should note that is what you get in manufacturing instead of bonuses.

Let us not underestimate the difficulty of what we have achieved.

We've had our hairy moments along the way.

Like the time I invited a video cameraman to come and take a film of the dust-reducing chute in action at a potash terminal.

I was going to fill up the ship to prove how clean and effective our chutes were.

This man brought along his £10,000 worth of new video recording equipment, and I had him set it all up down in the hatch of the ship.

I told him he was about to witness a smooth, dustless operation.

Only I hadn't directed the material delivery into the chute correctly, and on start up, the hatch filled with a dense, pink, salty dust.

I stopped the loading as soon as I could.

Then after a short time I saw a bedraggled, pink figure, emerge from the hatch. There were just two rings round his eyes, which weren't covered in dust. All his equipment was caked in the stuff.

He came up to me and said: "Tell me, just how bad was the dust before you invented the system?"

From the six people we started with in 2004 we've now got 32 members of staff.

We have tripled the turnover, developed new products, increased in-house specialist manufacture, renovated the facilities and achieved the highest quality award for our manufacturing processes.

We are proud to work with some of the largest engineering and operating companies

95% of our work is export and we are recognised around the world as the company, which now produces the industry standard for ship-loading equipment.

Our sales team has travelled as far away as Murmansk in Russia to Sydney, Australia.

From the Black Sea to Los Angeles we have solved some of the most difficult loading issue on the planet.

We have created high quality jobs and we employ talented and innovative people.

Having witnessed the demise of all of our large engineering companies, I see small specialist businesses such as ours as being the future of British engineering

The challenges we face in this industry mean we have to keep up our spirits with relentless optimism and enthusiasm.

Today is an example of how from the ashes of disaster, we can grow the roses of success.

The Queen's Award for Enterprise represents a huge boost to our morale, it draws attention to us as a dynamic British company and it gives us courage to aim higher, and to firmly establish ourselves as world leaders in our field.

This is a great achievement for us, wonderful news for Thornaby, and shot in the arm for engineering in the North East.

I'd like to thank you all for coming.

I look forward to organising more of these occasions in the future.

ENDS ♦

HONORABLE MENTION: AWARD ACCEPTANCE CATEGORY

National AgriMarketing Award Acceptance

Writer: Lani Jordan/Speaker: Leon Westbrook, Executive Vice President - Energy, CHS Inc.
Delivered to the National AgriMarketing Association, Atlanta, GA, April 16, 2009

Thank you very much, Carol and Andy. I am very honored and deeply humbled to receive the AgriBusiness Leader of the Year award, NAMA's highest honor.

As professionals associated with advertising and public relations, I'm sure most of you have seen the commercials now running for one of the major wireless phone services.

Each depicts an individual in a situation where rather than being alone — which would be typical — the central character is surrounded by dozens of people. Their network. Their support system. Their key contacts and connections to the bigger world. The people essential to their lives.

With that in mind, I'd like you to imagine for a moment that I'm not alone here at this podium. Instead, envision this stage packed with people — my network. The foundation of my success and that of CHS. And rest assured, these are not my imaginary friends!

So, who's standing up here, sharing this honor with me as part of my network?

Well, one of the most important is my wife of 35 years, Patt. My partner, sounding board and a person who makes sure I keep my feet firmly planted on the ground. Patt was raised in a farm family and recently retired from her career as a health care professional, so she certainly knows the value of having a strong network behind you. Please join me in thanking her for all the support she has given me and CHS throughout my career.

(Pause)

Now, if you look to the right side of the stage, you might notice a large group of people wearing clothing from bygone days — the 1930s, '40s, '50s and even a few bad leisure suits from the '70s. These are the people who founded and helped build CHS into the successful global agricultural and energy company it is today. They believed that by having a common goal and working hard and smart, we could all succeed. And for more than 75 years, we have lived out their vision. I'm proud to have contributed my small part to the great story that is CHS.

And over on the other side, you'll see some folks who look like they just came in from doing chores. That would be my

family, the people who taught me the value of hard work and the importance of working together toward a common goal. They instilled in me a love for agriculture that led me to this great career. I feel very lucky to have a life anchored by a great passion for the business of giving producers the tools they need to raise their crops and then helping to add value in the marketplace.

Right behind me are the thousands of great people who are part of today's CHS and its success, including our Energy staff, our Marketing Communications team, our member-owners, our customers on the farm and in the retail and commercial sectors.

And, I can't forget one other important part of my network — our partners at Colle & McVoy whose creativity has helped tell the great CHS story and, in the past few years, allowed us to raise the Cenex energy brand to new heights. We're especially proud of the award-winning Cenex Guy campaign that has helped us to grow our business and to have a little fun at the same time.

To those of you in this room who have dedicated your careers to being part of your clients' networks, I hope you recognize how important you are to us. Without your creative thinking, I'm certain our reception by our targeted audiences would not be as strong.

(Pause)

We all know that this is not an easy time in our business or any business, for that matter.

But it's times like these that those to whom we are connected — our teams, our networks — matter most. And every member of that team is important. For it is our shared vision and our commitment to common goals that will carry us through to find creative solutions and new efficiencies.

I'd like to leave you with a line from a poem by American poet laureate Maya Angelou: She writes:

"Nobody, but nobody can make it out here alone."

I don't think truer words have been spoken.

On behalf of CHS and all of those who are part of our network, I thank NAMA and the selection committee for this wonderful recognition. We are truly honored. ♦