**Economic Studies** The program was at the forefront of efforts to combat the “Great Recession,” giving perspective and policy advice. Economics Studies scholars were among the most sought-after minds in the country on tax policy, stimulus spending, health care reform and financial regulation.

**Global Economy and Development** As the ripple effect of the financial crisis spread throughout the world, Global Economy and Development responded with research and analysis focused on coordinated economic stimulus, global financial regulation, reform of international financial institutions and development assistance.

**Foreign Policy** The past year saw political, economic and military crises across the globe. Foreign Policy kept abreast of the most important developments, consistently offering intelligent analysis and pragmatic policy suggestions.

**Governance Studies** A hotly contested election and a crippling financial crisis left the nation increasingly polarized over key issues such as health care and economic reform. Governance Studies advanced pragmatic recommendations to help renew America’s strained political system.

**Metropolitan Policy** When President Obama launched a historic fiscal experiment this year by delivering $787 billion to revive America’s economy, Metropolitan Policy experts deployed a comprehensive strategy to invigorate the nation’s metropolitan areas, major sources of national prosperity.

**Governance and Renewal** Gearing up for a post-crisis “renewal” effort, Brookings’s leadership, scholars and Trustees drafted the next phase of the Institution’s strategic plan—Governance and Renewal—to encompass the multidimensional nature of Brookings’s research agenda as it prepares for its second century.

**Impact and Change** The first comprehensive survey of think tanks has ranked Brookings No. 1. And several scholars moved to government positions, giving them the chance to advance the policy ideas developed in residence at Brookings.

**Support for Brookings** Brookings’s donors have helped the Institution weather an uneven political landscape and a traumatized national economy. Support from donors ensures that Brookings maintains a high level of quality and independence in its research and its policy suggestions.
Chairman’s Message

ulhent times heighten the need for sound, forward-looking ideas from independent institutions like ours. That is why we see this as a ‘Brookings moment’—on a par with other pivotal moments in our nation’s history where our research helped guide the nation and the world.

Today we face a daunting mix of political, economic and national security challenges that go from the local to the national to the global and back again. These challenges require what we call an ‘All-Brookings’ effort, drawing on the talents, energies and expertise of all five of our research programs.

Brookings scholars have dealt with the ‘Great Recession’ in this broad historical and multidimensional context. During lessons from the past and analysing events as they unfolded, they have developed a vision, not just for recovery from the crisis, but for renewal after it is over.

As markets gained and major institutions staggered to—and around over—the brink, our experts developed recommendations for the fiscal and monetary stimulus plans. When the banking and automotive sectors needed massive bailouts, the Brookings auditorium, conference rooms and Web site served as platforms for lucid explanation of the problems and pragmatic, innovative solutions. Officials in the executive and legislative branches, as well as policymakers from abroad and from state and local governments across the United States, turned to our scholars for advice.

As the response to the crisis moved from economic stimulus to regulatory reform, Brookings remained at the fore. Our experts examined how the crisis had spread from housing to the financial markets; then to the global economy. They probed issues ranging from the role of cities and regions in economic growth to the national security implications of falling oil prices.

As the Obama administration staffed up, more than 20 of our scholars went into key jobs. Meanwhile, some distinguished public servants joined our staff, including in leadership positions. The resulting door between think tanks and the halls of power has always been a feature of the way Washington works—enabling government and NGOs to constantly refresh each other, to the benefit of both.

My fellow Trustees provided critical contributions as well. On both sides of that revolving door, several went into the administration, while others made their own fresh ideas available to policymakers, the public and, of course, to Brookings. Glenn Hutchins drew wide acclaim for his sweeping, comprehensive assessment of the Panic of 2008, and Liaquat Ahamed published a critically acclaimed best seller, The Lords of Finance, the story of the great panic of 1929 and a cautionary tale for how not to deal with a financial meltdown.

As we approach our centenary and update the institution’s strategic plan, which will carry us into our second century in 2016, we are thinking hard about a post-crisis America and a recovering world. We plan to highlight themes such as growth, innovation, opportunity, better governance and responsible stewardship of our planet.

The task, as we look ahead, is to harness the energy and momentum we’ve demonstrated over the past year and play them forward.

At the core of our ability to do so are our scholars. So many of them have gone into the administration that Secretary of State Hillary Clinton, in a speech in our Falk Auditorium, described it (with a smile) as a ‘decimation.’ I prefer to think of it as a donation to public service—and as yet another indicator of our impact on policy-making.

But there’s no question that all those departures have confronted us with yet another challenge: strategic replenishment of our ranks. While Larry Summers, Peter Orszag, Doug Elmendorf and other former colleagues and trustees are going to work those days at the White House and the U.S. Capitol, our Economic Studies program is now in the capable hands of its new co-directors: Karen Dynan, most recently a senior advisor at the Federal Reserve Board, and Ted Gayer, lately an associate professor at Georgetown University’s Public Policy Institute.

The creation of the United Nations is part of Brookings legacy. In my office on Massachusetts Avenue, I have a portrait of Leo Pasvolsky, a founder of our Saban Center on Middle East Policy. He was a global think tank, became U.S. Ambassador to Mexico. Carlos’s successor as vice president and director of Foreign Policy is Martin Indyk, the founder of our Saban Center on Middle East Policy.

The year also included affirmations that our reputation matches our ambitions. Once again, we’ve been ranked as the world’s most influential, most quoted and most trusted think tank. One of many innovations is a new index that helps answer, by means of wide-ranging benchmarks, the question of ‘How We’re Doing’ in economic recovery and national—and international—security. Presented in July in the Washington Post and will be updated on a quarterly basis. It’s an all-hands-on-deck effort, and a metaphor for our enterprise as a whole: continuity of standards, collaboration supplementing outstanding individual research and adaptation to a rapidly changing world.

President’s Message

ach of my eight years at Brookings has been exhilarating and challenging in its own way, but the one dimension to a close has been uniquely so. I’m sure that my predecessors felt that way about seismic events during their own tenures. Certainly America’s entry into World War I so qualified, as did the Great Depression, World War II, the beginning—and the end—of the Cold War and, more recently 9/11 and its aftermath.

But I’d still contend that never in the 93 years of the institution’s existence has there been an array of crisis problems, domestic and foreign, as kaleidoscopically varied, complex and urgent as what we’ve experienced in this year. And virtually all of those problems cry out for solutions of the sort that is our stock and trade. Hence John Thornton’s description of these turbulent times as a ‘Brookings moment.’

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John L. Thornton, Brookings Chairman

Strobe Talbott, Brookings President
Economic Studies

Research to guide the nation on the road to recovery

With questions swirling in March 2009 on the inevitability of some financial firms being “too big to fail,” former Federal Reserve Chairman Alan Greenspan calls this premise “the most intractable problem in the next structure of financial regulation.” Brookings Senior Fellow Martin Baily (right), Bernard L. Schwartz Chair in Economic Policy Development, moderates a panel with Greenspan following a presentation by Minneapolis Federal Reserve President Gary H. Stern and Vice President Ron J. Feldman, authors of the prescient book Too Big to Fail: The Hazards of Bank Bailouts (Brookings Institution Press, 2004; revised paperback, 2009).

The $700 billion question in October 2008 is the fate of the economic rescue package. Senior Fellow Alice Berlin says that the package will not solve the whole problem and that some financial institutions will fail. Senior Fellow Thomas Mann (right) moderates the discussion that includes Guest Scholar and former Republican Member of Congress William Frenzel.

The economics of health care reform require lowering the costs of care without reducing the quality of care. Director of the Office of Management and Budget Peter Orszag (left) and former Secretary of the Treasury Robert E. Rubin confer before speaking at a June 9 forum on comparative effectiveness research to streamline the health system.
Economic Studies

The 'Great Recession' occurred amid meltdowns in housing and financial markets, rising unemployment and growing fiscal shortfalls. Policy makers responded with financial bailouts and an ambitious economic stimulus package, and also took steps to tackle financial reform, global warming and health care. The Economic Studies program helped set the agenda and shape the subsequent debates with a steady stream of analysis and recommendations.

"It was a terrifying but exciting year to be an economist," said William Gale, the Assistant Treasury Secretary. His colleague, Frances Fearon, Miller Chair in Federal Economic Policy, who served as vice president and director of Economic Studies until September 2009. "Our expertise and ingenuity were tested as the economy took a historic nose dive."

Shortly after the collapse of Lehman Brothers, Douglas Elmendorf, the Edward M. Kennedy Senior Fellow and director of the Hamilton Project, was one of the first experts to call for the Treasury Department to make equity investments in financial institutions—a plan followed by both the Bush and Obama administrations. Later, as part of a long Brookings tradition of "smiling" experts to government, Elmendorf moved to Capitol Hill to take the helm at the Congressional Budget Office. Elmendorf’s two predecessors at the Hamilton Project—Peter Orszag and Jason Furman—also served as deputy director of the National Economic Council.

As the man in the middle of the TARP—Assistant Treasury Secretary Neel Kashkari—addresses a Brookings audience in January on the new Office of Financial Stability, which is charged with implementing the Troubled Asset Relief Program.

For the first time in history, the world’s largest economy is also its largest debtor. On July 8, Center for Children and Families Co-Directors Ron Huskens and Isabel Sawhill examine the policy decisions that precipitated this situation and evaluate some potential attempts at triage.

Brookings Papers on Economic Activity has been a leader in emphasizing policy-oriented, empirical research in macroeconomics. Doug Elmendorf, Gregory Mankiw and Lawrence H. Summers co- authored a critical meeting in September 2008 that laid the groundwork for important recovery and long-term reforms initiatives. After Elmendorf and Summers stepped down to assume top government posts, they were replaced by David Romer of the University of California and Justin Wolfers of the University of Pennsylvania.

Health care reform often pitted technical issues related to the Troubled Asset Relief Program (TARP) and other support to the banking system. As Congress wrestled with the president's financial overhaul plan, Elliott—quoted often in the press—called the proposal "generally quite sensible" despite falling short on the consolidation of regulatory functions into fewer hands.

New Brookings Vice President Karen Dynan, a senior adviser at the Federal Reserve Board, pauses outside Brookings in chat with Ted Gayer, an associate professor at Georgetown University. In a first-ever tandem arrangement, President Steve E flam announced that Dynan and Gayer will serve as co-directors of Economic Studies.

As President Obama calls on Congress to pass health care reform as a social and an economic imperative, Engelberg Center for Health Care Reform Director Mark McClellan welcomes Council of Economic Advisers Chair Christina Romer to Brookings on June 2. They joined former Congressional Budget Office Director Douglas Holtz-Eakin and Harvard economist David Cutler to discuss new CEA findings on the economic case for health reform.
Global Economy and Development

Innovative solutions to manage globalization and fight poverty

As the financial crisis continues to affect markets all over the world, the International Monetary Fund moves increasingly to the forefront of global policy discussions. This prominence has sparked calls for reforms to ensure that the Fund can play a lead role in facilitating coordinated economic policies and in providing precautionary finance. An April 24 panel moderated by Vice President and Director of Global Economy and Development Kemal Derviş addressed suggestions for more efficient governance within the IMF.

Reducing climate change, a top priority for the Obama administration, roiled into major congressional debate by June. Fellow Adele Morris outlines a forthcoming report on the economic impact of climate change reduction strategies in a panel that includes co-authors and Nonresident Senior Fellows Peter Wilcoxen (far left) and Warwick McKibbin. David Goldston (far right), columnist for Nature, moderates.

The Latin America Initiative conducted numerous events and hosted Chilean President Michelle Bachelet (pictured here) as well as former President of Mexico Ernesto Zedillo and President Álvaro Uribe Vélez of Colombia.
As the global economic recession became the epicenter of all public policy this year, the Global Economy and Development Program was ready for action, with a research agenda centered squarely on coordinated economic stimula-
tion, global financial regulation, and reform of the international financial institutions and development assistance.

“We’ve worked to bring these global issues into sharper relief as Washington explores new ways of working with the world on eco-
nomic recovery, the rise of new powers and the need to prevent the crisis from turning into a
double-dip recession,” said Kemal Dervis, who joined the Global program in March.

Dervis, also the Edward M. Bernstein Scholar, had been
administer of the United Nations Development Program. Lucien Beanard, who with Strobe Talbott launched the Global program in 2006, left to join the Department of the Treasury.

As a convenor for intellectual debate, Global this year attracted such notable individuals as Dominique Strauss-Kahn, the managing director of the Inter-
national Monetary Fund; Trevor Manuel, then South Africa’s min-
isiter of finance; Michael Posen, U.S. deputy national security
adviser for international economic affairs; and British Prime Minis-
ter Gordon Brown, who attended a private discussion hosted by

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Foreign Policy

Pragmatic recommendations firmly rooted in sound study

Carlos Pascual, now U.S. Ambassador to Mexico, joins President Barack Obama on a state visit to Mexico, arriving with him in Guadalajara City.

Pascual, formerly vice president and director of Foreign Policy, was one of several Foreign Policy scholars who joined the Obama administration.

Kenneth G. Lieberthal, director of the John L. Thornton China Center, talks with students at Tsinghua University in February after presenting his new report on improving U.S.-China cooperation on climate change.

Martin Indyk appears with Quartet Middle East Envoy Tony Blair at the Saban Forum in December to discuss the Middle East peace process. Indyk (left), then-director of the Saban Center for Middle East Policy, became vice president and director of the Foreign Policy program in August 2009.

photo by Ralph alswang

photo by henRy RomeRo/ReuteRs
Foreign Policy

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The historic con-

mergence of a new
government in Washington
dominantly since the Great Depres-
sion has generated major shifts in U.S. foreign policy. Through
research, analysis and pragmatic policy recommendations, the
Foreign Policy program was at the center of the policy debates
during the year’s milestones and deliberations in the United States
and abroad.

One strong indicator of the program’s impact was the move of several Brookings experts to senior positions in the National Security Council, the State Department and other U.S. government agen-
cies. After three and a half years of stewardship, Insiander stepped down as vice president and director of Foreign Policy to become the new U.S. ambassador to Mexico.

Martin Indyk, who served as
director of the Saban Center for
Middle East Policy since its found-
ing in 2002, took the helm of the
program. Senior Fellow Kenneth M. Pollack replaced Indyk as direc-
tor of the Saban Center.

“Those administration appoint-
ments demonstrate our impact on
U.S. foreign policy as our former
colleagues assume leadership roles
within the administration, taking the ideas they developed at Brook-
ings with them,” said Indyk.

Kenneth Lieberthal, a former
presidential adviser, was named
director of the John L. Thornton
Center—as part of its mission to help U.S. and Chinese
relations. Following Jeffrey
Pollack, who moved to the White
House. Now in its third year, the
Bader Center welcomed Turkish Prime
Minister Recep Tayyip Erdogan for a discussion on revitalizing
Turkish-American relations.

President Obama tapped Senior
Fellow Bruce Riedel to co-chair an
interagency review of U.S. policy
toward Afghanistan and Pakistan and single him out for his con-
tribution during the culminating
White House news conference.

On the numerous problems
facing Afghan President Hamid
Karzai’s government, Sen. Joseph
Lieberman (I-Conn.) talked at
Brookings in January about how to
turn the tide in that troubled coun-
try. Fellow Vanda Felbab-Brown
travelled to Afghanistan in exam-
ining the illicit poppy trade. Karzai pro-
duced his own perspective in May,
when he came to Brookings to dis-
suss a new strategy for governance, institutional building and economic
development.

President Obama also faced
critical choices in Iraq. The
Saban Center’s Phibbs this year
was appointed as a member of
the Joint Campaign Plan Assess-
ment Team assembled to critique
the new comprehensive Ameri-
can plan for Iraq. He and Senior
Fellow Michael O’Hanlon, the
Sydney Stein, Jr. Chair in Interna-
tional Security, contributed to the debate on energy alternatives. Senior
Fellow David Sandalow organized
a highly successful conference on
plug-in technologies before join-
ing the Department of Energy as
upswing, the Energy Security Ini-
tiative contributed to the debate
on energy alternatives.

Senior Fellow Vanda Felbab-
Brown joined the Brookings in
January. Senior Fellows Tamara Colman Wittes, Daniel Byman
and David Rieff to co-chair an
advisory group for the Iraqi govern-
ment on Human Rights, the
21st Century

Kiza polls to 15

The Con-

Since the Great Depres-
sion has generated major shifts in U.S. foreign policy.
Always take your wife’s phone calls,” the pros advise incoming White House Press Secretary Robert Gibbs. Veteran press secretaries Mike McCurry (left) and Dana Perino discuss Gibbs’ demanding new job with presidential scholar Stephen Hess prior to a Brookings panel discussion in December.

Two former White House chiefs of staff, Kenneth Duberstein and Leon Panetta, engage in a lively discussion in November on President-elect Barack Obama’s choice of Rahm Emanuel to fill their old office. Their talk was the first of 12 events to provide recommendations and advice to the incoming president. Darrell West presented the first “Memo to the President” on how to bring the polarized electorate together.
Governance Studies

These calls for cool-headed natio
naries, whether on governance durin
ng recessions or a detention
systems, are timely in the light of
Guantanamo Bay. Collectively,
numerous Governing Ideas and
Media.

A hallmark of the program has
always been original thought, con
ducted through numerous Governing Ideas and Medi
a Forums and published fre
quently in Issues in Governance Studies papers. Topics this year
broadened the “GovWatch” moni
tor of presidential and congressional
actions, whether in the realm of
national security, judicial selec
ion, or education. Senior Fellow
Sarah Binder says in this online
summary that the national’s economi
crisis provides a prism for viewing how the
Congress has interacted with the executive branch.

Managing Director William Antholis (left) and Fellow Vilda Fendal-Beckworth, a former Senior Political Reporter at the
Allen, who moderates a panel on President Obama’s first 100
days in office.

Terry Edmonds (right), who crafted words for President Bill Clinton, joins Darrell West in a discussion where
Edmonds, now an associate vice president at Columbia University, says that the historic
election conjures the words of Langston Hughes: “Let America be America again.”

Photo by RalPh alswang

Education Secretary Arne Duncan (right) confers with Brown Center on Education Policy Director Grover “Rusi” Whitehurst prior to a May 11
forum on proposed educational reforms. Bolstered by the
administration’s $8 billion in stimulus funds that the administration pledged to revamp the
education system, Duncan promises to reward states that are driving reform.

Photo by Paul MoRigi
Visiting Fellow Christopher B. Leinberger discusses development trends with Rep. Donna F. Edwards (D-Md.) after an event that urged smart investments in infrastructure and innovation to boost short- and long-term recovery.

U.S. Secretary of Housing and Urban Development Shaun Donovan introduces a new Choice Neighborhoods funding proposal at a Brookings forum at the National Press Club. Donovan says the new initiative will help public, private and nonprofit partners extend neighborhood transformation efforts beyond public housing.

Bruce Katz, vice president and founding director of Metropolitan Policy, answers reporters’ questions at a January 12 presidential transition event after presenting a “Memo to the President.” He argues that investments in infrastructure can enhance national prosperity—especially in metropolitan areas, where the bulk of our population lives and most jobs are located.
When President Obama launched a historic fiscal agenda this year by delivering a $787 billion rescue to America’s economy, Metropolitan Policy Program experts deployed a strategic blueprint to reinvigorate the nation’s metropolitan areas, major sources of national prosperity.

No other research group so thoroughly incorporated the nation’s regional diversity into proposals for renewal. The global economic crisis has only heightened the importance of getting this federal-metro partnership right,” said Bruce Katz, vice president and founding director of the Metro program and the Adrienne M. and Alfred I. Johnson Chair in Urban and Metropolitan Policy. “When our metro economies recover, so will the nation.”

To track recovery, the program launched the quarterly MetroMonitor, an interactive barometer of the health of America’s metropolitan economies. The inaugural edition in June, cited widely in major news media and viewed on the Brookings Web site over 34,000 times in its first two weeks. Senior Fellow Alan Berube, the program’s research director, noted how getting beneath the veneer of national figures revealed varied signs of recovery and distress, suggesting that the stimulus bill might not be enough to ensure a truly national recovery across the country. The region-specific analysis was interpreted by nearly 100 different regional journalists, but all delivering the same message: Job sprawl undercuts the economic health of cities and regions by boosting energy consumption, adding to building costs, increasing commuting times and isolating low-income and minority workers in the urban core from employment opportunities in the outgoing areas.

As debate slowly simmered on a new federal immigration policy, Senior Fellow Audrey Singer helped to create a new Brookings Frontline Series that offers fresh perspectives and new data on how communities have felt the influx of foreign-born residents.

Barack Obama’s first 100 days in office saw the passage of a massive stimulus package. At a forum on Obama’s 101st day, Deputy Director of Metropolitan Policy Amy Liu argued that the definitive measure of Obama’s economic success will be the recovery of cities and jobs, with more flexible federal funding. Liu is joined by Politic Editor in Chief John Harris and Brookings Senior Fellow William Gale.

Over 500 people attended the launch of a Blueprint for American Prosperity report in February on energy discovery-innovation institutes at the National Press Club. Sen. Sherrod Brown (D-Ohio) delivers remarks. Shown seated, left to right: University of Michigan President Emeritus James Duderstadt, Ohio State University President Gordon Gee and Arizona State University President Michael Crow.
Governance and Renewal: 
A Brookings Moment

September 2008 will be remembered as the month that an American financial crisis rocked the global economy. In the course of the ensuing year—which featured a historic presidential election and an unprecedented new administration and Congress—recovery from the recession was presented as an opportunity for renewal. As Brookings has learned from other pivotal moments in its history, crises can create powerful incentives for innovations and institutional reforms.

“The challenge going forward,” said William J. Arnold, Brookings managing director, “is to ensure that the nation and the world don’t simply recover from the crisis, but that policies and institutions are renewed for a post-crisis world. This is where a Brookings contribution can be invaluable.”

Brookings experts responded early and fast to the deteriorating economy, dating back to the early and fast to the deteriorating economy, dating back to the early days of the past five presidents. Future indexes will track these items and others on a quarterly basis.

In April, released at a Brookings event on Obama’s first 100 days, Governance Studies initiated a project called GeoWatch, a 10-month, 10-city study of key indicators. The study, led by Darrell M. West, vice president and director of Governance Studies, focuses on the economic, financial, and technical challenges faced by the new administration as it addresses the fiscal stimulus packages as a baseline for future indexes by comparing the state of the nation and the world with conditions prevailing early in the tenures of the past five presidents. Future indexes will track these items and others on a quarterly basis.

As the economy appears to be stabilizing in the second quarter of 2009, Vice President and Director of Economic Studies William Gale warmed to a paper and at a July event that Congress and the new administration face a delicate balancing act between encouraging economic recovery and establishing budget sustainability. In a fiscal discipline deficit is not too long could harm it. The strong policy that people understand what is happening today. Looking ahead, their governmental performance—analysts will track whether the $787 billion recovery and reinvestment program can achieve its ambitious goals. The MetroMonitor, an interactive barometer of the health of America’s metropolitan economies, leaked “beneath the hood” of national economic statistics for the first time in June. Led by Alan Berube, senior fellow and research director of the Metropolitan Policy program, researchers examined local indicators through the first quarter of 2009 and found that, while no region of the country has been immune from the economic downturn, the pain is unevenly distributed. Cleverly displayed in a series of interactive maps on the Brookings Web site, the data suggested that recovery might be quite uneven as well, posing particular challenges for policy-makers.

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The first comprehensive ranking of the world’s top think tanks, based on a survey of scholars and experts, ranked the Brookings Institution No. 1 among think tanks. As published in the January/February issue of Foreign Policy, Brookings was also first “with the most impact on public policy debates.”

Author James McGann divided the 3,500 think tanks worldwide, in nearly 170 countries and regions, into policy-makers, paragons, phantoms, scholars and activists. Brookings was categorized among the scholars. “The stars of the think tank world.” McGann wrote, “These power houses of policy are regularly featured in the media, provide a forum for debate, are a constant source of information and ideas.”

Brookings’s impact especially resonated in this presidential transition year. Transatlantic activities began in cyberspace even before the election results were known, with the launch on November 30 of a multimedia Web page that included ideas, back ground materials and resources focusing on a dozen key challenges facing the president-elect.

From the launch of the presidential transition project until the day that Barack Obama took occupancy of the White House, Brookings was a major force on the Web site and in the media. The transition e-newsletter, “The Transition Update,” was also a source of ideas and with subscribers steadily increasing throughout the life of the project. And the “Transition Tracker” podcast series notably raised the visibility of Brookings scholars’ ideas.

In the course of the new president’s early months in office, Brookings “donated” more than 20 scholars, Trustees, recent alumni and affiliates to the White House and other executive branch govern ment, diplomatic posts and Congress.

On the foreign policy front, Susan Rice, who spent eight years as a senior fellow, was quickly confirmed as a member of the cabinet and U.S. Per manent Representative to the United Nations. A few months later, Barack Obama appointed Carol Browner, assistant vice president and director of Foreign Policy, as ambassador to Mexico. Former Trustee Tom Donilon became deputy director of the National Security Council and Jeffrey A. Bader, director of the John L. Thornton China Center, followed as senior director of the NSC responsible for Asia. Also “loaned” from Foreign Policy were Philip H. Gordon, now assistant secretary of State for European and Eurasian Affairs, Ivo H. Daalder, now U.S. Permanent Representative to the North Atlantic Council; David Sandalow, assistant secretary for policy and international affairs at the Department of Energy; Daniel Benjamin, Secretary of State Hilary Clinton’s counter-terrorism co ordinator, and Vicki Huddleston, who joined the Defense Department as a deputy assistant secretary responsible for Africa.

Lawrence H. Summers—whose multiple associations with the Institution include service as a Trustee and co-editor of the Brookings Papers on Economic Activity—as chairman of the National Economic Council.

His deputy at the NEC is Jason Furman, who was director of the Hamilton Project at Brookings. Peter Orszag, who left Brookings in 2007 to run the Congressional Budget Office, is now director of the Office of Management and Budget. Taking his place at the CBO is Douglas Elmendorf, who served many roles at Brookings in a short time, most notably as one of the first to truly explain the crisis in the credit and housing markets.

Rebecca M. Blank left June 16 to serve as undersecretary for economic affairs at the Commerce Department.

As unemploy ment rose, attention turned to struggling families. Rebecca M. Blank, as the Robert N. Kerr Senior Fellow, suggested ways to improve the outdated poverty measure. She emphasized that, to understand the problems of poverty, it is important to accurately identify who is poor. Blank left Brookings in June to serve as undersecretary for economic affairs at the Commerce Department.

Brookings is No. 1 among think tanks in the world.
Support for Brookings

Donors provide essential resources to sustain excellence.

Health care reform brought experts and policy makers to Brookings on November 17—a testament to the generosity of Trustees Leonard D. Schaeffer (center) and Alfred B. Engelberg (far right), shown with Gail Engelberg, in establishing the Engelberg Center for Health Care Reform and the Leonard D. Schaeffer Chair in Health Policy Studies. Sen. Max Baucus (D-Mont.) (left) gave the opening remarks on political prospects and priorities for reform.

Brookings Chairman of the Board John L. Thornton (far right) discusses the U.S.-China relationship on climate change and clean energy with Speaker of the House Nancy Pelosi. Senior Fellow E.J. Dionne (far left) had moderated a board lunch with the speaker that included President Strobe Talbott (center).

At the June Board of Trustees meeting, former U.S. Secretary of State Henry Kissinger discusses President Obama’s Cairo speech with Trustee Andrew H. Tisch, co-chairman of the board of Loews Corp. Kissinger had a cautiously favorable reaction to the speech. Trustees Ann M. Fudge and Glenn H. Hutchins also converse.
though a tumultuous year of change and uncertainty, the generous sup-
port of Brookings donors built an ever-stonger institutional base. Coming amid a shifting political landscape and bearing the weight of the worst economic downturn since the Great Depression, that support helped Brookings provide an essential forum to elucidate the most crucial issues of the day, from a dialogue with Sen. Max Baucus (D-Mont.) on health care policy options in November 2008 to informative lunches in June with Dr. Henry Kissinger and House Speaker Nancy Pelosi (D-Calif.).

President Barack Obama’s visit to the Republic of Costa Rica Oscar Arias Sanchez, winner of the 1987 Nobel Peace Prize, offered its global perspective as guest of honor at a dinner in Miami with members of the Board of Trustees and Brookings’s guests. And, in a speech to Brookings Trustees and members of the International Advisory Council at a reception in June, UN Secretary- General Ban Ki-moon underscored the imperative of global solidarity in confronting the common concerns of our time.

One highlight of the year was the launch in September of the Africa Growth Initiative as part of the Global Economy and Develop-
ment program. Established in part with a $5.9 million grant from the Bill & Melinda Gates Foun-
dation—one of Brookings’s most generous foundation supporters—the initiative significantly expands the Institution’s capacity and expertise on development policy in and toward Africa and is helping to build stronger relationships with the African policy and research community.

“The goal in this initiative will allow us to establish a vibrant global network of knowl-
edge, ideas and policy programs through partnerships with African institutions, leaders and emerging experts,” President Strobe Talbott said. “It is time for Africa’s voice to be amplified in the global policy debates of our time, particularly as they relate to Africa’s economic and development opportunities. Our goal is to help foster the intel-
lectual and research base to aid this objective.”

The Rockefeller Foundation made substantial investments in the work of Brookings experts this year, with seven grants totaling $4.1 million, including almost $3 million to support the Wolfensohn Center for Development’s work on potent-
ially long and inclusive growth in the urban areas of developing countries. The Foundation also provided crucial support to the annual Brookings Blum Roundtable on Global Poverty, which focused on how the world’s poor will cope with climate change.

The Metropolitan Policy program also received substantial support from Rockefeller, including generous investments in the Metro program’s infrastructure initiative, “State of the Nation’s Metros” report and the Blueprint for American Prosperity Initiative. In addition, the Foundation supported two projects in Economic Studies: the Retirement Security Project’s research on developing an automatic IRA for encouraging savings and the Engberg Center for Health Care Reform’s work on improving health care systems in developing countries. Brookings is grateful for the generosity of the Rockefeller Foundation and its support for so many important projects.

Board of Trustees meetings through the year set the stage for understanding changing political and economic landscapes. The November gathering officially kicked off with a discussion on the 2008 election results that included Governance Studies Senior Fel-
low Thomas Mann, the W. Aw-
rell Hartman Chair in American Governance, and William Galston, the Ezra K. Zilkha Chair in Gov-
ernance Studies. Several Brook-
ings scholars who would go on to major government posts, including Douglas Elmendorf and Lael Bra-
nell, briefed the Board on details of the economic crisis.

Implications of the new Obama administration for Latin America flavored the tone of the February Board of Trustees meet-
ning in Miami. Experts including Mauricio Cárdenas, director of the Brookings Latin America Initiative, discussed the macro-
economic, trade and investment outlook for the region. Brookings experts also presented on potential changes within Cuba: its military intelligence service, general population and Alcibiades commu-
nity and youth. Joining Carlos Pascual and Vicki Huddleston for the discussion were Jorge Prieto, international energy consultant and former President of Amoco Oil Latin America, and Jorge Dominguez, vice president for inter-
national affairs at Harvard. Pascual later became ambassador to Mexico. Suzanne Nora Johnson, former vice chair of Goldman Sachs and a Brookings Trustee, joined Thomas F. McLarty—formerly chief of staff to President Bill Clinton—for a panel on what the new president faces with the global financial crisis.

By the June Trustee meeting, the question had become: ‘Panic 10: What Happened?’ Among those who provided answers were Office of Management and Bud-
get Director and former Brookings Senior Fellow Peter Orszag, and Deputy National Security Advisor Michael Froman.
The 42nd president of the United States and founding chairman of the Clinton Global Initiative urged more government-private sector collaboration, especially in international finance, in global landscape—in business, as international finance, as public service, and in advocacy for causes ranging from the eradication of poverty in nuclear disarmament.”

Corporate Philanthropy = Social Responsibility

A responsible business can not avoid trying to improve the environment in which it operates, Bill Clinton emphatically stated at a Brookings gathering this year. The 42nd president of the United States and founding chairman of the Clinton Global Initiative urged more government-private sector collaboration, especially since many people are failing to thrive in the current downturn. With so many chief executives from major corporations facing the challenge of restoring the public’s confidence in business, the event brought together corporate leaders for a discussion on how businesses can create value for shareholders and society.

Some companies have integrated “doing good” into their core businesses to reduce costs, increase profits and confront the world’s most pressing problems.

Muhtar Kent, CEO and Chairman of Coca-Cola, described his firm’s ethos: “We have a philosophy that says we can meaningfully help create sustainable communities in all of these 203 countries where we operate, then we will not have a long-term and sustainable business.”

Council Members Exchange Views with Brookings Experts

With a robust calendar of events in New York, Washington and other major cities, Brookings Corporate Council members this year enjoyed a variety of opportunities to hear directly from scholars about their research and analysis.

Senior Fellow Bruce Beidel and others drew a full crowd to a Council event in New York hosted by Brookings Trustee Alan Bakwin. Council members were eager to hear Beidel, as he had just returned to Brookings after spending two months at the White House advising President Obama’s review of Afghanistan and Pakistan policy. Brookings Trustee Batt Freeman hosted another well-attended event in New York, featuring Vice President for Foreign Policy Carlos Pascual and Senior Fellow Bruce Jones assessing the Obama administration’s response to global security threats.

In Washington, Brookings Trustee Ann Jordan hosted Senior Fellow Thomas Mann, who offered his predictions for the 2008-2009 election and preceded his assessment of the likely consequences. After the election, Brookings Council member Kay Enokido hosted Senior Fellow E.J. Dineen at the Hay-Adams Hotel in Washington to engage in a thoughtful conversation on the meaning of its outcome.

(continued)

Support for Brookings

(continued)

Trustees Glenn Hutchins and Abby Joseph Cohen offered insights from the private sector. The two and a half days of intense sessions with scholars, senior officials and congressional leaders were held in conjunction with the annual meeting of the International Monetary Council.

In July, Brookings lost a longtime friend with the death of Robert S. McNamara, who joined the Board of Trustees in 1968 and was elected as an honorary trustee in 1986, serving until his death. Talbott commented that “Bob McNamara was a towering figure who left his mark in multiple ways on the national and global landscape—in business, as international finance, in public service, and in advocacy for causes ranging from the eradication of poverty to nuclear disarmament.”

Corporate Philanthropy = Social Responsibility

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(continued)
Support for Brookings just returned from an official visit Nancy Pelosi (D-Calif.), who had proceedings. House Speaker global governance—with care. quality care versus quantity of costs. Budget Director Peter consistent media and higher education, the IAC launched a global, action-oriented dialogue. It ranged from climate change and U.S. health care reform to the growth of emerging economies exemplified by China, India, Brazil and South Africa. The IAC, in conjunction with the Brookings Board of Trustees, urged a Brookings agenda that goes priority to issues of restoring growth through innovation and fresh thinking on the policy confundums of the day, notably energy and climate change.

Looking ahead, the long-term growth in government spending is heatedly pushed by health costs. Budget Director Peter Orszag told the IAC and Trustees that the United States is on an unsustainable course. Much of the conversation that followed centered on the best way to restrain the system toward quality care versus quantity of care.

The theme of more effective global governance—with cooperation among great powers at its core—ran through the proceedings. House Speaker Pelosi, who had just returned from an official visit to China, focused her remarks on negotiations over a post-Kyoto climate regime. The Speaker predicted—correctly—that the House of Representatives would pass a climate bill before the July 4 recess. IAC members, Trustees and guests gathered before a giant screen to watch as President Obama addressed the Muslim world from a university in Pakistan. Afterward, they discussed their reactions. Their assessment: largely positive. Henry Kissinger, former U.S. Secretary of State and recipient of the 1973 Nobel Peace Prize, expressed a cautiously favorable reaction to the Cairo speech. Referring to his personal experience with transformative moments in world history, he shared his opinion that “great leaders deal at the outer limit of possibilities.”

CASH RECEIVED
July 1, 2009–June 30, 2010
$1,000,000 and Above
Anonymous (2)
Alfred and Gail Engelberg
Ford Foundation
Bill & Melinda Gates Foundation
The William and Flora Hewlett Foundation
The Robert Wood Johnson Foundation
The John D. & Catherine T. MacArthur Foundation
Governor of the State of Qatar
The Rockefeller Foundation
Ham and Cheryl Saban
Lesser D. Schleifer
John L. Thornton
James D. Wolfensohn
$500,000–$999,999
Anonymous (2)
Richard C. Blum and Senator Dianne Feinstein
Corporation of New York
Anne E. Casey Foundation
District of Columbia State Education Office
Liberty Mutual Group
Oracle (in kind)
The Poor Charitable Trusts
Russell Sage Foundation
The Robert and Irene Schwartz Foundation
The Spencer Foundation
UnioHealthCare Group, Inc.
$250,000–$499,999
Anonymous (2)
Citi
Edwin M. Cullman, Sr.
Exxon Mobil Corporation
Jobs Hopkins University
Evering Martin Kaufman Foundation
Living Cities, Inc.
Charles Stewart Mott Foundation
Royal Ministry of Foreign Affairs, Norway
State Farm Mutual Automobile Insurance Company
Surdna Foundation, Inc.
Government of Switzerland
Taipei Economic and Cultural Representative Office
Bernard van Leer Foundation
Youth Employment Center
Eva K. Zilkha
$100,000–$249,999
Anonymous (3)
Alcoa
Allstate
American Express
Angen, Inc.
Asian Development Bank
AKTIV Services Inc.
Dominic Barton
Bipartisan Policy Center
Boston College
Canadian International Council
Paul L. Cray
Chevron
The Council for the United States and Italy
Government of Denmark
Steve and Roberta denim
Defense Department
Paul Dormanac, Jr.
Hausse Al-Dujjen, Dogan Group of Companies
The John D. & Catherine T. MacArthur Foundation
Blair W. Effron and Cheryl Cohen Effron
El Lilly and Company
Energy Foundation
David and Marianna Fisher
Embassy of France
The Freeman Foundation
GF Foundation
Jeffrey A. Goldman
Google.org Fund of Tides Foundation
Maurice R. Greenberg and The Starr Foundation
Pablo González Guajardo, Jr.
Kinder Clark de Mexico
Guardian Realty Investors, LLC
(in kind)
The George Gund Foundation
The Hess Endowments
Hitachi, Ltd.
Carl and Jennifer Jacobs
Kenneth M. Jacobs
The Jones Group
John-Pat Foundation
Richard Kaufman
Nenad Kastner
Kohleght Kent Roberts & Co. & Anne Laurevogt, AREVA
Frank P. Lowy
The Markle Foundation
Microsoft Corporation
The NASAQ OMX Group, Inc.
National Intelligence Council
National Science Foundation
Novartis Corporation U.S.A.
The Pennsylvania State University
Pfizer Inc.
Victor Pinchuk Foundation
Thomas C. Ramsey
Peterson Ireland
Reliance Industries Limited
Charles W. Robinson
Rockefeller Brothers Fund
Jacobs Rothschild and the Saffery Champsness Trust Corporation
In Trustee of the Arm Champsness Trust Corporation
Nathanal Rothschild
Sanah University
Roger W. and Victoria P. Sant
Robert H. Smith
Target
The Tectonics Foundation
Andrew H. and Ann R. Tisch Foundation
Tokyo Club Foundation for Global Studies
Toyota
C.J. Chung and China United States Exchange Foundation
Turkish Industries' and Businessmen's Association
Unbound Philanthropy
University of Pittsburgh
United Nations Development Programme
Richard Kauffman
William Ackman

$50,000–$99,999
Anonymous (3)
$25,000–$49,999
Anonymous (3)
$10,000–$24,999
Anonymous (10)
$5,000–$9,999
Anonymous (24)
$1,000–$4,999
Anonymous (26)
$250–$999
Anonymous (35)
$100–$249
Anonymous (40)
$25–$99
Anonymous (50)

Honor Roll of Contributors

Trustees Cheryl Cohen Effron (left) and Benjamin R. Jacobs, managing partner of the JBG Companies, attended a welcome reception and dinner hosted by the Knight Foundation at the home of Rosa and Carlos de la Cruz prior to the February Board of the Trustees meeting in Miami. Gall Jacobs is also pictured.
Honorable Milton L. Eisenhower

President

The Ford Foundation

320 East 43rd Street

New York, New York 10017

(212) 327-8000

www.fordfoundation.org
### STATEMENT OF ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Years Ended June 30, 2009 and 2008 (in thousands)</th>
<th>Preliminary and Unaudited*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
</tr>
<tr>
<td><strong>UNRESTRICTED</strong></td>
<td></td>
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</tr>
<tr>
<td>Total Operating Revenue</td>
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<td>($ 8,332)</td>
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<tr>
<td><strong>TEMPORARILY</strong></td>
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</tr>
<tr>
<td>Total Operating Expense</td>
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<td>$ 82,764</td>
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<tr>
<td><strong>PERMANENTLY</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td><strong>Revenue and Support</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
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<tr>
<td>Economic Studies</td>
<td>$ 15,167</td>
<td>$ 19,167</td>
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<tr>
<td>Foreign Policy</td>
<td>$ 19,067</td>
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<td>Global Economy and Development</td>
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<td>Governance Studies</td>
<td>$ 5,526</td>
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<tr>
<td>Metropolitan Policy Program</td>
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<td>$ 9,581</td>
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<tr>
<td>Other Research</td>
<td>$ 541</td>
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<td>Executive Education</td>
<td>$ 3,585</td>
<td>$ 5,336</td>
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<td>Brookings Press</td>
<td>$ 3,079</td>
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<td><strong>Management and General</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
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<td>$ 17,802</td>
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<td></td>
<td>$ 2,941</td>
<td>$ 2,941</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
<td><strong>Total Operating Expenses</strong></td>
</tr>
<tr>
<td></td>
<td>$ 82,764</td>
<td>$ 82,764</td>
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<tr>
<td>Write-off of impaired asset</td>
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<td>($ 3,753)</td>
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<tr>
<td><strong>NON-OPERATING ACTIVITIES</strong></td>
<td><strong>Forfeiture of property and equipment</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
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<td>$ 9,359</td>
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<td><strong>Permanently Restricted</strong></td>
<td><strong>Investment return and gains on sale of investments</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
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<td></td>
<td>$ 13,235</td>
<td>$ 12,431</td>
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<td></td>
<td>$ 2,698</td>
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<td>Accounts payable and accrued expenses</td>
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<td>$ 8,846</td>
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<td>Bonds payable and lines of credit</td>
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<td>$ 28,031</td>
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<td>Accrued compensated leave</td>
<td>$ 2,730</td>
<td>$ 2,409</td>
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<tr>
<td>Accrued post-retirement benefit obligation</td>
<td>$ 3,400</td>
<td>$ 3,340</td>
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<tr>
<td>Deferred revenue</td>
<td>$ 976</td>
<td>$ 613</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
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<td><strong>NET LIABILITIES</strong></td>
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<td>Accounts payable and accrued expenses</td>
<td>$ 7,759</td>
<td>$ 8,846</td>
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<tr>
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<td>$ 613</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
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<td><strong>Preliminary and Unaudited</strong>*</td>
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<td><strong>TOTAL NET ASSETS</strong></td>
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<tr>
<td><strong>ASSETS</strong></td>
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<td><strong>Cash and cash equivalents</strong></td>
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<td>Loans receivable and accounts receivable, net</td>
<td>$ 72,528</td>
<td>$ 70,156</td>
</tr>
<tr>
<td>Inventory</td>
<td>$ 546</td>
<td>$ 401</td>
</tr>
<tr>
<td>Investments</td>
<td>$ 219,691</td>
<td>$ 277,455</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>$ 46,655</td>
<td>$ 41,122</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$348,751</td>
<td>$317,917</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
<td><strong>348,751</strong></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td>$ 146,105</td>
<td>$ 193,596</td>
</tr>
<tr>
<td><strong>Temporarily restricted</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
<td><strong>85,810</strong></td>
</tr>
<tr>
<td><strong>Permanently restricted</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
<td><strong>57,610</strong></td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>$348,751</td>
<td>$317,917</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>Preliminary and Unaudited</strong>*</td>
<td><strong>348,751</strong></td>
</tr>
</tbody>
</table>

* Notes: As a nonprofit and scientific organization, Brookings is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Institution also qualifies as a publicly supported organization under section 170(b)(1)(A)(vi) of the code. The Brookings policy is to make an annual investment spending allocation for the support of operations. This amount is calculated based on 70% of the prior year's spending adjusted for inflation and 30% of 5% of the market value of the investments as of December 31 of the prior fiscal year. Certain reclassifications of prior year balances have been made to conform to the current year presentation.

* A copy of the Institution's audited financial statements is available by request.
The terrorist network that was responsible for the 9/11 attacks.

Book contributors include former government officials, respected policymakers, academics, and experts. Together they explain the current landscape for plug-in electrics and the implications for the future of the motor industry.

The responsibility to protect states from Atrocity Crimes Order and for OB, authored by Gareth Evans of the International Crisis Group, has been warmly praised by a host of international notables, including South African leader Desmond Tutu. He received honorable mention in the Council on Foreign Relations Arthur Ross Award competition. Two other Brookings Books also won awards. Power Play by James P. Pfiffner, about George W. Bush’s use of presidential authority, won a silver medal in FirstWord Magazine’s Book of the Year awards. The mantle of Virtue: The Potential and Limits of Corporate Social Responsibility, by David Vogel (2005), was judged the best book on social issues by the Academy of Management.

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