BRAD WHITE: Good morning, good afternoon, good evening, depending on where you are in the world. I'm Brad White, Director of Communications for North America. Welcome to ICANN's first ever quarterly stakeholder call. It is patterned after for-profit quarterly shareholder calls. Obviously, we don't have shareholders, but we have many stakeholders scattered around the globe, and this is one way that we want to inform them in very factual terms what is happening in the organization.

Now in just a few minutes, I'm going to turn it over to our CEO, Fadi Chehadé, who is currently in China where he is attending the World Internet Conference, it's a little late there for Fadi. Fadi will kick things off with a brief presentation, then he's going to introduce some key ICANN executives who will also give brief presentations. Following that, we're going to take your questions.

So if a question comes to mind during these presentations, please jot it down and you can ask it during the Q&A portion at the end. Now there are two ways to ask a question. One is online, where you can post a question in the Q&A box, in the online screen there, the other way is to ask your question via the phone. Let me note at this point that while this call is occurring in English, it's also being simultaneously interpreted into five additional languages: French, Arabic, Russian, Spanish, Portuguese, and Chinese.

The technical team is telling me that they're having a few technical problems with the Russian line, so we might not be able to take a Russian question until those are resolved, hopefully that will be taking

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care of shortly. Now, if you're on the phone, your phone is currently muted. If you have a question, please hit pound three…

It sounds like we have an alien force coming at us, hopefully we can get rid of that within a minute or two. If you have a question, your line is currently muted, hit pound three to unmute your phone, give the conference operator your name, who, if anyone, you representing, the city and country that you're calling from.

We will introduce you and you can then ask your question. Now if you're on one of the non-English lines, one of our interpreters will simultaneously interpret your question into English. Once a question has been asked, Fadi will either ask your question, or ask the appropriate subject matter expert to address the question. A couple of final notes here. Please be brief. This is really not the time to make an impassioned speech, no matter how eloquent it might be, and I'm sure it would be.

We really are far more interested in answering your questions. There are a lot of people online and on the phone, and we want to hear from as many as possible in the limited time we have. We'll be ending in about 90 minutes, I believe, at 15:30 UTC. We probably will not get to every question that is raised, given the limited time we've got, but even if we don't get to your question, it will be posted to the ICANN website along with a response.

So we will attempt to get your response, we may not be able to do so in real time. So with that, allow me to introduce Fadi Chehadé, ICANN's president and CEO, Fadi.

FADI CHEHADÉ: Thank you Brad.   Welcome to ICANN's first quarterly stakeholder call. The purpose and rationale of the ICANN quarterly stakeholder call is to provide a predictable and regular window into ICANN's activities, through a fact based update on progress against our strategic objectives and our mission.   This includes ICANN's role as coordinating body for names, numbers, and protocol parameters.

As many of you know, our fiscal year runs from 1st of July to 30th of June. This quarterly call will focus on the first quarter of fiscal year 2015, which is 1st of July to 30th of September.   Today I'm going to provide you with a short overview of quarter highlights.   My overview will be followed by more in-depth presentations on policy, policy implementation, operational performance, and a financial update.

Recently, ICANN adopted its strategic plan as a framework planning, and for our one year operating plan.   The strategic plan is built from community input and collaboration via public comment and community backed received through three comment periods, over a period of 17 months.   From this, one of our key new focus areas is the development and implementation of the global, public interest framework bounded by ICANN's mission.

One way we will address this is through the new development and public responsibility department.   Looking at our finances, we see revenues are higher than forecasted, and expenses slightly lower.   We also see a slight softening on the revenue side.   Later in this report, we will talk about some of the trends driving this assessment.   We also

strengthened our technical posture with the hiring of a new Chief Technology Officer, David Conrad, who rejoined ICANN to work closely with internal and external stakeholders in order to develop a technology roadmap for the Internet identify system and coordinate with the community.

Additionally, our ongoing technology engagement around the world focuses on capacity building and technical training. We are now in a period of stabilizing staff growth, and deploying staff throughout our hubs and engagement centers, with a focus on efficiency and controls. In this quarter, we added only 15 employees. In the previous quarter, we had added 23. We currently have a total of 306 employees in 28 countries.

ICANN's President of the Global Domains Division, Akram Atallah, and our Chief Financial Officer, Xavier Calvez, will cover much more of this information in their presentations later. Last month, we announced the creation of a new position called Chief Contract Compliance Officer, and Allen Grogan was appointed to fill the role. He oversees an expanded department called, Contract Compliance and Safeguards, that will consider ways that ICANN can work cooperatively with others in the Internet community, to help safeguard registrants and the global Internet community through improving and enhancing our contract enforcement activities, as well as exploring other activities we may undertake to help protect the health, lives, security, and privacy of Internet users and registrants.

Of course, all of these activities must be consistent with ICANN's limited mandated, missions, and core values. ICANN also launched the third

year of the three year contractual compliance audit. It will run through May 2015. This follows completion of the audit second year, in which audited six registries, and 317 registrars, with a result that 98% were in compliance, but by the end of the audit.

In addition, ICANN is completing the first new registry audit on 14 top level domains. Of the 14, three top level domains will be retested, one is in the remediation phase, and 10 have received a no deficiency report. Next, I will quickly overview what is happening in the IANA function stewardship transition, and enhancing ICANN accountability processes. The global community is engaged and on track on both the stewardship transition from the United States government, and the strengthening of ICANN's accountability.

This is a very powerful test of how the multistakeholder model works in a bottom up fashion. It is, indeed, bringing together different people to form cohesive groups to deliver on a proposal the US government is expecting next year. More than 100 people from 41 countries are involved in the names community effort alone. We are confident the community is coming together. This efforts are my number one priority.

But with recognition that ICANN's number one mission is to ensure the security, stability, and resiliency of the Internet. This will remain so. The transition should not trump our number one focus, and that is on maintaining and enhancing the organizational structures and operational capabilities to facilitate the community's development of policy and deliver implementation.

Last month, the United States Secretary of Commerce, Penny Pritzker, asserted and reaffirmed the United States government's commitment to the transition, and to the multistakeholder model, as that which will preserve and protect a strong, stable and resilient Internet. ICANN is committed to maintain its limited remit with the global distributed Internet governance system, as coordinator of technical Internet identifiers, Internet protocol parameters, address space, and the domain name system.

ICANN will continue its successful coordination with the multistakeholder community on Internet Governance issues in global forum, has achieved at the Internet Governance Forum in Turkey, and the International Telecommunications Union, planetary in Busan, South Korea. As well in preparation for the World Summit on the Information Society Plus 10 Review in the United Nations General Assembly in December 2015.

For the growing number of areas that are not being addressed in existing structures, ICANN embraced the NetMundial principles that were developed in Brazil. And ICANN continues to support the distributed Internet governance ecosystem to fill out what is missing. A concrete way this is happening is through the newly announced NetMundial initiative launched on November 6th. This new initiative reflects the partnership of CGI Brazil, the World Economic Forum, and ICANN.

It is a multistakeholder initiative to energize bottom up, collaborative solutions in a distributed Internet governance ecosystem. We are committed to work with other global players, to empower, and develop,

and evolve the ecosystem, so that it does not stay rigid and also responds to further global means and identified gaps. It is important to note that while this happens through the NetMundial initiative, as one of the avenues, we are still fully committed to the distributed nature of an Internet governance ecosystem we are part of.

I doubt many of you will be surprised to see how busy we have been on the policy development areas during the past three months. ICANN's important policy development work is undertaken by our hardworking and diverse volunteer community from around the world. In recent years, we've seen great growth in the number of people who are engaging with us. Our meeting attendance continues to grow over time, with our most recent meeting, ICANN 51, bringing more than 2,200 participants, the third largest participation of all time.

This past quarter, the manager of dot IN, the country code top level for India, joined the country code domain supporting organization, bringing the total number of members to 152. Five new members joined the governmental advisory committee, bringing the total to 146 members with 31 observers. Since July 1st, we've had 70 working groups tackling issues as diverse as reviewing ICANN's geographical regions, assessing where the line is drawn between policy and implementation, and whether curative rights, protection mechanisms in place for both pre-2012 and the new generic top level domains, should be amended to permit their use by international governmental organization, and international non-governmental organizations.

As you know, all of our policy development is done through bottom up consensus based models. This means that community members have

many opportunities for providing their point of view on many topics. During this last period, we had 13 public comment periods, also the At-Large Advisory Council issued 11 advice statements. The governmental advisory committee issued 28 pieces of advice, the security and stability issued two reports, SSAC 068, which is a report on the IANA functions contract, and SSAC 067, which is an overview and history of the IANA function.

The Board and its new gTLD program committee, passed 37 resolutions. Indeed, a very busy quarter and a period to be very, very pleased with. Now I'd like to introduce David Olive, ICANN's vice president of policy development support, who will walk you through a more detailed overview of the quarters achievement in this important area. David?

DAVID OLIVE: …provide an update on the past quarter's policy development activities. ICANN's policy development activities related to the technical coordination functions mentioned, are formed and refined by the ICANN community through its three supporting organizations, and influenced by four advisory committees.

Other Internet policy and technical organizations are also involved in policy development, for example, the Internet Engineering Taskforce, and the Regional Internet Registry. All policy activities are comprised of volunteers in a bottom up, multistakeholder, open and transparent process. ICANN stakeholder's include companies that offer domain names to the public registers, companies that operate top-level domain

registries, and these would be the generic top level domain and the country code top level domain registries.

Internet society providers, intellectual property interests, business users, non-commercial users such as academics and non-governmental organizations, and non-profit organizations, and individual Internet users and governments. Volunteer policy development activities start at the working group level, and former on the policy development, a policy advisory, or an ICANN related issue.

Many of these working groups are open to everyone in ICANN's volunteer community. As mentioned during this period, we have 70 active working groups across the supporting organizations and advisory groups, focusing on various ICANN policy related issues. Public comments are sought at several stages in the policy development process, to let interested community members provide their views on policy proposals, and to ensure that policy recommendations reflect the concerns and perspectives of the broader Internet community.

During this period, there were 13 public comment processes open for input from the ICANN community on policy development and other ICANN issues, ranging from domain name policy transfer changes, introduction of two character domain names, ICANN's accountability processes, to new gTLD auction rules. Considering the diversity of stakeholder views, and finding a balance that is acceptable to all, makes the policy development process more like a marathon than a sprint.

Yet it results in recommendations that are fair, effective, and carefully considered, preserving and enhancing the security, stability, and

resiliency of the Internet. Now I will turn to updates on the quarter, from the three main supporting organizations, the generic name supporting organization, the country code name supporting organization, and the address supporting organization.

In this period, the generic name supporting organization initiated two areas of work. First on the new top level domain, generic top level domain subsequent procedures, that is to discuss the experience gained from the first round of the new top level domain name applications, and identify subjects for future issue reports.

And the second area, in collaboration with other supporting organizations and advisory committees of ICANN, on the development of the IANA stewardship proposal for naming related functions. The generic name supporting organization has several policy development processes in progress at various stages, including working groups on the proxy and privacy services and their accreditation, translation and transliteration of contact information for directory services, and the uses of curative rights, mechanisms, to protect the names of international governmental organizations, and international nongovernmental organizations.

In addition, the 18 recommendations of the inter registrar transfer policy, were adopted unanimously by the generic name supporting organization council, aimed at improving the policy framework for domain name transfers between registrars. Issues related to the transfer dispute resolution, penalties for policy violations, and the form of authorization.

Furthermore, the issues identified in the uniformity of reporting final issue report, looking at existing systems to track policy violations and/or complaints, as well as improvements and changes in reporting mechanisms were addressed. The generic name supporting organization council has now formally closed this matter.

Finally, to encourage early engagement in and understanding of policy development issues, the generic name supporting organization appointed a liaison to the governmental advisory committee as part of the ongoing activities of the joint consultation group on early engagement.

In this period, we see the process in the generic name supporting organization policy development in this graphic, and I described some of the step by step details. Moving on to the country code names group, in this quarter, the IANA stewardship transition and accountability process were the major efforts and focus for the country code community.

The country code name supporting organization established a working group to track and coordinate activities on this issue. Among the milestones reached this quarter, were leaders and membership appointments to cross-community working groups. Because of the importance of the stewardship transition, and related accountability process, critical efforts were made to reach the entire country code top level domain community, not just those who were members of the country code names supporting organization.

Outreach, including special email lists and web pages, were done to ensure involvement of the regional organizations and others in this important activity. The country code name supporting organization council is forming a new working group on Internet governance, and appointing new members to it. This new permanent committee will inform and engage the country code community in Internet governance discussions.

Among the country code name supporting organizations recently completed activities, is the interim adoption of the work on interpreting policy for delegation and re-delegation of country code top level domains from the RFC 1591, the basic document. After extensive and exhaustive discussions, including a final round of consultation with the community there present at ICANN 51, the council adopted the framework of interpretation on an interim basis to allow the governmental advisory committee time to provide input and express support.

The framework of interpretation work is a key policy related process that impacts how country code top level domains maybe delegated or re-delegated from one country code top level domain manager to another. Finally, the country code name supporting organization also continued discussion on the use of secure email transmissions in readiness for potential security incidents.

In terms of the address supporting organization, global Internet number resource policy is developed through a bottom up and inclusive process. Beginning in the geographic regions, issues are raised through the regional Internet registry community, in the number resource

organization, and brought into the address supporting organization. Global policies are forwarded to the ICANN Board of Directors, and, upon ratification, new policy is implemented by ICANN's Internet assigned numbers authority department, working cooperatively with the regional Internet registries, their constituencies in the respective regions.

The regional Internet community is actively participating in regional policy issues and development, as well as global policy effecting the relationship between ICANN and the Internet assigned number authority department, and the regional Internet registries. During the regional meetings over the past year, more than 40 policy proposals regarding Internet protocol v6 and Internet protocol v4 numbering policies have been brought forward for discussion and review.

With those having consensus report within their communities, moving forward to become official policy. During this period, the community focused on the IANA stewardship and the IANA accountability matters, in addition the address supporting organization advisory council members and the executives of the number resource organizations, the five chief executive officers of the regional Internet registries, attended ICANN 51 and held information sessions with other ICANN community groups on regional policy matters such as IP Internet protocol version four depletion, and Internet protocol version six allocation, and resource certification among others.

Finally, the policy team will conduct a policy update webinar, an event we hold before each ICANN meeting, to provide the latest policy development information to community members in their preparation

for ICANN 52 in Singapore. This webinar will be held on January 29th, please mark your calendars, and we will be sending more details.

Now I'm going to hand it over to my colleague, Akram Atallah, who is the President of the Global Domains Division, which is the unit in ICANN that implements the policies once it has gone through the policy development process I just described. The mission of the Global Domains Division is to serve the global public interest, the registrants and end users of the Internet, by ensuring a secure and stable domain name system while promoting trust, choice and competition in the trusted domain name industry. And with that, I would like to hand it over to Akram to give the management update. Akram, please.

AKRAM ATALLAH: Thank you David, and good morning everyone. Today I'm presenting on behalf of ICANN management, and we have envisioned having a different member of ICANN's global leadership team rotate on each quarterly call, to give a comprehensive update across ICANN. So today, I'll give a report on ICANN's operational matters, including a technical update, business operation service ticket, names, and the new gTLD program, and then an update on globalizing ICANN staff.

And the engagement support cover our technical outreach and engagement efforts, and spotlights some of the efforts from the Latin American and Caribbean region during last quarter. I will then turn it over to Xavier for the financials, followed by a 30 minute Q&A for all speakers.

Now moving to some highlights from Q1. Many of you may remember that we appointed David Conrad to the newly created role as ICANN's Chief Technology Officer. He has a lot of experience with the community, and one of his top priorities is to closely collaborate with internal and external stakeholders, to develop a technology roadmap for the Internet identifier system.

Since joining in August, David has reinitiated efforts related to rolling the root zone's DNSSEC key, which is a cryptographic key used in the process of securing the domain name system. This project is tied to a commitment made by ICANN, VeriSign, and NTIA to roll the key in 2015.

The 18th root key, signing key ceremony, was also conducted in the quarter. On the out root side, we're improving server capacity through optimizing host selections while maintaining the location count as curators in 150. Continuing in the technical space, in IT, four new senior hires joined ICANN as part of a wider new IT roadmap that Ashwin Rangan, our CIIO is reading.

We've also just signed a contract with a third party called [inaudible], based in Pune, India to handle all IT development and testing. And this quarter, we finalized the name collision occurrence framework. [Inaudible] operators began to implementing the required [inaudible] mechanisms as early as 18 August. And I'm pleased to report that these measures are working as intended.

Next, we turn to the IANA functions, which encompass names, numbers, and protocol parameters. This slide shows a detailed breakdown of requests by category, processed by the IANA department

last quarter, which totaled 1,410 requests. There were 270 domain related requests, that included new gTLD regulations, routine root zone changes, dot [INT] and dot [R] requests.

In addition, three number related requests, 862 protocol parameter requests, and 275 general inquiries were processed, which brings the total requests to 1,410 last quarter. Once again, the IANA team met or exceeded all defined service level performance metrics. Next we look at the tickets processed in the contractual compliance department and our customer service center.

Looking now at the overall compliance of contracted parties, and by domains registered by registrars in a given region, this slide details complaint volume by region. The data shows, by region, the percentage of gTLD registrars and registries that have contractual compliance complaints presented against them. Take North America, for example, which has the most domains registered through registrars in the region, 104 million. As well as the highest number of complaints about 6,000 in total, but those complaints only make a very small percentage of the total regional domain volume.

In total, there were about 11,500 complaints across all regions during the quarter. Now we take a look at tickets from ICANN's customer service center. Looking at our customer service center, we have an average of 200 to 250 case backlog and in the queue at any given time. And we're able to maintain the work within that range.

When looking at the last response time, which measures how often we're given status updates and communicating on cases, our goal is to

provide a status update within seven days on 80% of the cases. We are currently trending within the 50% range, which is below our goal. However, we're moving in the right direction with updates on average being provided within four and a half days.

Our focus would be managing the outliers so we are more consistent in providing updates to more cases within the target. In terms of resolution time, or the time it takes us to resolve it really, our goal is to have 80% of cases resolved within seven days, and we are trending towards that as we hit 74% in September.

Now for a brief update on the new gTLD program and other name related items. The current round of the new gTLD program was initially expected to run through 2015, but has now been extended through 2017, due to a variety of factors, many of which are not under our control. For items that are under our control, we are doing what we can to shorten the timeline and many [inaudible] related budget impact.

Let's take a look at a couple of key new gTLD program statistics. Last quarter 63 new gTLDs were delegated, and another 73 registry agreements were signed. This brings the total of new gTLDs delegated to [inaudible] with nearly 600 registry agreements executed as of last week.

There is also significant progress in resolving contention sets, which are groups of applications containing identical or confusingly similar applied for gTLD strings. 31 contention sets were resolved during the quarter, the majority, via self-resolution by effected parties. In September three

string conflicts were resolved through ICANN's method of last resort and option, that resulted in net proceeds of approximately 13.7 million.

Since October 1st, we have seen 31 more sets resolved, with only four of them resolved via ICANN options. The October option resolved three contention, and resulted in net proceeds of 12.3 million. The November auction was held yesterday, on November 19th, to resolve one set dot dot, which went for the winning bid of $700,000. The updated net proceeds will be published in the coming days on our website.

I want to reiterate two key points regarding option proceeds. One, these funds are segregated from ICANN's operating budget. Two, the community will be consulted as to how these funds should be used. And there are still outstanding string sets. We don't know how many of these will be settled through the auction process, nor can we accurately estimate the amount of funds that could be generated.

Once we have a better understanding of the scale of the proceeds, we'll begin discussions with the community on how best to use these funds. Starting now, to internationalize domain names, or IDNs, which are top level domains that allow Internet users to access domain names in their own language. The Chinese script, the root zone label generation rule panel was seated.

This is the second panel to be seated, following the Arabic panel in February. In addition, two proposed IDN country code TLDs, one for the Republic of Iraq, and one for the Republic of Belarus, fast string evaluation. We also published several reports in GGD, which you can see here on the slide.

Moving on to the engagement front, this map highlights a few events ICANN participated in or arranged. These are just some examples of our technical outreach efforts around the globe. The registry roadshows are interactive, hands on workshops, targeted at registry operators. Registry backend technical operators, soon to be registry operators, and agents of registries to help them understand important operational startup and industry related topics, as well a chance to network with other participants.

Last quarter, we held events in Los Angeles and Tokyo, and there is another one taking place in Istanbul right now. Feedback has been very positive, and in Tokyo there were over 60 participants. On the registrar side, we had face to face events in Tokyo and Seoul, South Korea, as part of our ongoing efforts to bring ICANN to registrars, instead of making them always come to us.

We have our latest DNSSEC roadshow in [inaudible] Cameroon, which is a key city for the African region, and it helps encourage local development on the domain name system, to ultimately help increase Internet penetration. Over 100 people participated in the Cameroon roadshow, and since the launch last year, these DNSSEC roadshows have helped countries like Kenya, get to the point where it has signed its ccTLD zone file, and others like Nigeria, Rwanda, Senegal, and [inaudible] who are in the process of doing so.

ICANN attended the TLD con in Baku [inaudible], which had about 100 participants where we discussed the N root, the IANA stewardship transition, and ICANN accountability, amongst other technical

discussions for the Cyrillic top level domain community and for the RIPE NCC community.

Now we're going to take a closer look at a few engagement activities from the Latin America and Caribbean region. Engagement efforts in this region are defined as part of the bottom up community driven strategic plan created with stakeholders and ICANN staff. And I'm going to share a few highlights from the last quarter.

First, the region held I roadshows in Guadalajara as part of the work congress on Information Technology event, and in Sao Paulo as future com, the region's largest technical event, to raise awareness of the new gTLD program, the IPv6 transition, and more broadly, security, stability, and resiliency of the domain name system.

We also have a technical workshop in Sao Paulo for about 40 people from the top level domain community, providing domain name system abuse and misuse training. The regional team has also created a communications plan aimed at delivering information in the languages of the region in a timely way, and give all audiences, including newcomers to ICANN.

Since ICANN's 49th public meeting in Buenos Aries, in November 2013, there is now a regular session on the Latin American and Caribbean region at ICANN meetings. At the October 2014 ICANN meeting in Los Angeles, the Latin American and Caribbean region had more than 70 people in attendance, representing a variety of stakeholder groups. Also at the Los Angeles meeting, some of the regions first new generic

top level domains, including dot LAT, dot [VAR], and dot [inaudible], signed their registry agreement.

On the government engagement side, last quarter, the region entered into a cooperation agreement with the [inaudible] and Telecommunication Commission, and the Caribbean Telecommunications Union. In addition to all of these engagement activities, the regional team now has staff operating from Mexico, Bolivia, Brazil, Santa Lucia, and from our engagement center in Uruguay.

Let's take a look at how the rest of ICANN has grown around the globe. In the past quarter, we continued to progress in globalizing ICANN staff, in particular growth outside of US to better serve local communities. This comes down to having people on the ground working closely with ICANN stakeholders, and providing services in the local language.

So it makes sense, for example, to see marginal growth last quarter in the US, and more growth in the Asia Pacific/Oceania region. We have grown our Istanbul and Singapore help offices, and actually have to extend both offices during the last quarter. And we also have remote staff, not in a hub office. And we are now entering a period of stabilizing our staff growth.

To help illustrate this, we had a net addition, meaning new hires minus departures, of 15 last quarter, which is eight less than the 23 net additions compared to FY 14 Q4. So overall, we're seeing that period of staff growth, now slow down a little as we are focused on training and developing our people to ensure they have the right tools to be successful at ICANN.

Moving on, ICANN development and public responsibility department has four focused areas that I'll talk briefly about. The first focus area is education, which consists of our online learning platform called ICANN Learn, and more broadly, university outreach such as the regular gatherings with students at Carnegie Mellon University in Rwanda. ICANN Learn now has over 50 courses in total, with 1,000 active monthly users who are viewing about 10,000 lessons a month.

The second focus area is providing language services in the six UN languages. For example, today's call has five interpretations simultaneously in English, Arabic, French, Spanish, Russian and Portuguese. Many of you are also familiar with language service teams work in ICANN meetings.

At the Los Angeles meeting, the team interpreted 89 sessions and provided transcripts for 126 sessions. This focus area also looks at how we translate content on the ICANN website. This quarter, the team held a focus group on this topic, and shared the topics for discussion at the Los Angeles meeting. The third focus area is about supporting the next generation, and that each ICANN meeting, we partner with 18 to 30 year olds to discuss and involve them in ICANN's work.

At the June 2014 ICANN meeting in London, we had 15 participate in the next gen program, and at the recent Los Angeles meeting, there were 12. Also under this focus area, is the ICANN Fellowship Program, which had a record number of applications for the Los Angeles meeting, with over 357 applicants from 38 countries, representing a diversity of sectors.

An official Fellowship Mentor Program was also established, to better prepare and engage selected fellows before their ICANN meeting attendance, to maximize the overall experience. Now I'm going to hand it over to our CFO, Xavier Calvez, to share the financial report from last quarter.

XAVIER CALVEZ: I will present the Q1 financial information for our fiscal year 2015. I will start with the ICANN operations, followed by an overview of the new gTLD program, and conclude with the status of the funds under management. This is an overview of the revenue and expenses of ICANN operations, excluding the impact of the new gTLD program.

As you can see, we are overall on target with revenue slightly above budget, and expenses slightly below budget, which is a good place to be at this point. Q1 support and revenue for operations was over budget by one million at 23 million, operating expenses were under budget at 20 million. The current rate of spend of the USD transition initiative is lower than budget by half a million at one million, and capital expenses were on budget at a million and a half.

Now looking at support and revenue for the quarter. Here is a breakdown of support and revenue by source, which includes our contracted parties, the registries, and registrars. The other sources consist mainly of contributions from country code operators and regional Internet registries, and sponsorship revenue for ICANN meetings.

Revenues are generally in line with expectations at the end of Q1, at 23 million versus a budget of 22 million, or about 4% higher. The registries and registrars revenues are slightly above budget.   The revenue generated by the 414 new top level domains delegated over the past 12 months, is 2.6 million in Q1, consisting mainly of 2.3 million of registry fixed fees, and the balance of registry and registrar transaction fees of 0.43 million.

The Q1 fixed fee revenue from the new TLD registries is slightly lower budgeted, as a result of the rate of delegations being slower than planned. If this situation would persist during the rest of the year, it could have a meaningful impact on this revenue category.   Other sources of revenue reflect a favorable variance versus budget, primarily due to timing differences within the fiscal year.

Moving on to operating expenses, which on this slide, detail both the baseline operating expenses and the approved initiatives costs that we have mentioned earlier, and also include 1.2 million of other income and expenses. The Q1 total operating expenses of 21 million are 7% under budget.   By category, personal, professional services, and administration costs are lower than budgets.

Overall, this is the result of careful management of our expenses, coupled with a few projects having a slower rate of spend than originally planned. Travel and meetings is slightly above budget, mainly as a result of timing differences. Now let's move on to the new gTLD program overview.

The new gTLD program is a 365 million multi-year program, created to introduce new top level domain names. The program is fully funded through the application fees collected in 2012. After three years, approximately 154 million has been spent to process the applications and refund withdrawn applications.

Approximately 120 million of additional expenses are expected to be incurred through the remainder of the program, leaving remaining funds of 87 million to cover future unexpected expenses, including risk mitigation.

Now looking at the new gTLD program expenses for FY 15. You will see that expenses are consistent in total with the budget, with some timing differences by category. Refunds processed in the quarter exceed budget by 2 million, offset by lower application processing costs, and lower repayment of historical development costs, by a total of 2 million as well.

Let's look now at the funds under our management and how they have evolved under the first four quarters. During Q1, the ICANN operating fund, at the bottom of each bar, and the reserve fund, at the top of each bar, were stable. The new gTLD funds in the middle have decreased consistently with the expenses and refunds that occurred during the quarter.

Separately, the proceeds of 0.6 million from the first auction for the new gTLD program were collected in June and are reflected on this slide. The proceeds resulting from the auctions held in September and October, for approximately 26 million, have been collected after the

end of Q1, and therefore are not included in the funds under management by the end of the quarter.

And this concludes the financial presentation. I would like to hand it back to Brad who will moderate the Q&A session.

BRAD WHITE:

Thank you Xavier. We're now going to take your questions. Allow me to repeat a couple of points that I made in the beginning. If you're online and you have a question, please type it in the Q&A box on the screen, and we will read it from here.

If you're on the phone, hit pound three to unmute the phone, give the operator your name, who if anyone you are representing, and the city and country that you're calling from. If you're on one of the non-English language phone lines, your question will be simultaneously interpreted into English.

Once a question has been asked, our CEO Fadi Chehadé will either answer or call upon the appropriate executive to answer. Again, please be brief. At this point, we're not showing a ton of questions either online, our conference operators are telling us we don't have a lot in the queue, but that could change in a heartbeat.

So at this point, we do have one question, and I think this is probably for you Xavier, I'll let Fadi determine that. Can we see a breakdown of professional services, especially those items that are driving the over run?

FADI CHEHADÉ: Xavier, please.

XAVIER CALVEZ: Thank you Fadi and thank you for the question. The professional services in aggregate, are showing a slight under run actually, at 2.9 million for the quarter of actual spend, versus 3.8 million budgeted for, or a slower rate of spend of about 23%. One of the drivers to this favorable variance at this stage, is the USG transition initiative that has seen a slower rate of spend as we indicated, including for the professional services component included in that project.

And otherwise, there are a number of projects that are standing at a slower rate than originally planned, relative to security related projects for IDN related projects, even though we do expect these projects to spend approximately the amount budgeted for this fiscal year.

BRAD WHITE: Thank you Xavier. We have another question from John Poole online, "ICANN's budget assumes 15 million domain name registrations in the new gTLDs for fiscal year 15. According to NTLD stats dot com, registrations are falling short of that assumption, only 1,825,926 gTLD domain name registrations thus far in FY 15, which is July 1 to November 19, 2014."

There is no actual question with that, but I assume the question is, what's your reaction to those stats?

AKRAM ATALLAH: Thank you for the question. So these are projections for the entire year, and as you can imagine, as we enter the year, we had fewer delegations, and as we progress through the year, delegation will accelerate. These 15 million registrations are actually still our forecast for the entire year, and we keep a very close eye to the progress of the program and how it's moving, and we will access, and we access on a regular basis, whether we need to make any adjustments are not.

But as of this time, we believet hat this is still our forecast. Thank you.

BRAD WHITE: Thank you Akram. We have a question from Kieran McCarthy in San Francisco, a journalist with *The Register*. Kieran your question online is a little bit confusing. "ICANN has said that it will reference the gTLD access proceeds, and ask the community how to spend the money. Will this be the same process as for the new gTLD option proceeds, or a separate process? And when will that process start?"

FADI CHEHADÉ: Akram.

AKRAM ATALLAH: Thank you Kieran. The two funds will be treated separately, but they will be treated in a similar fashion, which means they are actually accounted for, but they are more of a category, the category for that fund is a, the fund is actually set for unexpected expenses. So we will not know until the program is closer to be finished, whether we need these funds or not.

So to take a longer time to look at this fund and what to do with it, but it will be separated from the auction proceeds and the way it will be reviewed, to find out how we will be spending it. Thank you.

BRAD WHITE: Thank you Akram. Question from Stephan [van Gelder], "Akram, you mentioned that in round one, round one will now only complete in 2017, due to a number of external factors not under ICANN's control, can you tell us, please, what those are?"

AKRAM ATALLAH: Thank you Stephan. The biggest effect is actually that it is taking applicants to move forward in signing their contracts and move forward to delegation. There are extensions that applicants can ask for, and when they ask for these extensions, the program stretches out. There are also the contention sets that are taking well into March for the last auction that ICANN will hold, which might also be extended for a couple of months, if the applicants ask for a re-schedule.

So there are a set of processes that can extend longer then we would like to see them extend, and there are more out of our control. I hope that answers the question. Thanks.

BRAD WHITE: Thank you Akram. We have a question from Erin [inaudible], I hope I'm pronouncing that correctly. "What does ICANN see as some of the key takeaways on Internet governance from recently concluded ITU [inaudible] at Busan?"

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FADI CHEHADÉ: Thank you for the question.   I think, like many in the Internet community, we are pleased with the Busan outcome. I think the global community has clearly accepted that the ITU's remit should be focused, and that matters related to Internet governance are handled today in the technical community of which we belong, and that the remit of each organization should be strong and continue to do what they do well.

We are pleased with the outcome of Busan, however, we will continue to remain engaged and vigilant in these global processes to ensure that new and effective mechanisms are in place to address the emerging Internet governance issues.   In the meantime, as ICANN, we will continue to focus on our remit, ensure that it stays limited to what the community has asked us to do, and perform it with excellence, that's the best guarantee that the work we do will continue to be valued, alongside with the ITU and other bodies that have their own remit. Thank you.

BRAD WHITE: Thank you very much Fadi. We have one question that came in. "How does the spend rate compare with last year's?"

FADI CHEHADÉ: Xavier.

XAVIER CALVEZ: Thank you Fadi, and thank you for the question. Our spend rate in Q1, as planned, as increased year on year by about 15%, mainly driven by the budgeted higher head count that has appeared, and partially offset by lower travel and meetings costs. As ICANN held one of its three annual during Q1 last year, and didn't have such a meeting in Q1 this year.

That's mainly the variances of spend, year on year.

BRAD WHITE: Thank you Xavier. Now a question from James Bladel. "Regarding your 15 MM registration forecast for new TLDs, do your projections make any distinctions between generic, or community, or brand TLDs?"

FADI CHEHADÉ: Akram.

AKRAM ATALLAH: Yes, thank you James. No, we do not look at that in particular. Thank you.

BRAD WHITE: We have another question from Kieran McCarthy. "The ISOC Board has strongly criticized the approach taken by the NetMundial initiative, and refused to join the Coordinating Council. Will ICANN rethink its approach in response?"

FADI CHEHADÉ: Thank you for the questions. We are in discussions with the ISOC Board, and with the community to understand what is driving the announcement by ISOC. We remain very keen on the unity of the technical community, which we've had for a long time, and that is our priority number one, and therefore we will work very closely, and in good faith, with our colleagues on the ISOC Board, to understand what it is that got them to that conclusion.

These discussions are already in motion, and we anticipate that, as we've done many times in the past, we will come to good conclusions with them. Again, as I've said, what is paramount here, is to continue as a strong technical community to defend and support our mission for one global open Internet. Thank you.

BRAD WHITE: Thank you Fadi. Another questions, "Many statistics have been shared in this session. Will these be available on the ICANN website?"

FADI CHEHADÉ: Yes. In fact, there will be a page setup on the ICANN website, that will include all the slides and the transcripts of these calls for everyone who couldn't make it today.

BRAD WHITE: Thank you Fadi. We're not… The conference operators are telling us we don't have any questions on the phone line. I'm seeing no more questions in the queue online. Fadi, do you have some closing comments that you would like to make?

FADI CHEHADÉ: Simply to say thank you for joining us on this first quarterly stakeholder call. As I mentioned in my opening, our goal with these calls is to provide a predictable and regular window into ICANN's activities, through a fact based update on progress against our strategic objectives and our mission. I hope you found today's call informative, and we welcome your feedback.

Thank you for participating. This concludes the call.

BRAD WHITE: Thank you very much Fadi. I might note, John Poole had one additional question. We had some technical problems here in the center. Fadi, if you're willing, I'd like to deal with this last question before we close out, if we could do so.

FADI CHEHADÉ: Certainly. What was Mr. Poole's question?

BRAD WHITE: Regarding the IRP filed by new gTLD applicant donuts regarding dot sports, dot ski, and dot rugby, specifically the allegations made by former ICANN chief strategy officer, Kirk Fritz, in his expert witness statement, quote/unquote, about violations of ICANN policy in ICANN's new gTLD programs.

FADI CHEHADÉ: Hello?

BRAD WHITE: Fadi I think, let me reread that. I think Mr. Poole is basically for a response regarding the IRP filed by new gTLD applicants donuts regarding dot sports, dot ski, and dot rugby, specifically the allegations made by former ICANN chief strategy officer, Kirk Fritz, in his expert witness statement about violations of ICANN policy in ICANN's new gTLD programs.

FADI CHEHADÉ: I see. Okay. Thank you Mr. Poole. Obviously we can't comment, and do not comment on details of active IRP matters, but of course, we assure you that our responses will be publically available on ICANN's website when done.

BRAD WHITE: Thank you Fadi. Again, thank you for all participants, the presenters as well as those how joined us online and on the phone. This was our first ever, please feel free to reach out to us, tell us your thoughts about what worked and what didn't. We will obviously be doing many more of these calls in the future, and we would like to hear from you. Thank you very much.

FADI CHEHADÉ: Yes, thank you. And we'll meet you on our next call, on the 27th of January, 2015.

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