2008

Annual Report

ICANN

INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

10 YEARS OF
ACHIEVEMENT

2008 ANNUAL REPORT

ICANN

INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

31 December 2008

"Over the course of ten years, since its birth, we have witnessed tremendous growth in the ICANN community with more government engagement through the Governmental Advisory Committee, an increased multi-stakeholder participation and an enhanced bottom-up process. Despite all the changes and challenges that the Internet has faced, ICANN has made remarkable evolution in its structure and has continued to grow towards a truly global and stable organization, operating in an open and transparent manner.

"As we approach the conclusion of the Joint Project Agreement between the United States Department of Commerce and ICANN in September 2009, I am sure you will be thoroughly discussing this institutional transition during your meetings this week. A smooth transition to a post-JPA phase is imperative and can only be achieved if responsibility is shared by all parties and all stakeholders. I believe ICANN has taken serious steps towards fulfilling its mandate. In this context, I welcome the transparent and inclusive discussions, as well as the consultations to improve institutional confidence, that took place during the past few months. These I view as a constructive initiative and healthy dialogue that will help our reflections over the transition to a post-JPA phase and assist us in shaping the future of ICANN. I encourage all parties to engage in this process, especially parties from our region, whom I call upon to seize this opportunity and actively take part in the discussions that will take place during this week. I cannot stress strongly enough that irrespective of the differences in our opinions and how we preview the next decade, we all share the common goal of an effective, stable and independent ICANN where all stakeholders actively engage. Let me reiterate here that Egypt is keen to see ICANN make a successful transition into a truly independent global organization. We will remain supportive of ICANN and will continue to engage in its process as a strong believer of its multi-stakeholder model.

"I would like to stress again that the Internet needs to remain this single borderless network that we all share and through which everyone is able to interact in a free and inclusive manner. Our collaborative mission is to ensure that our coming generations will get an equal if not greater opportunity and will continue to benefit from this powerful medium."

His Excellency Dr. Tarek Kamel
Minister of Communications and Information Technology
Arab Republic of Egypt

ICANN 33rd international meeting, Cairo, Egypt, 6 November 2008

To read the full text of this speech, go to https://cai.icann.org/files/meetings/cairo2008/MinisterKamel-OpeningSpeech-Cairo08.pdf.

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BOARD OF DIRECTORS 2009

Peter Dengate Thrush
Chairman of the Board of Directors
November 2007–May 2011

- New Zealand barrister practicing in civil litigation and specializing in intellectual property, competition and Internet law. Legal advisor to InternetNZ from 1996 to 1999; chair for two terms; past chair of its International Affairs Committee; member of its Legal and Regulatory Committee.
- Active in setting up and developing APTLD, the body of national domain name registry managers for the Asia Pacific region; immediate past chair; leader of the ccTLD community.
- Involved in ICANN since its inception; provided comments on the early ICANN bylaws; co-chaired a preformation meeting of the IP Constituency.
- Member, Executive Committee; chair, Compensation Committee.

Roberto Gaetano
Vice-Chair
December 2006–May 2011

- Representative of the European Telecommunication Standards Institute; played important roles in the formation of Council of Internet Registrars. More than 30 years in telecommunications and information technology; currently responsible for application development in an international organization.
- Active in the Internet and ICANN's policy making process since 1997. Served 3 years as non-voting At-Large Advisory Committee liaison to the ICANN Board; played key role in the policy discussions around the U.S. Government's White Paper and the formation of ICANN's original Domain Name Supporting Organization; chaired early DNSO General Assembly; recent focus is on bringing to life a constituency for individual users and registrants.
- Member, Board Governance, Executive, and Reconsideration committees; chair, Structural Improvements Committee.

Paul Twomey
President and Chief Executive Officer
Ex-officio member

- President/CEO since March 2003. Actively involved with ICANN, serving as Chair of the Governmental Advisory Committee for three years ending November 2002.
- Special Representative for the Internet and ICANN for the Australian government.
- Australian federal government's Special Adviser for the Information Economy and Technology; founding CEO of the National Office for the Information Economy; Australia's representative at international fora, such as the OECD and APEC.
- Founder, Argo P@cific, an international advisory and investment firm; Executive General Manager, Europe, of the Australian Trade Commission; consultant with global management consultancy McKinsey & Company.
- Member, Executive Committee.

Harald Tveit Alvastrand
November 2007–October 2010

- Worked for Norsk Data, UNINETT (the university network of Norway), EDB Maxware, Cisco Systems and, since 2006, for Google. Currently a board member of NORID, the .no domain name registry, and of the Unicode Consortium.
- Active in Internet standardization via the Internet Engineering Task Force since 1991, writing a number of RFCs, including RFC 1766, the first standard for language tags in Internet protocols; area director of the Applications area (1995-1998) and of the Operations & Management area (1998-1999); member of the Internet Architecture Board (1999-2001), and chaired the IETF from 2001 to 2006.
- Alternate chair of the ICANN DNSO General Assembly from December 1999 to April 2001; member, WIPO panel of experts on the DNS in 1998-1999.
- Member, Audit and Structural Improvements committees; chair, IANA Committee.

Raimundo Beca
June 2006–April 2010

- Partner, Imaginacción, a Chilean consulting company; board member of several major companies. Served for 11 years as CRO of Telefónica CTC Chile, the Chilean telephone company and a leader in the long distance, mobile, data networks and ISP markets; vice chair of the Board of Puerto San Vicente Talcahuano, Chile's third largest port.

- Regional expert in information technologies at ECLAC, the UN's regional economic agency for Latin America and the Caribbean; drafted a Green Book on information technology policies, including a decalogue on telecommunications privatization best practices.

- Chargé de Mission at the French Ministry of Industry, leading development of a national on line data industry. French delegate to the OCDE and the European Commission, involved in international debate on the information society in the 1970s; involved in the enactment of the first rulings in the fields of data privacy, data security, access to public files and software intellectual property rights.

- Former member, ASO Address Council, appointed first by ARIN and then by LACNIC; member, Steering Committee of NIC Chile and Board Director of LACNIC.

- Member, Finance, IANA, and Structural Improvements committees. Member, President's Strategy Committee.

Steve Crocker
November 2008–October 2011

- Served as non-voting liaison representing the Security and Stability Advisory Committee before joining the ICANN Board; chair of the Security and Stability Advisory Committee.

- CEO and co-founder of Shinkuro, Inc., focused on dynamic sharing of information across the Internet.

- Experience includes research management at DARPA, USC/ISI and The Aerospace Corporation, vice president of Trusted Information Systems, and co-founder of CyberCash, Inc. and Longitude Systems, Inc.

- Involved in the Internet since its inception. As a graduate student at UCLA in the late 1960s and early 1970s, helped develop protocols for the Arpanet and laid the foundation for today's Internet; organized the Network Working Group, the forerunner of the modern Internet Engineering Task Force and initiated the Request for Comment (RFC) series of notes through which protocol designs are documented and shared; remains active in Internet standards work through the IETF and IAB. For this work, Dr. Crocker was awarded the 2002 IEEE Internet Award.

- Member, Audit, Finance, Risk, and IANA committees.

Demi Getschko
December 2005–May 2009

- Involved in international networking since 1987; part of the team that created the first Internet connection from Brazil; member of the Brazilian Internet Steering Committee since 1995 and has served as administrative contact for .br since 1989; played a critical role in the definition of the Brazilian DNS tree and in defining the rules that govern the Brazilian registry.

- From 1971 to 1986, at the University of São Paulo, serving on faculty and as IT Professional. From 1986 to 1996, managed the Fapesp Data Center, a state foundation that played a central role in the Brazilian academic network. Between 2000 and 2001, Chief Technology Officer and Vice-President of Technology for iG (Internet Group), a free Internet provider in Brazil.

- Technology Director at Agencia Estado, an arm of a major Brazilian newspaper, involved in strategic planning, focusing on the technological evolution affecting the information industry.

- Member, Board Governance, Conflicts, and IANA committees; chair, Reconsideration Committee.

Steve Goldstein
December 2006–October 2009

- Former Program Director in the NSF Computer and Information Sciences and Engineering Directorate's networking division; launched the International Connections Management project, which implemented the connection of academic networks from about 25 countries to the NSFnet and to its advanced networking successor, the vBNS. ICM made the first academic connection with Russia in 1994, followed by two with China in 1995. The last country to be connected was Mongolia in early 1996. Also developed the strategy for the information technology subsystems for the Network for Earthquake Engineering Simulation.

- Managed awards to the Network Startup Resource Center, which assisted grassroots organizations in many under-networked countries to establish Internet connectivity. NSRC is a major player in training network operators in sub-Saharan Africa and in supporting SSA networks in the formation of the African Network Operators Group (AFNOG).

- MITRE Corporation contractor to NASA, helping to establish the NASA Science Network, NASA's entry into TCP/IP research networking; elected a foreign member of the Russian Academy of Sciences in May 2006.

- Participated in advanced international networking under the High Performance International Internet Services project, implementing a high-performance link with Russia, now called NaukaNet. U.S. representative to the G7 Global Information Society initiative titled Global Interoperability of Broadband Networks. Helped guide the high-impact HPIIS follow-on to NaukaNet, the Global Ring for Advanced Application Development, which is a dedicated lightwave round-the-world link connecting the U.S., Russia, China, Canada, Netherlands and Korea and NORDUnet.

- Member, Board Governance, Compensation, and Risk committees; chair, Conflicts Committee.

Dennis Jennings
November 2007–October 2010

- Co-founder, 4th Level Ventures, an Irish venture capital company that invests in companies commercializing business opportunities that arise from university research in Ireland; also an "Angel", investing in early stage technology companies.

- An Internet pioneer, responsible for the decisions that created NSFNET, the network that became the Internet, while working for the U.S. government; actively involved in the start-up of research networks in the Europe (EARN, President; Ebone, Board member) and Ireland (HEAnet, initial proposal and later Board member); chaired Board and General Assembly of the Council for European Top level domain Registries (CENTR); actively involved in the start-up of ICANN.

- Currently chairman or board member of several small technology companies, with wide experience in issues relating to the start-up, funding, supervision and governance, and survival of early stage technology companies.

- Director of University College Dublin Computing Services, responsible for the university IT infrastructure; interim President of the Consortium for Scientific Computing at the John von Neumann Centre in Princeton, New Jersey, responsible for the start-up of the supercomputer center; Chairman of the Oversight Board of the Irish Centre for High-End Computing.

- Member, Finance and Public Participation committees; chair, Board Governance Committee.

Rita Rodin Johnston
June 2006–May 2011

- Partner, Skadden's Intellectual Property and Technology and Internet and E-Commerce practices; cited in Chambers USA: America's Leading Lawyers for Business in 2005, 2006 and 2007, and Chambers Global: The World's Leading Lawyers for Business in 2006 and 2007.

- Frequent lecturer and author of a variety of e-commerce and technology-related topics, including outsourcing, e-mail policies, Internet security, trademark and domain name developments and privacy-related issues; advises companies on Internet and e-commerce business and compliance issues, open source issues, privacy matters and branding issues; regularly addresses intellectual property and technology and operational issues that arise in mergers and acquisitions, project finance matters and initial public offerings.

- Worked extensively on matters of Internet policy, in particular ICANN, working on policy initiatives. Assisted in drafting ICANN's UDRP, which is used today by thousands of companies to challenge domain name registrations; member of the ICANN committee that drafted documentation to implement the UDRP. Appointed by ICANN to chair an international task force that established the PDP that is now used by ICANN to develop and implement future ICANN policies.

- Member, Board Governance and Structural Improvements committees; chair, Audit Committee.

Rajasekhar Ramaraj
December 2006–October 2009

- Founder and former CEO of Sify Limited, the pioneer and leader in Internet, Networking and eCommerce Services in India. Recognized as Evangelist of the Year at the India Internet World Convention in September 2000. In October 2000, Sify was voted Company of the Year at the Silicon India Annual Technology and Entrepreneurship Conference in San Jose, California, USA. In 2001, in a CNET.com poll in India, Ramaraj was voted the IT Person of the Year 2000; invited by the UN Secretary-General Kofi Annan to be a member of UN's Working Group on Internet Governance.

- President of the ISP Association of India for about five years. This body works with the government and other stakeholders to formulate policies for the growth of the Internet in India.

- Pioneered the retail marketing of computers in India by establishing Computer Point in 1984; founder director of Microland Ltd before a stint in cellular telephony as Director, Sterling Cellular up to 1996.

- Currently associated part time as a venture partner/mentor at Sequoia Capital and is a member of the global Board of Trustees of The Indus Entrepreneurs.

- Member, Compensation, Reconsideration, and Risk committees; chair, Finance Committee.

Jean-Jacques Subrenat
November 2007–October 2010

- Involved in voluntary and educational activities; currently Chairman of the Advisory Board of Institut Pierre Werner in Luxembourg, and tutor at Ecole nationale d'administration in Strasbroug. Writes and debates on global issues, current affairs, international relations, governance.

- In the French diplomatic service (1972–2005), worked on the Policy Planning Staff; on secondment to the Ministry of industry to help set up the Solar Energy Authority, where he headed the international affairs department; Diplomatic Adviser to the Minister for Europe; Deputy director for Asia and the Pacific; Alternate director for development aid; Alternate director for the Americas.

- Postings include Singapore (Embassy Secretary 1973–1976), in Japan (Counsellor 1981–1984, Minister Counselor and Deputy Head of mission 1988–1992). Ambassador, Permanent Representative to the Western European Union in Brussels (1995–1998), Ambassador to Estonia (1998–2002), to Finland (2002–2005), acting Governor for France at the ASEF Board of Governors (2005).

- Member, Structural Improvements Committee; chair, Public Participation Committee.

- Member, President's Strategy Committee.

Bruce Tonkin
June 2007–April 2010

- Chief Technology Officer, Melbourne IT Limited, responsible for product management, new product development, innovation, and technology strategy. Melbourne IT was one of the first five test-bed registrars when ICANN established registrar competition for the existing com/net/org registry. Melbourne IT now provides domain name registration services for many gTLDs and ccTLDs. Fellow, Australian Institute of Company Directors.

- Involved with the registrars constituency on behalf of Melbourne IT beginning in 2001; later, elected to the GNSO Council by the Registrars constituency; chair of the DNSO Names Council and GNSO Council, during which time, the GNSO introduced new ICANN policies for transfers, Whois, and deleted names, and has also progressed the work on new gTLDS and further improvements in Whois.

- Active participant in policy development for the .au ccTLD. Major policy work includes the introduction of registrar competition in the .au namespace and the introduction of a range of policies covering areas such as domain name registration policies and Whois.

- Member, Compensation and Finance committees; chair, Risk Committee.

Katim S. Touray
November 2008–October 2011

- Independent development consultant based in Gambia. A follower of the early Internet, he has been an advocate for the network and its uses across a range of media and to a wide variety of audiences for over 15 years.

- Worked as researcher for the Ministry of Agriculture in The Gambia; served as Chairman of the National Agricultural Development Agency. Conducted consultancies on the Millennium Development Goals, the media, strategic planning, project evaluations, HIV/AIDS, and other subjects, for nongovernmental organizations, as well as government and UN agencies.

- Experienced producer and host of African music, educational, and public affairs talk shows on community radio in the US, and national radio in Gambia; served on the board of directors of a public access cable TV channel in the US.

- Has written articles about the Internet and ICT, and helped found the Consumer Protection Association of The Gambia; an advocate for leveraging ICTs for development; free and open source software enthusiast, and serves on the Council of the Free Software and Open Source Foundation for Africa.

- Member, IANA and Public Participation committees.

Dave Wodelet
June 2006–May 2009

- Director of Internet Systems Engineering for Shaw Communications, a diversified Canadian communications company providing broadband cable television, high-speed Internet, digital phone, satellite direct-to-home and telecommunications services throughout Canada and the U.S.

- First in Alberta to build a wide area educational network and first to extend the Internet into the educational school system; first in Canada to do broadband data-over-cable trails with Shaw; created its first broadband Internet service offering; first in Canada to deploy a national high-speed 10 Gbyte Internet backbone and the first of the North American MSOs to extend peering into Europe.

- Founding member of American Registry for Internet Numbers; played a central role in developing many early ARIN policies pertaining to MSOs and broadband allocations; served as the cable MSO representative; sponsored several ARIN meetings and hosted ARIN's first international meeting outside the USA.

- Published papers on computerized management systems and genetic insect control; taught at the public and university levels and is frequently asked to give talks and keynote presentations throughout the industry to audiences ranging from a few hundred to web-casts viewed by thousands worldwide; presented for notable organizations such as Cisco, PAIX, Equinix, NANOG, ARIN, ISPCON, OFC/NFOEC, Big Pipe, Switch & Data, the Global Peering Forum and the Canadian Radio-television and Telecommunications Commission.

- Strong supporter and advocate of open Internet and industry standards; work on obtaining vendor support for open GBIC/SFP standards has resulted in enhanced equipment interoperability as well as billions in savings worldwide for the telecommunications industry.

- Member, Conflicts and Public Participation committees.

Ambassador Janis Karklins
Governmental Advisory Committee Liaison

- Before assuming duties in Paris as Latvian ambassador to France and UNESCO in September 2007, Ambassador Karklins served as the Permanent Representative of Latvia to the UN in Geneva for seven years.

- First Vice-Chairman and later Chairman of the Council of the International Organization for Migration; held several elected posts in the World Intellectual Property Organization and UN Commission of Science and Technology for Development; presided over the Group of Governmental Experts on Cluster Munitions in the framework of the Convention on Certain Conventional Weapons. Also, Vice-President of the Preparatory Committee of the Geneva Phase of the World Summit on the Information Society and President of the Preparatory Committee of the Tunis Phase of WSIS.

- Earlier, Undersecretary of State in Latvia; Counselor in the Latvian Embassies in France and Finland.

Ram Mohan
Security and Stability Advisory Committee Liaison

- Executive Vice President & Chief Technology Officer of Afilias Limited; oversees key strategic, management and technology choices in support of the generic top-level domains (gTLDs) .INFO and .ORG, sponsored domains .mobi, .asia, and .aero and country code domains including .IN (India) and .ME (Montenegro).

- Led the strategic growth of the company in registry services and security as well as new product sectors such as RFID/Auto-ID, global DNS and Internationalized Domain Names.

- Earlier, at Infonautics Corp., founded award-winning CompanySleuth product, and created the Sleuth line of business; helped architect Electric Library, North America's most used online reference database in schools and libraries, and Encyclopedia.com, the first free encyclopedia on the Internet.

- Worked with First Data Corporation, Unisys Corporation and KPMG Peat Marwick in a variety of leadership, engineering and technology positions; founder of the technology behind TurnTide, an anti-spam company acquired by Symantec.

- Named one of the Philadelphia Business Journal's 40 under 40; founding member of the ISOC Philadelphia Area Chapter; serves on the advisory boards of several Philadelphia-area startup companies; actively involved in cancer-related nonprofits.

- Active in the ICANN community; co-author of the Redemption Grace Period (RGP) and the IDN implementation guidelines, now global industry standards; led the GNSO IDN Working Group; co-founder (along with the UN and the Public Interest Registry) of the Arabic Script IDN Working Group. Founding member of the ICANN Security and Stability Advisory Committee.

Thomas Narten
Internet Engineering Task Force Liaison

- Works on Internet Technology and Strategy at IBM in Research Triangle Park, North Carolina since 1995 and has been involved in networking for 20 years.

- Active contributor in the IETF for 15 years, co-authoring 10 RFCs, including two core IPv6 specifications; IETF Area Director for the Internet area, focused on strengthening the working relationship between IANA and the IETF and between the IETF and the RIR community.

- Active in the development of IPv6 address policy in the RIR community; helped develop RFC 3177, IAB/IESG Recommendations on IPv6 Address Allocations to Sites, which served as input to the RIR discussions; participates in public policy discussions in the APNIC, ARIN and RIPE regions; key participant in the process that produced the globally-coordinated IPv6 address policy adopted by each of the RIRs in 2002.

- Before joining IBM, he was on the faculty of the Computer Science Department at SUNY-Albany.

Thomas Roessler
Technical Liaison Group Liaison

- Joined the World Wide Web Consortium's staff in 2004 to work on security, privacy and European policy issues; currently, Security Activity Lead and spends time on the European PrimeLife project.
- Before joining W3C, Thomas worked at the University of Bonn on numerics of partial differential equations, spent time on open source software development, and was involved with ICANN for several years.
- Frequent speaker on online security and Web technologies.

Wendy Seltzer
At-Large Advisory Committee Liaison

- Practitioner in Residence at American University Washington College of Law, researching intellectual property, privacy, and free expression online; formerly visiting Assistant Professor at Northeastern University Law School.
- Fellow with Harvard's Berkman Center for Internet & Society; founded and leads the Chilling Effects Clearinghouse, helping Internet users to understand their rights in response to cease-and-desist threats. On Board of Directors of Tor, promoting privacy and anonymity research, education, and technology.
- Taught Internet law, copyright, and information privacy at Brooklyn Law School and was a Visiting Fellow with the Oxford Internet Institute, teaching a joint course with the Said Business School, Media Strategies for a Networked World.
- Earlier, staff attorney with online civil liberties group Electronic Frontier Foundation, specializing in intellectual property and First Amendment issues, and a litigator with Kramer Levin Naftalis & Frankel.
- Frequent speaker on copyright, trademark, open source, and the public interest online.

Suzanne Woolf
Root Server System Advisory Committee Liaison

- Extensive experience in both technical and policy aspects of the evolution of the Internet, particularly DNS and other network operations. In a variety of roles for the Internet Systems Consortium since 2002, currently including product management, strategic considerations for ISC's software and protocol development projects, and participation in Internet technical policy activities with ICANN, ARIN, and others.
- Technical operations manager for ICANN working on the initial design and implementation of ICANN's internal network and providing operational support for ICANN's root nameserver. Earlier, performed programming and systems administration for USC Information Sciences Institute. Projects include programming and systems support, network engineering, and nameserver management.
- Current networking interests center on large scale infrastructure, DNSSEC deployment, promoting the operational use of IPv6, and IETF participation in related working groups such as DNSEXT and V6OPS. She is especially interested in securing the DNS and the global routing system, implications of the growing adoption of IPv6 in areas such as multi-homing, and global policy issues for the IP address registries to consider together.
- Member, ICANN Security and Stability Advisory Committee, Root Server System Advisory Committee, and ARIN Advisory Council; actively participates in NANOG and IETF.

The entire ICANN community extends its sincerest gratitude and highest esteem to these Board members whose terms ended in 2008, for the work they have done and for the work they continue to do on behalf of the Internet. We all benefit in so many ways as a consequence of their commitment, energy, determination and style in the arena of ideas, policy, technology, diplomacy and operations. We appreciate their service on a global scale and hope they will find time to continue to join us occasionally and continue to share their insights, ideas and energy.

Susan P. Crawford
December 2005–November 2008

Chair, Conflicts of Interest Committee,
Meetings Committee and Reconsideration Committee

Member, Board Governance Committee and
Compensation Committee

Njeri Rionge
June 2003–November 2008

Chair, ICANN Audit Committee

Member, Board Governance Committee,
Conflicts of Interest Committee and
Compensation Committee

Richard Scholl
Technical Liaison Group Liaison for 2008

Section 1. MISSION

Since ICANN's creation in 1998, the Internet community has vigorously discussed and reviewed the mission and values that guide its actions. This extensive, inclusive and bottom up discussion has been encapsulated in ICANN's bylaws, its mission and its core values.

The limited and distinct mission of ICANN is clearly set out in Article I of its bylaws:

The mission of the Internet Corporation for Assigned Names and Numbers (ICANN) is to coordinate, at the overall level, the global Internet's systems of unique identifiers, and in particular to ensure the stable and secure operation of the Internet's unique identifier systems. In particular, ICANN:

1. Coordinates the allocation and assignment of the three sets of unique identifiers for the Internet, which are:

   a. Domain names (forming a system referred to as DNS)

   b. Internet protocol (IP) addresses and autonomous system (AS) numbers, and

   c. Protocol port and parameter numbers

2. Coordinates the operation and evolution of the DNS root name server system

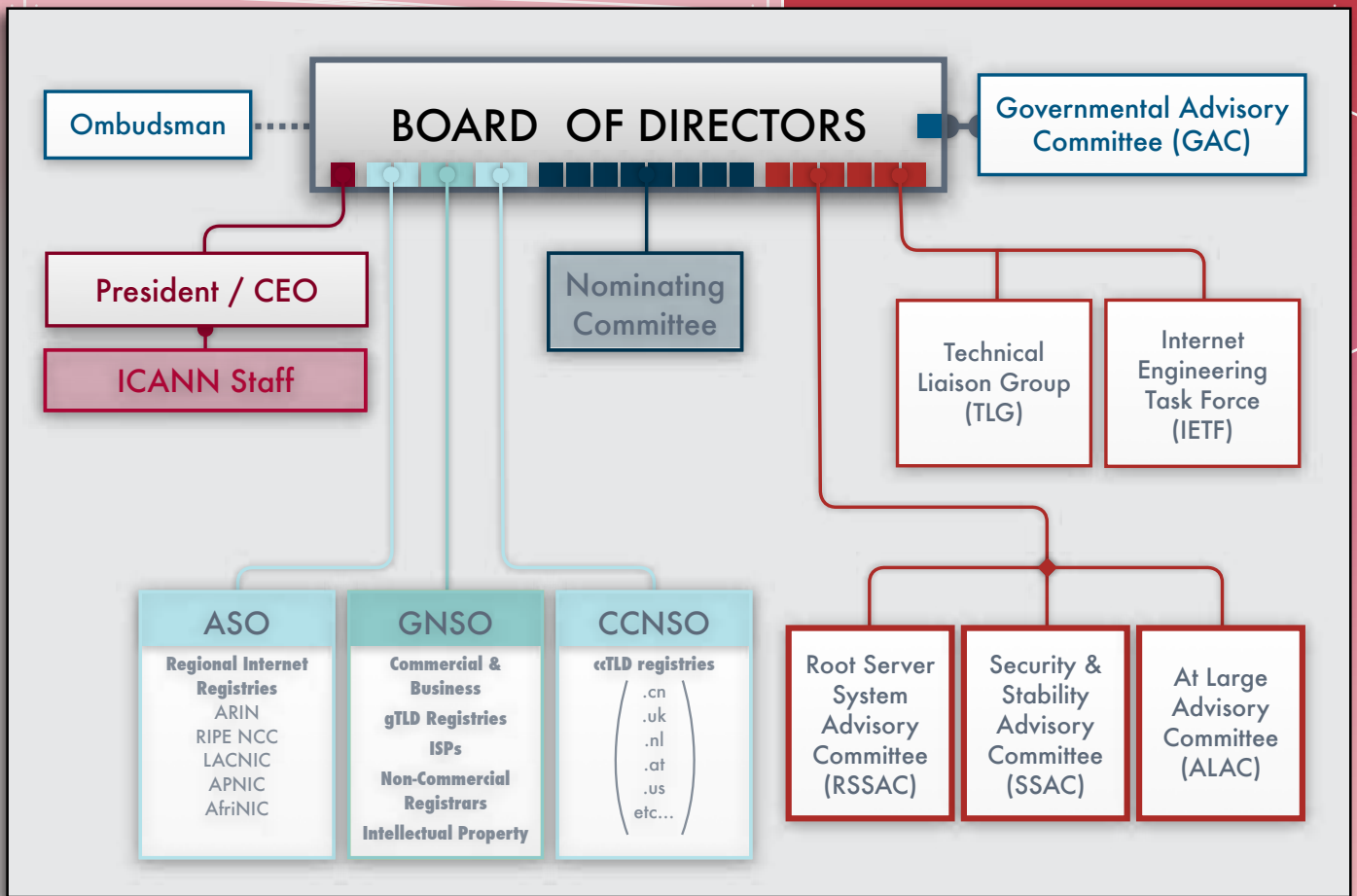3. Coordinates policy development reasonably and appropriately related to these technical functions

Section 2. CORE VALUES

In performing ICANN's mission, the following core values guides its decisions and actions.

1. Preserving and enhancing the operational stability, reliability, security, and global interoperability of the Internet.

2. Respecting the creativity, innovation, and flow of information made possible by the Internet by limiting ICANN's activities to those matters within ICANN's mission requiring or significantly benefiting from global coordination.

3. To the extent feasible and appropriate, delegating coordination functions to or recognising the policy role of other responsible entities that reflect the interests of affected parties.

4. Seeking and supporting broad, informed participation reflecting the functional, geographic, and cultural diversity of the Internet at all levels of policy development and decision-making.

5. Where feasible and appropriate, depending on market mechanisms to promote and sustain a competitive environment.

6. Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest.

7. Employing open and transparent policy development mechanisms that (i) promote well-informed decisions based on expert advice, and (ii) ensure that those entities most affected can assist in the policy development process.

8. Making decisions by applying documented policies neutrally and objectively, with integrity and fairness.

9. Acting with a speed that is responsive to the needs of the Internet while, as part of the decision-making process, obtaining informed input from those entities most affected.

10. Remaining accountable to the Internet community through mechanisms that enhance ICANN's effectiveness.

11. While remaining rooted in the private sector, recognizing that governments and public authorities are responsible for public policy and duly taking into account governments' or public authorities' recommendations.

These core values are deliberately expressed in very general terms, so that they may provide useful and relevant guidance in the broadest possible range of circumstances. Because they are not narrowly prescriptive, the specific way in which they apply, individually and collectively, to each new situation will necessarily depend on many factors that cannot be fully anticipated or enumerated; and because they are statements of principle rather than practice, situations will inevitably arise in which perfect fidelity to all eleven core values simultaneously is not possible. Any ICANN body making a recommendation or decision shall exercise its judgment to determine which core values are most relevant and how they apply to the specific circumstances of the case at hand, and to determine, if necessary, an appropriate and defensible balance among competing values.

Board of Directors Diagram

- Ombudsman
- **BOARD OF DIRECTORS**
- Governmental Advisory Committee (GAC)
- President / CEO
  - ICANN Staff
- Nominating Committee
- Technical Liaison Group (TLG)
- Internet Engineering Task Force (IETF)

ASO
Regional Internet Registries
ARIN
RIPE NCC
LACNIC
APNIC
AfriNIC

GNSO
Commercial & Business
gTLD Registries
ISPs
Non-Commercial Registrars
Intellectual Property

CCNSO
«TLD registries
.cn
.uk
.nl
.at
.us
etc…

- Root Server System Advisory Committee (RSSAC)
- Security & Stability Advisory Committee (SSAC)
- At Large Advisory Committee (ALAC)

Within ICANN's structure, governments and international treaty organizations work with business organizations and individuals to maintain the stability of the global Internet.

Innovation as well as continuing growth bring constant challenges to stability. Working together, ICANN participants address issues that are directly concerned with ICANN's mission of technical coordination.

ICANN's policy development process (PDP) originates in three supporting organizations: the Generic Names Supporting Organization, the Address Supporting Organization and the Country Code Names Supporting Organization. Advisory committees composed of representatives from individual user organizations and technical communities work with the supporting organizations to create policy. In addition, over 120 governments and government institutions closely advise the Board via the Governmental Advisory Committee.

Peter Dengate Thrush

Chairman of the Board of Directors

This has been a pivotal year at ICANN. Building on the mandate in the 1998 White Paper which laid out ICANN's mission to foster choice and competition in the domain name space, we have steadily prepared for the most significant change in the Internet since its early beginnings.

ICANN has developed policies over the past few years to deal with the stable, predictable introduction of new gTLDs, and with Internationalized Domain Names. In its public meetings in New Delhi, Paris and Cairo, and the many intersessional meetings between, members of the Internet community have worked with ICANN board and staff, in the bottom-up policy development process, to refine these policies to ensure they will be workable, starting in the New Year.

We are now poised to provide the foundation for the Internet of the future.

Just 10 years ago we had 100 million users of the Internet. Today we have 1.4 billion. With the rapid growth of mobile communications networks, and the availability of access to the Internet on their devices, that number is going to increase very quickly. One has only to observe the numerous advertisements on television, the Web and in print to see how consumers worldwide are being presented with an image of a mobile Internet experience. Those users will demand all the products and services the Internet community has come to expect—everything from financial services to healthcare to transportation and navigation to education.

More important, they will expect to do so in their own languages and language scripts.

These amazing innovations, which are on the near horizon, will offer a wealth of opportunities but also a myriad of challenges—access, multilingualism, cybersecurity and cybercrime, achieving a balance between privacy and openness, and a smooth transition from IPv4 to IPv6.

We are in a period of fundamental transition, and the velocity of change is accelerating—driven by emerging ubiquitous connectivity and greater engagement by users in every sector and region of the globe. The ICANN community has taken some very important steps recently to prepare a secure, stable and scalable foundation for an Internet for everyone, for the next billion users and those thereafter. The future of the Internet is in everyone's hands. How it will evolve is limited only by the imaginations of its stakeholders, its communities and its users.

The challenges we face in opening the Internet to the world's population are greater than ever, but the opportunities for participation and involvement are equally great, and the time couldn't be more exciting. ICANN has responded to these challenges this year, and I record my thanks to the Board, staff and community for its commitment to the ICANN vision of a single, global, interoperable Internet for all.

Peter Dengate Thrush
Chairman of the Board of Directors

Paul Twomey

President and Chief Executive Officer

As we celebrate ICANN's tenth year, it is important to note that the ICANN community's growth, institution building and dedication to an evolving and relevant unique identifier space means that we are doing more work than ever before the culmination of years of technical preparation and policy development in expanding and strengthening IP addressing and the domain name space. The ICANN community's bottom-up policy processes have been formulating major policy changes for the operation of the Internet's unique identifiers. Several major initiatives are being implemented, any one of which would be a major effort for an organization staffed by 100 people. And in line with our goal of becoming a truly global organization, more staff members are working for ICANN in more locations, with offices in Marina del Rey, Brussels, Sydney and Washington, DC, as well as individual staff members all over the world.

New gTLDs are one major initiative that will transform the Internet, making it truly global and allowing openness, change and innovation to thrive worldwide, driven by a more accessible Internet. The first draft new gTLD Applicant Guidebook was posted for public comment in October of this year, and received many comments on the website and at the Cairo meeting in November. Over the course of this first public comment period to date, ICANN received 317 comments through its dedicated online fora. Respondents come from 24 different countries and each of the five global regions.

These comments highlighted several critical issues, including fees, evaluation criteria, protection of rights of others and string contention resolution. It is acknowledged that in addition to comments received about the draft Applicant Guidebook, we received a considerable number of comments that relate more broadly to issues surrounding the introduction of new gTLDs. These comments will be analyzed, responded to and incorporated into the next steps for new gTLD planning, including a further draft Applicant Guidebook, which will then go through a another public comment period early next year. We are keen to ensure that all opinions are heard and that all affected parties understand they have much to gain by participating in the development of this new gTLD process.

Hand in hand with new gTLDs is the introduction of Internationalized Domain Names. IDN TLDs have great potential to be the gateway for huge development for the billions of people coming on line whose languages are not based on Latin scripts. Arabic, Mandarin, Russian, and Hebrew are just a few such languages. The draft implementation plan for the IDN ccTLD fast-track process was posted for public comment in October and received many comments which are currently undergoing analysis. The ccNSO and the GAC are taking a leadership role in helping to think through some of the policy and business issues and discussions with the leaders of the IDN ccTLD community, and the issues involved in ensuring that we can implement the fast-track process. In addition, the IDNA protocol for internationalized labels is being revised, and new requirements may be specified.

While we have done much to improve transparency, we can always do more, we can always become more transparent. To enhance transparency and accountability, this year we made financial and other operating information available through a Dashboard accessible from ICANN's home page on the web, http://icann.org/. This data includes many operating measures, and additional information will continue to be expanded in the future. Details on Operating Plan items and their current status is just one example.

As an organization that ensures the availability of globally unique identifiers that allow the Internet to operate, ICANN prioritizes its work towards ensuring a resilient Internet. ICANN's overarching information security plan puts this goal into practice. I recently appointed a Chief Internet Security Advisor, who is responsible for technical and physical security. This role will formulate, review and approve ICANN's information security policy, review the effectiveness of the policy's implementation, manage responses to and publish reports of significant information security incidents, and provide clear direction and visible management support for security initiatives across the organization.

In September 2009, the Joint Project Agreement will conclude. Our Improving Institutional Confidence initiative is led by the President's Strategy Committee, and their work on recommendations for strengthening the multi-stakeholder model is extremely important at this juncture. The PSC will facilitate community discussions and outline a plan for developing a transition framework.

More important are the views of the global Internet community in determining and evaluating the steps needed to embed institutional confidence in ICANN. To ensure the entire community has the opportunity to participate in this critical discussion, a program of external outreach meetings on the work of the PSC is being held around the world. Nine outreach meetings were held between June and December 2008 in Paris, France; Montevideo, Uruguay; Christchurch, New Zealand; Geneva, Switzerland; Dakar, Senegal; Washington, DC; Cairo, Egypt; Mauritius; and Hyderabad, India. All discussion documents were made available in 10 languages simultaneously. Regional discussions were held in English, Spanish and French, with ICANN staff translating and summarizing all input materials for the PSC and for publication on the ICANN website.

Independent of the Improving Institutional Confidence initiative, ICANN will always be a model of continuous evaluation and improvement. Built in to our bylaws is a process of regular independent review of the constituent parts of ICANN. Reviews concluded or in process during 2008 involved the Generic Names Supporting Organization, the ICANN Board of Directors, the At-Large Advisory Committee, the Security and Stability Advisory Committee, and the Root Server System Advisory Committee. Reviews of the Address Supporting Organization and the Country Code Names Supporting Organization will commence in the near future. In 2009 we will begin significant work with the community to implement review recommendations that continue to strengthen the ICANN model.

I am proud of this organization and community's ability to deliver on several major initiatives that are changing the face of the Internet as we know it and maintaining the resilience of the networks the world relies on. But it's not just what we do that's important, it's how we do it. That ICANN continues to achieve all of this through a participatory, global multi-stakeholder model shows that the model works. It should inspire participatory and deliberative decision-making on shared resources as both a means to an end and an end in itself.

In the world generally, multi-disciplinary approaches are essential for achieving solutions to many of the globe's complex problems and opportunities, and global, multi-stakeholder models for dialogue, coordination and standards setting are becoming more essential than ever. ICANN has been a pioneer of this new means of technical coordination in a globalizing world. We will continue to take very seriously our responsibility for the next generations, for the next billion users, to ensure that the issues relating to the Internet's unique identifier system engage all relevant stakeholders.

Paul Twomey
President and Chief Executive Officer

Jon Postel

Virtually all the most interesting new applications of the Internet have come, not from the providers of various Internet-based services but from ordinary users with extraordinary ideas and the skills to try things out. That they are able to do this is a consequence of the largely open and non-discriminatory access to the Internet that has prevailed over the past decade. Maintaining this spirit of open access is the key to further development and it seems a reasonable speculation that if Jon were still with us, he would be in the forefront of the Internet community in vocal and articulate support of that view.

Jon's influence continues to be felt throughout the Internet, in its protocols, in their documentation, in the DNS names and the dot we use to separate them, and in the good engineering that helped the Internet thrive from its inception in 1969 to today. Jon led the development of many key Internet standards, including the basic TCP/IP protocols, SMTP, and DNS. He also edited the Internet RFC series from its inception until his death in October 1998, and coauthored more than 204 RFCs. He founded the Internet Assigned Numbers Authority, which coordinates the Internet's unique identifier systems.

A decade has passed since Jon Postel left our midst. It seems timely to look back beyond that decade and to look forward beyond a decade hence. It seems ironic that a man who took special joy in natural surroundings, who hiked the Muir Trail and spent precious time in the high Sierras was also deeply involved in that most artificial of enterprises, the Internet. As the Internet Assigned Numbers Authority (IANA) and the RFC editor, Jon could hardly have chosen more polar interests. Perhaps the business of the artificial world was precisely what stimulated his interest in the natural one.

As a graduate student at UCLA in the late 1960s, Jon was deeply involved in the ARPANET project, becoming the first custodian of the Request for Comment note series inaugurated by Stephen D. Crocker. He also undertook to serve as the "Numbers Czar" tracking Domain Names, Internet Addresses, and all the parameters, numeric and otherwise, that were key to the successful functioning of the burgeoning ARPANET and, later, Internet protocols. His career took him to the east and west coasts of the United States but ultimately led him to the University of Southern California's Information Sciences Institute (ISI) where he joined his colleagues, Danny Cohen, Joyce K. Reynolds, Daniel Lynch, Paul Mockapetris and Robert Braden, among many others, who were themselves to play important roles in the evolution of the Internet.

It was at ISI that Jon served longest and as the end of the 20th Century approached, began to fashion an institutional home for the work he had so passionately and effectively carried out in support of the Internet. In consultation with many colleagues but particularly with Joseph Sims of the Jones Day law firm and Ira Magaziner, then at the Clinton administration White House, Jon worked to design an institution to assume the IANA responsibilities. Although the path to its creation was rocky, the Internet Corporation for Assigned Names and Numbers (ICANN) was officially created in early October, 1998, just two weeks before Jon's untimely death on October 16.

In 1998 there were an estimated 30 million computers on the Internet and an estimated 70 million users. In the ensuing decade, the user population has grown to almost 1.5 billion and the number of servers on the Internet now exceeds 500 million (not counting episodically connected laptops, personal digital assistants and other such devices). As this decade comes to a close, the Domain Name System is undergoing a major change to accommodate the use of non-Latin character sets in recognition

that the world's languages are not exclusively expressible in one script. A tidal wave of newly Internet-enabled devices as well as the increasing penetration of Internet access in the world's population is consuming what remains of the current IPv4 address space, driving the need to adopt the much larger IPv6 address space in parallel with the older one. Over three billion mobiles are in use and roughly 15 percent of these are already Internet-enabled.

Jon would take considerable satisfaction knowing that the institution he worked hard to create has survived and contributed materially to the stability of the Internet. Not only has ICANN managed to meet the serious demands of Internet growth and importance in all aspects of society, but it has become a working example of a new kind of international body that embraces and perhaps even defines a multi-stakeholder model of policy making. Governments, civil society, the private sector and the technical community are accommodated in the ICANN policy development process. By no means a perfect and frictionless process, it nonetheless has managed to take decisions and to adapt to the changing demands and new business developments rooted in the spread of the Internet around the globe.

Always a strong believer in the open and bottom-up style of the Internet, Jon would also be pleased to see that the management of the Internet address space has become regionalized and that there are now five Regional Internet Registries cooperating on global policy and serving and adapting to regional needs as they evolve. He would be equally relieved to find that the loose collaboration of DNS root zone operators has withstood the test of time and the demands of a hugely larger Internet, showing that their commitment has served the Internet community well. Jon put this strong belief into practice as he was founder and ex-officio trustee of ARIN.

As the very first individual member of the Internet Society he helped to found in 1992, Jon would certainly be pleased that it has become a key contributor to the support of the Internet protocol standards process, as intended. The Internet Architecture Board and Internet Engineering and Research Task Forces as well as the RFC editing functions all receive substantial support from the Internet Society. He might be surprised and pleased to discover that much of this support is derived from the Internet Society's creation of the Public Internet Registry to operate the .ORG top level domain registry. The Internet Society's scope has increased significantly as a consequence of this stable support and it contributes to global education and training about the Internet as well as to the broad policy developments needed for effective use of this new communication infrastructure.

As a computer scientist and naturalist, Jon would also be fascinated and excited by the development of an interplanetary extension of the Internet to support manned and robotic exploration of the Solar System. This very month, the Jet Propulsion Laboratory will begin testing of an interplanetary protocol using the Deep Impact spacecraft now in eccentric orbit around the sun. This project

began almost exactly ten years ago and is reaching a major milestone as the first decade of the 21st Century comes to an end.

It is probable that Jon would not agree with all the various choices and decisions that have been made regarding the Internet in the last ten years and it is worth remembering his philosophical view:

"Be conservative in what you send and liberal in what you receive."

Of course, he meant this in the context of detailed protocols but it also serves as a reminder that in a multi-stakeholder world, accommodation and understanding can go a long way towards reaching consensus or, failing that, at least toleration of choices that might not be at the top of everyone's list.

No one, not even someone of Jon's vision, can predict where the Internet will end up decades hence. It is certain, however, that it will evolve and that this evolution will come, in large measure, from its users. Virtually all the most interesting new applications of the Internet have come, not from the providers of various Internet-based services but from ordinary users with extraordinary ideas and the skills to try things out. That they are able to do this is a consequence of the largely open and non-discriminatory access to the Internet that has prevailed over the past decade. Maintaining this spirit of open access is the key to further development and it seems a reasonable speculation that if Jon were still with us, he would be in the forefront of the Internet community in vocal and articulate support of that view.

A ten-year toast seems in order. Here's to Jonathan B. Postel, a man who went about his work diligently and humbly, who served all who wished to partake of the Internet and to contribute to it, and who did so asking nothing in return but the satisfaction of a job well done and a world open to new ideas.

Vint Cerf – Woodhurst – October 2008

[Vint Cerf was Chairman of the ICANN Board of Directors from November 2000 to November 2007]

ICANN is accountable in three ways:

1. Public sphere accountability which deals with mechanisms for assuring stakeholders that ICANN has behaved responsibly;

2. Corporate and legal accountability which covers the obligations that ICANN has through the legal system and under its bylaws; and

3. Participating community accountability that ensures that the Board and executive perform functions in line with the wishes and expectations of the ICANN community.

ICANN is accountable to the global community; however, the nature of ICANN's unique mission does not permit members of the organization that could exert undue influence and control over ICANN's activities. Thus by not having any statutory members, ICANN is accountable to the public at-large rather than to any specific member or group of members. This construct helps eliminate the specter of antitrust violations by allowing ICANN to operate in the best interests of the public at large rather than in the individual interests of certain members. This construct also allows ICANN to work collaboratively, rather than compete, with the various constituents of the Internet community.

Under ICANN's corporate structure, supporting organizations and other bodies within ICANN representing certain sectors of the participating community are entitled to elect directors to ICANN's Board. These directors, in turn, owe all of the duties of a director to ICANN in their roles as members of the Board. These duties for a director of care, inquiry, loyalty and prudent investment to the corporation and its constituencies take supremacy over the interests of the electing organization. Each member of ICANN's Board is accountable to the participating community as a whole through his or her fiduciary duties and is required to make decisions that are in the best interests of the corporation and community at large.

The ultimate legal accountability of the organization lies with the Board, not with the individuals and entities that make up the ICANN community. Under California corporate law, ICANN's Board of Directors is charged with overall responsibility for the management of the business and affairs of the corporation. The general legal duties of an ICANN director are owed to the corporation itself, and the public at large, not to individual interests within the ICANN community. The directors may therefore on occasion have to make decisions that run counter to the interests of individuals or groups in the community in order to properly address the directors' broader fiduciary duties.

As a corporation, ICANN is a legal entity and has the ability to sue and be sued for its actions, and to be held responsible in a court of proper jurisdiction for its business dealings with the global community. Accordingly, ICANN's activities in the global community are conducted under awareness and appreciation of the laws applicable to it as an organization. Under its articles of incorporation:

- ICANN is a nonprofit public benefit corporation

- It is not organized for the private gain of any person

The law that organizes ICANN is called the California Nonprofit Public Benefit Corporation Law for charitable and public purposes. ICANN has been granted tax-exempt status by the United States federal and California state governments. Tax exempt status was conferred upon ICANN based on its mission of providing technical coordination for the Internet, and the resulting benefits to the public community at large. ICANN's status as a tax-exempt organization carries with it certain responsibilities to federal and state authorities which are different than those associated with taxable, for-profit entities. Specifically, ICANN's operating activities and organizational decision-making are guided by requirements incorporated into ICANN's charter for continuing eligibility for tax-exempt status.

The California attorney general is the legal overseer of California nonpublic benefit corporations such as ICANN. As such, the attorney general works to protect the interest of all public beneficiaries within his or her jurisdiction. The attorney general, acting on behalf of the public, may conduct investigations and bring legal actions to ensure that ICANN does not stray from its public charitable purpose. For corporate behavior that has otherwise gone uncured and uncorrected, members of the public are also able to petition the attorney general to conduct these investigations.

ICANN is recognized as a public charitable organization described in Internal Revenue Code (IRC) § 501(c)(3). This recognition carries with it several benefits; namely, exemption from federal taxation and the ability to receive tax-deductible charitable contributions. Being an IRC § 501(c)(3) organization, however, also imposes special responsibilities on ICANN. Among those responsibilities is that ICANN's directors must ensure that ICANN operates exclusively in furtherance of its public charitable and scientific purposes and avoids transactions that may confer excessive economic benefit on corporate insiders, others closely affiliated with ICANN or private parties who contract with ICANN.

Fiduciary obligations of directors

Under California corporate law, ICANN's Board of Directors is charged with overall responsibility for the management of the business and affairs of the corporation. The general legal duties of an ICANN director are owed to the corporation itself and to the public at large. Generally, a director of a nonprofit public benefit corporation shall perform his/her duties in good faith, in the best interests of the organization and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. That is generally understood to embrace four duties, which directors owe to the organization and its constituencies:

(1) A duty of care,

(2) A duty of inquiry,

(3) A duty of loyalty, and

(4) A duty of prudent investment.

Duty of Care

The duty of care is best expressed as the seriousness that each director brings to his or her responsibilities such as gaining and maintaining familiarity with the business objectives of the organization. It also includes important business considerations and industry information relevant to the organization's activities, and serving on the same basis on committees to which the director may be appointed. The duty of care also requires that the director take reasonable measures to ensure that the organization is managed and directed in a manner that is consistent with its mission.

Further, the duty of care requires the directors to be attentive to the concerns expressed by the organization's counsel and follow directives concerning the confidentiality of advice and overall legal strategy approved by the Board of Directors or the officers for dealing with particular problems or issues that may arise.

Duty of Inquiry

The duty of inquiry generally requires that a director take such steps as are necessary to be sufficiently informed to make decisions on behalf of the organization and participate in the Board of Directors' activities. In satisfying this duty, directors must balance against competing considerations, such as the organization's obligations relating to confidentiality of information received from third parties, privacy rights of employees and others who deal with the organization, attorney-client privilege relating to legal proceedings or legal advice to the organization, and protection against disclosures of information which may damage the organization's business, property, or other interests.

Duty of Loyalty

The duty of loyalty generally involves the protection of the organization's interests in its business, properties, assets, employees, and legal rights, avoidance of conflicts of interest or self-dealing on the part of directors, and serving the interests of the organization and not the interests of any other person or group, including a constituency of the organization which caused the director to be selected.

Duty of Prudent Investment

Directors of a nonprofit corporation are required, in the management of the organization's investments, to avoid speculation and to comply with any applicable standards in the organization's articles, bylaws, or the terms of any gift or grant of funds to the corporation, rather than to any specific member or group of members. This construct helps eliminate the specter of antitrust violations by allowing ICANN to operate in the best interests of the public at large rather than in the individual interests of certain members. This construct also allows ICANN to work collaboratively, rather than compete, with the various constituents of the Internet community. This section sets out the mechanisms by which ICANN makes itself accountable to its participating community.

The major aspects are:

A. The representative composition of the Board which allows all parts of the ICANN community to participate in ICANN Board process;

B. The consultative planning process by the ICANN community sets strategic direction and determines operational priorities and budgets;

C. The ongoing schedule of reviews of ICANN's structure according to Article IV, Section 4 of the ICANN bylaws;

D. Translation principles that guide the translation of documents within the ICANN community;

E. Consultation principles that guide the consultation processes that are used to generate community input on ICANN issues;

F. A statement of expected standards of behavior which outlines the standards of behavior expected of those who participate in the ICANN process.

In addition, due to the tax-exempt status of ICANN, its directors and officers owe a duty to avoid excess benefit transactions and those that inure to the benefit of any insider (i.e., an officer or director of ICANN) or confer a benefit on a private party which is not an insider. Further, directors of a California nonpublic public benefit corporation may, under certain circumstances, be subjected to personal liability for uninsured damages resulting from acts or omissions not within the scope of the director's duties; that are not performed in good faith; or that are reckless, wanton, intentional or grossly negligent. Similar standards of legal accountability apply if the corporation opens international offices.

There has been some discussion among the ICANN community about potential review of ICANN's legal status in the context of its further internationalization. Whatever may emerge out of these discussions, if anything, ICANN is committed to maintaining the same standards of external accountability to those outlined above.

ICANN's three types of accountability are contained in a detailed discussion of Corporate Governance and Accountability at ICANN, which appears as an appendix to this report.

ICANN is an internationally organized, nonprofit corporation and as such has accountability as a corporation but also through its purpose, which is similar to a public trust.

It is a private sector organization and within ICANN's structure, governments and international treaty organizations work in partnership with businesses, organizations, and skilled individuals involved in building and sustaining the global Internet. ICANN is perhaps the foremost example of collaboration by the various constituents of the Internet community.

ICANN develops policy appropriate to its mission through bottom-up, consensus-based processes, and in its governance it is accountable to the community who contribute to the ICANN process.

AT ICANN

Among its comprehensive responsibilities, ICANN's Board of Directors must ensure that ICANN operates exclusively in furtherance of its public charitable and scientific purposes and avoids transactions that may confer excessive economic benefit on corporate insiders, others closely affiliated with ICANN or private parties who contract with ICANN (see http://www.icann.org/en/minutes/). Those responsibilities as well as ICANN's three types of accountability are outlined in a detailed discussion of Corporate Governance and Accountability at ICANN, which appears as an appendix to this report.

In addition to its regular monthly meetings and special meetings, the ICANN Board meets to conduct business during the three international meetings ICANN organizes each year. Much of that business is related to current issues being discussed at those international meetings.

At the 2008 annual general meeting in Cairo, the Board unanimously passed a resolution adding four new committees and suggesting changes be posted for public comments relating to the dissolution of two of its existing committees, the Conflicts of Interest Committee and the Reconsideration Committee, transferring the responsibilities for those two committees to the existing Board Governance Committee, and establishing four new Board committees. The changes to the structure of the two of Board committees will require some revisions to ICANN's bylaws. These revisions were posted for public comment in December 2008, after which the comments received will be analyzed and appropriate action taken.

New Committees

IANA Committee – Chaired by Harald Tveit Alvestrand, with members Raimundo Beca, Steve Crocker, Demi Getschko, and Katim Touray.

Public Participation Committee – Chaired by Jean-Jacques Subrenat, with members Dennis Jennings, Katim Touray, and Dave Wodelet.

Risk Committee – Chaired by Bruce Tonkin, with members Steve Crocker, Steve Goldstein, and Rajasekhar Ramaraj.

Structural Improvement Committee – Chaired by Roberto Gaetano, with members Harald Tveit Alvestrand, Raimundo Beca, Rita Rodin Johnston, and Jean-Jacques Subrenat.

Continuing Committees

Audit Committee – Chaired by Rita Rodin Johnston, with members Harald Tveit Alvestrand, and Steve Crocker.

Board Governance Committee – Chaired by Dennis Jennings, with members Roberto Gaetano, Demi Getschko, Steve Goldstein, and Rita Rodin Johnston.

Compensation Committee – Chaired by Peter Dengate Thrush, with members Steve Goldstein, Rajasekhar Ramaraj, and Bruce Tonkin.

Conflicts of Interest Committee – Chaired by Steve Goldstein, with members Demi Getschko and Dave Wodelet.

Executive Committee – Chaired by Board chairman Peter Dengate Thrush, with Board vice-chairman Roberto Gaetano, and President Paul Twomey.

Finance Committee – Chaired by Rajasekhar Ramaraj, with members Raimundo Beca, Steve Crocker, Dennis Jennings, and Bruce Tonkin.

Reconsideration Committee – Chaired by Demi Getschko, with members Roberto Gaetano and Rajasekhar Ramaraj.

Other Work of the Board of Directors

The Board passed more than 100 resolutions on matters as diverse as approving improvements to the GNSO, authorizing staff to develop implementation plans for new gTLDs and IDN TLDs, approving ICANN's Strategic and Operating plans and Budget, and approving operational and fiduciary matters pertaining to the day-to-day management of the corporation. A complete list of the Board's resolutions during 2008 appears at http://www.icann.org/en/minutes/.

Independent Review of the Board of Directors

ICANN's structures undergo periodic independent review to evaluate their activities and policies against the expectations of the community and their effectiveness in carrying out their responsibilities. The independent reviewer's report of the Board of Directors was published at the Cairo meeting and a special session was held to discuss the report. A special working group will seek input from the community and produce an initial report for the Mexico City meeting in March 2009.

2008   MAJOR MILESTONES

2–7 NOVEMBER

Cairo, Egypt
10th annual meeting

- Draft Applicant Guidebook for new gTLDs posted for public comment; first application round expected in 2009
- Draft Implementation Plan for IDN ccTLD fast-track process posted for public comment; implementation expected in 2009
- Improving Institutional Confidence document and revised transition action plan put through next round of discussions
- Proposed inter-registrar transfer policy and amendments to RAA reviewed by Board
- .mobi and .coop requests for single-letter domains at the second level approved
- A total of 945 registrars with ICANN accreditation, representing 163 million registered domain names and 1.4 billion Internet users
- 9 accountability frameworks or exchanges of letters signed between ICANN and ccTLD operators this year
- Second business access agenda draws larger numbers from business community
- 89 applications for fellowships submitted; 30 fellows attend

22–26 JUNE

Paris, France

- ICANN Board approved staff to proceed drawing up implementation plan for new gTLD process
- IDN ccTLD fast-track moves into implementation planning
- New mechanisms to slow domain tasting introduced, resulting in 85% drop in this activity through the end of 2008
- PIR proposal to implement DNSSEC in .org approved
- Board approves vast majority of recommendations for reforming its main policy body, the Generic Names Supporting Organization (GNSO)
- President's Strategy Committee recommendations for post-JPA transition plan and Improving Institutional Confidence released for public comment
- Dedicated business access agenda added to schedule
- 131 applications submitted for fellowships; 15 fellows attend

10–15 FEBRUARY

New Delhi, India

- New Accountability and Transparency Frameworks adopted by Board
- GNSO improvements report posted for public comment following independent review
- SSAC submits reports on domain-name front running, fast flux, DNSSEC, and Whois
- First general assembly of the Asia-Pacific Regional At Large Organization (APRALO) is held
- IDNC working group provides initial report on introducing IDN ccTLDs
- ICANN pledges to deploy IPv6 across ICANN's infrastructure by mid-2009
- 67 applications submitted for fellowships; 18 fellows attend

2007   MAJOR MILESTONES

29 OCTOBER – 2 NOVEMBER

Los Angeles,
California, USA
9th annual meeting

- IDNC Working Group established
- 18 accountability frameworks or exchanges of letters signed between ICANN and ccTLD operators in 2007
- ICANN signs agreements with Inter-American Telecommunication Commission of the Organization of American States (CITEL) and the Commonwealth Telecommunications Organization (CTO)
- Review of five ICANN geographic regions begins
- GNSO submits recommendations for implementation of new gTLDs to Board for review
- .museum proposal approved
- Vint Cerf steps down as chairman and is replaced by Peter Dengate Thrush
- Global fellowships program draws 167 applications and 23 attendees

25–29 JUNE

San Juan, Puerto Rico

- ICANN unveils system to try out 11 new IDN test suffixes in Arabic, Persian, simplified Chinese, traditional Chinese, Russian, Hindi, Greek, Korean, Yiddish, Japanese and Tamil; adaptation of most major Internet browsers to the Punycode character translation system is expected by year-end
- Domain name registration fee drops to under $10, a significant drop from the more than $50 per name charged in 1998
- North American Regional At-Large Organization (NARALO) forms, completing the restructure of the At Large supporting organization
- Global fellowships program begun in May draws 125 applications and 31 attendees in San Juan

26–30 MARCH

Lisbon, Portugal

- The application for a .xxx top-level domain is rejected by the Board
- The President announces a review of the Registrar Accreditation Agreement (RAA)
- Agreements signed with the African Telecommunications Union (ATU), Pacific Islands Telecommunications Association (PITA), and the UN Economic and Social Commission for Western Asia (UN-ESCWA) to conduct outreach to governments and local Internet communities
- Regional At Large Organizations formed for Asia-Pacific, Africa and Europe
- RSSAC and SSAC report on adding AAAA records for IPv6 address records to the root

2006   MAJOR MILESTONES

2–8 DECEMBER

São Paulo, Brazil
8th annual meeting

- Joint Project Agreement signed by ICANN and US Government
- Testing of Internationalized Domain Names (IDNs) begins
- First Regional At Large Organization (RALO) agreement signed with Latin America
- New system of accountability frameworks and exchanges of letters between ICANN and ccTLD operators results in 18 such agreements signed this year

26–30 JUNE

Marrakech, Morocco

- Generic and sponsored gTLDs are readied for implementation: cat, jobs, mobi, travel, tel, and asia
- Global Internet users top one billion, not counting Internet-enabled mobile devices

25–31 MARCH

Wellington, New Zealand

- Over 33,000 domain name disputes handled by ICANN dispute resolution providers involving 40,000 to 50,000 domain names
- Number of registrars grows to 850; number of domain names registered exceeds 100 million
- Board requests recommendations for amendments to the proposed sTLD registry agreement for .xxx to address potential registrant violations of the sponsor's policies
- SSAC submits report on alternative TLD name systems and roots
- SSAC submits report on DNS distributed denial of service (DDoS) attacks on TLD and root name system operators
- 2006–2009 Strategic Plan approved and adopted

2005   MAJOR MILESTONES

30 NOVEMBER – 4 DECEMBER

Vancouver, Canada
7th annual meeting

- ICANN opens strategic planning to public; articulates priorities and goals for the next three years
- ICANN recognizes AfriNIC as Regional Internet Registry
- Two new President's Committees formed to cover overall organizational strategy and IANA

11–15 JULY

Luxembourg City,
Luxembourg

- ICANN and IDN leading registries revise IDN guidelines

4–8 APRIL

Mar del Plata, Argentina

- IPv4 global allocation policy adopted
- Proposed sTLD agreements for .jobs and .travel approved; other new sTLD applications for .asia, .mail, .tel (x2), and .xxx still under consideration

2004 MAJOR MILESTONES

1–5 DECEMBER

**Cape Town, South Africa
6th annual meeting**

- ICANN Strategic Plan posted for public comment
- Final .net RFP posted for public comment
- NRO takes over role of ASO with respect to policy issues relating to the operation, assignment and management of Internet addresses
- WIPO II recommendations taken under consideration
- ICANN Core Principles and Corporate Governance Guidelines posted for public comment
- First ICANN Ombudsman appointed

19–23 JULY

Kuala Lumpur, Malaysia

- Registry/Registrar request for extension to implement extensible provisioning protocol approved
- Board receives SSAC report on redirection in the .com and .net domains
- President's Advisory Committee on IDNs established

2–6 MARCH

Rome, Italy

- Formation of the Country Code Names Supporting Organization (ccNSO) approved

2003 MAJOR MILESTONES

27–31 OCTOBER

**Carthage, Tunisia
5th annual meeting**

- .info redemption grace period approved
- .pro second-level registration offering approved
- GNSO Council adopts domain deletion policy
- Board seeks community input into development of new gTLD strategy and process
- "SiteFinder" case, and ICANN reform discussions

22–26 JUNE

Montreal, Canada

- IDN Guidelines v1.0, which are committed to by the cn, info, jp, org, and tw registries in their IDN operations
- ICANN begins authorizing certain registries to deploy IDNs according to guideline provisions
- Formation of the ccNSO approved

23–27 MARCH

Rio de Janeiro, Brazil

- Board adopts four consensus-policy recommendations of the GNSO Council's Whois task force on Whois data accuracy
- Board Governance Committee established
- Draft IDN implementation approach approved

2002   MAJOR MILESTONES

14–15 DECEMBER

Amsterdam, Netherlands
4th annual meeting

- Board Evolution and Reform Committee formed
- Development begins for introducing a limited number of new sponsored gTLDs

27–31 OCTOBER

Shanghai, China

- ICANN approves first UDRP dispute resolution provider in Asia Pacific region
- ICANN recognizes LACNIC as Regional Internet Registry

24–28 JUNE

Bucharest, Romania

- Evolution and reform issues discussed include:
  - Devise specific measures to ensure geographic and cultural diversity in all parts of ICANN structure
  - Consider the creation of an At Large Advisory Committee for informed participation in ICANN by the broad user community
  - Ensure that the Nominating Committee represents a balance among all Internet communities
  - Collaborate with critical infrastructure providers and the technical community on effective working relationships
  - Ensure that ICANN's PDPs enhance and promote a transparent bottom-up process
- Redemption Grace Period added to registry agreement

10–14 MARCH

Accra, Ghana

- Evolution and Reform and Committee's work plan discussed
- Security committee charter approved
- LACNIC application and transition plan discussed

2001   MAJOR MILESTONES

12–15 NOVEMBER

Marina del Rey,
California, USA
3rd annual meeting

- IDN committee formed and receives charter
- At-Large Study Committee issues final report presented to Board

7–10 SEPTEMBER

Montevideo, Uruguay

- Proof of concept gTLDs implemented to meet growth and specialization demands of Internet community: aero, biz, coop, info, museum, name, pro
- Process for geographic and geopolitical names in .info opened to further discussion

1–4 JUNE

Stockholm, Sweden

- Registrar application and accreditation fees revised
- Policies developed for the approval of additional Regional Internet Registries
- DNSO charged with formulating transition plan for .org from VeriSign to another registry
- New TLD evaluation process planning task force formed

9–13 MARCH

Melbourne, Australia

- Board begins review of agreements for four unsponsored top-level domains (.biz, .info, .name, and .pro)
- ccTLD–ICANN meetings in Honolulu, Geneva, and Melbourne bring the ccTLD community closer to consensus on appropriate agreements with ICANN
- Stuart Lynn becomes CEO
- Task force formed to develop consensus policies for the implementation of IDNs, especially:
  - IDN standardization and testbed deployment
  - Intellectual property considerations in IDNs
  - Public education and outreach on IDNs

2000   MAJOR MILESTONES

13–16 NOVEMBER

Marina del Rey, California, USA
2nd annual meeting

- Major agenda items for public forum are selection of new TLDs, and study of At Large membership
- Board selects seven new TLDs
- 24 new registrars receive ICANN accreditation, bringing total to 159
- First ICANN financial statements published
- Several experimental IDN testbeds in operation or announced
- Esther Dyson steps down as Chairman and is replaced by Vint Cerf

13–17 JULY

Yokohama, Japan

- CPR Institute for Dispute Resolution approved as a UDRP provider
- DNSO Names Council recommendations on new top level domains
- 11 new registrars receive ICANN accreditation, bringing total to 135
- At-large membership registration exceeds 158,000 internet users worldwide

7–10 MARCH

Cairo, Egypt

- ICANN and IETF sign agreement setting out technical work to be done by IANA on behalf of the IETF and IAB
- Board authorizes recruitment of permanent CEO

1999   MAJOR MILESTONES

1–4 NOVEMBER

*Los Angeles,
California, USA
1st annual meeting*

- Esther Dyson elected Chairman of the Board, with Pindar Wong as Vice Chairman
- Board Executive Committee formed along with other Board committees
- Board adopts policy framework for ICANN's At Large membership structure and elections
- 11 new registrars receive ICANN accreditation, bringing total to 87
- Uniform Domain Name Dispute Resolution Policy (UDRP) ratified by ICANN Board; four dispute resolution service providers worldwide chosen
- ICANN splits registry/registrar functions – increases competition in domain name marketplace

23–26 AUGUST

Santiago, Chile

- First documents outlining UDRP posted for public comment
- Protocol Supporting Organization ratified
- Address Supporting Organization agreement paves the way for continuing efforts to organize and establish new regional Internet registries for the African and Latin American/Caribbean geographic regions (AfriNIC and LACNIC)
- Non-Commercial Domain Name Holders Constituency recognized

25–27 MAY

Berlin, Germany

- Second meeting agenda includes reports from the Chair and President; plus reports from the Governmental Advisory Committee and the Root Server System Advisory Committee
- Also on the agenda: the 1999–2000 ICANN budget; a report on status of registrar accreditation process; a discussion of supporting organization status; reports from the DNSA constituency organizers and DNSO general assembly organizational meeting; discussions of pending SO applications, WIPO report items, ICANN membership structure, independent review policy, and geographic diversity provision in the ICANN bylaws

2–4 MARCH

Singapore

- First meeting features an ambitious agenda covering Domain Name Supporting Organization application proposals, draft registrar accreditation guidelines, a draft conflict of interest policy, and a draft reconsideration policy

2008 ICANN MEETINGS

ICANN holds three meetings each year in different locations around the world in order to engage the international community in ICANN's work. One meeting each year is considered the official annual general meeting, during which the Board is reconstituted and newly elected board members take their place. These meetings provide excellent opportunities for outreach and face-to-face policy discussion. Meetings are supported by a host city and sponsorships are sought to help defray the cost of running the meetings and to assist with logistics.

In addition, ICANN hosts two regional outreach meetings each year to address the concerns and issues facing local policy makers, managers of country code top-level domains (ccTLDs) and Internet businesses. All these meetings are vital to ICANN's model of bottom-up, consensus driven policy making in action.

New Delhi, India 10–15 February 2008

More than 720 participants from 76 countries, including 290 participants representing local business and Internet interests from the host country, took part in ICANN's 31st international public meeting in New Delhi for five days of discussions about the future of the Internet. Hosted by the Indian Government and the National Internet Exchange of India, the meeting was officially opened by Shri Jainder Singh, Secretary of the Department of Information Technology for the Government of India.

The meeting provided a unique opportunity for outreach in the region, including business, with a business roundtable discussion held with leading Indian business representatives. See http://delhi.icann.org/15feb08/outreach.

Issues of significance to attendees included the process for introducing new generic top-level domains, or gTLDs, the domain names like .com, .org and .info at the top level, which generated considerable excitement and comment. An implementation plan based on the policy development work of ICANN's policy development arm for the generic space, the Generic Names Supporting Organization (GNSO), was presented for consideration. It clearly demonstrated that implementation is a complex task that raises challenging technical, operational, legal, economic and political questions that affect the Domain Name System.

After reviewing the implementation work, the Board planned to consider a course of action on the GNSO policy recommendations for the introduction of new gTLDs. Further discussion is expected at the Paris meeting in June and the Cairo meeting in November 2008, and during public comment periods before and after the Cairo meeting. ICANN expects to start accepting bids for specific names some time in 2009.

In addition, the introduction of Internationalized Domain Names, or IDNs, domain names in non-Latin scripts, is considered one of the biggest changes to the Internet since its inception.

Representatives of the Governmental Advisory Committee (GAC) and Country Code Names Supporting Organization (ccNSO) met to discuss the potential introduction of IDNs that are meaningful representations of countries or territories; that is, ccTLDs or country code top-level domains.

Shri Jainder Singh, Secretary of Information Technology for the Government of India, formally opened the New Delhi meeting.

Meeting attendees participated in workshops and meetings on the fast-track process for introducing IDN ccTLDs in the near term. The main issue was whether initial deployment would be limited in some way by country or territory. For example, India has 22 official languages. Since all these languages have official status in India, some thought limitations in the number of TLD strings should be tailored to the needs of each country or territory.

The next step is to clearly describe the criteria for determining readiness to launch IDN TLDs, a part of the suggested fast-track process. The first public comment period on a draft initial report on fast-track implementation of IDN ccTLDs ended 26 February 2008. This work is being led by an IDNC working group composed of ICANN supporting organization and advisory committee members.

The Board approved frameworks and principles on accountability and transparency. These outline ICANN's accountability as a California-based, not-for-profit corporation with its own bylaw requirements and legal and corporate accountabilities. A copy of these frameworks is included in the appendixes to this annual report.

The Joint Project Agreement (JPA) between the United States Government and ICANN has as its purpose the transition of the Internet Domain Name System (DNS) to private sector multi-stakeholder leadership. This agreement underwent a mid-term review for which the U.S. Department of Commerce National Telecommunications and Information Administration (NTIA) received comments.

The Board of ICANN believes the JPA has helped ICANN become a stable organization and that ICANN is meeting its responsibilities. Concluding the JPA in September 2009 is the next logical step in transition of the DNS to private sector management. Those comments are available at http://www.ntia.doc.gov/ntiahome/domainname/jpamidtermreview.html.

A consultation on the JPA was held in New Delhi. Most participants agreed on the need to have a discussion about the final ICANN model in the lead-up to the conclusion of the JPA.

Along with many others in the Internet community, ICANN is acting to enable IPv6 services throughout the DNS, including encouraging all providers of domain name services to implement IPv6 capability. At the time of the New Delhi meeting, five root name server operators had added IPv6 addresses to their root zone records, enabling IPv6 DNS resolution.

The Board directed ICANN staff to deploy IPv6 across its own infrastructure and give regular feedback to the community on progress and lessons learned.

The first draft of a Translation Programme for ICANN, based on agreed translation principles, was presented and discussed in New Delhi at a public meeting. The program outlines how ICANN can reach non-English speakers and give them equitable access to and influence on ICANN processes. Feedback is to be incorporated into a final report to be presented to the ICANN Board for approval.

More about the 31st International Public Meeting in New Delhi can be found at http://delhi.icann.org/node/99.

In addition, ICANN hosts two regional outreach meetings each year to address the concerns and issues facing local policy makers, managers of country code top-level domains (ccTLDs) and Internet businesses. All these meetings are vital to ICANN's model of bottom-up, consensus driven policy making in action.

2008 ICANN MEETINGS

Paris. France 22–26 June 2008

Over 1,670 participants from 166 countries, including 250 participants from the host country, took part in ICANN's 32nd international public meeting in Paris for four days of discussions, workshops and public forums that helped ICANN make great progress in several key areas that will shape the future of the Internet.

Eric Besson, State Secretary for Prospectives and Evaluation of Public Policies for France, opened the meeting. The State Secretary is responsible for forward planning, assessment of public policies and development of the digital economy.

The Paris meeting saw the introduction of a specific business access agenda and a series of targeted meetings and discussions to engage business leaders more effectively in ICANN's processes. Business participants attended briefings on the most significant topics facing ICANN at the moment, including new gTLDs, IDNs and IPv6, and a meeting with the Board of Directors. It was organized in cooperation with the E-Business, IT and Telecoms Commission of the International Chamber of Commerce.

ICANN's Board of Directors took a significant step forward on the introduction of new generic top-level domains. New gTLDS are extensions to the domain name system in addition to, for example, .com or .info at the top level. The Board approved the policy recommendations on new gTLDs developed by the GNSO, ICANN's policy development arm for the generic name space. ICANN staff was asked to further develop and complete a detailed implementation plan.

New generic top-level domains were a featured topic of conversation during the meeting. The week began with a dedicated interactive session in which experts from different industries and sectors around the world shared diverse views about the potential changes to the Internet as the New gTLD Program is launched. The workshop was presented with MARQUES, the Association of European trademark owners, which represents trademark owners' interests before the European Union and other international bodies.

ICANN staff updated the community on how new gTLDs might be implemented, including a timeline and recent steps taken to address potential disputes.

The discussions on new gTLDs were the subject of worldwide and widespread press coverage including by BBC, CNN, NBC, *Les Echos*, *Business Week*, *Le Monde*, *Liberation*, *The Times of London*, *Financial Times*, and other media outlets all over the world.

The Board approved the policy recommendations on new gTLDs drawn

Eric Besson, State Secretary for Prospectives and Evaluation of Public Policies for France, opened the meeting.
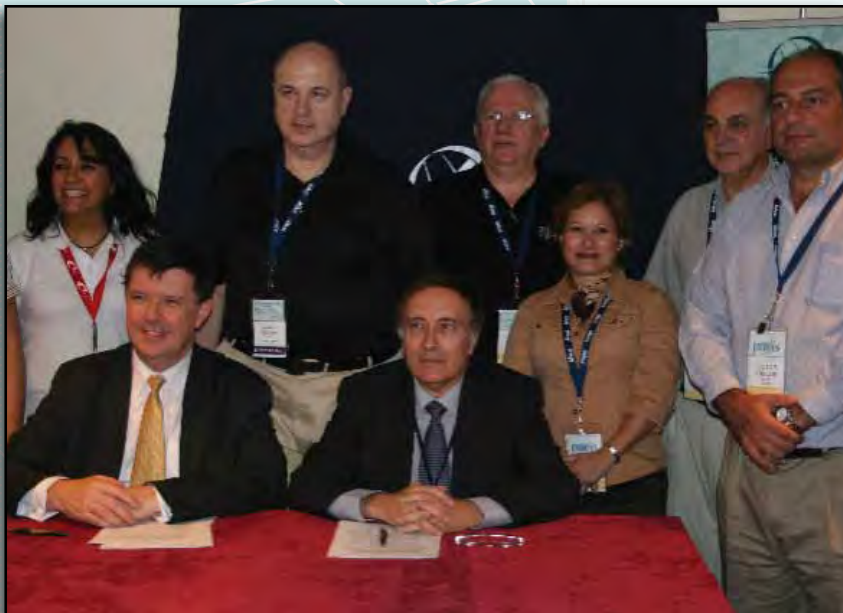
The Paris meeting saw the signing of an accountability framework agreement with the ccTLD operator for Costa Rica, the 41ˢᵗ such agreement between a ccTLD operator and ICANN. Seated at left is ICANN CEO Paul Twomey, with Guy de Téramond, administrative contact for .cr. Standing (left to right) are Margarita Valdes of NIC-Chile; Steve Goldstein of the ICANN Board; Hartmut Glasser of NIC-br; Edna Samudio of NIC-pa; Oscar Messano of LACNIC; and Víctor Abboud of NIC-ec. Clara Collado, of the Dominican Republic, also was present.

up by the GNSO, and directed ICANN staff to develop and complete a detailed implementation plan.

Much of the discussion about IDNs during the Paris meeting centered on the work of the IDNC working group, which was chartered by the Board at its November 2007 meeting. The working group's participants were appointed by ICANN's ccNSO, GNSO, GAC, At-Large Advisory Committee (ALAC) and Security and Stability Advisory Committee (SSAC).

The group's focus before the Paris meeting was the issue of an accelerated introduction of IDNs, called the fast track, where specific, noncontroversial country-code top-level domains in non-Latin scripts could be approved and added to the Internet's root without having to wait for the full approval process to be finalized.

The working group's draft final report on the feasibility of this approach, published for public comment two weeks before the Paris meeting, provided several high-level recommendations and received broad approval from the ccNSO and the GAC.

The supporting organizations and advisory committees also received updates on progress on technical and other IDN implementation issues. IDNs were discussed at the public forum, and a progress update was also given on the final day of the meeting. Of particular interest was how finalization of the IDNA protocol revision would impact top-level IDN domains, in particular when and how they will be introduced.

The Board asked that the working group's final report be posted for public comment and that staff produce a detailed report on implementation issues, following consultation with the community, for the Cairo meeting in November 2008.

This extremely successful meeting was a milestone in the development of the Internet. Expanding new gTLDs and introducing IDNs will open up the Internet and make it as diverse as the people who use it.

The Paris meeting saw the release of three documents outlining a new Improving Institutional Confidence (IIC) public consultation. The documents were out for public comment until 31 July.

This consultation's aim was for the community to discuss possible changes to ICANN in the lead-up to the completion of the JPA in September 2009. This work has been led by the President's Strategy Committee, which advises the President.

The three documents—Improving Institutional Confidence in ICANN, Transition Action Plan and Frequently Asked Questions—were the basis for a discussion session. During a public meeting, it was explained how the consultation would work and how people could find out more information at each stage.

At the end of the first public comment period, the documents were revised and put out for additional comment in September 2008 in preparation for further discussions at the Cairo meeting in November. These revised documents are available at http://icann.org/en/jpa/iic/.

A number of information sessions on the new IPv6 Internet Protocol were held to the make community more aware of support issues and to outline ways forward.

The ALAC and ccNSO and the registry and registrar constituencies were also addressed by experts on this topic during their own meetings. Business leaders were given an overview as part of the business access agenda. IPv6 was also discussed during the public forum.

The GAC heard from several individuals and organizations, including the Organisation for Economic Co-operation and Development (OECD) and the Name Resource Organization (NRO) about current trends and the challenges to IPv6 deployment worldwide.

A factsheet prepared earlier in 2007 in plain and clear language, *IPv6 – The Internet's vital expansion – October 2007*, explains the protocol upgrade to a nontechnical audience and is available at http://www.icann.org/en/announcements/factsheet-ipv6-26oct07.pdf

More progress was made on improvements to protections for registrants provided through the Registrar Accreditation Agreement. The RAA is the contract ICANN holds with companies that register domain names on behalf of registrants.

Fifteen revised changes and amendments encompassing four major categories were published in a report posted for public comment until 4 August 2008.

- Enforcement tools, including graduated sanctions, liability and audit provisions.
- Protections for registrants, including possible improvements to data escrow and the ability to make resellers comply with RAA obligations.
- A more stable registrar marketplace, including training for registrar operators.
- Modernizing the agreement, bringing it up to date with changes in the use and reuse of domain names.

The amendments were outlined in meetings with supporting organizations and advisory committees, and at an dedicated public workshop. Possible changes to the RAA were also discussed during the public forum, and were further outlined at the final day's report session. The amendments were revised following input from public comments and shared with the Board to determine the next steps.

A paper covering possible changes to ICANN meetings themselves was released to the community in a number of different sessions, including several supporting organization and advisory committee meetings, the opening day public forum, mid-week public forum, and the closing-day reports session. There were two main recommendations in the paper:

- That ICANN move from three to two meetings a year.
- That one of those meetings be held in a hub city.

There was a broad range of views and discussion on both points, as well as discussion of the change to the Paris schedule which saw the meeting end a day early.

More about the 32nd International Public Meeting in Paris can be found at http://par.icann.org/en/schedule.

Cairo, Egypt 2–7 November 2008

ICANN's 33nd international public meeting, and its annual general meeting, was opened by Dr. Tarek Mohamed Kamel, Egypt's Minister of Communications and Information Technology. The 1,028 attendees from 144 different countries engaged in a wide range of discussions about the Internet's Domain Name System and related issues.

Two special guests attended the Cairo meeting. Dr. Hamadoun Touré is Secretary-General of the International Telecommunication Union (ITU), and Meredith Attwell Baker is Acting Assistant Secretary for Communications and Information at the U.S. Department of Commerce. Both gave speeches and Dr. Touré answered questions from the audience. They then held a number of separate sessions with various members of the ICANN community.

For the second time, a specific agenda and a series of targeted meetings and discussions were held to engage business leaders more effectively in ICANN's processes. The agenda included briefings on the most significant topics currently facing ICANN, especially new gTLDs and IDNs.

Several key issues and themes evolved over the course of the meeting.

Before the meeting a draft Applicant Guidebook was presented for prospective applicants for new generic top-level domains, and several meetings and workshops were dedicated to explaining the guidebook and receiving input and feedback from the community on its contents. The draft guidebook, published in English and five additional languages, was also posted for a 45-day public comment period on ICANN's website just before the Cairo meeting. There will be a second 45-day public comment period on the next version of the Applicant Guidebook.

Discussions and updates were also presented to different parts of the community, including the GNSO constituencies, the ccNSO and the GAC. Additional public forums were taken up with comments and questions on the guidebook specifically and the new gTLD process generally.

Comments received during the public comment period and at the Cairo meeting will be reviewed and analyzed for revisions to the implementation model. ICANN will then procure evaluation services for certain aspects of the process, embark on a global communications plan to make as many people as possible aware of the new process and then launch the introduction of new gTLDs in 2009.

The draft Implementation Plan for IDN Fast Track was published on ICANN's website just before the Cairo meeting to gather comments from the public over a 45-day period. The fast track would allow a limited number of IDN ccTLDs to be introduced before the formal policy development process becomes final. IDN ccTLDs are country code, as opposed to generic, Internationalized Domain Names at the top level of the Internet.
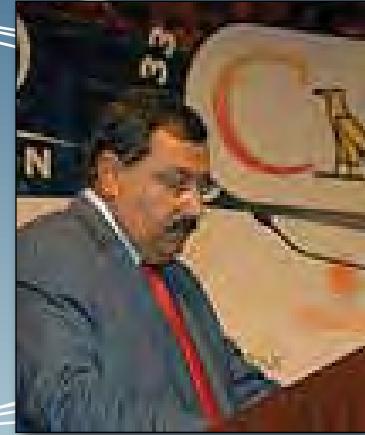
Dr. Tarek Mohamed Kamel, Minister of Communications and Technology for Egypt, formally opened the Cairo meeting.

Dr. Hamadoun Touré, Secretary General of the International Telecommunication Union, was a guest speaker at the Cairo meeting.

In Cairo, the fast track document was the focus of much of the discussion related to IDNs. The issue of IDNs that may be applied for through the new gTLD process, rather than through the fast track or the later ccTLD policy development process, was also a main topic of conversation. Some discussion surrounded the timing and possible crossover of the two different tracks for IDN top-level domain applications.

The issues of the fast track and the introduction of IDNs were also covered in two joint sessions of the chairs of the supporting organizations and advisory committees. Updates on both, as well as progress by the Internet Engineering Task Force (IETF) on the IDNA protocol revision, an important step for the process, were provided to ICANN's many bodies and constituencies during the meeting.

An IETF working group continued finalizing the IDNA protocol that ICANN hopes to see completed before the introduction of IDN top-level domains.

A number of outstanding issues remain with regard to the introduction of IDNs, including the relationship between an IDN ccTLD operator and ICANN, both in the type of agreement or framework entered into and the provision of funds; contention between existing top-level domains and domains applied for through the new gTLD process; and a few technical requirements. Staff will provide proposed solutions based on comments received before the March 2009 meeting in Mexico City. There will be further community consultations around those proposals at that meeting.

The Improving Institutional Confidence (IIC) consultation was formally launched at the ICANN meeting in Paris and continued through the Cairo meeting. Its three documents, Improving Institutional Confidence at ICANN, Transition Action Plan, and Frequently Asked Questions, were updated to reflect community input from Paris, two further public comment periods and series of five public meetings in Montevideo, Christchurch, Geneva, Washington, DC, and Dakar between August and October 2008. The community received an update of the process at the Cairo meeting and was asked for further feedback on the issues that had been raised.

A special joint session of the chairs of the different supporting organizations and advisory committees considered the IIC documents early in the week. A session dedicated to the consultation was also held. The consultation was also one of the main topics discussed by the GAC over the course of the week.

In the meantime, two further outreach meetings, at AfriNIC in Mauritius in November 2008 and at the Internet Governance Forum (IGF) in Hyderabad, India in December took place to build more awareness and gather feedback on improving institutional Confidence.

Following the issue of an exploit in the DNS discovered by a noted security researcher, a number of security briefings on this issue and other related issues were given to ICANN's various supporting organizations and advisory committees.

In particular, the DNSSEC protocol—long discussed by ICANN's SSAC—was explained and its use in closing down the hole outlined, alongside other short-term measures.

The SSAC meeting was also used for an experiment in improving remote participation. Through Adobe Connect software, participants were able to see and hear the meeting in progress (as well as view the live scribe feed), see the presentation slides as the presenters went through them, and ask questions in a dedicated chatroom.

ICANN signed an exchange of letters with the Egyptian ccTLD managers of .eg. This is the forty-fourth such agreement between ICANN and a ccTLD operator, and discussions are being held with many others. A majority of registrants are now covered by such agreements.

The .mobi and .coop registries were authorized to make single-letter domains available under their particular registries, for example,www.c.mobi.

The Board of Directors unanimously returned Peter Dengate Thrush as Chairman of the Board of Directors and Roberto Gaetano as Vice Chair for another term.The Board of Directors also welcomed two new members. Steve Crocker has long been involved in guiding ICANN's activities. He also serves as chair of the Security and Stability Advisory Committee, and his expertise in Internet matters is most welcome. He is also on the board of the Internet Society.

Dr. Crocker has been involved in the Internet since its inception. In the late 1960s and early 1970s, while he was a graduate student at UCLA, he was part of the team that developed the protocols for the Arpanet and laid the foundation for today's Internet.

Katim Touray is an independent development consultant based in The Gambia. A follower of the early Internet, he is a well-known advocate for the network and its uses across a range of media and to a wide variety of audiences for over 15 years.

He now serves as Chairman of the National Agricultural Development Agency. He has also conducted consultancies on the Millennium Development Goals, the media, strategic planning, project evaluations, HIV-AIDS, and other subjects for nongovernmental organizations as well as government and UN agencies.

To read more about ICANN's 33rd International Public Meeting and its annual general meeting in Cairo, go to http://cai.icann.org/cai/schedule.

Regional Outreach Meetings

In addition to its three international meetings each year, ICANN hosts regional meetings to engage regional Internet businesses and users in discussions and exchange of information about regional issues. This outreach activity is part of the ICANN Strategic Plan.

ICANN held its second regional meeting in Dubai, United Arab Emirates, on 1–3 April 2008.

A meeting was held with policy makers, managers of country code top-level domains (ccTLDs) and Internet businesses in

Hossam Fafim (left) General Manager of the Egyptian Universities Network (EUN), the .eg registry, shakes hands with Paul Twomey, ICANN President and CEO, during the signing of the exchange of letters with ICANN. Nashwa Abdelbaki, EUN Senior Technical Consultant, is at right.

the region. The agenda for the meeting addressed three main themes: a broad introduction to the ICANN multi-stakeholder model, challenges and opportunities in the registry and registrar businesses, and an introduction and discussion of Internationalized Domain Names. ICANN staff coordinated with regional organizations, including the Asia Pacific Top Level Domain (APTLD), regarding participation.

More information about the meeting in Dubai is available at http://public.icann.org/dubai08.

On 10–11 September 2008, ICANN hosted its third Asia–Pacific regional gathering in Seoul, Korea. The focus of this meeting was broadening participation in the ICANN process for gTLD registries and ICANN-accredited registrars.

The Seoul gathering was the largest to date with more than 68 participants representing 26 registrars and six registries. Of the 56 registrar participants, 54 percent reported that they had not previously attended an ICANN meeting. Also, for the first time since the inception of these gatherings, presentation materials were provided in Chinese, Japanese and Korean. Additionally, clean and red-lined versions of the Registrar Accreditation Agreement and proposed changes were provided in the same languages.

Discussion topics included a summary of the outcomes of the Paris meeting in June 2008, proposed amendments to the RAA, protection of registrants (registrar data escrow, the interim terminated registrar transition plan and registry failover), IDNs, new gTLDs, compliance and the UDRP, GNSO policy items, IPv4–IPv6 transition, and recent Board actions surrounding the Add Grace Period (AGP).

"Given that this is ICANN's tenth year anniversary, I thought it was fitting to take a step back and to reflect on ICANN's progress as well as offer my thoughts on some of the challenges that we will collectively face as ICANN moves forward.

"When NTIA issued the green paper and the white paper so many years ago, the world and the Internet was a very different place. It is a testament to the ICANN community that you all have worked so hard to evolve the DNS project as it was then called, which truly has been an experiment in private sector leadership and bottoms-up policy development.

"The fact that my own experience in ICANN represents half its entire life span indicates how relatively young this institution is given the enormously important work it is called upon to perform.

"While there have been inevitable growing pains, there has also been great progress in building ICANN as an institution.

"The progress should be acknowledged.

"A few highlights over the last ten years from my perspective include refining ICANN's mission and restructuring its supporting organizations and Advisory Committees to meet its core technological purpose.

"Securing an agreement with the Regional Internet Registries to facilitate the development of global addressing policy.

"Developing accountability framework agreements with many country code top-level domain operators and establishing the Country Code Names Supporting Organization.

Meredith Attwell Baker
Acting Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce

ICANN 33rd international meeting, Cairo, Egypt, 6 November 2008

This quote is from a speech by Acting Assistant Secretary Baker about her perspectives on a range of issues to do with ICANN. This being ICANN's tenth anniversary year, the quote was selected to recognize ICANN's ten years of progress, as were other quotes in the document. ICANN encourages readers to read the full text of this speech. Go to http://cai.icann.org/files/meetings/cairo2008/baker-speech-06nov08.txt.

Doug Brent,
Chief Operating Officer

ICANN's strategic planning process takes place from June through December, and the ICANN Strategic Plan for the period July 2009 through June 2012 is being finalized. The process anticipates approval of a final draft plan by ICANN's Board in December.

ICANN strategic planning balances input from the broad multi-stakeholder base along with strategic input from ICANN's Board. Typically, the planning process looks first at the community's views of the major environmental opportunities and challenges that face ICANN over the next three years. Then, the process identifies relevant initiatives for inclusion in the plan. The planning process for this year recognizes that the key environmental issues identified in the plan as well as the strategic priorities remain largely the same as documented in the currently approved plan. This is not surprising in that the plan is intended to cover a three-year time span. This year's draft plan is an incremental enhancement over the prior plan, with strategic themes largely unchanged.

As in prior years, the initial draft of the plan is based on a multiphase consultation with the ICANN community and input from the ICANN Board. Development of this Strategic Plan began at the ICANN meeting in Paris in June 2008. The ICANN Board also considered strategic planning issues at an in-person meeting in September 2008. An initial draft plan was posted for comment in October. At ICANN's Cairo meeting in November, the draft plan was discussed in a public forum. Further, an online forum was established to allow all members of the ICANN community to contribute to the planning discussion. Feedback from these various mechanisms was incorporated in a final proposed plan to be considered by the ICANN Board in December.

The plan identifies specific community objectives within eight priority areas for this plan period:

- Implement generic top-level domains and Internationalized Domain Names, including for ccTLDs associated with the ISO 3166-1 two-letter codes.

- Enhance the security and stability of the Internet's unique identifiers and clearly plan ICANN's role in conjunction with others in enhancing security.

- Monitor the depletion of IPv4 address space and provide leadership toward IPv6 adoption.

- Improve confidence in the generic top-level domain marketplace through ongoing efforts toward stability and registrant protection.

- Strive for excellence in core operations in activities such as provided by the IANA function and in internal support operations and management.

- Strengthen processes for policy development, including development of appropriate success metrics for the policy development process.

- Strengthen ICANN's multi-stakeholder model to manage increasing demands and changing needs.

- Globalize ICANN's operations, in part to meet the operational requirements created by the introduction of IDNs and new TLDs.

- Strengthen accountability and governance, including ongoing, successful audits of accountability and transparency.

- Ensure financial accountability, stability and responsibility.

A continuing theme in the strategic planning process is a community focus on measurable outcomes and ways for the community to assess the success of the plan itself. The 2008–2011 plan addressed this by identifying the most important outcomes and including dates and deliverables for these. Some of the milestone dates anticipated in the 2008–2011 plan were not attained, indicating a need to improve on both planning and execution by the ICANN staff organization and to some extent within the broader community. That the strategic priorities remain largely the same from last year to now is one indicator that the plan has in fact identified the appropriate priorities for ICANN's strategic future.

Operating Plan for Fiscal Year 2009

Each ICANN Operating Plan is a one-year action plan targeted at accomplishing the objectives set out in the three-year Strategic Plan, and contains specific projects to be initiated, continued or closed during a fiscal year.

ICANN is operating under the fiscal year 2009 (July 2008 through June 2009) Operating Plan and Budget approved in June 2008. As with the Strategic Plan, the Operating Plan is the product of extensive community consultation. An initial draft Operating Plan was produced in February 2008 and reviewed through community consultation at the ICANN New Delhi meeting in February 2008 and through online and other fora. This year, the early Operating Plan draft also included a budget impact analysis and overview. This budget review allowed for community feedback on ICANN's planned finances almost four months earlier than during any previous planning cycle. This allowed for an extended public comment period, in-person consultations in New Delhi, and telephonic consultations with a variety of constituencies in the March–May period. A further draft budget was produced in May and reviewed both online and through telephone consultations. As a final step, the Operating Plan and Budget were reviewed and approved at ICANN's Paris meeting in June 2007.

The Operating Plan describes all ICANN work and is posted at http://www.icann.org/financials/adopted-opplan-budget-v3-fy09-25jun08-en.pdf. It describes the measurable work objectives set out for the fiscal year. Several of these goals or groupings are of prime importance to ICANN's mission and many constituency groups. Highlights of this plan include:

- *Complete new gTLD policy implementation* – Design and create processes for new TLD applications and prepare for ICANN operational requirements in supporting new TLDs. Complete content and approach for application processing and consult

ICANN strategic planning balances input from the broad multi-stakeholder base along with strategic input from ICANN's Board. Typically, the planning process looks first at the community's views of the major environmental opportunities and challenges that face ICANN over the next three years. Then, the process identifies relevant initiatives for inclusion in the plan.

with ICANN and the broader Internet community regarding this major new program.

- *Progress on IDN activities* – Support community efforts in developing an implementation plan for fast-track deployment and use of country code IDNs. Continue technical coordination efforts for both the new generic TLD program and cc IDN program. Continue to support IDN technical tests in wiki (launch new languages and sunset existing languages).

- *Strengthen IANA and infrastructure* – IANA will move from a stakeholder relations orientation to a services orientation, while preserving the element of close stakeholder relations that has created trust in the IANA user communities. Ensure IANA services and systems infrastructure is sufficiently robust for the increasing demands foreseen for the coming year and onward. Technical changes are focused on improved reporting and automation.

- *Broaden participation* – Continue to consider ways to broaden direct and remote participation around the globe. Establish ICANN's presence in the regions of Asia and India to further ICANN's priority to broaden participation by globalizing operations and internationalizing the ICANN interface by engaging those stakeholders who have been historically under-represented. Also expand focus on engaging businesses.

- *Expand contractual compliance activities* – Significantly augment contractual compliance actions, including the system for auditing registry and registrar performance for compliance by all parties to such agreements. Grow staff to meet the challenge and broadly communicate ICANN's compliance activities.

- *Build out registry/registrar support* – Continue to expand registry and registrar services via communication, outreach, geographical coverage and the Registry Services Technical Evaluation Panel. Along with other specific objectives, develop and maintain robust procedures to protect registrants against the impact of business failure or registrar termination by implementing registry continuity planning, including live testing with a registry or registries.

- *Further develop policy processes* – Complete organizational reviews and implement recommendations for the ASO, ccNSO, At-Large, SSAC and RRSAC. Implement recommendations regarding working groups and policy development process structure as directed by ICANN Board to produce a more efficient and effective policy process with increased involvement by all aspects of the GNSO community.

- *Carry out security initiatives* – Establish strong ICANN security programs (computer, information, physical, people) across the range of ICANN operational, coordination and administrative functions. Also establish a holistic risk landscape of DNS operations as a basis for long-term planning to pursue a multi-stakeholder Internet community strategy to manage identified risks.

- *Administrative improvements* – Establish a full time office in Washington, DC, to further ICANN's priority to broaden participation and interface by engaging stakeholders. Enhance the quality and frequency of reporting to the Board and public. Support the ICANN priority of post-JPA transition by providing information, education and materials to the regions regarding the status of and process for post-JPA/transition and the creation of a roadmap for ICANN's post-JPA operations.

- *Meetings and events* – Provide planning and support for ICANN's meetings and events, and strategically evaluate the structure, timing, location and number of meetings.

Management of Operating Plan Objectives — How the Work Is Managed

ICANN's goal is to ensure the completion of plan objectives through the use of best management practices.

ICANN uses two primary methodologies for monitoring progress toward accomplishing plan objectives. First, for more complex or longer-term efforts, ICANN uses a tried-and-true project management process. First implemented at ICANN during fiscal year 2006–2007, the process has matured over time. ICANN has implemented an economical project office with documented processes and management practices. Examples of projects managed with this approach include the IDN program and the New gTLD Program.

Other Operating Plan deliverables that are less complex (for example, having a shorter term or fewer interdependencies) are managed with an explicit goal setting and performance monitoring approach. Three times each year, ICANN identifies the business initiatives or goals to be accomplished during the coming period. A standard management process is used to monitor progress toward plan, bring additional focus or resources to areas needing help, and assess actual accomplishments at the end of each period. This process ensures that all Operating Plan items are executed during the plan year.

To enhance transparency and accountability, early in 2008 ICANN made financial and other operating information available to the community through a Dashboard accessible from ICANN's home page on the web, http://icann.org/. Recently, this data set was broadened to include many more operating measures, and the process of posting additional information will continue to expand over time. For example, before the end of 2008, the Dashboard was expanded to provide further details on Operating Plan items and their current status.

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Greg Rattray

Greg Rattray, Chief Internet Security Advisor

In July 2008, ICANN enhanced its security office by creating a department with senior staff to address both external and internal security and resiliency matters, especially those related to ICANN's mandate to ensure the security and stability of the Internet's unique identifiers. The office works across the ICANN community to address issues and enhance the security, stability and resiliency of the Internet, focusing on the Domain Name System. In addition, a full-time Director of Security Operations manages enhancements to ICANN's own security as well as continuity planning.

ICANN continues to address the stability and resiliency of the Internet's unique identifier system through a broadening range of activities. These activities include analysis by ICANN's Security and Stability Advisory Committee of a wide variety of risks to the Domain Name System and to the Internet more broadly, reporting on the results of these investigations and making recommendations for strengthening any aspect that might be jeopardized by emerging risks.

The broad work of security at ICANN was also enhanced by the work of the RSSAC, which met in conjunction with meetings hosted by the IETF in Philadelphia, Pennsylvania, on 9 March 2008, in Dublin, Eire, on 27 July 2008, and in Minneapolis, Minnesota, on 16 November 2008.

RSSAC has been considering technical issues around the evolution of the DNS root server system in particular and the DNS in general. Specific topics about which RSSAC has offered both formal and informal support and guidance to ICANN include the introduction of IDNs at the top level of the DNS, the expansion of the root zone expected as part of the new gTLD and IDN TLD processes, DNSSEC deployment and the signing of the root zone, and the introduction of IPv6.

Other activities involve outreach to registries, registrars, domain name system operators and others more broadly in business, government and other sectors to ensure awareness of security

and financial risks as well as means to mitigate those risks. We continue to improve the security and resiliency of IANA and the L-root operations through investment in increased capacity and implementation of more effective processes. ICANN is seeking to ensure that the DNS root zone is DNSSEC signed and is prepared to effectively participate in that process.

The urgency of deployment of DNSSEC and other security measures was highlighted by the recent exposure of a vulnerability in the DNS, which is described in greater detail in the IANA portion of this report. Several briefings on DNSSEC and related matters were presented to ICANN's supporting organizations and advisory committees at the Cairo meeting in November 2008.

ICANN has continued its collaboration with the registry communities to conduct continuity planning and ensuring escrow of DNS data to protect registrants. This effort is part of ICANN's Operating Plan for 2008–2009, which involves efforts to expand registry and registrar services through communication, outreach, geographical coverage and the Registry Services Technical Evaluation Panel. The gTLD registry continuity plan has established robust procedures to protect registrants against the impact of business failure or registrar termination. ICANN is participating in registry community continuity planning, which includes sponsoring the exercise of a plan that will involve a number of registries.

In addition, over the past year ICANN began collaborating with the regional ccTLD organizations to enhance the security and resiliency of TLD operations through sponsorship of a program of training and exchange of best practices. Much of this work is being supported by the Global Partnerships team, which works closely with regional TLD operators and Internet businesses to encourage participation in ICANN's processes and activities.

Barbara Roseman

This achievement has been recognized by renewal of the contract with the U.S. Department of Commerce. This contract, signed 15 August 2006, is a sole-source contract with a period of one year plus four renewal periods of the new Joint Project Agreement between ICANN and the Department of Commerce. The second renewal period was exercised in the third quarter of 2008.

Barbara Roseman, General Manager

IANA Services and Responsiveness

ICANN's management of the IANA function continues to be recognized by its users for strong performance and responsiveness. Regular reporting on activities through the ICANN Dashboard and monthly reports to the IETF ensure stakeholder communities that performance continues to be maintained within agreed work times, and shows steady improvement over time.

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Staffing

IANA staffing has not changed significantly in the past year, though IANA is handling an increased workload with the same personnel. Barbara Roseman continues in her role as the General Operations Manager of IANA. Key IANA team members continue in their roles as relations managers with IANA's stakeholders. These are Kim Davies, Manager, Root Zone Services; Leo Vegoda, Manager, Number Resources; and Michelle Cotton, Manager, IETF Relations. Simon Raveh leads software and tools development as IANA's Development Manager. Pearl Liang, Naela Sarras and Amanda Baber round out the full-time staff.

Two full-time staff members perform root management and other domain related issues, including management of .int. Four and a half full time staff members are devoted to IETF-related request processing.

IANA has prepared staffing plans in support of the envisioned new gTLD and IDN ccTLD processes. These activities are reported on in greater detail in the relevant sections on Activities of Advisory Committees and Supporting Organizations and Activities of ICANN Divisions in this report. Specific workload goals have been identified that will initiate new hire positions, and the group will be restructured in 2009 to ensure appropriate staffing for all IANA services.

New Request Tracking System

IANA's Root Zone Management automated system is nearing implementation testing. A joint ICANN-VeriSign proposal for testing and implementation was submitted to the U.S. Department of Commerce consistent with the contract for the IANA functions. Upon approval of the test and implementation plan, which is expected before the first quarter of 2009, ICANN and VeriSign will introduce a parallel operations testing period, followed by the introduction of the new services to the TLD communities.

Request Processing

IANA continues to improve efficiency and productivity in request processing. IANA has handled approximately 3,000 requests, not including requests complaining about abuse such as spam coming from address space listed as "Reserved by IANA," since 1 January 2008.

Root zone management is a critical, high-visibility portion of the IANA function. IANA processes requests from TLD managers for changes in their root zone information, primarily their DNS, and IANA verifies the requests and forwards them to the U.S. Department of Commerce and VeriSign for inclusion in the published root zone. IANA typically fulfils these requests within 14 days.

Some requests, such as redelegations or changing shared name servers for several TLDs, involve significantly more coordination with the requesters. These requests may take many weeks to prepare. IANA is seeing a growing number of such complex requests and this is reflected in an occasionally growing queue of outstanding requests. When a cohort of shared requests is completed, the queue size returns to a more steady-state number of approximately 30 root zone change requests per month.

For complete information on IANA's progress, go to its Dashboard page at http://forms.icann.org//idashboard/public/.

DNS Security Extensions

In October 2008, ICANN released a proposal to sign the root zone file with Domain Name System Security Extensions, or DNSSEC, technology.

DNSSEC software validates that Domain Name System data is not modified during transit over the Internet by incorporating public-private signature key pairs into the DNS hierarchy to form a chain of trust originating at the root zone. DNSSEC is not a form of encryption. It is backward compatible with the existing DNS, and leaves records in their unencrypted state. DNSSEC does ensure record integrity through the use of digital signatures that attest to their authenticity.

At the core of DNSSEC is the concept of a chain of trust. ICANN's proposal builds on that notion and, based on security advice, recommends that the entity responsible for making changes, additions and deletions to the root zone file, and for confirming that those changes are valid, should generate and digitally sign the resulting root zone file update.

This signed file should then be passed to another organization, which at this time is VeriSign Corporation, for distribution. In other words, the organization responsible for the initial basis of trust—validating root zone changes with top-level domain operators—should also authenticate the validity of the final product before it is distributed.

The proposal was developed with the goal of proceeding with appropriate speed to deploy DNSSEC at the root level as a step toward improving overall DNS security. ICANN has more than a year of experience in producing a signed root zone that was widely tested by DNS software vendors and the interested DNSSEC community. ICANN also has built into the proposal the ongoing participation of a group of world-class DNS experts, many of whom reviewed the proposal and found it technically sound and appropriate.

The proposal's release coincided with an announcement by the U.S. Department of Commerce of a Notice of Inquiry (NOI) on the concept of signing the Root Zone. The NOI asked for comments and additional proposals by 24 November 2008. Details of the NOI can be found at http://edocket.access.gpo.gov/2008/pdf/E8-23974.pdf.

The urgency of deployment of DNSSEC and other security measures was highlighted by the discovery of an exploit in the DNS by a noted security researcher. The Cairo meeting in November 2008 saw a number of security briefings on this and related issues given to ICANN's various supporting organizations and advisory committees. In addition, SSAC members, working primarily in the IETF, are studying further ways to thwart transaction identity while others are redoubling efforts to accelerate DNSSEC deployment, as DNSSEC is widely acknowledged to be the only effective deterrent against this form of attack.

Internet Protocol v6

During 2008, ICANN's operations team responsible for the L-Root service deployed and tested IPv6 capability for the root server known as l.root-server.net. This cumulated in a request to the IANA for the addition of an AAAA record to the root zone.

That request was duly processed and the L-Root service now answers on the IPv6 address 2001:500:3::42.

The graphic shows DNS queries to L.root-servers.net that come to the server across ICANN's IPv6 connectivity. While levels were low, there was a noticeable increase in traffic after 12 December 2008, when the AAAA records were added. There were many more queries about IPv6 but those shown are the ones that use IPv6 transport to query the server.

Real-time L-Root statistics can be found at http://stats.l.root-servers.org.

The addition of IPv6 service is part of ICANN's ongoing commitment to act as a leader in enabling IPv6 services throughout the Domain Name System.
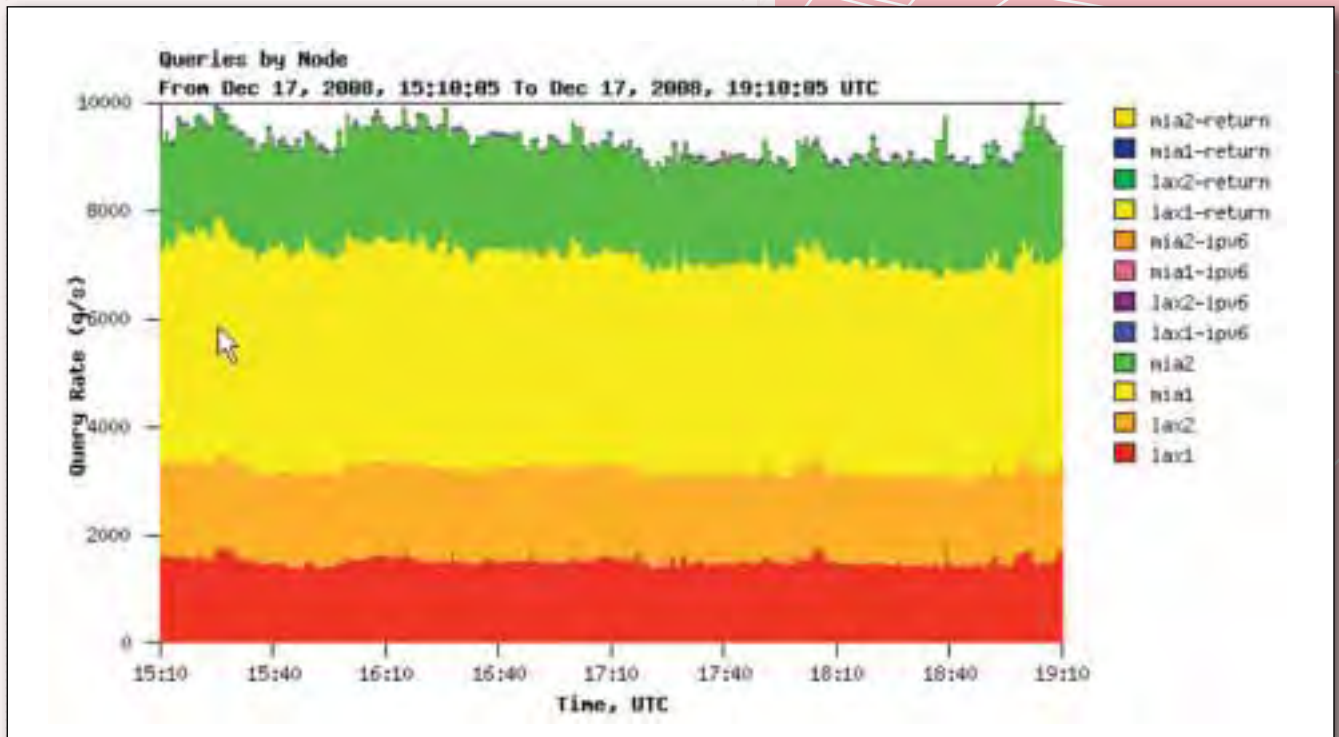
These reports of activities by the advisory committees and supporting organizations were compiled by ICANN staff based on records from the organizations' conference calls, meetings, and work conducted via the Internet, as well as their activities at the ICANN international meetings in Los Angeles, New Delhi, Paris and Cairo during 2007 and 2008, and agreed by the chairs of the respective advisory committees and supporting organizations. ICANN policy support staff worked closely with the working groups, task forces, councils and members of the supporting organizations and advisory committees to research and provide information, prepare issues papers, preliminary and final draft reports, and other documentation necessary to the fulfillment of the policy development process and the other work of the supporting organizations and advisory committees, as well as policy-making by the Board of Directors.

At-Large Advisory Committee

In the past 12 months, involvement by the world's individual Internet user communities in ICANN has continued to grow. The number of Internet user organizations certified as At-Large Structures (ALSs) continues to increase worldwide, with 116 applications received as of October 2007. A list of these groups, which range in size from 25 individuals to millions of members, is at http://www.atlarge.icann.org/en/applications. ALS certification recognizes groups that involve individual Internet users at the local or regional level in issues addressed by the ICANN community.

Effective participation as an ALS facilitates input into ICANN activities and processes that affect users through contributions to the ALAC. ALS certification enables groups to participate in the work of the Regional At-Large Organization (RALO) nearest them. Our five RALOs are the focal point for At-Large information sharing and participation from around the world, and they select the majority of the members of the ALAC directly as their representatives. The forthcoming At-Large Summit scheduled for the ICANN meeting in Mexico City in 2009 is a landmark event in the facilitation and development of the community and the ALAC invites wide participation in this event from the wider ICANN community.

The At-Large community has gone from strength to strength this year. It has continued to increase its activities in policy development, providing more input to the Board of Directors than any other advisory committee. These statements are a genuine example of the bottom-up consensus-building process, as they incorporate the ALS communities' views in positions before the ALAC votes on them. One key feature in this development of a best-practice model for consensus-building involves ensuring we have an informed ALS community. To assist in this, monthly telephonic briefings on topical issues are held in three languages for the At-Large community and the wider ICANN community.

At the same time, ALAC has become the first community to oblige its members to accept performance and transparency obligations, and is we believe the first ICANN community to publish monthly key performance indicators related to these obligations.

Cheryl Langdon-Orr, Chair

The At-Large community has gone from strength to strength this year. It has continued to increase its activities in policy development, providing more input to the Board of Directors than any other advisory committee.

Issues affecting Internet users on which the At-Large community has provided input is an impressive list including working groups, workshop activities, statements or comments on the introduction of new gTLDs, advancing the use of IDNs, changes to Whois services, revisions to the Registrar Accreditation Agreement, migration from IPv4 to IPv6, domain name tasting, the restructuring of the GNSO, specifically including the engagement of individual Internet users more fully in the GNSO, the ICANN travel procedure for volunteers and the ICANN Operating Plan and Budget. These statements and those from previous years can be found online at http://www.atlarge.icann.org/en/correspondence.

The current ALAC (v.2.0) is also undergoing its independent review, and the Board Governance Committee working group's recent report and the ensuing ICANN communities discussions around their initial thinking, is an activity that we both look forward to participating in and learning from as we strive to create an ALAC v.3.0 that is a thriving part of ICANN processes and policy development.

ICANN's five Regional At-Large Organizations are LAC RALO, NARALO, APRALO, AFRALO, and EURALO.
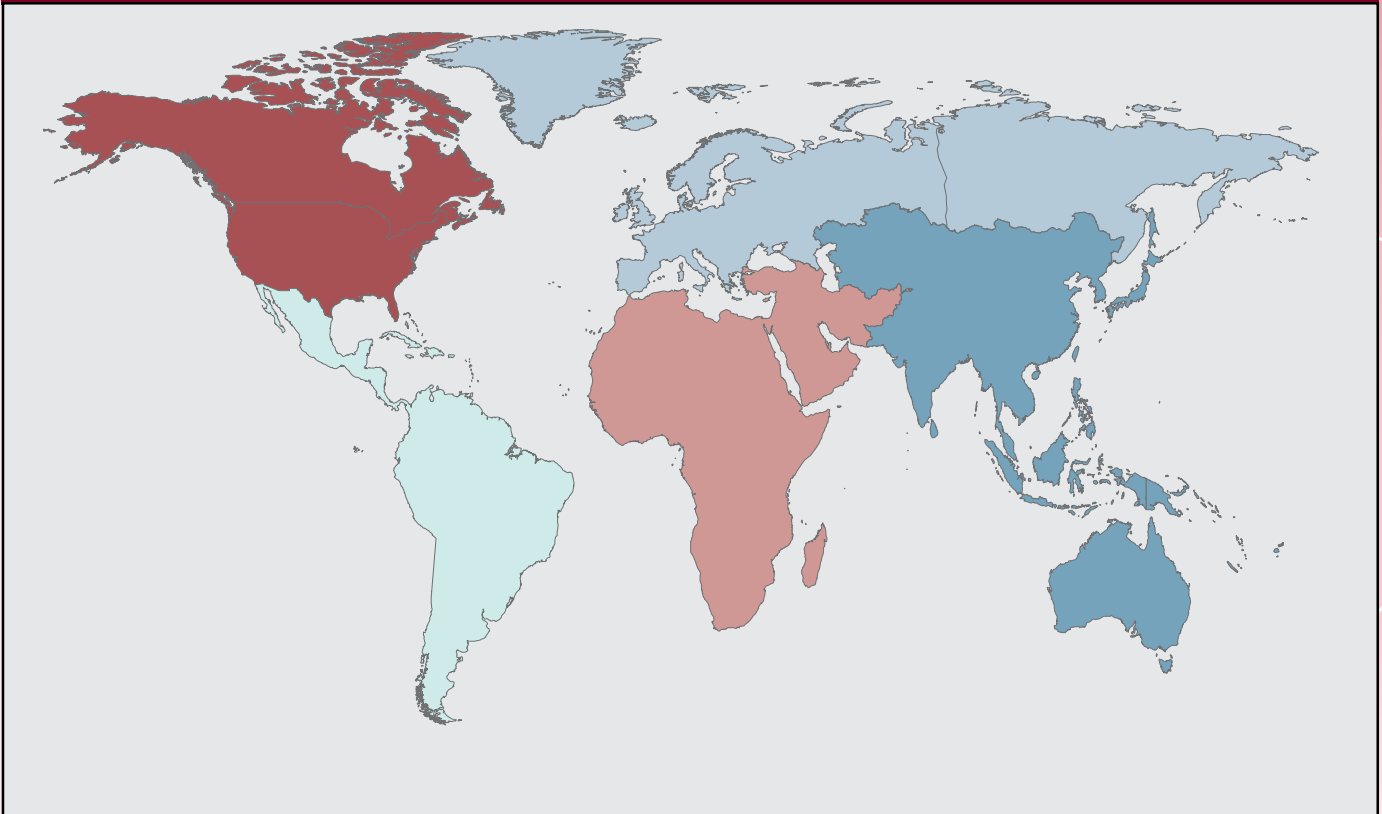
Paul Wilson,
Chair, NRO EC

Louis Lee,
Chair, ASO Address Council

Chris Disspain,
Chair, ccNSO Council

Address Supporting Organization
Paul Wilson, Chair, NRO EC
Louis Lee, Chair, ASO Address Council

Following adoption by all Regional Internet Registries (RIRs) during the first half of 2008, a proposed global policy for Autonomous System Numbers (ASNs) was forwarded by the Address Supporting Organization Address Council (ASO AC) to the ICANN Board, which ratified the policy in August 2008. This policy governs allocation of ASNs by Internet Assigned Numbers Authority (IANA) to the RIRs and also provides for transition from 2-byte to 4-byte ASNs.

A proposed global policy for the allocation of remaining IPv4 addresses has been adopted by all five RIRs. The policy requires allocation of one /8 address block to each RIR when the IANA free pool of IPv4 address space reaches five blocks. When adopted by all RIRs, the ASO AC will forward it to the ICANN Board for ratification. The ASO organized a workshop to inform interested stakeholders about address policy developments at the ICANN meeting in Los Angeles in October 2007.

The ASO AC has the responsibility to elect two Directors to the ICANN Board. These seats are held by David L. Wodelet, elected in June 2006, and Raimundo Beca, re-elected in May 2007. The ASO AC also appoints one member to the ICANN Nominating Committee. In August 2008, Hartmut Glaser was reappointed in this role for the 2009 Nominating Committee.

Country Code Names Supporting Organization

The ccNSO addressed several issues of interest to the global ccTLD community during the year.

Internationalized Domain Names

The ccNSO was instrumental in creating a cross-supporting organization and advisory committee working group which was tasked to recommend to the ICANN Board a course of action to introduce a limited number of IDN ccTLDs, called the fast-track process, in anticipation of an overall policy for introducing IDN ccTLDs to be developed through a ccNSO policy development process. The recommendations of the IDNC working group were submitted to the Board at the June 2008 ICANN meeting in Paris. The results are published at http://www.icann.org/en/announcements/announcement-26jun08-en.htm. The IDNC working group is the result of the interest of both the GAC and the ccNSO in exploring a two-track approach to introducing IDN ccTLDs. The group's efforts are more fully described in the section devoted to new IDNs elsewhere in this report.

Improving Resiliency of the Domain Name System

The ccNSO continues to focus on improving the stability and resilience of the DNS in general and ccTLDs in particular. To that end surveys were conducted on DNS Security Extensions, or DNSSEC, and anti-phishing. The results of the surveys are available at http://www.ccnso.icann.org/surveys/. The surveys provided ccTLD operators and other interested parties with an overview of the experiences across ccTLDs. The ccNSO provides ccTLDs and other interested parties with a platform to discuss the current state of affairs of stability and resilience of the DNS from a global perspective.

Increased Participation

The ccNSO membership and participation in the ccNSO meetings again increased in 2008. One contributing factor was the formation of the participation working group, which conducted a survey among the ccTLDs on participation. The results are published at http://www.ccnso.icann.org/surveys/participation-in-ccnso-survey-results-02jul08.pdf. The ccNSO was also instrumental in improving communication among the ccTLDs across the different geographic regions, for instance, by initiating a dedicated ccTLD community email list. Another contributing factor is the work of the processes working group. The ccNSO is more process driven and its transparency has increased as a result of its work.

Generic Names Supporting Organization

The GNSO made substantial progress this past year to improve the gTLD space with extensive policy work that addressed a wide range of technical and operational matters with impacts for industry operators and Internet end-users.

Domain Tasting

Throughout much of the fiscal year, the GNSO considered policy options aimed at curbing the practice of domain tasting through abuse of the AGP, which allows domain names to be returned within five days of registration without cost. Inspired by a request from the At-Large community, the GNSO studied the issue and, using a wide range of community input, debated a variety of solutions. Ultimately, in April, a supermajority vote of the Council approved a recommendation to prohibit any gTLD operator that has implemented an AGP from offering a refund for domain names deleted during the AGP that exceed 10 percent of its net new registrations in that month, or 50 domain names, whichever is greater. Under the terms of the GNSO Council resolution, an exemption from the limitation could be sought for a particular month, upon a showing of extraordinary circumstances. The Council also asked ICANN staff to develop mechanisms to curb abuse of the AGP in the ICANN draft budget for fiscal year 2009 (applying the ICANN annual fee to all new registrations). This provision contains the same thresholds included in the GNSO Council recommendation.

The ICANN Board approved both the GNSO Council recommendation and the budget language to curb domain tasting. The registrar community approved the budget and the GNSO Council continued to coordinate and consult on AGP modification implementation efforts with the ICANN staff through year end.

Following implementation of the Board-approved domain tasting fee provision, names added and then deleted during the five-day AGP declined from approximately 17.6 million in June 2008 to 2.8 million in July 2008, an 84 percent drop. Of the 2.8 million AGP deletes in July, approximately 2.6 million were subject to the registrar-level transaction fee. The quantity of AGP deletes is expected to continue to decline until few or none are subject to the transaction fee.

Whois Services

The GNSO Council decided in October 2007 that a comprehensive, objective and quantifiable understanding of key factual issues of Whois would benefit future GNSO policy development efforts, and planned to ask ICANN to conduct several studies for this purpose. Before defining the details of these studies, the Council agreed on a

Avri Doria,
Chair, GNSO Council

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Resolving the challenging balance between privacy rights, the needs of law and IPR enforcement and the liability of intermediates is a problem yet to be resolved by any international group, and the GNSO's efforts in this regard are truly pioneering.

strategy to first receive community input on potential areas of useful study and to evaluate potential studies and their relative costs so that the most effective research could be conducted.

Throughout the fiscal year various community volunteers offered potential studies and hypotheses for consideration, and discussed various options and offered recommendations to the GNSO Council. An initial group formed by the Council evaluated community input from March through May 2008, including detailed recommendations offered by the GAC. After reviewing that group's report in May, the Council formed a second group to prepare a concise list of hypotheses that could be the subject of research. The group completed its work and submitted a report to the Council in August. During the meeting in Cairo in November 2008, the GNSO Council agreed to schedule a special Council meeting to discuss various constituency positions on the need for Whois studies. Before Cairo, the Council asked Council representatives to forward the *Whois Study Hypothesis Report* to their respective constituencies for discussion and comment.

In response, the registry constituency submitted extensive comments. These comments categorized studies into three levels of priority, identified a few they thought might be done by the compliance team, and included all questions the GAC had raised in its own analysis. The registry constituency analysis raised feasibility questions regarding several studies, but did not make specific recommendations beyond this analysis at this time.

Other constituencies are developing constituency positions on Whois studies. The Council agreed to conduct the special meeting to discuss the study proposals in detail once constituency views were submitted. The Council also considered whether studies might be identified for feasibility and costs in a phased approach, to allow staff to scope certain studies that may be of a higher priority. The goal is for the Council to decide which studies should be assessed for cost and feasibility, request staff to perform that assessment, and, following that assessment, to decide which studies should be conducted.

Resolving the challenging balance between privacy rights, the needs of law and IPR enforcement and the liability of intermediates is a problem yet to be resolved by any international group and the GNSO's efforts in this regard are truly pioneering.

Inter-Registrar Transfer Policy Review

During the fiscal year, the GNSO embarked on a comprehensive review of the inter-registrar transfer policy. This policy aims to provide a clear procedure for domain name holders to transfer their names from one ICANN-accredited registrar to another and provides standardized requirements for registrar handling of such transfer requests from domain name holders. The GNSO Council formed a transfers working group that thoroughly reviewed the existing policy and identified over 20 possible areas for improvement. The Council ultimately adopted a strategy for conducting the review over the course of six individual policy development process phases. At year end the Council had concluded one policy development process on transfer denial improvements and had initiated a second policy development process that addressed a number of new issues not included in the original policy.

Potential Abuse of the DNS, Fast Flux Hosting and Domain Name Front Running

During the fiscal year, the GNSO initiated additional efforts to address potential abuses of the DNS. Fast flux hosting is a term that refers to several techniques cybercriminals use to evade detection by rapidly modifying IP addresses or name servers. The ICANN SSAC published a study of the practice in January 2008, noting that the activity involves many different players and that potentially would require the cooperation of a variety of actors both in and outside of ICANN's scope. At the GNSO Council's direction a staff issues report was produced in March 2008 and a formal policy development process was launched in June. This working group is considering a wide variety of foundational questions about fast flux activity and is considering potential areas where policy development may have a positive impact.

Domain name front running is a practice whereby a domain name registrar or another party involved in the domain name registration process might use insider information to register domains for resale or to earn revenue through ads placed on the domain's landing page. By registering the domains, registrar service provider could lock out other potential providers from selling the domain to a customer. An SSAC report prepared in February 2008 concluded that there was insufficient information to indicate that domain name front running is practiced in any appreciable measure by parties who provide query services. In response to a letter from the ALAC liaison to the ICANN Board requesting emergency action, the Chair of the ICANN Board referred the matter to the GNSO Council in March 2008 for additional information gathering and policy development, if necessary.

In May, the GNSO Council approved a motion to create a drafting team to bring a recommendation to the Council on whether to request an issues report or a more extensive research effort that could help to define the terms of reference for further work. In June, the GNSO Council accepted staff's recommendation and voted to postpone any drafting team effort until further research is concluded on whether front running is occurring. The GNSO Council may consider further work once current research is completed.

GNSO Improvements and Restructuring

ICANN took significant action throughout the year toward achieving its goal of reviewing and improving the GNSO structure and its operations. A working group of the ICANN Board Governance Committee (BGC) presented a comprehensive set of recommendations that were accepted by the BGC in February 2008 in New Delhi and later almost completely endorsed by the Board at its Paris meeting in June after extensive opportunities for public comment and input. During the year, special community attention was directed at the form and structure of the future GNSO Council and, in response, the Board directed the GNSO to convene a special working group to provide a consensus recommendation on Council restructuring. The Board approved the bulk of the working group's near-consensus recommendations at meetings in August and October with few modifications. Those recommendations included the formation of four new stakeholder groups that will now comprise a new bicameral voting structure as well as various revised Council decision voting thresholds and other operational changes.

Steve Crocker, Chair

SSAC members, working primarily with the IETF, are studying further ways to thwart transaction identity while others are redoubling efforts to accelerate DNSSEC deployment, as DNSSEC is widely acknowledged to be the only effective deterrent against this form of attack.

In parallel, the GNSO Council formed a GNSO improvement planning team composed of GNSO leaders, constituency representatives, ICANN staff and a Board liaison, which developed a top-level implementation plan to organize and manage the overall GNSO improvements implementation effort. The plan focuses on the creation of two steering committees, GNSO policy processes and GNSO operations, that would be responsible for recommending specific changes that would implement the BGC working group recommendations approved by the ICANN Board. The GNSO Council approved that plan in October and initial meetings of the implementation steering committees took place in Cairo. Most of the improvements implementation activity is expected to be concluded in calendar year 2009.

The GNSO also has the responsibility to elect two Directors to the ICANN Board. These seats are held by Bruce Tonkin, elected in June 2006, and Rita Rodin Johnston, re-elected in March 2008.

Security and Stability Advisory Committee

The SSAC spent considerable time in 2008 studying and advising the community on attacks that exploit the DNS, Whois, and registration processes, and on matters pertaining to adoption of DNSSEC.

In January 2008, SSAC recommended a set of objectives the ICANN community and the Internet at large must satisfy to successfully deploy DNS Security (SAC 026). In that report, SSAC identified projects the committee would itself complete to accelerate DNSSEC adoption. Two such projects were completed by the third quarter: a survey of DNSSEC-capable DNS name server implementations (SAC 030) and testing of DNSSEC Impact on Broadband Routers and Firewalls (SAC 035), both of which illustrate what progress remains in these areas and identify where further implementation efforts should be concentrated. SSAC continues to study Trusted Anchor Repositories, DNSSEC performance impact, key rollover issues and DNSSEC integration in operating systems and Internet applications as the year draws to a close. SSAC also spent considerable time with the Registry Services Technical Evaluation Panel (RSTEP) reviewing the PIR proposal to add DNSSEC as a service of the .org registry.

SSAC also considered several areas where existing Whois services are lacking. In SAC 027 and SAC 033, SSAC recommended that the GNSO seeks to improve the quality of registration data and improve the service model itself by considering an eventual deprecation of Whois in favor of a more robust active directory, such as one based on the Internet Registry Information Service (RFCs 3981-3983) as developed by the IETF's Cross Registry Information Service Protocol working group. SSAC also initiated a study into the impact on Whois users as IDN TLDs are introduced and registrants increasingly choose to use local character sets to register and view domain name contact information.

SSAC increased its collaborative activities in the area of phishing, working with the Anti-Phishing Working Group (APWG) to produce an advisory describing how phishers impersonate registrars with the intention of gaining access to a registrant's domain name portfolio. SSAC members participate regularly in several phishing-related activities with APWG members and continue to work with GNSO constituencies to establish registrar best practices to defeat phishers and to define a domain suspension plan designed to accelerate the takedown of phishing domains. SSAC members also participated in a GNSO working group study on fast flux attacks.

SSAC spent much of the late second quarter and early third quarter of 2008 studying DNS vulnerabilities and exploits. The committee published an advisory on DNS response modification (SAC 030), a practice where the information a domain name authority intends to deliver to a user in a DNS response message is altered by some party for self-beneficial purposes. The committee also spent considerable time working with the DNS community studying the DNS vulnerability discovered by a noted researcher, where the weakness in the way transaction identity is computed is exploited to successfully spoof a recursive name server and poison cached DNS information. SSAC members, working primarily in the IETF, are studying further ways to thwart transaction identity while others are redoubling efforts to accelerate DNSSEC deployment, as DNSSEC is widely acknowledged to be the only effective deterrent against this form of attack.

SSAC continues to document and refine its procedures and policies, and worked in cooperation with ICANN and consultants in preparing the terms of reference and request for proposal documents for the independent review of the committee.

Governmental Advisory Committee

During the reporting period, the GAC continued to consider and engage with the community and the ICANN Board on issues of common interest, including IDN ccTLDs, Whois, new gTLDs, Improving Institutional Confidence and ICANN meetings. The GAC's work has been enhanced during the period through improved interactions with the GNSO, ccNSO and ALAC which has led to more informed consideration of issues being discussed in other areas.

After successful cooperation with ccNSO on the Issues Paper, Selection of IDN ccTLDs associated with the ISO 3166-1 two letter codes, the GAC participated in the IDNC working group to consider the feasibility of the introduction of a limited number of IDN ccTLDs through a fast-track process. The multi-stakeholder working group approach used to consider this issue was very useful and enabled the GAC to make a valuable contribution to the process.

The GAC maintained an interest in Whois related issues, and as a follow up to the GAC Principles for gTLD Whois services made recommendations to the ICANN Board for a number of Whois studies. The studies should create a factual record that documents the uses and abuses of Whois data, including specific analysis of operational and technical issues, economic impacts of legal restrictions on the use of data, and legal issues, particularly arising from different jurisdictions and possible conflict of laws.

The implementation of new gTLDs is an area of interest for the GAC, particularly in light of the GAC principles for new gTLDs. The GAC raised concerns and engaged in dialogue with GNSO Council and ICANN staff about elements of the GAC principles not considered to have been adequately addressed in the GNSO's final report on new gTLDs. The main area of concern related to the treatment of geographical names in the implementation of new gTLDs. The ongoing consultations with GNSO and ICANN staff should resolve the outstanding issues.

The GAC provided comprehensive comments on ICANN's meeting policy during the reporting period. The GAC is currently developing input to ICANN's work on Improving Institutional Confidence.

Ambassador Janis Karklins,
Chair

The potential introduction of IDNs represents the beginning of an exciting new chapter in the history of the Internet. IDNs offer many potential new opportunities and benefits for Internet users of all languages around the world by allowing them to establish domains in their native languages and alphabets.

An IDN ccTLD (Internationalized Domain Name country code top level domain) is a country code top-level domain corresponding to a country, territory or other geographic location as associated with the ISO 3166-1 two-letter codes with a label that contains at least one character that is not a standard Latin letter (A through Z), a hyphen, or one of the standard numerical digits (0 through 9). The technical potential for ICANN to now make these domain names available for assignment is prompting significant discussion, study and demand within the ICANN community—particularly for territories and communities who want to make use of non-Latin characters. Current efforts are taking place on two fronts: efforts to identify a fast-track process to provide new domain opportunities to territories with immediate justifiable needs, and efforts to develop a comprehensive, long-term plan that ensures a stable process for all interested stakeholders.

ICANN's Board chartered the joint IDNC working group to develop and report on feasible methods for the timely introduction of a limited number of noncontentious IDN ccTLDs and ensure the continued security and stability of the Internet while a comprehensive long-term IDN ccTLD policy is being developed. The group included participants from the GAC, ccNSO, GNSO, ALAC, SSAC, the technical community and ICANN staff. In February 2008, the IDNC working group posted a discussion draft of the initial report for public comment and input from the ICANN community. The draft report clarified the relationship between the fast-track process and the broader long-term ccNSO policy development process on IDN ccTLDs (IDN ccPDP), and identified the mechanisms for selecting an IDN ccTLD and an IDN ccTLD manager. The ccNSO Council determined that those mechanisms were to be developed within the following parameters:

- The overarching requirement to preserve the security and stability of the DNS compliance with the IDNA protocols

- Input and advice from the technical community on the implementation of IDNs.

- Current practices for the delegation of ccTLDs, which include the current IANA practices.

In June 2008, the IDNC working group published a draft final report for discussion by the IDNC working group and the broader community. At the June 2008 Paris ICANN meeting, several workshops and meetings were conducted to discuss the draft final report, resulting in several revisions and the work necessary to enable the working group to submit its final report to the ICANN Board.

In parallel with considerations of a fast-track approach, the ccNSO Council initiated a comprehensive long-term policy development process for IDN ccTLDs, called the IDN ccPDP. The ccNSO Council formally requested an issues report on 19 December 2007 and directed ICANN staff to identify policies, procedures or bylaws that should be reviewed and revised as necessary in connection with the development and implementation of any IDN ccTLD policy, including efforts to address the proposed fast-track concept.

In accordance with the ICANN bylaws, the creation of the issues report is the second step in launching the IDN ccPDP. The final step is the decision of the ccNSO Council to initiate the ccPDP.

The GNSO and several other parties submitted comments regarding a proposed IDN ccPDP. The issues report was submitted to the ccNSO Council and is the basis for the Council's ongoing IDN ccPDP discussions.

The working group on IDN country code top level domains concluded its work and submitted a final report to the ICANN Board on feasible methods for fast-track introduction of a limited number of IDN ccTLDs associated with ISO 3166-1 two-letter codes while an overall, long-term IDN ccTLD policy is under development by the ccNSO. At the June 2008 Paris ICANN meeting, the Board directed staff to:

- Post the IDNC working group final report for public comment.

- Commence work on implementation issues in consultation with relevant stakeholders.

- Submit a detailed implementation report, including a list of any outstanding issues, to the Board in before the November 2008 ICANN Cairo meeting.

The IDNC working group final report was posted for public comment. At the ccNSO meeting in Cairo the overall schedule and structure for the upcoming IDN ccPDP was presented. The Issue Manager for the ccPDP suggested that, as part of the ccPDP, a cross SO–AC working group should propose a definition of, and selection mechanism for, IDN ccTLDs.

As to the fast track and the new gTLD process, members of the ccNSO will suggest an implementation model to avoid the use of ISO 3166 listed territory names as a new gTLD while the IDN ccPDP is running.

NEW GENERIC TOP-LEVEL DOMAIN NAME PROGRAM EFFORTS

After years of discussion and thought, generic top-level domains (gTLDs) are being expanded. They will allow for more innovation, choice and change to a global Internet presently served by just 21 generic top-level domain names.

A draft Applicant Guidebook has been developed with opportunities for public comment. The draft Guidebook describes processes for objections to applications. There has been detailed technical scrutiny to ensure the Internet's stability and security. There will be an evaluation fee, but it will recover costs only (expenses so far, application processing and other costs) and it will be reviewed after the first round of applications. ICANN is a not for profit corporation dedicated to coordinating the Internet's addressing system. If fee collection exceeds expenses, the community will be consulted as to how that excess is to be used.

Promoting competition and choice is one of the principles upon which ICANN was founded. In a world with 1.5 billion Internet users (and growing), diversity, choice and innovation are key. The Internet has supported huge increases in choice, innovation and the competition of ideas and expanding new gTLDs is an opportunity for more.

Kurt Pritz

Services

Kurt Pritz, Senior Vice President, Services

Internationalized Domain Names

IDN implementation in the domain name space is a major project at ICANN, proceeding in alignment with the introduction of new gTLDs. The ICANN community has discussed IDNs for several years, with the initial focus on enabling the introduction of IDNs as registrations under existing top-level domains. In the past year, however, focus has shifted to broadening the repertoire of characters available for use in top-level strings.

Several prior activities became the building blocks for progress throughout 2008. Efforts undertaken to ensure the technical stability of IDNs were of particular importance. These earlier steps include launching the IDN wiki following successful laboratory testing of IDNs and reaching the last stages of final revisions to the IDNA protocol standard, which is to be used by TLD registries and application developers when implementing support for IDNs. This standard will provide a set of rules for determining which languages are available for IDNs while ensuring stable DNS operation. Originally expected to be completed in 2007, this efforts was reaching its final stages in 2008.

The most important milestone for the IDN program in 2007 was the insertion of 11 IDN TLDs in the root zone. These TLDs were inserted for evaluation purposes and a user test facility was launched in the form of an IDNwiki. The IDN wiki continued through 2008, enriched by adding several new languages and much IDN relevant information, including downloadable fonts that enable users to correctly display text in these wiki languages. Users can now experiment with fully localized URLs and internationalized emails in various applications. The English language gateway to the wiki is at http://idn.icann.org and IDN TLDs in other languages can be reached from there. The information and experience gained through the wiki is important for all prospective IDN TLD applicants.

Another important milestone for 2008 was the conclusion of policy development on two processes through which IDN TLDs can be launched for production purposes. These are the IDN ccTLD fast track process for introducing a limited number of IDN ccTLDs associated with the ISO 3166-1 list, and the process for introducing new gTLDs, both of which currently are under implementation.

IDN Policy Development

Several policy activities were completed, allowing significant efforts to launch IDN TLDs to begin. Historically, top-level strings were divided into two main groups, ccTLDs and gTLDs. While there is no technical difference from a DNS standpoint, this distinction continues to be relevant as the TLD character repertoire is being increased.

At its meeting in São Paulo in December 2006, the ICANN Board initiated consultations and discussions surrounding the introduction of IDN ccTLDs, after which the ccNSO and GAC produced an issues paper on the selection of IDN ccTLDs associated with the ISO 3166-1 two-letter codes. This led to the formation of an IDNC working group in 2007 with the sole charter of developing an IDN ccTLD fast-track process in 2008.

After several public consultations, in June 2008 the IDNC working group produced its final report containing a proposed methodology and recommendations for how ICANN should meet near-term demand and launch a process for introducing a limited number of IDN ccTLDs.

ICANN posted the final report for public comment and began the implementation work. A consolidated overview of the comments received along with staff considerations of those comments was prepared at the close of the public comment period. As part of the implementation process, ICANN also submitted letters to relevant public authorities and ccTLD managers to seek information on their interest in participating in the fast-track process.

A draft Implementation Plan for IDN ccTLD Fast Track Process was released for public comment in October 2008 and is being finalized. The fast-track process can be implemented as outlined in the draft. However, some open issues, described in Module 7 of the draft, require further input from the community to be resolved and to complete the implementation plan. Based on community feedback, ICANN will prepare draft proposals on these topics for public comment in time for the Mexico City meeting in March 2009. Finalization is the implementation plan is expected in 2009.

A full overview of activities related to the IDN ccTLD fast-track process is at http://www.icann.org/en/topics/idn/fast-track/.

Outreach and Communication

Extensive communication efforts aimed at raising IDN awareness across the Internet community will be expanded in 2009. Several previous meetings and events were focused exclusively on IDNs, and many local activities also focus on developing recommendations for additional security and stability in IDN implementations in local regions where additional coordination is necessary as a result of linguistic cross-functionality across

The most important milestone for the IDN program in 2007 was the insertion of 11 IDN TLDs in the root zone.

These TLDs were inserted for evaluation purposes and a user test facility was launched in the form of an IDNwiki

language communities. Some of these meetings and efforts are at http://www.icann.org/topics/idn/meetings.htm.

Outreach is proceeding in many different fora, such as participation in IDN-related events, recommending agenda topics and speakers for IDN-related events, providing financial support, frequent communications, announcements and progress reports, coordinating technical and policy recommendations, and providing general information and network sharing. Face-to-face meetings continue with interested parties within the community, including governments and ccTLD registry operator representatives. IDN program status reports are provided regularly. These reports and other IDN notifications and announcements are at http://icann.org/topics/idn.

New gTLD Program

The Board of Directors formally adopted a comprehensive set of policy recommendations for the introduction of new gTLDs at ICANN's meeting in Paris in June 2008. These recommendations grew out of a lengthy collaborative process among the various GNSO constituency groups, with several interested stakeholders and observers also participating in the policy development process. The recommendations affirmed that the Internet namespace should be opened up to new gTLDs, and that ICANN should develop a fair, transparent and predictable process to facilitate this expansion.

With the formal adoption of the policy, the project team intensified its implementation work, building on foundational steps that were taken while the policy development process was under way. The New gTLD Program continues to be a priority area across the organization, and a cross-functional team that includes executive, technical, legal and operational staff is directing its resources toward establishing a sustainable application and evaluation process as efficiently and timely as possible.

A key area of project work within the New gTLD Program is the creation of an independent objection and dispute resolution procedure. This process is designed to safeguard certain interests and rights in the new gTLD process by providing a path for formal objection to an application on certain grounds. This process will also enable ICANN to focus on its core mission of security and stability of the DNS and on the smooth operation of the process, while qualified panelists with specialized expertise adjudicate disputes in the relevant subject areas. ICANN has reached agreements in principle with three well-respected dispute resolution service providers for administration of disputes in the New gTLD Program.

As reflected in the draft guidebook, ICANN expects to be able to receive and process applications for IDN gTLDs at the same time it opens the application process.

Throughout this implementation work, ICANN continues to consult with stakeholder groups in the community, including the GAC on matters of interest to governments. Staff is also working closely with the GNSO to track consistency in implementation with earlier policy discussions. In addition, open meetings with various constituency groups have produced stakeholder feedback and education within the community on the implementation work that is under way.

In October 2008, ICANN released a draft version of the Applicant Guidebook new gTLDs, This document is organized in six modules and contains an introduction and overview, evaluation procedures, dispute resolution procedures, string contention procedures, delegation procedures, and applicant terms and conditions. The guidebook also includes a draft of the registry agreement applicable to successful new gTLD applicants. In addition to English, the draft guidebook and several explanatory memoranda were made available in Arabic, Chinese, French, Spanish, and Russian. These documents were posted for a 45-day public comment period scheduled to close 8 December 2008, but later was extended to 15 December 2008, and discussions within the community began at the ICANN meeting in Cairo in November 2008.

The draft application materials emphasize protection of domain name registrants in new gTLDs, including the selection criteria and scoring methodology, as well as the draft registry agreement. The protection of rights, such as intellectual property rights, is also given strong consideration in the application materials.

As reflected in the draft guidebook, ICANN expects to be able to receive and process applications for IDN gTLDs at the same time it opens the application process. The application materials contain technical requirements specific to IDN TLD applicants to ensure that IDN labels can be delegated without affecting the security and stability of the DNS.

Work to be done involves procuring the expertise required to fill the various evaluation roles described in the implementation model and reaching a working consensus within the community on any remaining issues. In addition, ICANN is acting to put needed resources in place to operate an ongoing application process and to support a potentially much larger number of gTLDs and operators. For example, if scaling up of compliance and registry liaison operations becomes necessary. ICANN's goal is to be able to launch the application process in 2009.

A dedicated New gTLD Program page on ICANN's website contains announcements, reports, background and explanatory memoranda, as well as the draft Applicant Guidebook and related documents, and is at http://www.icann.org/en/topics/new-gtld-program.htm.

Significant progress has been seen since the data escrow program became operational. By November 2008, nearly 96 percent of gTLD registration data was held in escrow. Over 800 registrars have enrolled in the program and, of those, over 750 had begun depositing data into escrow either daily or weekly.

gTLD Registry Liaison

In support of the draft Applicant Guidebook and the preparatory work that went into it, the gTLD registry team contributed sections on DNS stability, registry continuity, data escrow, string contention, a string similarity algorithm, and the evaluation of registry services for security and stability issues.

ICANN completed the gTLD registry failover plan at the ICANN meeting in Paris in June 2008 and published the plan for public comment in July 2008. The plan provides a process to protect gTLD registrants in a registry failure. The plan was revised and retitled the *gTLD Registry Continuity Plan* in September 2008, and ICANN staff is developing a continuity test exercise with gTLD registries to be conducted in January 2009. Elements of the Registry Continuity Plan were also incorporated into the draft base agreement for the new gTLD process.

The process for considering new registry services, known as the funnel, reached its second year of operation. Since the process began, 20 requests have been submitted, including 11 in 2008. The process will soon undergo an independent review to assess how well it meets the needs of gTLD registries and the Internet community.

The .museum registry agreement was renewed in 2007. The .aero renewal agreement is currently in negotiations and is expected to be complete and renewed in early 2009. Negotiations with the Universal Postal Union for the .post sponsorship agreement continue.

Regional registry/registrar gatherings were conducted in New Orleans, Louisiana, and Seoul, Korea, during 2008, with a third event to be held in Rome, Italy, in January 2009. These regional events provide an opportunity for gTLD registries and registrars to participate in the ICANN process during sessions geared to business challenges unique to their regions.

gTLD Registrar Liaison

This year has been marked by significant progress in protection of registrants with the successful implementation of registrar data escrow program, the adoption and use of a process for transitioning the registrations from terminating registrars, and significant progress toward the adoption of several key changes to the RAA.

November 2008 marked the one-year anniversary of the implementation of the registrar data escrow program. This program protects registrants through the escrow of registration data by registrars so that, when a registrar's accreditation agreement is terminated or expires without renewal, its registration data can be made available quickly to another accredited registrar in a bulk transfer of the registrations.

Significant progress has been seen since the data escrow program became operational. By November 2008, nearly 96 percent of gTLD registration data was held in escrow. Over 800 registrars have enrolled in the program and, of those, over 750 had begun depositing data into escrow either daily or weekly. Several registrars have no registrations under management, and accordingly, have no obligation to escrow data.

The data escrow program provides for registrars' use of ICANN's designated escrow agent at no additional cost to the registrar, or they may elect to escrow data with an approved third-party escrow agent. One third-party escrow agent was approved by ICANN in 2008 for participation in the data escrow program.

The strong participation in the program can be attributed in part to the commitment and leadership of the members of the registrar constituency, which took an early, active role in developing the program specifications. Although informal contractual compliance enforcement methods have resulted in enhanced participation in the data escrow program, formal enforcement measures are under way. In addition, ICANN is in the late stages of development of its registrar data escrow verification and audit procedures, which will result in regular audits of each registrar's escrow data beginning in 2009 to ensure that escrowed data complies with registrar obligations.

Building on the progress made through the registrar data escrow program, the gTLD registrar liaison team developed a new de-accredited registrar transition procedure in collaboration with community members to facilitate timely transfer of gTLD registrations from a de-accredited registrar to an accredited registrar in an open and transparent manner.

Several members of the registrar, registrant, registry and At-Large user communities took part in a workshop during the ICANN meeting in New Delhi in February 2008, which fueled the creation of a draft procedure. The de-accredited registrar transition procedure was posted for public comment and simultaneously implemented on an interim basis to facilitate transfers from four de-accredited registrars. The procedure was adopted by the ICANN Board on 1 October 2008 and will be reviewed and revised periodically as necessary.

We continue to experience growth in the number of registrars, offsetting the number of de-accreditations while continuing our expansion into new geographic locations. This is due in part to successful outreach efforts and the use of additional staff to streamline processing and improve support to applicants. Forty-one new registrars were approved during the report period, bringing the total to 945 accredited registrars. Geographic diversity has expanded with registrars applying from Europe, the Americas and the Asia-Pacific region, including the first accredited registrars in Hungary and Mexico. Day-to-day processing of

A major department responsibility is managing consumer complaints.

In the first 10 months of calendar year 2008, ICANN processed approximately 9,397 consumer complaints

While most complaints pertained to issues that ICANN has no authority to address, such as financial transactions, Internet content control, web hosting issues and computer viruses, ICANN forwarded these complaints to registrars and other entities for appropriate handling.

changes in ownership, addresses and contact persons has increased with this increasing population. Over 250 requests to add gTLDs to contracts, name changes, contact changes and ownership changes were processed during the report period. Changes in ownership were reflected in six assignments or transfers of accreditation from one company to another and in the sale of at least 15 registrars to new owners. Renewals of 25 registrars were also processed.

These efforts have been handled with greater efficiency and thoroughness by the addition of a regional liaison manager based in the ICANN Brussels office. Our procedures for processing applications and other changes underwent review during the year, and a full set of new procedures will be introduced shortly. This will make the experience more clear and consistent for applicants and registrars while also preparing for the expected increase in activity that will accompany the introduction of new gTLDs.

The department continues to engage in outreach to bring new participants into the process while involving existing registrars in information sessions and opportunities to meet and interact with several members of ICANN staff. This year two regional gatherings were held in North America and the Asia-Pacific region, with a third in Europe scheduled for January 2009. Additional outreach was conducted in Dubai and Dakar, Senegal, with registrar site visits taking place in Europe, North America and Asia.

We continue to strive for excellent relations with registrars—even while increased compliance efforts are undertaken. Most registrars understand and endorse heightened compliance efforts to ensure a level playing field and consistent application of ICANN policies. Once again, registrar approval of the fee structure for fiscal year 2009 was achieved with over 82 percent support. This came in the form of responses from 664 registrars expressing approval. This represents significant broad-based support by the registrar community for ICANN's activities and plans, and an appreciation for the outreach efforts we have undertaken.

ICANN staff engaged with the community in its ongoing efforts to produce revisions to the registrar contract, which is close to completion. A set of RAA revisions was posted for public comment and a final version is expected to be put forward for consensus approval. These proposed changes include additional compliance tools, enhancements to contract language that strengthen ICANN's ability to address problem behaviors, protection of registrants by limiting opportunities for bad actors to buy in to the registrar business, while clarifying responsibilities and streamlining business practices at the same time. The registrar constituency played a key role in defining and improving on recommendations that came through community comments. Their engagement once again demonstrates that the overwhelming majority of

registrars are responsible businesses with an appreciation for professional behavior that reinforces their relationships with their customers and with ICANN.

Contractual Compliance

In 2008, a major goal for the Contractual Compliance Department was to improve communication of contractual compliance program activities, goals and accomplishments. Consistent with this goal, the department published its semi-annual report, which provides detailed information about registrar and registry audits, study activities and a consumer complaint analysis (see http://www.icann.org/en/compliance/reports/contractual-compliance-audit-report-29jul08-en.pdf).

In addition, the department began publishing a monthly newsletter to consistently inform the Internet community about a variety of contractual compliance matters, including enforcement statistics, compliance processes, audits, studies, advisories and events at which contractual compliance issues are discussed (see http://www.icann.org/en/compliance/newsletter/).

Further, to increase awareness regarding registrar obligations relating to the Uniform Domain Name Dispute Resolution Policy (UDRP), in 2008 contractual compliance staff held workshops, participated in regional gatherings and served as panelists at intellectual property conferences. ICANN's goal is to provide current information and to encourage community dialogue about the contractual compliance program. ICANN will continue to explore ways to enhance its communications efforts.

Over the past 12 months, as part of its efforts to enforce the registrar and registry agreements, the department performed audits and investigated noncompliance claims. Where noncompliance was found and sufficient efforts to cure were not made, in collaboration with the registrar liaison team and the Office of the General Counsel, the department terminated 10 registrars, approximately 1 percent of the total number of ICANN-accredited registrars. The bases for these terminations include failure to escrow data, failure to pay fees and the conviction of a registrar officer. Additional enforcement efforts in 2008 included the transmission of several hundred enforcement notices to registrars to resolve suspected noncompliance issues. While most registrar noncompliance matters were resolved quickly and without the need for escalation, in 2008, ICANN sent three notices of breach concerning Whois and UDRP violations. Consistent with the terms of the RAA, these three registrars either cured the cited breaches or provided information to demonstrate compliance.

A major department responsibility is managing consumer complaints. In the first 10 months of calendar year 2008, ICANN processed approximately 9,397 consumer complaints. While most complaints pertained to issues that ICANN has no authority to address, such as financial transactions, Internet content control, web hosting issues and computer viruses, ICANN forwarded these complaints to registrars and other entities for appropriate handling. To enhance the consumer complaint intake process and provide a more user-friendly system for public use, the Contractual Compliance Department and ICANN's Information Technology team redesigned the consumer complaint intake system (see http://reports.internic.net/cgi/registrars/problem-report.cgi). The redesigned system includes a complaint tracking component, increased data storage capacity and a statistical analysis component. Since implementing the redesigned complaint intake system in June 2008, ICANN's complaint processing times have improved and contractual compliance staff has provided monthly public complaint analysis information through Dashboard reporting.

In 2008, the department continued to develop and refine internal procedures for consistent handling of escalated compliance matters. These procedures provide clarity for ICANN staff and certainty that all noncompliant parties are treated in a uniform and predictable manner. A flow chart showing the complaint escalation process appeared in the May 2008 Contractual Compliance Newsletter (see http://www.icann.org/en/compliance/archive/compliance-newsletter-200805.html.)

In 2008, the department contracted with the National Opinion Research Center, one of the largest and most respected social research organizations in the United States, to develop a methodology that proposes the use of a random sample of the gTLD population to assess the percentage of certain Whois data accuracy. However, a myriad of complexities associated with this study, including the sample and verification methodologies, has delayed publication of study findings. Nevertheless, the completion of this study is a priority and progress meetings are held weekly to ensure that deadlines are met and issues are resolved as quickly as practicable.

Staffing and resources to accomplish the objectives of the contractual compliance program remain a priority. In 2008, ICANN hired a Senior Director of Contractual Compliance Programs to provide strategic leadership and continuing development of ICANN's global contractual compliance efforts and a Contractual Compliance Auditor to enhance registrar and registry audit efforts. Additional hires are planned before the end of fiscal year 2008, including a Whois Manager and two additional Auditors.

COMPLIANCE STATISTICS	
Compliance staff	5
Complaints in 2007	5,808
Complaints in 2008 (Jan-Oct)	9,397
Registrars under contract	945
Registries under contract	16
Total registrars de-accredited since 1998	21
Registrars de-accredited in 2008	10

Kevin Wilson

The audited financials for the fiscal year ending 30 June 2008 were completed with an unqualified clean opinion from the auditors. The audited financial statement appears as an appendix at the end of this report.

Finance

Kevin Wilson, Chief Financial Officer

The major activities in ICANN's Finance area include improved financial controls, improved reporting of financial results, improved processes for the annual budget, improved management of ICANN's investments and expenditures, and support for the new gTLD program.

Financial controls improvements include the development and implementation of a new ICANN disbursement policy that clarified roles and responsibilities. Documentation and approval processes for all expenditures were improved with corresponding updates to the finance policies and procedures. The audited financials for the fiscal year ending 30 June 2008 were completed with an unqualified clean opinion from the auditors. The audited financial statement appears as an appendix at the end of this report.

The development of functional reporting will help improve ICANN's responsiveness to community requests and help solidify transparency and accountability in ICANN's operations. Community members will be able to identify more clearly how expenditures are prioritized and observe the efficiency of ICANN's expenditures. In addition, ICANN's financial reporting has improved with a Dashboard link on the ICANN website and standardized posting of ICANN's IRS Form 990, Director's expenses and other year-end reports.

ICANN's operating plan and budget development process was improved by sharing a budget framework much earlier than in previous years and in conjunction with the Operating Plan. This action resulted in earlier and more community feedback as well as feedback from constituencies not traditionally involved. The result was an Operating Plan and Budget with more contributions from the community and more responsiveness to the communities' requirements.

ICANN's investments and expenditures management improved greatly this year. An investment policy was developed and approved by the Board of Directors. The implemented policy included the formal establishment of a reserve fund and the active management of the funds. Foreign exchange policy developed for Board consideration reflected the increasing internationalization of ICANN's expenditures.

The New gTLD Program has numerous financial considerations that include the development of fee structures, fee pricing, refund policies and cost estimates of historical, application and risks of the program. In addition, Finance developed a multi-year financial study of the impact of the New gTLD Program on ICANN.

Human Resources and Administration

Steve Antonoff, Director of Human Resources and Administration

The major activities in ICANN's Human Resources and Administration have been in staffing, performance management, developing comprehensive position descriptions, office and facilities management, and implementing a centralized travel system.

Staffing activities during the period were extensive, with the addition of a new Director of Information Technology, a number of senior Policy staff, and a gTLD Program Director. There were a total of 20 additions to staff, both new hires and replacements. ICANN expanded its global sourcing of candidates, resulting in more candidates and hires in a variety of international locations.

A comprehensive review of position descriptions was completed with new descriptions written and existing descriptions updated. A formal template was introduced to ensure consistency throughout the organization.

Additional office space was obtained and work stations reorganized to make more effective use of space. A centralized purchasing system for office supplies was implemented to better manage costs.

A primary global travel provider was implemented to provide for more cost-effective travel arrangements including negotiating corporate rates with appropriate air carriers, hotels and other service providers.

Compensation of ICANN Staff

A complete description of ICANN's compensation structure and base salaries of key staff appears as an appendix at the end of this report.

Steve Antonoff

Global and Strategic Partnerships

Theresa Swinehart, Vice President, Global and Strategic Partnerships

The Global Partnerships division was formed in 2006 as part of ICANN's continued engagement with all stakeholders globally. The division's staff is located in respective regions, with staffing for some subsubsub-regions due to linguistic and cultural distinctions ongoing. Staff in this division are responsible to stakeholders in the respective regions, and engage in relation to all issues under ICANN's mandate, with business plans tailored to each region that reflect and incorporate ICANN's Strategic and Operating plans.

Stakeholder Support

Global Partnerships participated in, partnered with and supported the organization of workshops, seminars and outreach events at multiple levels to enlarge the ICANN platform of participating stakeholders and provided information on ICANN's mission and goals at regional and global levels. This includes participating in and working with organizations in Internet community-related events touching on issues under ICANN's mandate, such as attending Arab Management and Knowledge Society (AKMS) meetings, participating in initiatives such as Multilingual Internet Initiative (MII) and Arab World Internet Institute (AW2I), the Club of Rome, the Institute for Information Security Issues (IISI), a research unit of the Moscow State University, and Russian Association for Network Security (RANS) conferences in Russia and in Germany, the Commonwealth Telecommunications Organization (CTO) ICT Summit, a ministerial meeting of the CIS countries, the Caribbean ministerial gathering in Anguilla, meetings of Latin American and Caribbean Internet Addresses Registry (LACNIC), Asia Pacific Top Level Domain (APTLD), Latin America Caribbean Top Level Domain (LACTLD), Africa Top Level Domain (AFTLD), Council of European National Top Level Domain Registries (CENTR) and regional ccTLD organizations, and the Universal Postal Union. It also includes partnering with organizations such as the Internet Society (ISOC), the DiploFoundation, the International Telecommunication Union (ITU), the United Nations Economic Commission for Africa (UNECA) and United Nations Educational, Scientific and Cultural Organization (UNESCO) when opportunities arise.

Team members also partnered with ISOC and other organizations to conduct ccTLD training and capacity building exercises. The team members' involvement in ccTLD workshops in San Juan and Amman during 2008, and in developing relationships with local Internet communities throughout the regions has enhanced regional presence in ICANN-related activities.

Managers of regional relations have also provided continuing support for respective stakeholders, including the formation of Regional At-Large Organizations. This process began with the signing of the first RALO that created the Latin America-Caribbean RALO (LAC RALO) at the São Paulo meeting in December 2006. This process culminated just six months later at the ICANN San Juan meeting in June 2007 with the signing of the North American RALO, the final at-large organization. There are now RALOs for all five ICANN regions: LAC RALO, NARALO, APRALO, AFRALO, and EURALO.

Theresa Swinehart

From July 2007 through November 2008, the team supported the negotiations and signing of 16 accountability frameworks or exchange of letters with ccTLD operators.

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ACCOUNTABILITY FRAMEWORKS			
Date	ccTLD	Country	Operator
25 June 2008	.cr	Costa Rica	NIC – Internet Costa Rica
6 March 2008	.az	Azerbaijan	IntraNS
16 January 2008	.nu	Niue	Internet Users Society - Niue

EXCHANGE OF LETTERS			
Date	ccTLD	Country	Operator
2 November 2008	.eg	Egypt	Egyptian Universities Network
22 September 2008	.cc	Cocos (Keeling) Islands	eNIC Cocos (Keeling) Islands Pty Ltd
5 September 2008	.pl	Poland	Research and Academic Network (NASK)
3 July 2008	.th	Thailand	Thai Network Information Center Foundation (THNIC)
6 May 2008	.is	Iceland)	ISNIC
6 March 2008	.za	South Africa	.ZA Domain Name Authority
31 October 2007	.it	Italy	Istituto di Informatica e Telematica of CNR (ITT-CNR)
30 October 2007	.sb	Solomon Islands	Solomon Telekom Company Ltd.
29 October 2007	.nz	New Zealand	InternetNZ
29 October 2007	.rs	Serbia	Serbian National Register of Internet Domain Names (RNIDS)
24 October 2007	.fm	Micronesia	Federated States of Micronesia, FSM Tele-communications Corporation (FSMTC)
2 October 2007	.ck	Cook Islands	Telecom Cook Islands Ltd (TCIL)
18 September 2007	.se	Sweden	Internet Infrastructure Foundation of Sweden

During the same time frame, the team also brought to fruition several Memorandums of Understanding that were approved by the Board.

MEMORANDUMS OF UNDERSTANDING		
Date	Organization	MOU Can Be Found At
24 June 2008	Russian Association of Networks and Services (RANS)	http://www.icann.org/en/global-partnerships/mous/rans-mou-25jun08.pdf http://www.icann.org/en/global-partnerships/mous/rans-mou-25jun08.pdf
9 April 2008	Lomonosov Moscow State University Institute of Infor-mation Security Issues (MSU IISI)	http://www.icann.org/en/global-partnerships/mous/iisi-mou-07apr08.pdf http://www.icann.org/en/global-part-nerships/mous/iisi-mou-07apr08.pdf
6 November 2007	Commonwealth Telecommunications Organization (CTO)	http://www.icann.org/en/global-partnerships/mous/cto-mou-06nov07.pdf http://www.icann.org/en/global-part-nerships/mous/cto-mou-06nov07.pdf
13 November 2007	African Telecommunications Organization (ATU)	http://www.icann.org/en/global-partnerships/mous/atu-mou-13nov07.pdf http://www.icann.org/en/global-part-nerships/mous/atu-mou-13nov07.pdf
14 November 2007	Inter-American Telecommunication Commission of the Organization of American States (CITEL)	http://www.icann.org/en/global-partnerships/mous/citel-mou-01sep08.pdf http://www.icann.org/en/global-partnerships/mous/citel-mou-01sep08.pdf
22 August 2007	United Nations Economic and Social Commission for Western Asia (UN-ESCWA)	http://www.icann.org/en/global-partnerships/mous/un-escwa-mou-18jun07.pdf http://www.icann.org/en/glob-al-partnerships/mous/un-escwa-mou-18jun07.pdf

Supporting Other Divisions

The department's responsibilities, and part of its day-to-day activities, include supporting all departments as needed consistent with the operational plan. Examples of this include:

*   Supporting ICANN's work on IDNs through engaging with respective interested communities, coordinating with the IDN project team, conducting global outreach and supporting interest in the test bed and the IDN fast track process.

*   Participating in registry or registrar-related events in Asia and Europe, and the first outreach meeting in the Middle East.

*   Working closely with IANA on relevant ccTLD issues as they arise in respective regions.

*   Coordinating with Corporate Affairs on communications and on the various regions to identify regional priorities and how those priorities and ICANN's initiatives intersect.

*   Coordinating with the meetings team on issues of relevance to respective regions, including supporting interactions with local hosts.

*   Conducting outreach and awareness of issues such as the new gTLD process.

*   Supporting work for the President's Strategy Committee and Improving Institutional Confidence consultations in the regions, including assisting in the public consultations conducted by the President's Strategy Committee regarding Improving Institutional Confidence and the post-Joint Project Agreement transition process by identifying opportunities in each region to conduct sessions, providing logistical, translation and intermediary support in the establishment and implementation of the sessions and follow up to the community input. Sessions were held in the Asia-Pacific region, Latin America, the Middle East and in Washington, DC, during this report period.

*   Working with ICANN staff and partnering organizations in the regions to conduct intensive Attack and Contingency Response Planning (ACRP) training in Asia Pacific and in the Middle East that increases the security and stability of the Internet through developing the skills of the ccTLD operators to identify vulnerabilities and develop protocols for system data and functionality recovery in a disaster. Continued work will include future training in Latin America and Africa.

*   Working with ICANN's At Large staff on engaging with the ALAC community and supporting regional requests.

*   Outreach on ICANN's policy development topics to facilitate awareness in respective regions.

International Fora

The Global Partnerships team continues to engage in international and regional discussions on Internet issues as they touch on ICANN's mandate, including Internet governance. ICANN participates in the Internet Governance Forum, including its preparatory processes. At the IGF in Rio de Janeiro in November 2007, ICANN partnered with the ITU and UNESCO to host a workshop on multilingualism, participated in several workshops addressing issues within ICANN's mandate, and held the open

ICANN President and CEO Dr Paul Twomey (left) joined director Vladislav Petrovich Sherstyuk (right) and Dimitry Grigoriev of the Lomonosov Moscow State University Institute of Information Security Issues (IISI) at the signing of an MOU between ICANN and IISI.

forum on ICANN, the first such session at an IGF meeting. At the IGF in Hyderabad, India, in December 2008, ICANN presented a workshop on IDNs, conducted a consultation on post-JPA transition and Improving Institutional Confidence, and once again presented an open forum. The open forum showcased the multi-stakeholder model by focusing on the New gTLD Program and on how the process and protocol are being handled within each constituency and supporting organization. Global Partnerships' participation, together with respective staff expertise, in discussions surrounding Internet issues, including the IGF, are part of the organization's work to increase international understanding of ICANN's role and the multi-stakeholder model, and to better enable participation in this model.

Among several initiatives, ICANN also participated in regional Internet governance discussions as well as other regional and international fora such as the ITU Telecom Africa, the ITU Cyber Security workshop for the Asia-Pacific region in Australia, the African Regional Cyber Security conference in Cote d'Ivoire, Asia Pacific Economic Cooperation Telecommunications and Information Working Group (APEC-TEL) in Lima, Peru, and the Commonwealth Telecommunications Organization (CTO) in both Africa and Trinidad & Tobago, the Caribbean Association of National Telecommunications Operators (CANTO) in the Bahamas, the Caribbean Telecommunications Union (CTU) in Barbados and Caribbean ICT Stakeholders Virtual Community (CIVIC) in the Dominican Republic, and was part of the Internet technical community for the Organization for Economic Co-operation and Development (OECD) Ministerial meeting on the Future of the Internet Economy held in Seoul, Korea, for 2008.

Global Partnerships staff continued its engagement on behalf of ICANN with the League of Arab States Working Group on Domain Names and Internet Affairs, Arab Script IDN Working Group (ASIWG), Middle East Network Operators Group (MENOG), Inter-American Telecommunications Commission of the Organization of American States (CITEL), CANTO, APEC-TEL, Pacific Network Operators Group (PACNOG), South Asia Network Operators Group (SANOG), Asia Pacific Regional Internet Conference on Operational Technologies (APRICOT), Asia Pacific Network Information Center (APNIC), Latin America Caribbean Top Level Domains (LACTLD), Latin American and the Caribbean Internet Addresses Registry (LACNIC), Africa Regional Internet Registry (AfriNIC), Africa Top Level Domain (AfTLD), African Union Commission, CTO, and the European Council Network Security Administrator (ENSA), among others.

Fellowships

ICANN announced the first round of its global fellowships program in May 2007. As outlined in the 2006–2007 ICANN Operating Plan, this program encourages and funds participation in ICANN meetings and processes by interested parties from developing countries. Citizens from low, lower-middle and upper-middle income economies, according to the World Bank Group country classification, are prioritized in the application. The program further prioritizes participants from the ICANN region in which a meeting takes place, participants from adjacent regions, and overseas participants, in that order. This increases the number of fellows it is possible to support within a limited budget by keeping travel distances shorter and costs down.

A graphic illustration of the fellowship program application acceptances and attendees by sector and region for the New Delhi meeting in February 2008 appears below. Accepted applications for New Delhi were from Armenia, Bangladesh, Botswana, Bulgaria, Chile, Colombia, Costa Rica, Egypt, Ethiopia, Fiji, Guinea, Guyana, Haiti, Honduras, Jordan, Kenya, Malawi, Mongolia, Morocco, Nepal, Niger, Pakistan, Papua New Guinea, Paraguay, Republic of Moldova, Saint Lucia, Serbia, Solomon Islands, Tunisia, and Yemen.

FEBRUARY 2008 NEW DELHI MEETING APPLICATIONS AND ATTENDEES			
Number of applications received	67	ccTLD community	6
Number of applicants meeting minimum requirements	43	Government	7
Number of fellows attending New Delhi meeting	18	Civil society and private sector	6
Number of fellows deferred to Paris meeting	0	Academia	5

A graphic illustration of the fellowship program applications acceptances and attendees by sector and region for the Paris meeting in June 2008 appears below. Accepted applications for Paris were from Albania, Algeria, Argentina, Armenia, Azerbaijan, Bangladesh, Botswana, Burundi, Chile, Colombia, Congo, Costa Rica, Cote d'Ivoire, Dominican Republic, Egypt, Ethiopia, Federated States of Micronesia, Fiji, Grenada, Haiti, Jamaica, Jordan, Kenya, Lesotho, Madagascar, Malawi, Mali, Mongolia, Nepal, Nigeria, Pakistan, Panama, Paraguay, Philippines, Republic of Moldova, Saint Kitts and Nevis, Seychelles, St Vincent & the Grenadines, Tajikistan, Thailand, Togo, Trinidad and Tobago, Tunisia, Uruguay, Vanuatu, and Yemen.

JUNE 2008 PARIS MEETING APPLICATIONS AND ATTENDEES			
Number of applications received	131	ccTLD community	8
Number of applicants meeting minimum requirements	57	Government	4
Number of fellows attending Paris meeting	15	Civil society and private sector	3
Number of fellows deferred to Cairo meeting	0	Academia	5

A graphic illustration of the fellowship program applications acceptances and attendees by sector and region for the Cairo meeting in November 2008 appears below. Accepted applications for Cairo were from Armenia, Bangladesh, Cameroon, Chile, Colombia, Congo, Cote d'Ivoire, Ecuador, Egypt, El Salvador, Fiji, Iraq, Jamaica, Jordan, Mexico, Pakistan, Samoa, Somalia, St. Lucia, Tanzania, Thailand, Tunisia, Tuvalu, Uruguay, and Uzbekistan.

NOVEMBER 2008 CAIRO MEETING APPLICATIONS AND ATTENDEES			
Number of applications received	89	ccTLD community	7
Number of applicants meeting minimum requirements	72	Government	5
Number of fellows attending Cairo meeting	30	Civil society and private sector	14
Number of fellows deferred to Mexico meeting	2	Academia	2

To encourage ongoing participation and deepen the connection to the ICANN processes, fellows are encouraged to reapply to attend later meetings. These fellows give presentations on their activities since the previous meeting, the difference the fellowship has made, and what new fellows can do to maximize the value of their participation.

In addition, alumni from the first round of fellows attending the meeting under other programs return and participate in daily meetings and help mentor their colleagues. All fellows are signed up for the mailing lists of the appropriate ICANN regional groups, and an alumni mailing list is being developed.

The program pays for each fellow's hotel room and economy airfare to the meeting, as well as a $300 stipend to cover incidental expenses during the week. The fellows attend daily briefing sessions with presentations by members of the ICANN community and staff that reflect the areas of interest and activity indicated in the fellows' applications. They are also encouraged to participate in the public forums and are introduced to the chairs of the appropriate constituency groups and welcomed at those meetings. At the end of the fellowship they complete a survey and produce individual reports on their activities and the uses to which they put the fellowship. These are compiled into a summary report that is part of the ongoing evaluation of the program.

Academic and Business Outreach

Global Partnerships staff is actively coordinating work with several academic institutions around the globe to broaden knowledge of the multi-stakeholder model and ICANN's role in the functions of the Internet. This includes presenting at respective institutions upon request, contributing to roundtable discussions, partnering with institutions that may provide student interns for various initiatives, and analysis of issues or venues and platforms for staff to reach new audiences. These academic institutions include Moscow State University Institute for Information Security Issues (IISI), the Harvard Berkman Center, the Princeton University Center for IT Policy (CITP), University of California, Los Angeles, Pepperdine University, Loyola Law School, University of Southern California, University ABdou Moumouni, Niamey, Niger, the African Regional Education Network, Ghana, University of Lisbon (Faculdade de Ciencias da Universidade de Lisboa) and the University of Puerto Rica Law School, Rio Piedras.

ICANN Global Partnership staff is also actively coordinating with other ICANN divisions to reach out to respective business communities, and is engaging in activities to increase awareness of the multi-stakeholder model and importance of security and resilience of the Internet's unique identifier system.

Paul Levins

Corporate Affairs

Paul Levins, Executive Officer and Vice President, Corporate Affairs

Some Corporate Affairs practitioners will tell you it is hard to estimate their department's contribution because much of the work involves the apparently immeasurable. For example, how the organization is perceived, its transparency, and how it relates to the external world are matters that are difficult to quantify.

Below are some key measures from the Corporate Affairs effort over this last year related to function. This is followed by a discussion of some of the work yet to be done.

The Numbers

Staff

ICANN's Corporate Affairs department has ten permanent staff. These staff members include the Vice President, Corporate Affairs, as manager, three meetings staff, a manager public participation, a media adviser, a web content manager, a technical writer, a director of information coordination and an executive assistant. There are also three consultants: a web development assistant, a translation coordinator and a meeting manager who assists at ICANN meetings. This reflects the core functions of the department: meetings management; participation; translation coordination; media management, newsletter and alert production; web development; information management and technical writing and presentation work. The Vice President, Corporate Affairs, also manages the discussion around progressing ICANN's Memorandum of Understanding process with the U.S. Government and as a consequence, Corporate Affairs also supports the work of the President's Strategy Committee on Improving Institutional Confidence.

ICANN Meetings

Corporate Affairs runs three major international meetings each year in which the community participates. The meetings progress policy work, provide for outreach and bring new and existing community members together to discuss ICANN's work as well as provide a forum for face-to-face meetings of the Board. All meeting aspects are managed, including venue selection (anywhere between two and eight venues are examined for each meeting, depending on what is available in the host country, before selecting one), scheduling (with input from chairs of the supporting organizations, advisory committees, executive and Board), IT support (approximately $200,000 per meeting), food and beverage requirements (approximately $200,000 per meeting), room configuration, remote and on-site participation, signage (approximately $10,000 per meeting), website management, security (approximately $20,000 per meeting), some travel arrangements (approximately $550,000 per meeting), and drafting of some of the presentations. The rest of each meeting's expenses mainly include accommodations ($200,000 to $300,000), interpreters ($100,000), registration ($20,000), accommodation ($200,000), venue hire ($200,000 to $300,000) and scribing ($65,000). Two business access agendas were run for the first time at the meetings in Paris (120 attendees) and Cairo (40 attendees) in 2008, and while good starts to better serve the business community, these sessions still need to be improved with the input of business representatives and ICANN's business constituency.

A total of 3,420 people attended the three ICANN meetings in person in 2008. The breakdown is as follows: New Delhi, 720 attendees representing 76 countries; Paris, 1,672 attendees representing 166 countries; and Cairo, 1,028 attendees representing 144 countries. The top five countries by citizenship represented at the Paris meeting were the United States, France, Germany, United Kingdom and Spain; and at the Cairo meeting the top five countries represented were the United States, Egypt, United Kingdom, Germany, and France. At each of these meetings, 200 to 400 people described themselves as new attendees, having never before attended an ICANN meeting. For example, 290 people described themselves as new attendees at the New Delhi meeting. The number was higher in Paris, where about 400 considered themselves new attendees, and in Cairo 306 people described themselves as new attendees.

In addition to the three main international meetings, there was a regional outreach meeting held in Dubai on 1–3 April 2008, where 80 attendees represented governments, ccTLD managers and businesses. And two registry and registrar meetings were held, one in New Orleans on 2 May and one in Seoul on 10–11 September, which had more than 68 participants representing 26 registrars and six registries. Of the 56 registrar participants, 54 percent reported that they had not previously attended an ICANN meeting. Also, for the first time since the inception of these gatherings, presentation materials were provided in Chinese, Japanese and Korean. In New Orleans 33 representatives from 19 different registrars attended, along with 18 representatives from 9 registries. Corporate Affairs also organized and supported two retreats for the ICANN Board of Directors, one in Riga, Latvia, and the other in Los Angeles, California. Three executive/operations meetings were also supported.

The main ICANN meetings are a huge investment, costing approximately US$2 million each to produce. Between 40 and 50 staff members attend each meeting, and we also pay for about 150 community members to travel to these events. Corporate Affairs published a paper suggesting that the number of meetings be reduced to two each year and that one of the two be located in a travel hub. A formal decision has yet to be made about these changes. The paper can be found at http://www.icann.org/en/meetings/meetings-reform-discussion-paper-16may08-en.pdf.

The smaller meetings Corporate Affairs facilitates throughout the year range in cost from $4,000 for the executive/operations planning meetings to $100,000 for the registry/registrar meetings.

The three major meetings are subject to a detailed request for proposal process upon which location decisions are made. That process can be found at http://icann.org/en/announcements/announcement-22aug08-en.htm.

Website Management

By the end of 2008, Corporate Affairs and processed approximately 2,600 content change tickets, added or changed at least 6,000 pages of material, added 540 translated pages, fixed 843 broken links, released approximately 250 publications online (Weekly Newsletters, News Alerts, Improving Institutional Confidence Newsletter, Contractual Compliance Newsletter, Monthly Magazine and Policy Update), sent to subscribers by email approximately 500 news mailings in HTML and plain text formats, added to our news mailing database through opt-in an estimated 3,500 contacts (6,800 subscriptions) from across the domain industry, technological

There have been some important improvements for non-English language visitors. For example, right-to-left scripting was introduced for the Cairo meeting. In the past, on ICANN.org we've been accustomed to specifying HTML decimal character entities for Arabic, such as ق for the letter "Qaf", instead of just using the character itself in its natural form. In some cases, where it was difficult to capture Arabic script, an image was used to represent it instead. The script also had to be told which way to flow and align itself, something that now happens more naturally, or with minimal use of HTML. Finally, Arabic pages had to be manually linked to original English pages, to translations in other languages, and within lists of other Arabic pages. None of this was optimal.

Now Unicode can be pasted directly into pages to display Arabic on the sites we manage via our content management system. At present, those sites are the Cairo meeting website, the At-Large website, and the Public Participation site. Other sites are forthcoming.

For an illustration, the Cairo site now contains English-Arabic pages: http://cai.icann.org/, http://cai.icann.org/en/venue, http://cai.icann.org/en/about

industry, government, media, nonprofits, academia, and individual users, arrived within our news mailing database at an estimated total of 6,000 contacts and 16,000 subscriptions.

Overall visits and visitors decreased slightly from 2007, with 7,962,026 to 7,792,688 by year-end 2008, but overall page views increased significantly. Compared with 2007 with 26,704,378 page views, 2008 saw 33,070,931 (by 23 November 2008, the last day statistics were available before this report was published) with 36,745,478 expected by 2008 year end. This represents a 23.84 percent increase based on projected value.

Average page views per visit increased by 40 percent, while overall visits from spiders and crawlers decreased from 2,124,259 in 2007 to 1,462,649 in 2008, a decrease of 31.35 percent, meaning that more actual humans viewed more pages per visit than last year. Average visits per day decreased slightly but average page views per day increased by more than 37 percent, from 73,363 in 2007 to 100,826 by 23 November 2008.

Visits originating in North America decreased, from a representation of 54.04 percent in 2007 to 51.08 percent (by 23 November 2008) in 2008, a 5.48 percent decrease.

Non-North American visits increased, with 45.96 percent representation in 2007 to 48.19 percent in 2008 (by 23 November 2008), a 4.85 percent increase.

The number of pages on the site grew to nearly 17,000 from an estimated 13,500 two years earlier, a growth of 25 percent.

An average of 4,589 people visited the meeting websites for the three main meetings. The New Delhi meeting site had 1,661 visitors, the Paris meeting site had 9,547 and the Cairo meeting site had 2,561 visitors.

The scribe feed introduced at the Paris meeting was viewed 52 times, but by the Cairo meeting had been viewed 451 times.

News Alerts and Magazines

From January to November 2008, 177 news alerts were sent out averaging between 10 and 29 news alerts per month. Between April and December 2008 there were 9 magazines. The magazines had an average word count of 3,023.

The year 2008 began with an estimated 6,826 subscriptions and will end with an estimated 16,000 subscriptions, an increase of greater than 100 percent.

Translation

The translation budget has grown from US$152,100 in fiscal year 2007 to US$488,000 in 2008. Throughout 2008 approximately 185 documents were translated from English into other languages, including Arabic, Chinese, French, Russian, Spanish, Italian, Portuguese, German, Korean, Japanese, Hindi, Hebrew and Urdu. From January to mid-November 2008, the total count of translated words was 2,352,999.

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to capture Arabic script, an image was used to represent it instead. The script also had to be told which way to flow and align itself, something that now happens more naturally, or with minimal use of HTML. Finally, Arabic pages had to be manually linked to original English pages, to translations in other languages, and within lists of other Arabic pages. None of this was optimal.

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For an illustration, the Cairo site now contains English-Arabic pages: http://cai.icann.org/, http://cai.icann.org/en/venue, http://cai.icann.org/en/about.

Comment and Participation

There were 47 public comment periods in 2008, with an average of 10 comments per period and 10 days taken on average to post a summary and analysis of those comments. There were 72 blog articles from January to November 2008 with an average of six comments per blog. Since the blog was started in January 2007 there have been 220 blog entries.

Media

Over the reporting period, ICANN earned media coverage in more than 1,000 unique newspapers, radio broadcasts, magazines and websites. Issues highlighted included efforts to end domain tasting, IDNs, the election of a new Board chair, and the mid-term report on the Joint Partnership Agreement. In addition, 75 media releases were issued and over 180 announcements were posted to the front page of ICANN's website.

By far the widest coverage surrounded the Paris meeting in June 2008 and the decision to move forward with the new gTLDs program. Among the hundreds of stories, coverage appeared in the *International Herald Tribune*, *Les Echoes*, *New York Times*, *Forbes*, *Business Week*, BBC News, *Washington Post*, *Wall Street Journal*, and the *Tehran Times*. These papers have a combined readership of about 6.5 million readers.

Stories highlighting ICANN's work on Internationalized Domain Names appeared on the U.S. National Public Radio, in the *China Post*, *Times of India*, *The Australian*, and on the front page of the business section of the *Wall Street Journal*.

Four international press conferences were held in conjunction with ICANN meetings, and these were attended by journalists from the BBC, *International Herald Tribune*, *New York Times*, *Washington Post*, *The Register*, *IDG*, *The Australian*, *New Delhi Tribune*, and *PCWorld*.

Presentations and Technical Writing

Twenty-five separate presentations or speeches were developed and most of these can be found at http://www.icann.org/presentations/.

In addition a major contribution was made to the writing of the draft Applicant Guidebook for the introduction of new gTLDs, a significant task at 27,090 words long. Other contributions included the presentation of the compliance semi-annual report (http://www.icann.org/en/compliance/reports/contractual-compliance-audit-report-29jul08-en.pdf) and this annual report. Also completed was the writing of a corporate Style Guide.

President's Strategy Committee Meetings

During the midterm review of the Joint Project Agreement by the U.S. National Telecommunications and Information Administration in February 2008, Peter Dengate Thrush identified the President's Strategy Committee as the group within ICANN to facilitate community discussions and outline a plan for developing a transition framework. ICANN's submission was 1,950 pages long, including supporting materials, and was collated and written by Corporate Affairs. It can be found at http://www.ntia.doc.gov/ntiahome/domainname/jpacomments2007/jpacomment_004.pdf. ICANN supporting documents can be found at http://www.ntia.doc.gov/ntiahome/domainname/jpacomments2007/jpacomment_icannsupport.pdf.

A program of external outreach meetings on the work of the PSC was held around the world. There were nine outreach meetings held between June and December 2008 in Paris, France; Montevideo, Uruguay; Christchurch, New Zealand; Geneva, Switzerland; Dakar, Senegal; Washington, DC; Cairo, Egypt; Mauritius; and Hyderabad, India. All discussion documents were made available in 10 languages simultaneously. Regional discussions were held in English, Spanish and French, with ICANN staff translating and summarizing all input materials for the PSC and for publication on the ICANN website (http://www.icann.org/en/jpa/iic/). Work on Improving Institutional Confidence will continue in 2009, focusing on implementation subject to Board agreement and reporting to the community.

Chairman of the Board of Directors Peter Dengate Thrush addresses a President's Strategy Committee consultation on Improving Institutional Confidence at the National Press Club in Washington, DC.

Opening of New Office

The Corporate Affairs department also opened a new ICANN office in Washington, DC, and work commenced there near the end of August 2008. The purpose of opening this office is to improve outreach to Washington-based stakeholders including the U.S. Department of Commerce and the Congress, as well as business representative organizations. Eight meetings with various Congressional staff were held to discuss issues such as the new gTLD expansion and the conclusion of the Joint Project Agreement in September 2009. Briefing and consultation work also took place with members of the business community. In association with a visit by the Chairman and the CEO for the PSC consultation in Washington, DC, meetings with 15 different organizations were held, including CADNA, the Internet Alliance, BITS, AIPLA, ITIF, BSA, NetChoice and members of the intellectual property industry.

Work Still to Be Done

We need better standardization of information across the website and in our presentations and we need to commit to a common—in every sense of that word—language to describe the organization and its work. This will help in understanding the narrow technical nature of ICANN's function so it can be clearly understood and so we can guard against mission creep.

There must be better analysis of public comments. The ICANN website's public comment page has been improved, but those submitting comments are concerned about an apparent lack of clarity as to how their comments are taken into account in the final outcome. Some improvements began at the time this annual report was published, with the employment of an individual to solely do analysis, commencing with the work of the PSC.

We must provide better outreach and accessibility for the community, especially the business community. There must a better coordinated business agenda at meetings and the business constituency should be the conduit for that contact, supported by ICANN staff.

Translation work must continue to be a priority in order to help the many hundreds of millions of non-English speakers who will come on line this coming year to understand ICANN's distinct function.

We also must improve outreach at meetings so that we go beyond simply holding a meeting in a different location and are making contact with those who may have an interest in ICANN's work; for example, those from the At-Large user community, but who may be unable to afford to attend all the regular meetings.

Finally, this coming year will see the conclusion of the Joint Project Agreement. To support the work of the PSC and the Board, as well as outreach work in both Washington, DC, and internationally, it will be vitally important for our language and our accountability mechanisms to be transparent and accessible.

That effort is one that should never reach a conclusion as we will always aspire to improve.

Translation work must continue to be a priority in order to help the many hundreds of millions of non-English speakers who will come on line this coming year to understand ICANN's distinct function.

John Jeffrey

Office of the General Counsel
John Jeffrey, General Counsel

Responsibilities

The Office of the General Counsel continued to provide high-quality legal services to the various functional units within ICANN, including its staff, Board, and participatory structures. The office advises ICANN's various business units on all issues that affect or have the potential to affect ICANN. Such issues include:

- Handling corporate and legal filings, managing litigation, providing interpretation of bylaws and legal interpretation

- Advising the Board and staff on legal matters pertinent to or contemplated for the organization

- Managing aspects of risk and crisis management

- Managing external counsel

- Reviewing and approving all legal documents

- Supporting the organization's compliance functions, finance and organization-wide operational functions

- Negotiating various registry, registrar and other agreements

- Verifying bylaws and applicable corporate legal and ethical compliance

- Managing the corporation's relationship with the U.S. government

- Negotiating in conjunction with other departments significant agreements that ICANN proposes to enter

- Reviewing and handling daily transactional business

- Supporting various ICANN Board members and committees

- Ensuring staff cooperation with the ICANN Ombudsman

- Monitoring conflicts of interest issues

- End ensuring general corporate legal compliance

- Assuming responsibility for management of the implementation of the Document Information Disclosure Policy

- Expanding ICANN's global legal advisory capacity through additional involvements with lawyers and firms in 15 additional countries in regions throughout the world.

Fulfillment of Bylaws

In 2008, the ICANN Board convened three regular and eight special meetings, including the annual meeting held in Cairo. Appropriate Board committees were staffed, including the Executive Committee, Board Governance Committee, Conflicts of Interest Committee, and Reconsideration Committee, and produced reports at the regular ICANN meetings. New Board committees were adopted during ICANN's Cairo meeting. These new committees are for IANA, Public Participation, Risk and Structural Improvements. In addition, bylaws changes were proposed to consolidate the Conflicts of Interest Committee and the Reconsideration Committee into the Board Governance Committee functions.

Litigation Support

The General Counsel's actions in support of ICANN included defending the organization against a variety of lawsuits and frivolous lawsuits. The office has taken additional steps to enhance ICANN's litigation readiness.

Department Staffing and Operations

Office staff has heightened the effective advice to internal and external business units, implementing a full-service responsiveness regime and participating in increasing its operational excellence through the enhancement of new reporting and reviewing mechanisms. Positions have been posted to hire new lawyers for the Australia/Asian, European and African regions, and to provide additional support in the ICANN headquarters.

Frank Fowlie

Frank Fowlie, Ombudsman

The Office of the Ombudsman had an active year in 2007–2008. The number of overall complaints or contacts dropped significantly, from 375 complaints or community contacts for assistance the previous year, to 125. The difference in complaint volume related directly to the number of RegisterFly-related complaints received the previous year. In addition, the volume of jurisdictional issues examined by the Ombudsman remained relatively consistent: 21 jurisdictional investigations were received and completed, and two jurisdictional files remained open as of June 30, 2008.

In 2007–2008 the Ombudsman's Office resolved all matters without having recourse to formal reporting to the Board of Directors and the community. This is a positive step for both the community and the organization, and demonstrates that a facilitated approach to conflict resolution is most effective at ICANN.

The ICANN Office of the Ombudsman continues to be a field leader in the development of ombudsman evaluations. In 2007–2008 the Ombudsman gave presentations on ombudsman evaluations to the Forum of Canadian Ombudsman, the United States Ombudsman Association, and the International Ombudsman Association. The Office of the Ombudsman also published a Practitioner's Guide to Evaluating Ombudsman Offices, which was reprinted by the International Ombudsman Institute. The *International Ombudsman Yearbook*, published in 2008, included a paper written by ICANN's Ombudsman on client satisfaction.

In June the Ombudsman chaired the 2008 International Forum on Online Dispute Resolution (www.odrforum2008.org). This event brought together 130 delegates from 30 countries for a two-day conference on the use of online technology as a dispute resolution tool.

The community of ombudsman practitioners was delighted to have several world leaders participate in the forum, among them His Excellency Dr. Jose Ramos Horta, President of Timor Leste, who participated by video broadcast; Her Excellency Ambassador Patricia Durrant, retired United Nations Assistant Secretary General and United Nations Ombudsman; His Excellency Nelson Santos, Permanent Representative of East Timor to the United Nations; and Dr. Vinton Cerf, Chief Internet Evangelist for Google, who gave the keynote address.

The ICANN Office of the Ombudsman took great pleasure in working with Royal Roads University, Victoria, British Columbia, which offers a bachelor of Justice Studies degree, and Pepperdine University, Malibu, California, which offers a masters of Conflict Resolution degree, to provide externship and practicum opportunities for their learners. During 2007–2008 learners from these universities participated in two ICANN meetings and the 2008 International Forum on Online Dispute Resolution. The Ombudsman offers thanks to Indu, Doug, Shanna, David, Collin, Eleanor, Leda, Chris, Thomas, Grace, and Marcia, and trusts they enjoyed their ombudsman experience.

Also in 2008, the Ombudsman was awarded a Doctor of Conflict Resolution from La Trobe University in Australia.

The ICANN Office of the Ombudsman publishes an annual report independent of the ICANN annual report. The 2007–2008 Ombudsman annual report is posted in six languages at www.icannombudsman.org/.

ACTIVITIES OF NOMINATING COMMITTEE

The ICANN Nominating Committee selects eight members of ICANN's Board of Directors, three members of the Country Code Names Supporting Organization (ccNSO), three members of the Generic Names Supporting Organization (GNSO), and five members of the At-Large Advisory Committee (ALAC). The 2008 Nominating Committee included 22 members, 17 voting and 5 nonvoting. The Chair is appointed by the Board, the Associate Chair is appointed by the Chair, and the previous Chair serves a second term as an Advisor to the new Chair. None of these positions is a voting position.

Hagen Hultzsch, former ICANN Director, was appointed by the Board as Chair of the 2008 Nominating Committee. Wolfgang Kleinwaechter was appointed Associate Chair, and George Sadowsky was Advisor to the Chair.

The 2008 Nominating Committee had two face-to-face meetings. The first meeting involved orientation and discussion regarding its processes and procedures and took place following the ICANN meeting in Los Angeles in October 2007. The call for Statements of Interest was posted on 14 December 2007 with a closing date of 15 April 2008. Members of the Nominating Committee conducted extensive outreach during that time, which resulted in 78 statements of interest being received.

In a new process, the Nominating Committee retained the professional services of Ray & Berndtson, an executive search firm based in Frankfurt, Germany, to assist with candidate assessment, including candidate interviews. The Nominating Committee used Ray & Berndtson's assessments, in addition to references provided with statements of interest, and in some cases, telephone interviews, to review candidates.

The second meeting to select the nominees took place at the conclusion of the ICANN meeting in Paris in June 2008. During this meeting, the 2008 Nominating Committee selected:

- Two members of the ICANN Board of Directors: Katim Touray, Africa, and Steve Crocker, U.S.A.

- One member of the Council of the Generic Names Supporting Organization (GNSO): Terry Davis, U.S.A.

- One member of the Council of the Country Code Names Supporting Organization (ccNSO): Jian Zhang, China.

- Two members of the At-Large Advisory Committee (ALAC) from the North American and European regions: Alan Greenberg, Canada, and Adam Peake, UK.

Those selected took their seats at the conclusion of the ICANN annual general meeting in Cairo on 7 November 2008.

Nominating Committee Review

In December 2006, ICANN sought public comments on proposed terms of reference to guide the independent review of the Nominating Committee. ICANN's Board Governance Committee approved a proposed plan for the Nominating Committee review.

Interisle Consulting Group was engaged to conduct the review in accordance with the terms of reference, and Interisle's report was posted for public comment on 24 October 2007 (http://www.icann.org/public_comment/ #nomcomreview). Interisle conducted a special workshop at the annual general meeting in Los Angeles in October 2007 to discuss the recommendations in its report and provide the community an opportunity to provide feedback and comments.

The Nominating Review working group, composed of Chairman Alejandro Pisanty, Jonathan Cohen, Mouhamet Diop and Steve Goldstein, later considered the report and public comments, and prepared a final report to the Board Governance Committee.

The ICANN Financial Statements for 2007–2008
are posted at http://www.icann.org/en/financials/
financial-report-fye-30jun08-en.pdf.
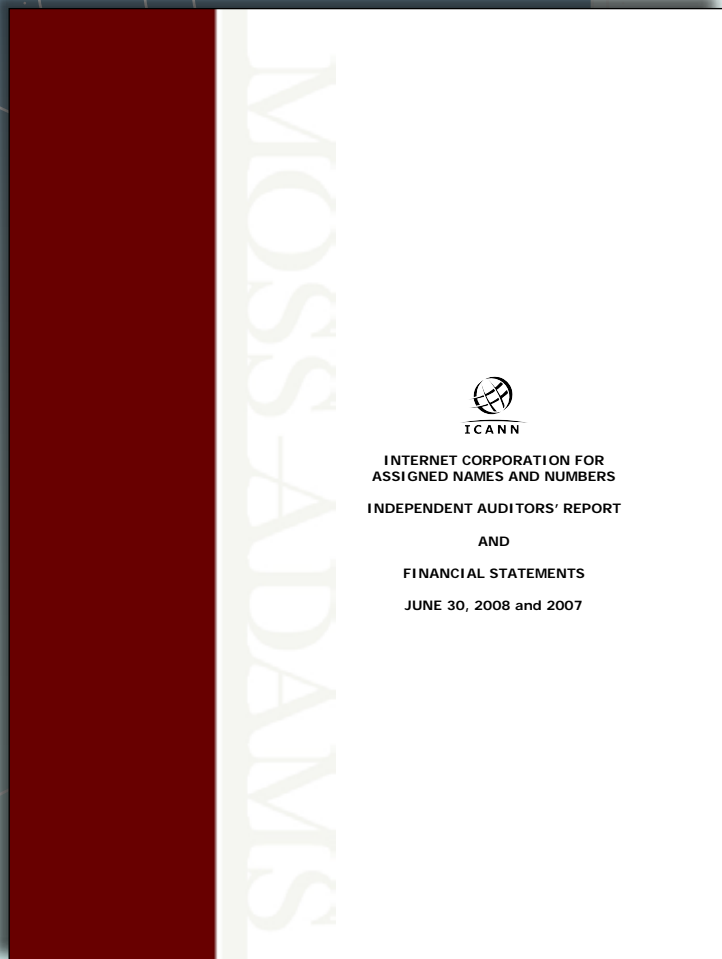
MOSS-ADAMS

ICANN

**INTERNET CORPORATION FOR
ASSIGNED NAMES AND NUMBERS**

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

JUNE 30, 2008 and 2007

CONTENTS

MOSS-ADAMS LLP

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors (Board)
The Internet Corporation for Assigned Names and Numbers

We have audited the accompanying statements of financial position of Internet Corporation for Assigned Names and Numbers (ICANN) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of Internet Corporation for Assigned Names and Numbers. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Internet Corporation for Assigned Names and Numbers as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Los Angeles, California
October 6, 2008

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

STATEMENTS OF FINANCIAL POSITION

JUNE 30,	2008	2007
Amounts are rounded to the nearest thousand in US Dollars		
ASSETS		
Cash and cash equivalents	$ 22,005,000	$ 31,031,000
Accounts receivable, net	12,456,000	14,970,000
Investments	24,773,000	-
Prepaid expenses	14,000	270,000
Other assets	404,000	97,000
Property and equipment, net	1,316,000	582,000
Total assets	$ 60,968,000	$ 46,950,000
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 5,402,000	$ 4,270,000
Deferred revenue	9,141,000	7,444,000
Total liabilities	14,543,000	11,714,000
Unrestricted net assets	46,425,000	35,236,000
Total liabilities and net assets	$ 60,968,000	$ 46,950,000

See accompanying notes to financial statements.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30,	2008	2007
Amounts are rounded to the nearest thousand in US Dollars		
UNRESTRICTED		
SUPPORT AND REVENUE		
Domain name registry and registrar fees	$ 45,299,000	$ 38,348,000
Address registry fees	823,000	823,000
Accreditation fees	3,667,000	3,597,000
Application fees	115,000	270,000
Interest income and other income	829,000	433,000
Total support and revenue	50,733,000	43,471,000
EXPENSES		
Personnel	16,746,000	13,784,000
Travel and meetings	9,449,000	6,203,000
Professional services	8,854,000	5,864,000
Administration	4,957,000	3,219,000
Bad debt recovery	(462,000)	(2,429,000)
Total expenses	39,544,000	26,641,000
Change in net assets	11,189,000	16,830,000
UNRESTRICTED NET ASSETS		
Beginning of year	35,236,000	18,406,000
End of year	$ 46,425,000	$ 35,236,000

See accompanying notes to financial statements.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,	2008	2007
Amounts are rounded to the nearest thousand in US Dollars		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 11,189,000	$ 16,830,000
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation expense	259,000	139,000
Bad debt recoveries	(462,000)	(2,429,000)
Unrealized loss	227,000	-
Changes in operating assets and liabilities		
Accounts receivable	2,976,000	975,000
Prepaid expenses	256,000	(48,000)
Other assets	(307,000)	(42,000)
Accounts payable and accrued liabilities	1,133,000	1,788,000
Deferred revenue	1,697,000	2,490,000
Net cash provided by operating activities	16,968,000	19,703,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(994,000)	(462,000)
Purchases of investments	(25,000,000)	-
Net cash used in investing activities	(25,994,000)	(462,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,026,000)	19,241,000
CASH & CASH EQUIVALENTS		
Beginning of year	31,031,000	11,790,000
End of year	$ 22,005,000	$ 31,031,000

See accompanying notes to financial statements.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

The Internet Corporation for Assigned Names and Numbers (ICANN) was established in September 1998 under the laws of the state of California as a non-profit public benefit corporation. ICANN coordinates a select set of the Internet's technical management functions, such as the assignment of protocol parameters, the management of the domain name system, the allocation of Internet protocol (IP) address space, and the management of the root server system. Categories of Internet domains include Generic Top Level Domains (gTLDs) examples of which are *.com, .net, .org,* and *.edu* domains and Country Code Top Level Domains (ccTLDs), examples of which are *.us, .uk, .de,* and *.fr.* ICANN's primary sources of revenue are from domain name registration activities and DNS service providers as follows:

- ***Domain name registry and registrar fees*** for the registration and administration of Internet domain names. These fees include: 1) *Transaction fees from registrants of domain names via ICANN accredited registrars and gTLD registries* which are charged based upon a set rate per domain name registration, renewal, or transfer, and 2) *Fixed fees* which are amounts paid by registrars and registries in amounts set by contract for services rendered and/or rights given. ICANN also receives contributions and grants from other organizations.
- ***Address registry fees*** from organizations responsible for the assignment and administration of Internet addresses.
- ***Accreditation fees*** from ICANN accredited registrars for initial and annual renewal accreditation.
- ***Application fees*** from applicants seeking to become an ICANN accredited domain name registrar.

ICANN has three supporting organizations which serve as advisory bodies to the ICANN board of directors with respect to internet policy issues and structure within three specialized areas, including the system of IP addresses and the domain name system. The three supporting organizations are the Address Supporting Organization (ASO), Generic Names Supporting Organization (GNSO), and the Country Code Domain Name Supporting Organization (CCNSO). These supporting organizations are the primary source of substantive policy recommendations for matters lying within their respective specialized areas. The supporting organizations are not separately incorporated entities. Transactions handled by ICANN on behalf of GNSO are included in the accompanying financial statements.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The financial statements of ICANN have been prepared on the accrual basis of accounting. ICANN recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of ICANN and the changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the objectives of ICANN. ICANN's Board adopted an investment policy in November 2007. This investment policy established a Board designated Reserve Fund which limits use of the Reserve Fund based upon specific Board actions. All investments are designated under the Reserve Fund.

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

- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity. Investment income generated from these funds is available for general support of ICANN's programs and operations unless otherwise stipulated by the donor.

As of June 30, 2008 and 2007, ICANN had no permanently or temporarily restricted net assets.

Cash and cash equivalents - Cash and cash equivalents include deposits in bank, money market accounts, and marketable commercial paper. ICANN considers all cash and financial instruments with maturities of three months or less when purchased by ICANN to be cash and cash equivalents.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable - ICANN carries its accounts receivable on invoiced amounts less allowances for doubtful accounts. On a periodic basis, ICANN evaluates its accounts receivable and establishes allowances based on overdue accounts and a history of past write-offs. ICANN had two major registries/registrars totaling approximately $22,237,000 or 44% of total support and revenue in 2008 and one major registry/registrar totaling approximately $14,394,000 or 34% of total support and revenue in 2007. ICANN had accounts receivable amounts totaling approximately $3,881,000 and $2,150,000 due from the major registries/registrars at June 31, 2008 and 2007, respectively.

ICANN recovered approximately $462,000 and $2,429,000 of bad debt expense during years ended June 30, 2008 and 2007, respectively.

Investments – Investments in marketable securities are carried at fair value, based on quoted market prices. In November 2007, the Board adopted an investment policy which established a Board designated Reserve Fund. All funds in investments are reserved by the Board as the Reserve Fund.

Property and equipment - Property and equipment are stated at cost or, for contributed items, at fair market value at date of contribution. The equipment, furniture and fixtures are being depreciated using the accelerated method over estimated useful lives of three to seven years. Leasehold improvements are being depreciated using the straight-line method over the useful life or the remaining lease term, whichever is shorter. Acquisitions of property and equipment in excess of $10,000 are capitalized.

Deferred revenue – Revenue is recognized during the period that the transaction associated with a fee relates, regardless of when the transaction fee was billed. Unless a registrar elects to have their multi-year transaction fees billed on a deferred basis, all transaction years are billed during the quarter in which the transaction agreement was signed. Fees relating to future periods are recorded as deferred revenue until earned. Fees for which deferred billing has been elected are billed and recorded as revenues in the year the transactions associated with the fees occur.

Advertising costs - Advertising costs are expensed in the period incurred. Advertising expense amounted to approximately $94,000 and $16,000, for the years ended June 30, 2008 and 2007, respectively.

Income taxes - ICANN is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses - Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on methods determined by management. ICANN's expenses are classified approximately as follows for the fiscal years ended June 30:

	2008	2007
Program services	$ 28,631,000	$ 19,300,000
Support services: management and general	10,913,000	7,341,000
Total expenses	$ 39,544,000	$ 26,641,000

Concentration of credit risk - Financial instruments which potentially subject ICANN to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, and investments. ICANN places its cash with major and creditable financial institutions. The cash held at these financial institutions may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation. Concentration of credit risk with respect to receivables is mitigated by the diversity of registries/registrars comprising ICANN's registry/registrar base. ICANN places its investments with a major and creditable investment broker. The investments held are subject to the volatility of the market and industry in which it is invested.

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

Reclassifications - Certain 2007 amounts have been reclassified in the financial statements to conform to the 2008 presentation. These reclassifications have no impact on net assets.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following as of June 30:

	2008	2007
gTLD registries and registrars	$ 11,779,000	$ 13,875,000
IP address registries	823,000	2,172,000
ccTLD's	451,000	232,000
Other	3,000	12,000
	13,056,000	16,291,000
Less: allowance for doubtful accounts	(600,000)	(1,321,000)
	$ 12,456,000	$ 14,970,000

NOTE 4 - INVESTMENTS

Investments consist of the following as of the year ended June 30, 2008:

Stocks	$ 8,190,000
Bonds	16,583,000
Total	$ 24,773,000

There were no investments for the year ended June 30, 2007.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2008	2007
Computer equipment	$ 1,453,000	$ 752,000
Computer software	20,000	20,000
Furniture and fixtures	322,000	194,000
Leasehold improvements	294,000	130,000
	2,089,000	1,096,000
Less: accumulated depreciation	(773,000)	(514,000)
	$ 1,316,000	$ 582,000

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LEGAL MATTERS

In the ordinary course of business, ICANN is occasionally named as a defendant in lawsuits and may be involved in other alternative dispute resolution proceedings. Management is unable at this time to determine the probable outcome or the effect, if any, that these matters may have on the financial position and the ongoing operations of ICANN. Accordingly, the accompanying financial statements do not include a provision for any losses that may result from ICANN's current involvement in legal matters.

NOTE 7 - RELATED PARTY TRANSACTIONS

ICANN's President and Chief Executive Officer (CEO), Dr. Paul Twomey's services are currently provided to ICANN through a professional services agreement with Argo Pacific Party Limited (Argo Pacific), an Australian Proprietary Company. Dr. Twomey has an interest in Argo Pacific.

Payments were made to Argo Pacific under a contractual arrangement with ICANN (the terms of which have been approved by the ICANN Board of Directors) for the provision of Dr. Twomey's professional services, benefits allowance, and for related expenses (incidental travel, telecommunications, computer supplies, and office supplies).

Pursuant to the agreement, during the year ended June 30, 2008, Argo Pacific was paid $256,000 associated with Dr. Twomey's employee benefits, $543,000 in base compensation, and $148,000 in bonuses. Argo Pacific's agreement with ICANN is denominated in Australian Dollars. ICANN's functional currency is in US Dollars, thus the payments to Argo Pacific are impacted by exchange rate fluctuations between the US dollar and Australian dollar. During the year ended June 30, 2007, Argo Pacific was paid $219,000 associated with Dr. Twomey's employee benefits, $451,000 in base compensation, and $210,000 in bonuses. These bonuses were for service during the fiscal year ending June 30, 2004, 2005, and 2006. Furthermore, during the year ended June 30, 2007, Argo Pacific received $24,000 in foreign currency adjustments for years prior to 2007 and received $37,000 in foreign currency adjustments for the 2007 year. Reimbursements made to Argo Pacific for related expenses such as travel, telecommunications, and office supplies amounted to $25,000 and $26,000 for the years ending June 30, 2008 and 2007, respectively. Total payments made to Argo Pacific for the years ended June 30, 2008 and 2007, were approximately $972,000, and $967,000, respectively.

Included in accounts payable and accrued liabilities to Argo Pacific as of June 30, 2008 and 2007 was $7,000 and $143,000, respectively.

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INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - COMMITMENTS

ICANN leases its offices and certain other facilities under operating lease agreements with termination clauses from three to twelve months. Rent expense amounted to approximately $1,211,000 and $535,000 for the years ended June 30, 2008 and 2007, respectively. Minimum payments under the cancelable operating leases for the future years ending June 30 are approximately:

2009	$	1,189,000
2010		1,014,000
2011		823,000
2012		800,000
2013		67,000
Total	$	3,893,000

ICANN has probable pass-through and additional charges from the sublessor which are not included in the minimum payments above. The pass-through and additional charges cannot be reasonably estimated for future periods. Pass-through and additional charges amounted to approximately $494,000 and $254,000 for the years ended June 30, 2008 and 2007, respectively.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN

ICANN's 401(k) Plan (the "Plan") is available to all employees in the United States at the first of the month following hire date with ICANN. ICANN contributes 5% of employee's salary to the plan regardless of employee contributions. ICANN also matches employee contributions up to 10% of the employee's annual salary. Employer contributions for the years ended June 30, 2008 and 2007 amounted to approximately $1,083,000 and $709,000, respectively.

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ICANN's three types of accountability

ICANN is accountable in three ways:

1. Public sphere accountability which deals with mechanisms for assuring stakeholders that ICANN has behaved responsibly;

2. Corporate and legal accountability which covers the obligations that ICANN has through the legal system and under its bylaws; and

3. Participating community accountability that ensures that the Board and executive perform functions in line with the wishes and expectations of the ICANN community.

ICANN is accountable to the global community; however, the nature of ICANN's unique mission does not permit members of the organization that could exert undue influence and control over ICANN's activities. Thus by not having any statutory members, ICANN is accountable to the public at-large rather than to any specific member or group of members. This construct helps eliminate the specter of antitrust violations by allowing ICANN to operate in the best interests of the public at large rather than in the individual interests of certain members. This construct also allows ICANN to work collaboratively, rather than compete, with the various constituents of the Internet community.

Under ICANN's corporate structure, supporting organizations and other bodies within ICANN representing certain sectors of the participating community are entitled to elect directors to ICANN's Board. These directors, in turn, owe all of the duties of a director to ICANN in their roles as members of the Board. These duties for a director of care, inquiry, loyalty and prudent investment to the corporation and its constituencies take supremacy over the interests of the electing organization. Each member of ICANN's board is accountable to the participating community as a whole through his or her fiduciary duties and is required to make decisions that are in the best interests of the corporation and community at large.

The ultimate legal accountability of the organization lies with the Board, not with the individuals and entities that make up the ICANN community. Under California corporate law, ICANN's Board of Directors is charged with overall responsibility for the management of the business and affairs of the corporation. The general legal duties of an ICANN director are owed to the corporation itself, and the public at large, not to individual interests within the ICANN community. The directors may therefore on occasion have to make decisions that run counter to the interests of individuals or groups in the community in order to properly address the directors' broader fiduciary duties or to comply with other legal obligations.

AT ICANN

1. Accountability in the Public Sphere

Public sphere accountability is one important aspect of ICANN accountability, and is relevant to the extent that ICANN performs a public trust function. This form of accountability is similar in some ways to that which would apply to governments and government officials. The salient aspects of public sphere accountability for ICANN are that its processes are transparent, that it discloses information to its community, that there are mechanisms for the reconsideration of decisions and that there is a process of audit or evaluation to check that procedures have been followed and that standards have been upheld.

This accountability is supported by various means:

    A. The ICANN bylaw requirements for transparency;

    B. An Information Disclosure Policy that guides the provision of information concerning ICANN's operational activity to the public;

    C. A Dispute Resolution Framework that outlines the mechanisms available for individuals who believe that they have not been treated fairly in their dealings with ICANN;

    D. A statement of Financial Accountability that outlines the monitoring of financial viability and governance during the budget cycle; and the reporting mechanisms that ensure transparency of ICANN financial matters.

A. Commitments to Transparency in the ICANN Bylaws

ICANN's bylaws are very clear about the need for ICANN to uphold the standards of transparency appropriate for an organization that operates in an environment of public trust. Indeed, ICANN's bylaws (http://www.icann.org/general/bylaws.htm#I) state that:

ICANN and its constituent bodies shall operate to the maximum extent feasible in an open and transparent manner and consistent with procedures designed to ensure fairness.

          (Article III, Section 1)

The bylaws also state that in performing its mission, a set of core values should guide the decisions and actions of ICANN These include:

    7. *Employing open and transparent policy development mechanisms that (i) promote well-informed decisions based on expert advice, and (ii) ensure that those entities most affected can assist in the policy development process.*

    8. *Making decisions by applying documented policies neutrally and objectively, with integrity and fairness.*

    9. *Acting with a speed that is responsive to the needs of the Internet while, as part of the decision-making process, obtaining informed input from those entities most affected.*

    10. *Remaining accountable to the Internet community through mechanisms that enhance ICANN's effectiveness.*

          (Article I, Section 2)

In addition, under the bylaws if the Board is considering policies for adoption that substantially affect the operation of the Internet or third parties, including the imposition of any fees or charges, ICANN must:

- Provide public notice on its website explaining what policies are being considered for adoption and why, at least 21 days (and if practical, earlier) prior to any action by the Board.

- Provide a reasonable opportunity for parties to comment on the adoption of the proposed policies, to see the comments of others, and to reply to those comments prior to any action by the Board.

- In those cases where the policy affects public policy concerns, request the opinion of the Governmental Advisory Committee (GAC) and take into account any advice presented by the GAC on its own initiative or at the Board's request.

- Where it is both practically feasible and consistent with the relevant policy development process, an in-person public forum also must be held for discussion of any proposed policies prior to any final Board action.

- After taking action on any policy subject undertaken through this process, the Board must publish in the meeting minutes the reasons for any action taken, the vote of each Director voting on the action, and the separate statement of any Director who chooses to publish such a statement.

B. ICANN Documentary Information Disclosure Policy

ICANN's Documentary Information Disclosure Policy is intended to ensure that information contained in documents concerning ICANN's operational activities, and within ICANN's possession, custody, or control, is made available to the public unless there is a compelling reason for confidentiality.

A principal element of ICANN's approach to transparency and information disclosure is the identification of a comprehensive set of materials that ICANN makes available on its website as a matter of course.

Specifically, ICANN has:

- Identified many of the categories of documents that are already made public as a matter of due course

- Developed a time frame for responding to requests for information not already publicly available

- Identified specific conditions for nondisclosure of information

- Described the mechanism under which requestors may appeal a denial of disclosure

Documents Made Public in Due Course
ICANN posts on its website at www.icann.org, numerous categories of documents in due course. A list of those categories follows:

AT ICANN

- Annual Reports – http://www.icann.org/annualreport

- Articles of Incorporation – http://www.icann.org/general/articles.htm

- Board Meeting Transcripts, Minutes and Resolutions – http://www.icann.org/minutes/

- Budget – http://www.icann.org/general/financial.html

- Bylaws (current) – http://www.icann.org/general/bylaws.htm

- Bylaws (archives) – http://www.icann.org/general/archive-bylaws

- Correspondence – http://www.icann.org/correspondence/

- Financial Information – http://www.icann.org/general/financial.html

- Litigation documents – http://www.icann.org/general/litigation.htm

- Major agreements – http://www.icann.org/general/agreements.htm

- Monthly Registry reports – http://www.icann.org/tlds/monthly-reports/

- Operating Plan – http://www.icann.org/planning

- Policy documents – http://www.icann.org/general/policy.html

- Speeches, Presentations and Publications – http://www.icann.org/presentations/

- Strategic Plan – http://www.icann.org/planning

- Material information relating to the Address Supporting Organization (ASO) – http://aso.icann.org/docs/index.html including ASO policy documents, Regional Internet Registry (RIR) policy documents, guidelines and procedures, meeting agendas and minutes, presentations, routing statistics, and information regarding the RIRs

- Material information relating to the Generic Names Supporting Organization (GNSO) – http://gnso.icann.org/ – including correspondence and presentations, council resolutions, requests for comments, draft documents, policies, reference documents (see http://gnso.icann.org/reference-documents.htm), and council administration documents (see http://gnso.icann.org/council/docs.shtml)

- Material information relating to the Country Code Names Supporting Organization (ccNSO) – http://ccnso.icann.org – including meeting agendas, minutes, reports, and presentations

- Material information relating to the At Large Advisory Committee (ALAC) – http://alac.icann.org – including correspondence, statements, and meeting minutes

- Material information relating to the Governmental Advisory Committee (GAC) – http://gac.icann.org/web/index.shtml – including operating principles, gTLD principles,

ccTLD principles, principles regarding gTLD Whois issues, communiqués, and meeting transcripts, and agendas

- Material information relating to the Root Server Advisory Committee (RSSAC) – http://www.icann.org/committees/dns-root/ – including meeting minutes and information surrounding ongoing projects

- Material information relating to the Security and Stability Advisory Committee (SSAC) – http://www.icann.org/committees/security/ – including its charter, various presentations, work plans, reports, and advisories

Responding to Information Requests
If a member of the public requests information not already publicly available, ICANN will respond, to the extent feasible, to reasonable requests within 30 calendar days of receipt of the request. If that time frame will not be met, ICANN will inform the requester in writing as to when a response will be provided, setting forth the reasons necessary for the extension of time to respond. If ICANN denies the information request, it will provide a written statement to the requestor identifying the reasons for the denial.

Defined Conditions for Nondisclosure
ICANN has identified the following set of conditions for the nondisclosure of information:

- Information provided by or to a government or international organization, or any form of recitation of such information, in the expectation that the information will be kept confidential or would or likely would materially prejudice ICANN's relationship with that party.

- Internal information that, if disclosed, would or would be likely to compromise the integrity of ICANN's deliberative and decision-making process by inhibiting the candid exchange of ideas and communications, including internal documents, memoranda, and other similar communications to or from ICANN directors, ICANN directors' advisors, ICANN staff, ICANN consultants, ICANN contractors, and ICANN agents.

- Information exchanged, prepared for, or derived from the deliberative and decision-making process between ICANN, its constituents, or other entities with which ICANN cooperates that, if disclosed, would or would be likely to compromise the integrity of the deliberative and decision-making process between and among ICANN, its constituents, or other entities with which ICANN cooperates by inhibiting the candid exchange of ideas and communications.

- Personnel, medical, contractual, remuneration, and similar records relating to an individual's personal information, when the disclosure of such information would or likely would constitute an invasion of personal privacy, as well as proceedings of internal appeal mechanisms and investigations.

- Information provided to ICANN by a party that, if disclosed, would or would be likely to materially prejudice the commercial interests, financial interests, or competitive position of such

party or was provided to ICANN pursuant to a nondisclosure agreement or nondisclosure provision within an agreement.

- Confidential business information or internal policies and procedures.

- Information that, if disclosed, would or would be likely to endanger the life, health, or safety of any individual or materially prejudice the administration of justice.

- Information subject to the attorney-client, attorney work product privilege, or any other applicable privilege, or disclosure of which might prejudice any internal, governmental, or legal investigation.

- Drafts of all correspondence, reports, documents, agreements, contracts, emails, or any other forms of communication.

- Information that relates in any way to the security and stability of the Internet, including the operation of the L Root or any changes, modifications, or additions to the root zone.

- Trade secrets and commercial and financial information not publicly disclosed by ICANN.

- Information requests (1) which are not reasonable, (2) which are excessive or overly burdensome, (3) complying with which is not feasible, or (4) are made with an abusive or vexatious purpose or by a vexatious or querulous individual.

Information that falls within any of the conditions set forth above may still be made public if ICANN determines, under the particular circumstances, that the public interest in disclosing the information outweighs the harm that may be caused by such disclosure. Further, ICANN reserves the right to deny disclosure of information under conditions not designated above if ICANN determines that the harm in disclosing the information outweighs the public interest in disclosing the information. ICANN shall not be required to create or compile summaries of any documented information, and shall not be required to respond to requests seeking information that is already publicly available.

Appeal of Denials
To the extent a requestor chooses to appeal a denial of information from ICANN, the requestor may follow the Reconsideration Request procedures or Independent Review procedures, to the extent either is applicable, as set forth in Article IV, Sections 2 and 3 of the ICANN bylaws, which can be found at http://www.icann.org/general/bylaws.htm.

C. Dispute Resolution Mechanisms at ICANN
There are two areas where ICANN has need for dispute resolution mechanisms.

- Parties may be in dispute with ICANN because they believe that due process has not been followed in arriving at a Board decision or because they believe that they have not been treated fairly in an ICANN process. The three part dispute resolution process that is available to members of the community is described in detail below in the section "Disputes about process and fair treatment."

- Parties may be in dispute with ICANN because they disagree not with the process but with the outcome of an ICANN decision process. The current method for dealing with disputes such as this is through the court system or via arbitration if provided for under the terms of ICANN's agreements. This approach is described in the section "Disputes about outcomes of a decision process".

Disputes about process and fair treatment
ICANN has a three-part dispute resolution process available to members of the community who feel that they have not been dealt with fairly or who believe that due process has not been followed in a Board decision making process.

Members of the community may choose whichever of these schemes is most appropriate to their needs. Alternative dispute resolution approaches are provided and preferred because these are accountable, transparent and flexible methods for resolving disputes.

Board Reconsideration Committee
The Reconsideration Committee is the first formal appeal or dispute resolution channel. It is a permanent committee of the ICANN Board of Directors. The Reconsideration Committee may hear a demand for the reconsideration of any decision made by the Board or the organization at no cost to the complainant. The purpose of a Reconsideration Committee review is to check that the correct process has been followed by the Board in reaching its decision. It has the power to recommend to the Board appropriate changes, and may amend or overturn decisions that were not made by a vote of the Board as a whole. The activities and decisions of the committee are posted on the ICANN website.

The Reconsideration Committee consists of three members of the Board and it has the authority to:

- Evaluate requests for review or reconsideration.
- Determine whether a stay of the contested action pending resolution of the request is appropriate.
- Conduct whatever factual investigation is deemed appropriate.
- Request additional written submissions from the affected party, or from other parties.
- Make a recommendation to the ICANN Board of Directors on the merits of the request.

Independent Review Panel (IRP)
The IRP is the second formal dispute resolution mechanism. It is established in the ICANN bylaws, and ICANN must cooperate with the IRP in providing documents or information. The IRP promotes accountability and transparency by allowing any person who is materially affected by an ICANN decision to access an outside third party who will review that act or decision. The IRP's mandate is to review the actions, decisions, and inactions of the Board to determine whether they were consistent with the Articles of Incorporation and the bylaws.

The IRP has the authority to:

- Request additional written submissions from the party seeking review, the Board, the supporting organizations, or from other parties.

- Declare whether an action or inaction of the Board was inconsistent with the Articles of Incorporation or bylaws.

- Recommend that the Board stay any action or decision, or that the Board take any interim action, until such time as the Board reviews and acts upon the opinion of the IRP.

The IRP is operated by an international arbitration provider, the International Centre for Dispute Resolution (see http://www. adr.org/icdr). The steps for requesting an Independent Review Panel review have been set out simply and clearly on the ICANN website. The forms to initiate an IRP review can be found at http:// www.icann.org/general/accountability_review.html. The IRP conducts much of its work online or by telephone to reduce costs and to make the process efficient and flexible to the complainant.

The ICANN Ombudsman

The Office of the Ombudsman is created in the ICANN bylaws. The Ombudsman is an independent, impartial resource that allows community members an informal, cost-free mechanism to deal with perceived unfair decisions, actions, or inactions by the organization. Any person affected by an ICANN action, decision, or inaction may request an Ombudsman's review. The Ombudsman has the power to investigate, and to make recommendations to the Board to improve or change policies, procedures, or actions; the Ombudsman does not have the power to order changes. The Ombudsman has the discretion to publish or not to publish findings and recommendations. Each year the Ombudsman produces an Annual Report that outlines the activities of the Office of the Ombudsman for that year. That report is published for distribution to interested parties and is also available on the ICANN website.

Disputes about outcomes of a decision process
The dispute resolution mechanisms described above have been designed to provide efficient and cost effective means by which members of the ICANN community can have complaints dealt with and have issues resolved. As described in greater detail in the sections below on the legal accountability, parties in dispute with ICANN may choose to use the court system to resolve their dispute or in extreme cases may use the mechanisms provided by the State of California for the resolution of issues with nonprofit public benefit corporations.

Ongoing review of dispute resolution mechanisms
ICANN strives to maintain the highest standards of accountability and transparency. An important aspect of this is the continuous improvement of the mechanisms for dealing with complaints and resolving issues within the ICANN community. As part of the regular round of reviews of all aspects of ICANN's operations, the Board Governance Committee will implement reviews of the ICANN's dispute resolution mechanisms to ensure that they

meet the needs of the all members of the community to have complaints dealt with efficiently and effectively.

D. Financial Accountability

Once the budget is approved by the Board, there are several checks and balances built into the ICANN financial accountability framework. The ICANN financial accounts are audited every year by an external auditor in compliance with the ICANN bylaws. In addition, the ICANN Board has two committees that review ICANN's financial affairs, the Finance Committee and the Audit Committee.

Independent External Audit

Each year the ICANN accounts are audited by an independent external auditor. This is a bylaws requirement which ICANN believes is good practice to ensure that financial management and governance are of the highest standard. The auditor reports to the Board Audit committee and report is made available for the community.

Finance Committee

The Finance Committee of the ICANN Board is responsible for consulting with the President on the annual budget process of the corporation; for reviewing and making recommendations on the annual budget submitted by the President; and for developing and recommending long-range financial objectives for the corporation. In consultation with the President, the Finance Committee may establish such budget tracking and reporting standards as are appropriate to the needs of the committee and the Board.

Audit Committee

The Audit Committee of the ICANN Board is responsible for recommending the selection of an independent external auditor each year to conduct a thorough audit of ICANN's financial affairs; for receiving, reviewing, and forwarding to the Board the annual financial report of the independent external auditors; for publishing that report for public consumption; and for such other matters as may warrant its attention.

These committees meet regularly throughout the year to monitor the financial health of the organization and to check that high standards of financial accountability are being upheld.

Reporting

There are two elements of reporting in the ICANN financial accountability framework: the audited financial accounts and the Annual Report.

Financial Accounts

Within 120 days of the end of the fiscal year, the Audit Committee presents to the Board a final audited set of accounts for the year, along with an audit report that examines the standard of compliance with accounting standards.

The final accounts are posted on the ICANN website for the information of the ICANN community.

Annual Report

ICANN also publishes an Annual Report that details progress on the initiatives identified in the Strategic and Operating Plans and in the budget.

It provides feedback to the community on achievements during the year.

2. Legal and Corporate accountability

A second important aspect of ICANN's accountability is the legal and corporate accountability that comes about through the organization's bylaws and through the state and national laws that govern ICANN's behavior. The bylaws underpin the operations of ICANN and in particular set out the procedures for the appointment of Directors and for the running of ICANN's core governance process, the Board. As such, they are a critical component of ICANN's accountability framework.

ICANN is a California nonprofit public benefit corporation, and is subject to both the state laws of California and to United States federal laws. One of the reasons that ICANN was constituted as a California nonprofit public benefit corporation is that the state of California provides a rigorous framework of legal accountabilities for organizations of this type. The responsibilities that have been put in place through ICANN's bylaws and its corporate structure should give stakeholders certainty that ICANN operates to the highest standards of accountability.

This accountability is supported by:

A. The ICANN bylaw requirements for corporate responsibility;

B. The jurisdictional legal obligations ICANN has as a California nonprofit public benefit corporation.

A. Bylaw Requirements

ICANN's bylaws are the internal rules by which the corporation operates.

The bylaws state that the powers of ICANN and all property and business and affairs are to be conducted by or under the direction of the Board. The Board may act only by a majority vote of all members of the Board at any annual, regular, or special meeting of the Board, or by unanimous written consent of all voting members.

The bylaws also require ICANN to have in place a process by which any person or entity may request review or reconsideration of actions by the Board that materially impact an individual or entity. This is outlined further in the framework for dispute resolution at ICANN.

The bylaws can only be altered and new bylaws adopted by a two-thirds (2/3) vote of all members of the Board.

B. Jurisdictional Legal Obligations

As a California nonprofit public benefit corporation, ICANN is subject to both the state laws of California and to United States federal laws. Laws generally applicable to ICANN and

its operations include laws relating to tortious behavior, laws applicable to contracting activities of corporations, and laws prohibiting monopolistic behavior. As a corporation, ICANN is a legal entity and has the ability to sue and be sued for its actions, and to be held responsible in a court of proper jurisdiction for its business dealings with the global community. Accordingly, ICANN's activities in the global community are conducted under awareness and appreciation of the laws applicable to it as an organization.

Under its articles of incorporation:

- ICANN is a nonprofit public benefit corporation
- It is not organized for the private gain of any person

The law that organizes ICANN is called the California Nonprofit Public Benefit Corporation Law for charitable and public purposes. ICANN has been granted tax-exempt status by the United States federal and California state governments. Tax-exempt status was conferred upon ICANN based on its mission of providing technical coordination for the Internet, and the resulting benefits to the public community at large. ICANN's status as a tax-exempt organization carries with it certain responsibilities to federal and state authorities which are different than those associated with taxable, for-profit entities. Specifically, ICANN's operating activities and organizational decision-making are guided by requirements incorporated into ICANN's charter for continuing eligibility for tax-exempt status. The California attorney general is the legal overseer of California nonpublic benefit corporations such as ICANN. As such, the attorney general works to protect the interest of all public beneficiaries within his or her jurisdiction. The attorney general, acting on behalf of the public, may conduct investigations and bring legal actions to ensure that ICANN does not stray from its public charitable purpose. For corporate behavior that has otherwise gone uncured and uncorrected, members of the public are also able to petition the attorney general to conduct these investigations.

ICANN is recognized as a public charitable organization described in Internal Revenue Code (IRC) § 501(c)(3). This recognition carries with it several benefits, namely, exemption from federal taxation and the ability to receive tax-deductible charitable contributions. Being an IRC § 501(c)(3) organization, however, also imposes special responsibilities on ICANN. Among those responsibilities is that ICANN's directors must ensure that ICANN operates exclusively in furtherance of its public charitable and scientific purposes and avoids transactions that may confer excessive economic benefit on corporate insiders, others closely affiliated with ICANN or private parties who contract with ICANN.

Fiduciary obligations of directors
Under California corporate law, ICANN's Board of Directors is charged with overall responsibility for the management of the business and affairs of the corporation. The general legal duties of an ICANN director are owed to the corporation itself and to the public at large.

Generally, a director of a nonprofit public benefit corporation shall perform his/her duties in good faith, in the best interests of the organization and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

That is generally understood to embrace four duties, which directors owe to the organization and its constituencies: (1) a duty of care, (2) a duty of inquiry, (3) a duty of loyalty, and (4) a duty of prudent investment.

Duty of Care
The duty of care is best expressed as the seriousness that each director brings to his or her responsibilities such as gaining and maintaining familiarity with the business objectives of the organization. It also includes important business considerations and industry information relevant to the organization's activities, and serving on the same basis on committees to which the director may be appointed. The duty of care also requires that the director take reasonable measures to ensure that the organization is managed and directed in a manner that is consistent with its mission. Further, the duty of care requires the directors to be attentive to the concerns expressed by the organization's counsel and follow directives concerning the confidentiality of advice and overall legal strategy approved by the Board of Directors or the officers for dealing with particular problems or issues that may arise.

Duty of Inquiry
The duty of inquiry generally requires that a director take such steps as are necessary to be sufficiently informed to make decisions on behalf of the organization and participate in the Board of Directors' activities. In satisfying this duty, directors must balance against competing considerations, such as the organization's obligations relating to confidentiality of information received from third parties, privacy rights of employees and others who deal with the organization, attorney-client privilege relating to legal proceedings or legal advice to the organization, and protection against disclosures of information which may damage the organization's business, property, or other interests.

Duty of Loyalty
The duty of loyalty generally involves the protection of the organization's interests in its business, properties, assets, employees, and legal rights, avoidance of conflicts of interest or self-dealing on the part of directors, and serving the interests of the organization and not the interests of any other person or group, including a constituency of the organization which caused the director to be selected.

Duty of Prudent Investment
Directors of a nonprofit corporation are required, in the management of the organization's investments, to avoid speculation and to comply with any applicable standards in the organization's articles, bylaws, or the terms of any gift or grant of funds to the corporation.

In addition, due to the tax-exempt status of ICANN, its directors and officers owe a duty to avoid excess benefit transactions and those that inure to the benefit of any insider (i.e., an officer or director of ICANN) or confer a benefit on a private party which is not an insider. Further, directors of a California nonpublic public benefit corporation may, under certain circumstances, be subjected to personal liability for uninsured damages resulting from acts or omissions not within the scope of the director's duties; that are not performed in good faith; or that are reckless, wanton, intentional or grossly negligent. Similar standards of legal accountability apply if the corporation opens international offices. There has been some discussion among the ICANN community about potential review of ICANN's legal status in the context of its further internationalization. Whatever may emerge out of these discussions, if anything, ICANN is committed to maintaining the same standards of external accountability to those outlined above.

Accountability of Senior Staff

The senior staff of ICANN serve as officers of the organization and are elected annually by the Board. The bylaws require the designation of the president, secretary, and chief financial officer. The Board appoints the president and CEO and permits the Board to designate other officers on an annual basis. The Board also has the ability to remove any officer by a two-thirds vote of the Board and each officer is subject to ICANN's conflict of interest policies. Like Board members, these officers have fiduciary responsibilities to the corporation and are also accountable under state and federal laws.

3. Accountability to the Participating Community

ICANN operates on a multi-stakeholder model that brings together a wide range of relevant parties to develop policy to promote the stability and integrity of the Internet. As a private-public partnership, ICANN is dedicated to preserving the operational stability of the Internet; to promoting competition; to achieving broad representation of global Internet communities; and to developing policy appropriate to its mission through bottom-up, consensus-based processes. Within ICANN's structure, governments and international treaty organizations work in partnership with businesses, organizations, and skilled individuals involved in building and sustaining the global Internet. Innovation and continuing growth of the Internet bring forth new challenges for maintaining stability. Working collectively, ICANN's participants address those issues that directly concern ICANN's mission of technical coordination. Consistent with the principle of maximum self-regulation in the high-tech economy, ICANN is perhaps the foremost example of collaboration by the various constituents of the Internet community. ICANN is accountable to the global community, however the nature of ICANN's unique mission does not permit members of the organization that could exert undue influence and control over ICANN's activities. Thus by not having any statutory members, ICANN is accountable to the public at-large rather than to any specific member or group of members.

This construct helps eliminate the specter of antitrust violations by allowing ICANN to operate in the best interests of the public at large rather than in the individual interests of certain members. This construct also allows ICANN to work collaboratively, rather than compete, with the various constituents of the Internet community. This section sets out the mechanisms by which ICANN makes itself accountable to its participating community. The major aspects are:

A.   The representative composition of the Board which allows all parts of the ICANN community to participate in ICANN Board process;

B.   The consultative planning process by the ICANN community sets strategic direction and determines operational priorities and budgets;

C.   The ongoing schedule of reviews of ICANN's structure according to Article IV, Section 4 of the ICANN bylaws;

D.   Translation principles that guide the translation of documents within the ICANN community;

E.   Consultation principles that guide the consultation processes that are used to generate community input on ICANN issues;

F.   A statement of expected standards of behavior which outlines the standards of behavior expected of those who participate in the ICANN process.

A. The Representative Composition of the ICANN Board

Although the powers of the Board are clearly set out in the bylaws, the Board derives an important aspect of its validity from the diverse and global nature of its membership. The ICANN Board draws its membership from community selection and through a Nominating Committee. The Nominating Committee membership is also drawn from amongst the community.

The Board is constituted as follows:

• Six members of the Board (directors) are elected from the ICANN supporting organizations (two each from the Address Supporting Organization (ASO), the Country Code Names Supporting Organization (ccNSO), and the Generic Names Supporting Organization (GNSO)).

• The President is a voting member of the Board.

• Eight members are selected by the Nominating Committee. (A description of the Nominating Committee composition and process follows.) These Nominating Committee appointees are selected on strict criteria including intelligence and integrity, a broad experience of the Internet community, and an understanding of ICANN's mission. The Nominating Committee also is required to select candidates in such a way as to maintain the geographical diversity of the ICANN Board. In addition, there are six non-voting liaisons, one each from:

  • The Governmental Advisory Committee

  • The Root Server System Advisory Committee

- The Security and Stability Advisory Committee

- The Technical Liaison Group (which represents the European Telecommunications Standards Institute, The International Telecommunication Union's Telecommunications Standardisation Sector, the World Wide Web Consortium)

- The At-Large Advisory Committee

- The Internet Engineering Task Force

The liaisons participate in Board discussions and bring the views of their respective groups to the Board table.

The bylaws lay out the term for each director and the process for removing a director from office, if necessary (see Article VI, Section 11).

The Board meets regularly throughout the year, usually by telephone conference. These are called special board meetings. Regular Board meetings are held three times per year (including the annual meeting), and these meetings are open to the public (either in person or through streaming media). A detailed preliminary report of each Board meeting is posted on the ICANN website shortly following each meeting. That report then forms the minutes subject to approval by the Board.

Apart from the Nominating Committee appointments, the other positions on the Board are derived from a bottom-up selection process. Under ICANN's corporate structure, supporting organizations and other bodies within ICANN representing certain sectors of the participating community are entitled to elect directors to ICANN's Board. These directors, in turn, owe all of the duties of a director to ICANN in their roles as members of the Board. These duties for a director of care, inquiry, loyalty and prudent investment to the corporation and its constituencies take supremacy over the interests of the electing organization. Each member of ICANN's Board is accountable to the participating community as a whole through his or her fiduciary duties and is required to make decisions that are in the best interests of the corporation and community at large.

The Nominating Committee
The Nominating Committee is responsible for the selection of eight of the voting members of the Board. Its membership is drawn from the community. The chair of the Nominating Committee is appointed by the Board and is responsible for the smooth running of the committee process. However, the chair of the Nominating Committee cannot vote. The immediately previous Nominating Committee chair acts as a non-voting advisor. The committee is made up of 18 volunteers including the chairman. It is composed of voting members from:

- The At-Large Advisory Committee (5 members)

- The Business Users Constituency of the GNSO (2 members, one representing small business users and one representing large business users)

- The gTLD Registry Constituency of the GNSO

- The gTLD Registrar Constituency of the GNSO

- The Internet Service Providers Constituency of the GNSO
- The Intellectual Property Constituency of the GNSO
- The Council of the ccNSO
- The Council of the ASO
- An entity designated by the Board to represent academic and similar organizations
- Representatives of consumer and civil society groups selected by the Non-commercial Users Constituency of the GNSO
- The Internet Engineering Task Force
- The Technical Liaison Group

  The Nominating Committee also has 3 non-voting liaison representatives, one each from:
- The Root Server Advisory Committee
- The Security and Stability Advisory Committee
- The Governmental Advisory Committee

With this membership, the Nominating Committee is extremely representative of the ICANN community and well placed to select appropriate members for the ICANN Board. The size of the committee and the breadth of representation ensure that it is not able to be captured by one interest group and that it is not possible for any individual to force their ideas onto others.

B. Planning

One of the most important ways that the community participates in ICANN is through the planning element that encompasses strategic planning, operational planning, and budgeting. Members of the ICANN community are able to contribute through a multi-phase consultation process to the strategic direction of the organization and to its operating and budget prioritization.

Using these devices, ICANN staff produce goals and business objectives from which a performance matrix, is built and shared with the Board. This assists in the building of a results-based budgeting process.

During the first six months of each fiscal year, ICANN develops its three-year strategic plan. During the second six months of each fiscal year, ICANN develops the operating plan and the budget for the next fiscal year. Each of these elements of the planning phase is developed through a thorough, multiphase process of consultation with the ICANN community.

Strategic Plan

The Strategic Plan outlines the strategic priorities for ICANN over a three-year period. It is updated annually to reflect changes in the environment in which ICANN operates and the changing needs of the ICANN community. The strategic planning process begins with consultation with the ICANN community to gain initial input to the plan. This usually takes place at an ICANN meeting where sessions are conducted in several languages and also through online forums or similar tools.

Based on this input, an issues paper is compiled that summarizes the main opportunities and challenges for ICANN over the coming three years, and a list of key priorities to address those opportunities and challenges. Consultation is undertaken on this issues paper by posting it for comment on the ICANN website.

Based on this feedback, a draft plan is developed and posted for comment. Consultation is undertaken with the community on the draft plan through online forums and at the ICANN meeting held in the last quarter of the calendar year with sessions conducted in multiple languages. The plan is refined to reflect comments from the community, with each draft being posted for consultation.

The final version of the plan is submitted to the Board for approval at its December meeting. The approved plan is posted on the ICANN website and previous plans are also available.

Operating Plan
The Operating Plan is a one-year plan that turns the priorities identified in the Strategic Plan into action. An initial draft of the Operating Plan is prepared by ICANN staff in the first two months of the calendar year. The Operating Plan draft contains details of ongoing operations and special projects developed to address strategic priorities. This draft plan is posted for community comment and consultation sessions are conducted at the first ICANN meeting of the calendar year.

The plan is redrafted based on the feedback received and posted for further comment. Another round of consultation is conducted at the second meeting of the calendar year. After any necessary redrafting, the Operating Plan is submitted to the Board. The current Operating Plan and previous plans are available on the ICANN website.

ICANN Budget
The ICANN Budget is developed in parallel with the Operating Plan. Initial consultation on the Budget takes place at the first ICANN meeting of the year. All of ICANN's supporting organizations, advisory groups and constituency groups are consulted and general consultation sessions are conducted in multiple languages.

The budget is adjusted in line with comments received during consultation about the Operating Plan and a draft budget is posted for community comment in May. Based on feedback received, a further draft is prepared and posted. Community consultation, including consultation with all of ICANN's supporting organizations, advisory groups and constituency groups, is undertaken at the second ICANN meeting of the calendar year with sessions conducted in multiple languages.

The budget is fine-tuned on the basis of comments received and the final version of the budget is presented to the Board for approval in June. The approved version of the budget is posted on the ICANN website. As a final step in the consultation process, the registrar fee structure contained in the Budget must be approved by two-thirds of the gTLD registrars using the methodology contained in the Registrar Accreditation Agreement.

C. Ongoing Review of Structures

Another way in which ICANN maintains and strengthens accountability to the participating community is through an ongoing schedule of reviews of its structure. A regular review of performance is an important aspect of seeking continuous improvement in effectiveness and accountability. The ICANN bylaws stipulate that an independent review of each of the key parts of the ICANN structure should take place no less frequently than every three years. "The goal of the review, to be undertaken pursuant to such criteria and standards as the Board shall direct, shall be to determine (1) whether that organization has a continuing purpose in the ICANN structure, and (2) if so, whether any change in structure or operations is desirable to improve its effectiveness." (ICANN bylaws Article IV, Section 4) These reviews examine the effectiveness of ICANN's community structures and identify improvements that help the ICANN community and the ICANN model work more effectively.

This is the ICANN community's way of maintaining a flexible organization that is responsive to participant concerns. Reviews under way or completed this year include:

Generic Names Supporting Organization

ICANN Board

At-Large Advisory Committee

Security and Stability Advisory Committee

Root Server System Advisory Committee

Reviews of the Address Supporting Organization and the Country Code Names Supporting Organization will commence in the near future.

The overarching objective of ICANN's remuneration framework is to ensure remuneration provided is competitive globally and that it provides staff with appropriate motivation for high performance towards agreed objectives. The remuneration philosophy aims to:

- Attract and retain high caliber staff
- Ensure it is competitive
- Ensure it is transparent

The framework is described in this appendix.

Role of the Board of Directors in Overseeing Compensation for ICANN Staff

The Board of Directors of ICANN provides the overarching compensation philosophy for ICANN management and staff. The Compensation Committee, a Board committee composed of independent members of the Board of Directors, provides approved direction for the compensation of senior staff, the Ombudsman, and the President and CEO in conjunction with the full Board of Directors.

The Compensation Committee meets regularly, and records their minutes to the Board secretary.

Compensation Components

ICANN is a global organization and compensation for staff is designed to be consistent with local practices where staff members are located. As such, not all components listed below apply to all staff members:

- Base salary
- At risk (bonus) eligibility based on position and achievement of goals and objectives
- Time off benefits (vacation, holiday, sick time, bereavement, jury service, and the like)
- Health and welfare benefits (medical, dental, vision, life insurance, accidental and dismemberment, and the like)
- Retirement benefits
- Housing allowance

Compensation Philosophy and Base Salary

The goal of the ICANN compensation program is to pay salaries that are competitive for comparable positions at organizations similar to ICANN in activities, scope, complexity and responsibility for the purpose of attracting and retaining the necessary talents and skills to execute ICANN's mission. Frederic W. Cook & Co., the noted compensation consultant, was asked in 2004 to conduct a review of the executive compensation program at ICANN as objective third-party experts and issue recommendations with respect to the program going forward. This was consistent with the undertaking in the U.S. Department of Commerce memorandum of understanding with ICANN dated 17 September 2003 (see http://www.icann.org/en/general/amend6-jpamou-17sep03.htm), for ICANN to conduct a review of the executive compensation program.

The report, having analyzed data for about 1,000 similarly sized for-profit and nonprofit enterprises, found, inter alia, that:

ICANN has no direct peers in the high technology industry; however, its closest labor market counterparts are for-profit technology companies of similar size.

Based on our experience, these technology companies have different compensation structures than non-profit organizations.

Both for-profit and non-profit companies have base salaries, annual performance bonuses, and basic employee benefit programs. However, for-profit companies also have lucrative long-term incentives, most often in the form of stock options or real/phantom equity that cannot be matched in the non-profit sector...

(ICANN does not seek to match these long-term incentives in its compensation program.)

There are no real direct peers in the non-profit industry due to the unique nature of ICANN's business.

Implementation of the program was not acted upon at that time due to ICANN's financial position. But in July 2005, the ICANN Board passed a resolution establishing the ICANN Board Remuneration Committee (later renamed the Board Compensation Committee). The following year, following stabilization of ICANN's financial position, the Board of Directors, at the recommendation of the Board Compensation Committee, considered a revised report of the Frederic W. Cook & Co., the compensation consultant, and as a result of a market study undertaken by Frederic W. Cook & Co. (using data from Watson Wyatt and Radford), the Board determined the appropriate comparator for ICANN staff compensation is the for-profit marketplace of companies of a similar size and complexity.

The scope of their 2006 review included:

- Provision of comparable market data in for profit organizations
- Provision of comparable market data in not-for-profit organizations
- Provision of comparable market data used in the United States
- Provision of comparable market data used in Belgium
- Provision of comparable market data on base salaries of like roles
- Provision of comparable market data on bonus payments of like roles
- Provision of comparable market data on employee benefits of like roles
- Provision of comparable market data on other employee incentives of like roles

The survey evaluated remuneration paid by several thousand participating organizations of a similar size to ICANN. The Board approved the recommendation of the Remuneration Committee that ICANN's compensation guiding principles should be:

a.   Market qualified base salaries;

b.   Market qualified benefits;

c.   At risk (bonus) payments based on individual performance outcomes;

d.   Commitment to continued payment in the salary span of 50th to 75th percentile of for-profit market place of companies of a similar size and complexity to ICANN (the actual salary within this band determined by the individual's experience and talent and market position);

e.   Extension of at risk (bonus) opportunities to all employees;

f.   CEO accountability to deliver all principles within the approved ICANN budget. In deciding to remunerate at between the median and 75th percentile of the

distribution of salaries paid by for-profit organizations of a similar size and complexity, the Board sought to that ensure that ICANN is competitive for labor when recruiting to its needs, while recognizing that with its role, it would be not be appropriate for ICANN to be a leader in salary payments.

ICANN does not meet the compensation levels offered by more than 25 percent of the employers with whom it directly competes for talent. The Board also recognizes that considering the potential future exigencies facing the organization, some flexibility to the principles may be necessary in unusual circumstances. In particular, the Board instructed the CEO to construct policies concerning the payment of at risk payments to protect the organization financially and legally in the event it cannot make payments despite individual performance.

Further, it is recognized that the organization may have to pay outside of these arrangements in the rare circumstances where "the specialized nature of the role, the risk to the organization, the driving market forces or other supportable logic present significant issues to [ICANN's] on-going performance."

Fortunately, ICANN has not had to have recourse to these exigency provisions. Each year, the Board reviews compensation for the President and all corporate officers. Compensation of staff is reviewed each year by executive management consistent with the directives from the Board of Directors. This annual compensation review is conducted under the framework established by the Board in 2006. ICANN uses a global compensation consulting firm to provide comprehensive market data for benchmarking (currently Watson Wyatt Worldwide). The market study is conducted each year before the salary review process. Estimates of potential compensation adjustments are made during the budgeting process based on the current market data. The budget is then ratified as part of ICANN's overall budget planning process.

Compensation is reviewed annually, and adjustments to compensation, if made, are based on the market data as well as individual performance and the approved budget.

At Risk Compensation

ICANN's at risk (bonus) compensation program is designed to provide incentives to staff for the accomplishment of specific goals and objectives throughout the year that have been identified as being of significant importance or adding value to the overall ICANN effort.

Most staff members participate in the at risk compensation program. Participation, and level of participation, are determined by senior management or the Board of Directors as appropriate. In 2006, the Board approved a framework whereby 10 percent of staff compensation was allocated to at risk payment, 20 percent for managers and specialists and 30 percent for executives. Some executives' at risk compensation is more than 30 percent. The more senior a staff member is the more of her/his compensation is allocated to the at risk component. It is fair and reasonable to expect employees (especially managers and executives) to deliver on their responsibilities, and where they fail to deliver, not to enjoy the financial benefits.

The annual available at risk compensation is calculated at the level of participation (expressed as a percent) times the base annual

salary at the beginning of the measurement period. Officers' annual basis percentage was set by the Board of Directors, which also authorizes the remaining staff at risk compensation levels to be set upon approval of the CEO or COO. The CEO's at risk compensation by contractual agreement is reviewed once each year by the Board of Directors.

Most participants have an opportunity to earn a portion of their annual at risk compensation three times each year. The plan is built around the milestone management trimester system that is part of the Performance Management Program. Once the level of participation is determined, the at risk compensation for any given trimester period can be determined. The at risk compensation for a trimester is prorated to the length of the trimester.

For example, if an individual is eligible for up to a 10 percent of base pay in at risk compensation, and the annual base pay for the individual is $50,000 at the beginning of the trimester, the following would apply.

The current trimester is 124 days long, or 124/365ths of a year equal to 34 percent of the annual bonus opportunity. Thus, the at risk compensation available during this period for this individual would be $50,000 (annual base salary) times 10 percent (the level of participation) times 34 percent (the length of the trimester) - $50,000 x 10 percent = $5,000 x 34 percent = $1,700. An individual cannot earn more than at risk compensation available for the period. Actual at risk compensation earned and paid is based on the recommendation of the manager. In most cases the recommendation reasonably reflects the score achieved for the trimester in the milestone management process.

At risk compensation is typically paid within 45 days of the end of the trimester. Staff must be employed or on contract on the date the payment is made to receive the payment. Individuals terminated before the payment date are not eligible for payment. Recommendations for at risk compensation payments are approved by either the COO or the CEO before payment, and in the case of the CEO, are separately approved by the Board of Directors. Participants must work at least 35 percent of the trimester period to be eligible for an at risk payment, including employees who are on leave for any portion of a trimester. Any at risk payment recommended is prorated for the length of the trimester period worked.

Time Off Benefits

Time off benefits include vacation time, public holidays, sick time, bereavement leave and jury service pay. Payments for these benefits are made in lieu of base pay for the benefit day(s) and are reported as part of base compensation.

Health and Welfare Benefits

Health and welfare benefits include health insurance programs (such as medical, dental or vision plans), life insurance, accidental death and dismemberment insurance, travel accident and other relevant insurances as appropriate. The types and levels of programs provided are based on competitive and regional practices as well as local law. Every effort is made to treat staff equitably based on competitive practices. This includes providing certain staff with benefit compensation in lieu of buying benefits directly for that staff member when such purchases are not practical or available to ICANN.

Retirement Benefits

Retirement benefits are provided to staff based on competitive and regional practices as well as local law. Every effort is made to treat staff equitably based on competitive practices. This includes providing certain staff with compensation directly in lieu of contributing to a retirement scheme where such contributions are not practical or available to ICANN. Where ICANN contributes to a retirement program all contributions are made during the term of the staff member's employment. ICANN does not accrue any liability for retirement benefits to be paid at a staff member's retirement.

Housing Allowance

In some instances, housing allowances may be provided to key staff members when the staff member is asked to work in a location that makes commuting from the staff member's permanent home impractical, or where a staff member is relocated. The housing allowance is negotiated and is not intended to cover the full cost of maintaining two households. Any housing allowance provided is reported as taxable compensation as appropriate.

Reporting

Compensation is reported as required for staff members to the appropriate applicable jurisdiction(s). ICANN is guided in the preparation of its United States annual tax return on Form 990 (the 990).

Additional Information

The following individuals are officers of the corporation. Accordingly, their remuneration is explained in detail here.

President and Chief Executive Officer

Dr. Paul Twomey was appointed ICANN's President and Chief Executive Officer, as well as a member of the Board of Directors, effective 27 March 2003. ICANN entered into a consultancy services agreement with Argo P@cific Pty Limited, an Australian Proprietary Company, for the provision of Dr. Twomey's services. There was a 2003 agreement for a term of three years, and a second agreement in July 2006 (2006 agreement). The agreement in 2003 was drafted in US dollars and then converted to Australian dollars at the then-current interbank exchange rate. True to ICANN's policy that staff should not bear the burden of exchange rate fluctuation, this exchange rate has been maintained during the life of the agreement and its renewal.

Under the terms of the initial agreement Argo P@cific was paid a professional services fee at the annual rate of US$343,200 (consisting of a base fee of US$260,000 plus an allowance for Argo P@cific to provide all benefits, as described above, to Dr. Twomey). In the 2006 agreement, the professional services fee was adjusted, according to the ICANN compensation philosophy and market-survey process outlined earlier in this appendix, to US$350,000 per year. At the exchange rate of the agreement, this converted to $673,200 AUD. The agreement, similar to its predecessor, provided US$112,000 per year to cover costs of health, retirement savings and welfare. Over the years the declining value of the US dollar has caused the US dollar value of Dr. Twomey's compensation to rise even though it has remained unchanged in Australian dollars. The volatility of the US dollar in Australian dollar terms has been high.

Over each year, Argo P@cific has also been reimbursed for invoiced (with supporting documentation) telecommunications, travel and accommodation, and office expenses incurred to support Dr. Twomey in his role with ICANN. Argo P@cific is eligible for additional at risk compensation each year of up to 30 percent of the professional services fee. This risk compensation each year is determined by the ICANN Board in consideration of the CEO's achievement of agreed performance compensation metrics.

Chief Operating Officer

Mr. Doug Brent was appointed as Chief Operating Officer on 13 December 2006. Brent's compensation consists of a base salary of US$270,000 per year, a housing allowance of $24,000 per year which is tax neutralized, additional at risk compensation of up to 48 percent of base pay each year, and coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan as ICANN makes available to its staff.

Executive Officer and Vice President of Corporate Affairs

Mr. Paul Levins was appointed as Executive Officer and Vice President Corporate Affairs on 17 September 2006. Levins' compensation consists of a base salary of US$220,000 per year, a housing allowance of $48,000 per year which is tax neutralized, additional at risk compensation of up to 30 percent of base pay per year, and coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan as ICANN makes available to its staff. In the past year, Mr. Levins was also reimbursed for certain other costs associated with his move to Los Angeles, California and also to Washington, DC.

General Counsel and Secretary

Mr. John Jeffrey was appointed as General Counsel and Secretary on 2 September 2003. Jeffrey's compensation consists of a base salary of US$230,000 per year, additional at risk compensation of up to 30 percent of base pay per year, and coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan as ICANN makes available to its staff.

Senior Vice President, Services

Mr. Kurt Pritz was appointed as Vice President, Business Operations on 2 September 2003. Pritz was appointed Senior Vice President, Services on 13 December 2006. Pritz' compensation consists of a base salary of US$245,000 per year, additional at risk compensation of up to 30 percent of base pay per year, and coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan as ICANN makes available to its staff.

Chief Financial Officer

Mr. Kevin Wilson was appointed as Chief Financial Officer on 26 June 2007. Wilson's compensation consists of a base salary of $150,000 per year, additional at risk compensation of up to 20 percent of base pay per year, and coverage under vacation, health and welfare plans including medical, dental, vision, life insurance and a 401(k) retirement plan as ICANN makes available to its staff.

A

ACRP	Attack and Contingency Response Planning
AFRALO	African Regional At-Large Organization
AfriNIC	Africa Regional Internet Registry
AfTLD	Africa Top Level Domain
AGP	Add Grace Period
AIPLA	American Intellectual Property Law Association
AKMS	Arab Management and Knowledge Society
ALAC	At-Large Advisory Committee
ALS	At-Large Structure
APEC-TEL	Asia Pacific Economic Cooperation Telecommunications and Information Working Group
APNIC	Asia Pacific Network Information Center
APRALO	Asia-Australia-Pacific Regional At-Large Organization
APRICOT	Asia Pacific Regional Internet Conference on Operational Technologies
APTLD	Asia Pacific Top Level Domain
APWG	Anti-Phishing Working Group
ASIWG	Arab Script IDN Working Group
ASO	Address Supporting Organization
ASO AC	Address Supporting Organization Address Council
ATU	African Telecommunications Organization
AW2I	Arab World Internet Institute

B

BITS	Financial Services Roundtable
BGC	Board Governance Committee
BSA	Business Software Alliance

C

CADNA	Coalition Against Domain Name Abuse
CANTO	Caribbean Association of National Telecommunications Operators
ccNSO	Country-Code Names Supporting Organization
ccTLD	country code top level domain
CENTR	Council of European National Top Level Domain Registries
CITEL	Inter-American Telecommunication Commission of the Organization of American States
CITP	Princeton University Center for IT Policy
CIVIC	Caribbean ICT Stakeholders Virtual Community
CTO	Commonwealth Telecommunications Organization
CTU	Caribbean Telecommunications Uion

D

DDoS   distributed denial of service (attacks on DNSO)

DNS   Domain Name System. The DNS makes using the Internet easier by allowing a familiar string of letters (the "domain") to be used instead of the arcane IP address. So instead of typing 207.151.159.3, you can type www.interNIC.net, which is much easier to remember.

DNSSEC   DNS Security Extensions

E

ENISA   European Network and Information Security Agency

ENSA   European Council Network Security Administrator

EURALO   European Regional At-Large Organization

G

GAC   Governmental Advisory Committee

GNSO   Generic Names Supporting Organization

gTLD   generic top level domain

I

IANA   Internet Assigned Numbers Authority

ICANN   Internet Corporation for Assigned Names and Numbers

IDN   Internationalized Domain Name. IDNs are domain names represented by local language characters. Such domain names could contain letters with diacritics as required by many European languages, or could be made up of non-Latin scripts (for example, Arabic or Chinese).

IDNA protocol   The protocol for deciding which characters can be used in creating Internationalized Domain Names

IDN ccTLD   County code top-level domain written in the languages, scripts, or characters used in Internationalized Domain Names

IDNC working group   A joint working group tasked with developing the IDN ccTLD fast-track process, wherein a limited number of IDN ccTLDs are awarded to regions or areas of greatest need while a more comprehensive, standardized process is being finalized

IETF   Internet Engineering Task Force

IGO   International Governmental Organization

IGF   Internet Governance Forum

IIC   Improving Institutional Confidence initiative, an outgrowth of ICANN's efforts to become an independent private stakeholder entity

IP   Internet Protocol

ISOC   Internet Society

ITIF   Information Technology and Innovation Foundation

ITU   International Telecommunication Union

J

JPA — Joint Project Agreement (succeeds MOU with DoC)

L

LACNIC — Latin American and the Caribbean Internet Addresses Registry
LAC RALO — Latin American and the Caribbean Regional At-Large Organization
LACTLD — Latin America Caribbean Top Level Domains

M

MARQUES — The association of European trademark owners
MENOG — Middle East Network Operators Group
MII — Multilingual Internet Initiative
MOPs — Management Operating Principles
MSU IISI — Moscow State University Institute for Information Security Issues

N

NARALO — North American Regional At-Large Organization
NRO — Name Resource Organization
NTIA — National Telecommunications and Information Administration

O

OECD — Organisation for Economic Co-operation and Development

P

PACNOG — Pacific Network Operators Group
PDP — policy development process

R

RAA — Registrar Accreditation Agreement
RALO — Regional At-Large Organization
RANS — Russian Association for Network Security
RDE — Registrar Data Escrow
RFC — request for comment (sent to the IETF)
RIR — Regional Internet Registry
RSEP — Registry Services Evaluation Policy
RSTEP — Registry Services Technical Evaluation Panel
RSSAC — Root Server System Advisory Committee
NRO — Number Resource Organization
RRA — registry-registrar agreement

S

SANOG   South Asia Network Operators Group
SSAC   Security and Stability Advisory Committee

T

TLD   top-level domain
TLG   Technical Liaison Group

U

UNECA   United Nations Economic Commission for Africa
UNESCO   United Nations Educational, Scientific and Cultural Organization
UN-ESCWA   United Nations Economic and Social Commission for Western Asia

W

Whois   Database site listing information about all domain name registrars

"The Internet has changed the world in the last decade. ICANN has played a key role in the development of the Internet by involving all the stakeholders in establishing various technical standards and delivering a safe, secure, and trustworthy domain name system and IP address system."

> Shri Jainder Singh
> Secretary of the Department of Information Technology
> Government of India

ICANN 31st international meeting, New Delhi, India, 10 February 2008

To read the full text of this speech, go to https://delhi.icann.org/files/Delhi-11-Feb-08-Welcome.txt.

"The functioning of the Internet as we know it would be impossible without the current domain name system. The exceptional social and economic value of the Web is essentially due to the universal nature of this naming and addressing system. That bespeaks the importance of international coordination for the management of these common resources, and, therefore, the considerable responsibility that rests with ICANN as the agency in charge of managing this mission of the public global interest.

"ICANN has been around for around ten years, and in that time, the Internet has undergone a major qualitative change. It is now a vital infrastructure for the entire planet, and, therefore, the issues have developed accordingly. Today, the Internet is at a turning point in its history. More than a billion people are connected, and that number will double within the next five years. That growth will only be possible and will only be beneficial to all if the number of available addresses is increased substantially and if other languages are recognized on the Web.

"ICANN is an original experience. It's a pioneer. It's one of the very first laboratories for this governance known as multi-stakeholder which was mentioned, for example, in the World Summit on the Information Society in Tunis in 2005. In the course of its first ten years, ICANN has gradually set up several structures which organize the participation of various categories of stakeholders. It has created and developed its own processes for consultation and for policy-making."

> Eric Besson, State Secretary for Prospectives
> and Evaluation of Public Policies
> Government of France

ICANN 32nd international meeting, Paris, France, 22 June 2008

To read the full text of this speech, go to https://par.icann.org/files/paris/ParisWelcomeCeremony_23June08.txt.

ICANN
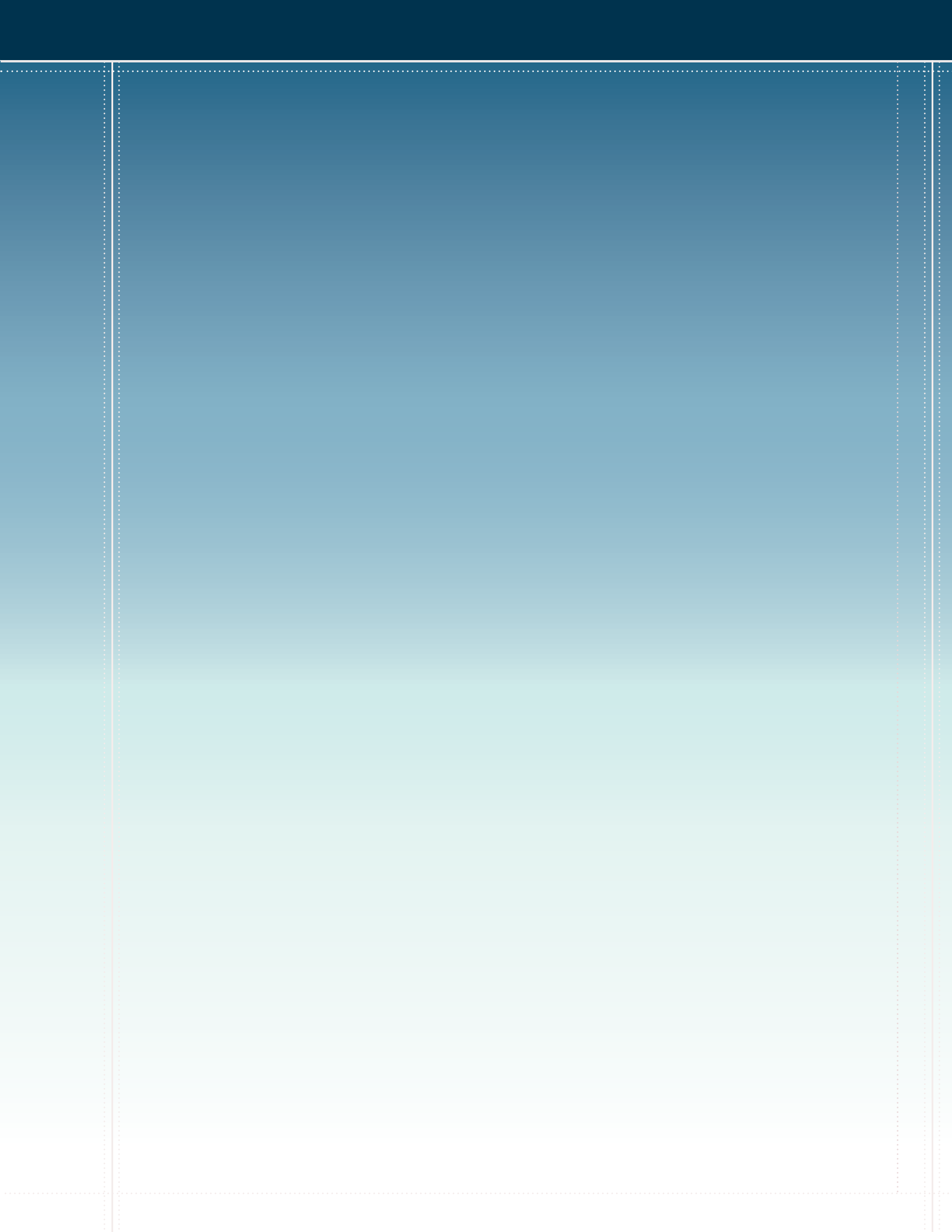
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