



ENVIRONMENTAL DEFENSE FUND

2008 ANNUAL REPORT



Soaring above its nest on New York's Fifth Avenue, this red-tailed hawk signals a resurgence of many raptors nationwide, including bald eagles and ospreys. Both species have recovered dramatically as a result of Environmental Defense Fund's successful initial battle, begun in 1967, to replace DDT with safer pesticides.

▶ ONLINE: See founding trustees Charles Wurster and the late Dennis Puleston talk about the DDT victory at edf.org/ddt08. Find all web links for this report, and a downloadable electronic version, at edf.org/annualreport08.

FINDING THE WAYS THAT WORK

**STRONG SCIENCE
UNCOMMON PARTNERSHIPS
ECONOMIC INCENTIVES**

TABLE OF CONTENTS

2 FROM THE CHAIRMAN AND PRESIDENT

4 SPOTLIGHT ON PARTNERSHIPS

8 **CLIMATE**



14 SPOTLIGHT ON CHINA

16 **OCEANS**



20 SPOTLIGHT ON LEGISLATIVE ACTION

22 **ECOSYSTEMS**



26 **HEALTH**

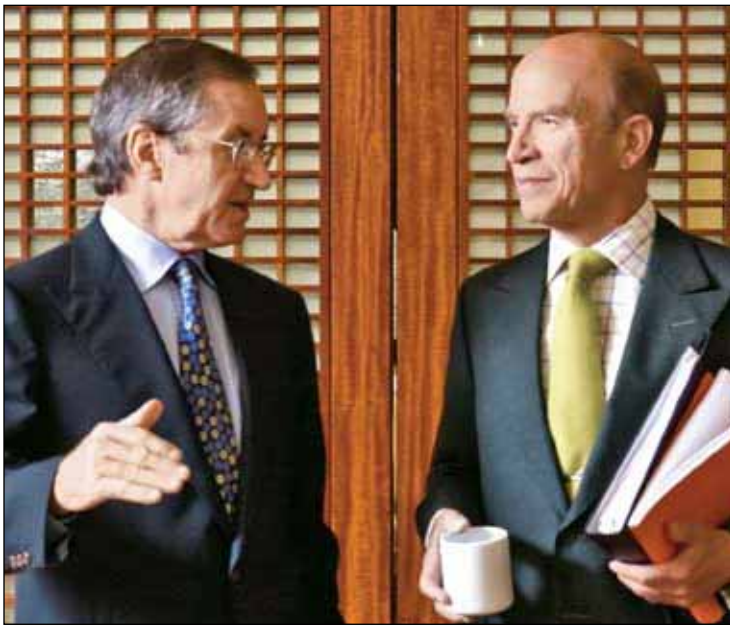


30 WHO'S WHO

36 FINANCIAL COMMENTARY

38 TRUSTEES, ADVISORY COUNCILS AND REGIONAL BOARDS

INVEST IN OUR WORLD



Chairman N. J. Nicholas, Jr. with chairman-elect Carl Ferenbach

I've made my living as a businessman and investor, and that's what got me interested in Environmental Defense Fund. As head of Time Warner, I served in 1991 with Fred Krupp on a presidential commission, where I witnessed firsthand the business-like approach EDF brings to the table in creating fair and equitable solutions to environmental problems. EDF wins lasting results thanks to a bipartisan approach, the use of economic incentives, and partnerships with diverse, often unexpected, allies from the private sector.

In these times, there is no better investment than a contribution to Environmental Defense Fund. We have shown how helping the environment and helping the economy can, in fact, be mutually beneficial. Our strategy of emphasizing clean and secure energy, job creation and a healthy environment is just the prescription our country and our world need today.

I am delighted to welcome my colleague and fellow trustee, Carl Ferenbach, who will become EDF's chairman in May 2009, and I congratulate the staff on their remarkable accomplishments during my seven years as chairman. My heartfelt thanks to all our members and friends who, despite a difficult economy, were more generous with their contributions this year than ever before, making possible the impressive results you'll read about in the following pages.

N. J. NICHOLAS, JR.
Chairman of the Board

WHAT OTHERS SAY ABOUT ENVIRONMENTAL DEFENSE FUND

“... America's most economically literate green campaigners” *The Economist*

“... the power broker rewarding good behavior” *Time*

“... one of the hottest environmental groups” *The Wall Street Journal*

“... arguably the most influential environmental group around”

The New Republic

THE POWER OF INVENTION

People ask why I’m hopeful despite global warming and the deep recession. I’m hopeful because President-elect Obama has called for a cap-and-trade plan to kick-start economic renewal and achieve reductions in global warming pollution at low cost. His initiative will face a tough battle in Congress, and we’ll put our energies into getting it done.

I’m also hopeful because of people like Conrad Burke, Bernie Karl and Jack Newman. These and other inventors are finding new ways to tap energy from the Earth, the seas, the sun—even from yeast. New technologies give us power to solve global warming by cutting carbon dioxide emissions and helping countries like China and India do the same. Washington must unleash this new energy economy—and the jobs that come with it—by enacting a declining cap on carbon, a cap that will send companies knocking on inventors’ doors.

Environmental Defense Fund has achieved major gains this year in our four focus areas of climate, oceans, ecosystems and health, and executive director David Yarnold and staff have set out ambitious goals for the coming year. The new president and Congress will face daunting challenges in 2009. That’s why we are integrating our strategies for environmental protection into the need to revive the economy.

As Oberlin professor David Orr puts it, “Hope is a verb with its sleeves rolled up. Hopeful people are actively engaged in defying or changing the odds.” EDF has hope for the future and, with your help, we are on track to achieve major successes in the year ahead.



President Fred Krupp with David Yarnold, executive director of EDF and president of Environmental Defense Action Fund

FRED KRUPP
President



A BEST-SELLING MESSAGE

Fred Krupp and co-author Miriam Horn illustrated the abundance of new energy technologies like solar thermal power in their *New York Times* best-selling book *Earth: The Sequel*, soon available as a Norton paperback.

ONLINE: Meet energy entrepreneurs at edf.org/unleash08



SPOTLIGHT ON

PARTNERSHIPS

“Environmental Defense Fund has again raised the bar to benefit the whole world.”

Arnold Schwarzenegger
Governor of California



VP David Festa and corporate partnerships managing director Elizabeth Sturcken talk with Governor Schwarzenegger at the launch of our 2008 *Innovations Review* at our San Francisco office.



A TRACK RECORD OF ENVIRONMENTAL INNOVATION

1990

In the first collaboration between an environmental group and a leading corporation, EDF's partnership with McDonald's does away with foam-plastic sandwich boxes and eliminates 150,000 tons of packaging waste over ten years. Other restaurants quickly follow suit.



1995

North Carolina's Pinehurst Resort becomes our first partner in Safe Harbor, a program that provides landowners incentives to help endangered species.

1997

Starbucks partners with us to reduce waste, increasing the use of reusable mugs and later introducing the first takeout cup with post-consumer recycled content.



1998

We work with UPS to improve the company's packaging, spurring industry-wide changes. The new packaging saves energy and reduces solid waste and air pollution.

THE BEST ADVICE
MONEY CAN'T BUY

"To maintain our objectivity, we accept no funding from our corporate partners. That independence frees us to drive change across entire industries."

Gwen Ruta
VP Corporate Partnerships



MAKING GREEN THE NEW BUSINESS AS USUAL

Our unique approach attracts powerful allies

"Significant" and "surprising" – that's what *Fortune* magazine had to say about our new partnership with private equity giant Kohlberg Kravis Roberts (KKR). For Environmental Defense Fund, it represented the next step in our nearly 20-year history of uncommon partnerships.

EDF brings about lasting change not through confrontation but through constructive engagement with powerful market leaders. The environmental innovations we develop together can transform entire industries while improving profits.

We first worked with KKR in 2007 when we were invited to help draft the terms of the largest buyout in corporate history, the \$45 billion acquisition of Texas electric utility TXU. We in-

sisted on addressing global warming, which led the company to cancel its plans to build eight dirty coal plants. As Thomas Friedman wrote in *The New York Times*, "Every college activist should study this story."

In 2008, we took the partnership a giant step further. KKR sought our help to measure and improve environmental performance at key companies in its portfolio. It's the first time a nonprofit group is helping to green the portfolio of a private equity firm. The analytic tools we're developing will enable managers at companies like Toys "R" Us and U.S. Foodservice to assess and track improvements. We'll share the innovations with others to drive industry-wide change.

"Business-nonprofit partnerships are especially relevant today," says Bob Langert, McDonald's vice president for corporate social responsibility and one of our first partners. "We need to seek out experts like EDF. We simply don't know enough ourselves."

To spur change beyond our own partnerships, we assembled a team of experts to identify new green business practices for *Innovations Review*, a report on advances that are saving companies hundreds of millions of dollars. The 20 innovations range from large-scale telecommuting programs, which reduce business travel, to power purchase agreements, which let companies install solar power with no upfront capital costs.

At the *Innovations Review* launch in our San Francisco office, California Governor Arnold Schwarzenegger praised the initiative: "EDF recognized that 'business as usual' was changing," he told a roomful of CEOs. "And they created a new way to assess environmental innovation."

▶ ONLINE: See the Yale School of Management's multimedia case study of our role in the \$45 billion TXU buyout at edf.org/txu08. See more business innovations at edf.org/innovations08.

1999

Bristol-Myers Squibb and EDF create MERGE, a computer program to help design better product packaging, later used by more than 100 companies.

2000

Seven of the world's largest corporations, including BP and DuPont, partner with EDF and set targets for reducing their greenhouse gas emissions.



2001

Working with us, Norm Thompson Outfitters switches all its catalogs to recycled paper. This sets a new standard for the catalog industry, inspiring companies like L.L. Bean and Dell to turn to recycled paper.



2002

With our help, BP meets its target for reducing greenhouse gas emissions eight years early, saving \$650 million in the process.



“Environmental Defense Fund is a valuable contributor to our effort to operate more sustainably, which means helping both the environment and our business.”

Matt Kistler

Senior vice president of sustainability, Wal-Mart Stores

Walmart
Save money. Live better.

FedEx

WAL-MART STEPS FORWARD ON SOLAR POWER New alliance with EDF focuses on next-generation technology

In 2008, the world's largest retailer introduced its biggest product ever: the Sun.

Wal-Mart began installing solar panels to generate electricity at up to

22 of its sites, another step toward its ambitious renewable energy goal.

Although Environmental Defense Fund has worked with Wal-Mart for years, our joint efforts really took

off when we opened an office by the company's Bentonville, AR, headquarters in 2006—the only environmental group to do so.

Since then, our team has been in ongoing conversations with Wal-Mart decision makers.

For solar power, we're helping Wal-Mart expand beyond conventional rigid panels. These are expensive and problematic in Northern states where many store roofs cannot handle the combined weight of solar panels and snow.

That got Wal-Mart interested in next-generation solar cells incorporated into flexible thin films, roofing materials or windows.

Flexible thin films can convert sunlight into electricity without the disadvantages of heavy solar panels.

We've jointly issued a challenge to solar suppliers for projects assessing innovative solar technologies at Wal-Mart sites around the country. Says our project manager Michelle Harvey: “Our goal is to shorten the time required to make the best new solar ideas commercially available.”

EDF is the sole environmental partner working with the retailer to accelerate the commercialization of more affordable and better solar technology.

Empowered by Wal-Mart's scale and commitment to sustainability and EDF's expertise in alternative energy, our partnership stands ready to guide a promising innovation from drawing board to reality.



LEADING THE WAY IN CORPORATE-NONPROFIT PARTNERSHIPS

2003

Four of the nation's top poultry producers end virtually all antibiotic use in chickens after we convince McDonald's and others to set strict new standards for the poultry they buy.



Citigroup partners with us to switch all of its office operations to recycled paper and to reduce the paper used by its 130,000 employees.

2004

The first FedEx hybrid electric trucks hit the road, the product of EDF's initiative with FedEx and Eaton Corporation. A revolution in the delivery industry is underway.



EDF president Fred Krupp invites Wal-Mart CEO Lee Scott to the summit of Mt. Washington to discuss global warming. The meeting leads to a new partnership and ambitious environmental goals.



Environmental Defense Fund is named the #1 environmental group in a recent *Financial Times* global study of 850 business-nonprofit partnerships



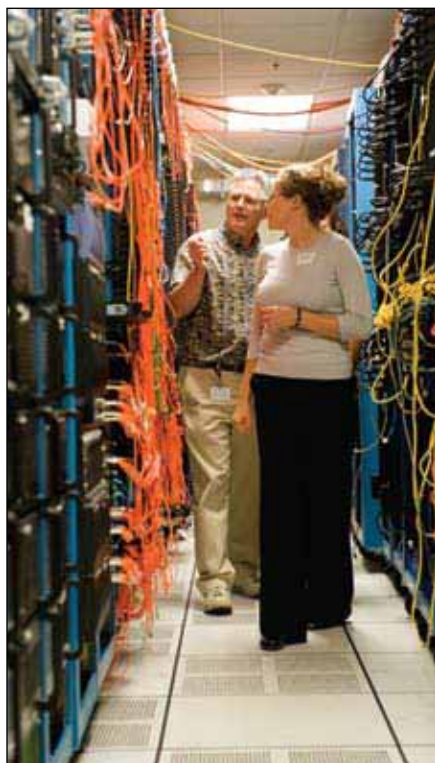
AMERICA'S NEXT GENERATION OF CHIEF GREEN OFFICERS

Who will lead America's corporations into a sustainable future?

EDF recruited MBA students from top business schools and embedded them at companies like Cisco Systems and Yahoo with the mission of finding ways to save money through energy efficiency. One student, for example, discovered that Cisco could save \$24 million and reduce its carbon footprint dramatically over the next five years by installing smart power distribution units that automatically shut down machines not in use.

As project director Millie Chu Baird says, "We're putting the next generation of 'Chief Green Officers' to work."

▶ ONLINE: Watch our climate interns at work at edf.org/climatecorps08



FEDEX HYBRID ELECTRIC TRUCK SPARKS A TRANSFORMATION

Consistently, the partnerships that Environmental Defense Fund builds with market leaders produce results that ripple through a whole business sector.

For example, aiming to transform the market for the 500,000 fuel-hungry midsize trucks that deliver America's goods, we first sought out an industry leader, FedEx Express. Together with FedEx and Eaton Corporation, we developed the world's first commercially successful hybrid delivery truck. It emits 96% less soot and 65% less smog-forming pollution, reduces greenhouse gas emissions by 33%—and goes approximately 50% farther on a gallon of fuel, so over time the improvements pay for themselves.

Today, the clean truck market has grown to 75 fleets including Coca-Cola and Purolator. The "Big Four" truck makers (Freightliner, International, Paccar and Volvo) are moving swiftly to meet rising demand for hybrid trucks of all sizes.

Thirty-seven models are now available, with more in the works. The transformation of the midsize truck market clearly is underway.

As FedEx Express president David Bronzek puts it: "The environmental and business gains signal a revolution in truck technology and have set a new industry standard — thanks to Environmental Defense Fund."

2005

Wegmans Food Markets partners with us to promote environmentally sound seafood through strict purchasing standards.



2007

The Advertising Council garners over \$100 million in donated ad time and space for our campaign to fight global warming.



2008

We help launch the U.S. Climate Action Partnership (USCAP), a coalition of nonprofit groups and 26 major companies from Alcoa to Xerox, all calling on Congress to cap global warming pollution.

Our scientists work with Wal-Mart on a plan to reduce plastic shopping bag waste an average of 33% per store by 2013, taking 9.4 billion bags out of the environment each year.

Our integrated strategy to prevent dangerous climate change combines federal, state and international initiatives.

CLIMATE



WHY WE WORK ON CLIMATE

“For the first time, climate and energy were important issues in a presidential election. We now have a historic opportunity to get the legislation right, for our climate, our economy and our children.”

Steve Cochran
National climate campaign director



“We can – and we must – send a signal to the markets and to a waiting world that the era of American inaction on climate is over.”

Senator Dick Durbin (D-IL)

at an EDF climate briefing attended by more than 30 U.S. senators and representatives

MOMENTUM BUILDS FOR U.S. ACTION ON GLOBAL WARMING

“I did it for my children.” That’s how Florida’s Republican Senator Mel Martinez described his June 2008 vote to advance debate on the Lieberman-Warner Climate Security Act. Martinez was joined by Max Baucus (D-MT) and nine other senators who previously had voted against a similar measure.

The surge in support, brought on with help from Environmental Defense Fund, set the stage for passage of a national climate bill in 2009. “The economic downturn doesn’t diminish the urgency for climate legislation,” says our national climate campaign director Steve Cochran. “Congress is finally debating the details of legislation and its impact on utility bills and jobs. We

need to build the infrastructure for a new energy economy.”

In Montana, Senator Baucus backed climate action after we persuaded the Montana Grain Growers Association to support it.

And in Martinez’s home state, we produced scientific research on Florida’s vulnerability to climate change and rising seas. To draw attention to solutions, we even sponsored the first fishing tournament ever to offset all its global warming pollution. In the end, Florida senators voted to move the Lieberman-Warner bill forward.

When special interests mounted a multimillion-dollar campaign to spread fear about the cost of climate action, we countered with sound

science and economics. Our analysis showed that a declining cap on carbon emissions will have negligible impact on long-term economic growth, while helping to end our oil addiction.

With jobs taking center stage, we teamed up with Duke University to produce case studies of job creation. Many of the brick and mortar jobs for new energy technologies will be in America’s manufacturing heartland, where hundreds of companies already are benefiting from the business of renewable energy and energy efficiency. For example, wind turbine manufacturer Gamesa has retooled a steel plant in Ebensburg, PA, creating nearly 1,000 manufacturing jobs.

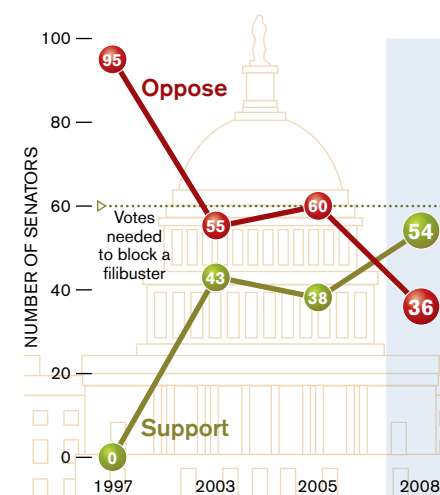
Bolstering our case, 26 Fortune 500 companies joined USCAP, an

alliance we helped launch that calls for a national carbon cap. Member companies represent virtually every sector of the economy and operate in all 50 states.

By showing how climate legislation can help stimulate the economy, we kept the issue high on the political agenda. Now we will hold President Obama and members of Congress to their campaign pledges to cap global warming pollution.

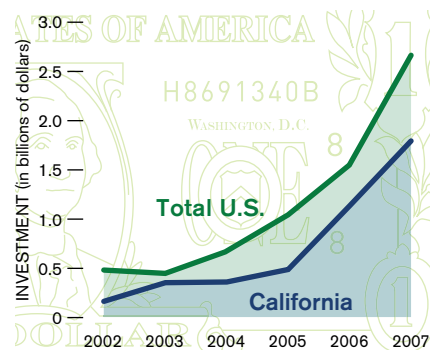
▶ ONLINE: Read our climate experts’ blog at climate411.org

U.S. SENATE CLIMATE VOTES



Unrelenting pressure by EDF and its allies has brought America to the threshold of climate action.

VENTURE CAPITAL INVESTMENT IN CLEAN TECHNOLOGY



Venture capital investment in low-carbon technologies has skyrocketed since passage of the Global Warming Solutions Act, with much of the investment in California.

San Francisco is looking into harnessing the tides under the Golden Gate Bridge to generate electricity.



STATES LEAD THE WAY ON CLIMATE ACTION

Far from Washington, DC, in statehouses and courthouses across the country, states are acting on global warming, laying the foundation for a nationwide low-carbon economy. No state has done more than California.

The Golden State made history this year when it began implementing its Global Warming Solutions Act, which Environmental Defense Fund cosponsored and helped draft. The law sets the nation's first economy-wide cap on greenhouse gas emissions, requiring a 15% cut below current levels by 2020.

To make sure the rules are strong and effective, we dispatched a team of economic and policy experts to Sacramento. "By capping emissions, California has taken the lead in addressing energy security, environmental quality and economic growth," says attorney Jim Marston, who spearheaded our effort.

California's plan promotes renewable energy, low-carbon fuels, more efficient appliances and stricter building standards. It also authorizes a carbon cap-and-trade program to keep costs low.

The plan will alter how utilities generate electricity, automakers design cars and refineries make fuel. Our experts have provided technical advice and are working with industry and academic researchers to devise strict environmental standards for biofuels.

Our success in California has reinforced regional initiatives in the West and the East to reduce global warming pollution, with the nation's first auction of emission allowances taking place in 2008.

Before California's pioneering action, venture capital investment in clean technology was drifting overseas. Now, the United States accounts for more than 80% of global clean tech investment, with two-thirds of that in California. Innovations such as low-carbon biofuels, ocean energy and plug-in hybrid cars may soon flourish.

With the world's sixth largest economy, California will also influence the pivotal 2009 world climate negotiations in Denmark. Says Marston: "The road to Copenhagen starts in Sacramento."

WHY WE WORK IN THE STATES

"The states alone can't solve global warming, but they are putting widespread pressure on Washington. We're showing how strong climate legislation will create jobs."

Jim Marston

State climate initiatives director



▶ ONLINE: Get the latest climate news at edf.org/globalwarming08

“The clean-tech revolution is using our greatest strength – innovation – to solve our biggest challenge. Environmental Defense Fund’s bipartisan advocacy is helping to lay the foundation.”

John Chambers

Chairman and CEO, Cisco Systems

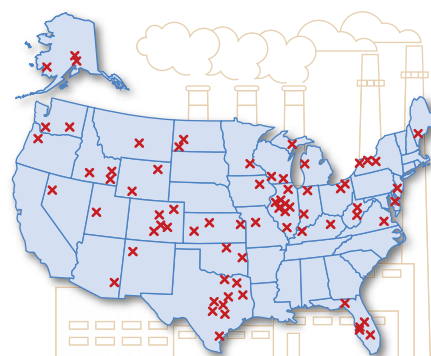
COAL'S DAY OF RECKONING

With roughly half of U.S. electricity coming from coal, Environmental Defense Fund has set out to make coal cleaner and promote sustainable alternatives. Some 73 proposed coal-fired power plants in 31 states have been canceled or delayed in the last two years, thanks in part to our work.

In Colorado, our staff and allies worked with Xcel Energy on a plan to close two aging coal plants, expand energy efficiency and add 1,000 megawatts of wind and solar power. “Xcel is reducing global warming pollution while providing reliable, low-cost energy in a fast-growing market,” says our deputy general counsel Vickie Patton.

The turning point came in 2007 when two private equity firms enlisted our help in acquiring the Texas utility TXU. To gain our support, the buyers agreed to scrap plans for eight coal plants and double the company’s investment in renewable energy and efficiency.

Building on that success, we negotiated with investment banks, including Citigroup, JPMorgan Chase and Morgan Stanley, to impose new environmental standards on financing for coal plants. The standards are shifting investor focus away from old-style coal plants toward an entire range of low-carbon options, including wind, solar and geothermal.



COAL IN RETREAT

In the past two years, 73 coal plants have been canceled or delayed across the country. EDF is helping utilities meet growing electricity needs through cleaner technologies and energy efficiency.



TEXAS LENGTHENS ITS LEAD IN WIND POWER

Amid rusting oil derricks on a wind-swept mesa in Sweetwater, TX, new wind turbines whirl in the distance. “I’ve been an oilman all my life,” says wind investor T. Boone Pickens, “but this is one emergency we can’t drill our way out of.”

Pickens’s conversion speaks volumes. Texas has become a world leader in wind power, a shift spurred by the state’s electric restructuring bill that EDF championed back in 1999. The law required an increase in renewable energy.

The wind industry received another boost this year when we helped convince state regulators to approve new power lines to carry West Texas wind energy to urban areas. This removed a major bottleneck.

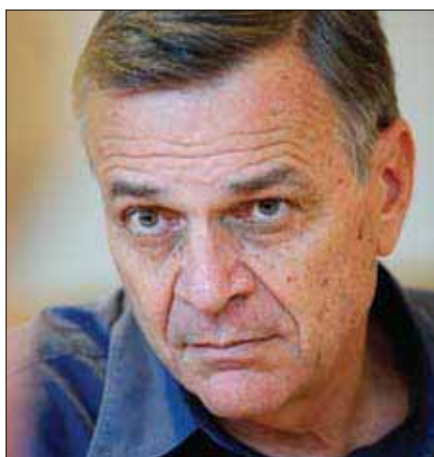
“EDF played a major role in helping the new policy become a reality,” says Mike Sloan, former director of the Wind Coalition. Under the new plan, the Lone Star State could more than triple its wind capacity by 2015.

14 Number of states that have adopted California’s clean car law, which we helped draft and defend

50% Minimum reduction in global greenhouse gas emissions needed by 2050

THE ROAD TO A GLOBAL CLIMATE SOLUTION

How we'll help win a lasting agreement



Climate program director Peter Goldmark explains our strategy to help achieve a global agreement at the Copenhagen negotiations in December 2009.

Q: Why is fighting global warming different from other problems?

To solve the global climate crisis, all countries must be engaged. Unlike most pollution problems, there can't be a U.S. solution without China and India. We're in this boat together, rowing against a ticking clock.

Q: What will it take to get developing nations to engage?

Our goal is to get these countries to join the global treaty. Credits for protecting tropical forests, for example, can give poor nations an incentive to stop deforestation.

Such an approach will help break the North-South logjam we've had since Kyoto. Of course, until America leads, other nations will not see any reason to act.

Q: Why is protecting rainforests so important?

The burning of tropical forests causes 20% of global greenhouse gas emissions, and previous treaties did nothing about it.



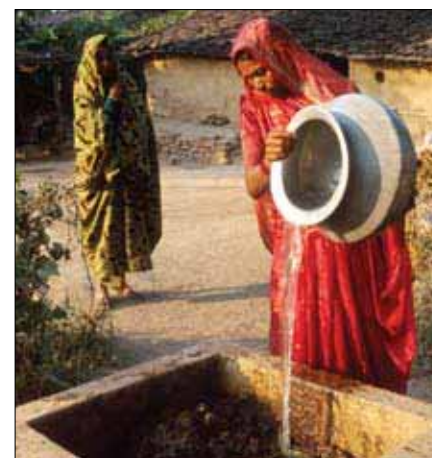
Now allies in Brazil have proposed a plan that would award credits in the global carbon market to nations that reduce deforestation. Our staff helped advance that plan at recent climate talks. They and other scientists showed how reduced deforestation can be verified accurately using satellite-based radar sensors.

Carbon credits will give tropical forests the value they need to survive. Without them, nearly half the Amazon could be gone by 2050.

Q: How can we help both the climate and the world's poor?

As the economies of countries like India expand, they face a choice whether to grow with dirty energy sources or healthier alternatives.

To promote the better choice, we have partnered with E+Co, a non-profit investment group, and Grameen Bank in Bangladesh. Grameen has built a factory there to manufacture



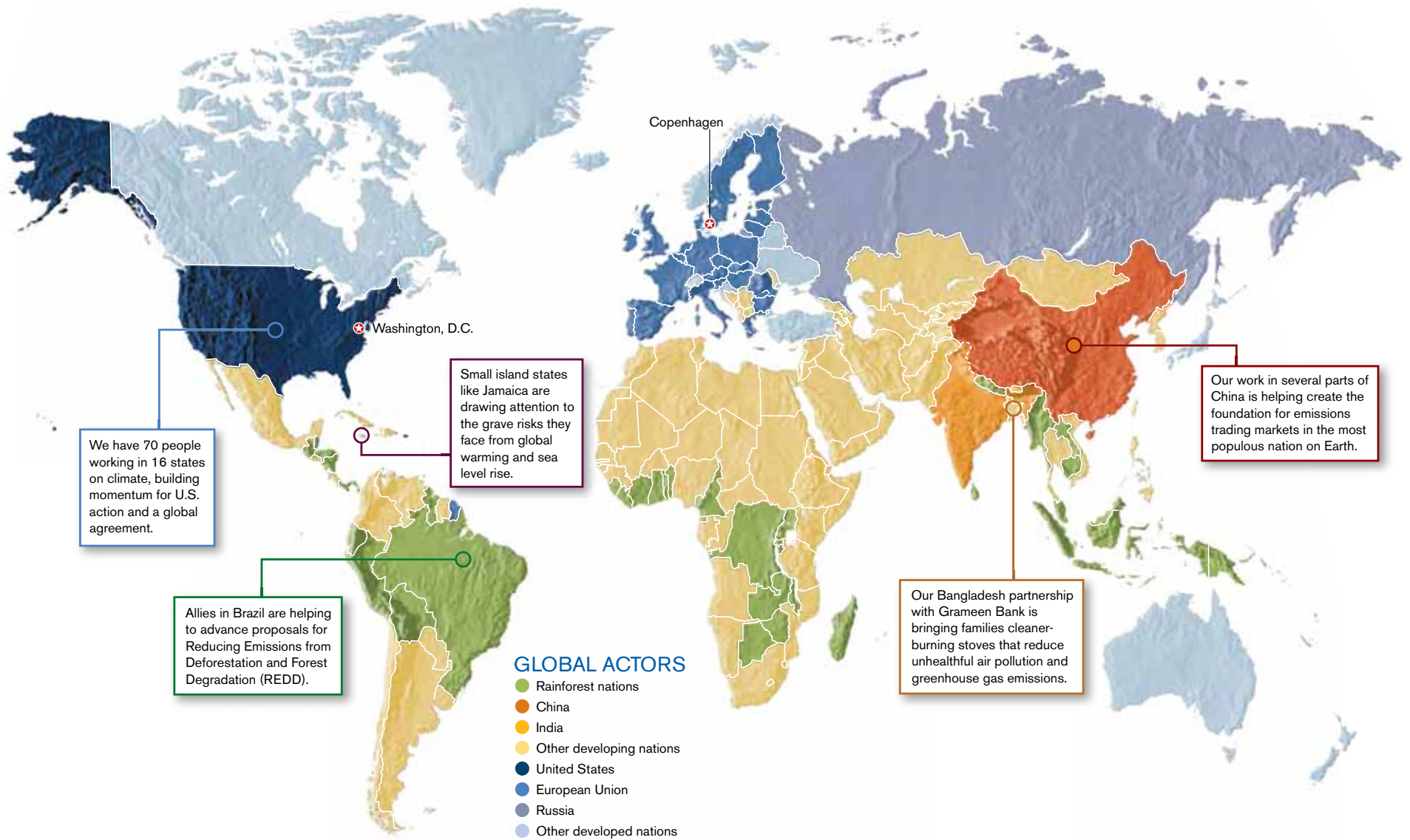
methane-based biodigesters for homes, replacing smoky cooking fires with clean gas stoves.

Early steps in this project already have begun lowering carbon emissions, generating emission credits that help offset the project's cost.

Q: Is there a nexus between energy, economic development and climate?

Absolutely. The desire for a higher standard of living is part of the human condition. The path toward climate stability and the path out of poverty have to be the same.

▶ ONLINE: Watch more of Peter Goldmark's interview on the global climate challenge at edf.org/climatestrategy08



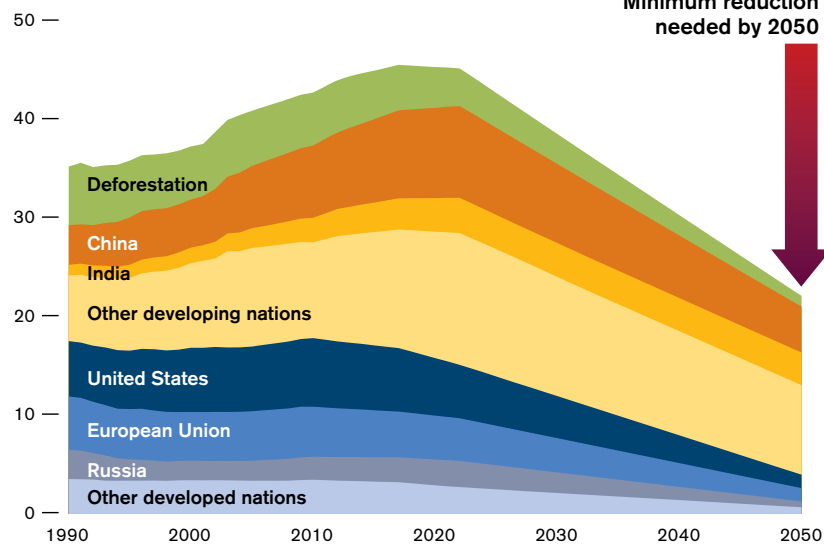
From Washington to Copenhagen

Solving the global climate crisis is the world's biggest environmental challenge. The new administration in Washington raises the prospect of prompt U.S. action, creating a fresh context for the December 2009 international negotiations in Copenhagen. The agreement reached there will replace the Kyoto treaty, which expires in 2012.

The talks must account for emissions from deforestation, which were overlooked in Kyoto, and engage developed and developing nations alike. That is the only way to achieve the reductions needed by mid-century.

THE SOLUTION: COLLECTIVE ACTION

Greenhouse gas emissions
(gigatons of CO₂ equivalent per year)



50,000 Chinese factories producing goods for the U.S. market

SPOTLIGHT ON CHINA

“I wish to express heartfelt thanks for your contributions to China’s development.”

Wen Jiabao

Premier, People’s Republic of China



China’s Premier Wen Jiabao (r.) greets our chief economist Daniel Dudek, recipient of the Friendship Award, the highest honor China confers on foreign experts.

▶ ONLINE: See TV news coverage of our China work at edf.org/friendship08



PIONEERING INCENTIVES FOR ENVIRONMENTAL PROTECTION

1991

China’s National Environmental Protection Administration invites us to participate in the country’s first experiments with economic incentives for pollution control.

1999

We open an office in Beijing and initiate pilot projects to cut air pollution in the cities of Benxi and Nantong.



2001

EDF is named by the State Environmental Protection Agency to help draft China’s national air pollution regulations for sulfur dioxide.

2003

In the Yangtze River Delta, we help establish the first province-wide sulfur dioxide emissions trading system.



THE VIEW FROM BEIJING “No other U.S. environmental organization has the strong reputation and breadth of experience that Environmental Defense Fund brings to protecting China’s environment. Our team of ten experts in Beijing is proud to be working with such an important organization.”

Zhang Jianyu
Managing director, China



AS CHINA GOES, SO GOES THE WORLD

China is roaring into the 21st century with the force of a locomotive, its economy doubling every six years. But the miracle has come at a high price: fouled air, despoiled rivers and a growing share of the world’s global warming pollution.

Environmental Defense Fund recognized the challenges and opportunities early. More than 15 years ago, we engaged in what our chief economist Dr. Daniel Dudek calls “the world’s biggest environmental experiment.” We initiated projects using economic incentives to cut power plant pollution in several of China’s cities and provinces. The areas covered by our programs now encompass one-third of China’s sulfur dioxide emissions.

When a major chemical spill fouled the Songhua River in 2005, the Chinese government turned to us to help develop an emergency response system for environmental accidents. We then offered recommendations on environmental governance to better hold polluters accountable.

Now we are helping China tackle carbon dioxide. Last year, China became the world’s leading greenhouse gas polluter. Working with us, the China Beijing Equity Exchange this year established an environmental commodities exchange and a registry to track emissions reductions.

Since much of China’s pollution comes from factories that export goods, we launched a Green China Supply Chain Initiative. The goal is

to use the purchasing power of global retailers like Wal-Mart to improve product safety and make complying with Chinese environmental laws a requirement for contracts. Wal-Mart alone has 30,000 suppliers in China. Working with us, the retailer set a goal for its top suppliers to cut their energy use 20% by 2012.

Following recommendations of a panel co-chaired by Dudek, Premier Wen Jiabao created the Ministry of Environmental Protection, a cabinet-level post. “We’re seeing in China a revolution in environmental thought,” says Dudek. “We need to do everything we can to make it actually happen.”



2004

China’s environmental agency asks EDF to be its partner in designing enforcement mechanisms to improve compliance with environmental laws.

2005

We establish an institute with Tsinghua University to train thousands of business and government officials on economic incentives to protect the environment.



2006

We work with poor farmers in Xinjiang and Sichuan provinces to introduce farming practices that reduce global warming pollution and slow the spread of deserts.



2008

Following our recommendation, China strengthens the penalties in its Clean Water Act, and our green commuting campaign with 70 companies helps clear the air in Beijing and more than 20 other cities.

45 Number of U.S. fisheries now overfished, including cod and flounder

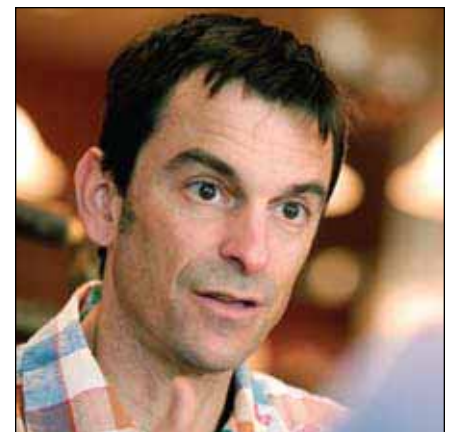
OCEANS



WHY WE WORK ON OCEANS

“By offering fishermen a financial stake in the health of fisheries, we can revive coastal communities and bring the resilient oceans back to life. The next president has all the tools he needs to end overfishing in his first term.”

David Festa
VP West Coast and Oceans



“Environmental Defense Fund looks for solutions rather than pointing fingers and placing blame.”

Rodney Avila

New England fishery council member and decades-long commercial fisherman

‘CATCH SHARES’ GIVE FISHERIES NEW HOPE FOR THE FUTURE

When John Steinbeck wrote *Cannery Row* in 1945, California’s coastline was dotted with thriving fishing communities. Today, the state’s fishing industry faces hard times, with working waterfronts giving way to T-shirt shops. The commercial catch has declined 70%, and similar failures are happening all over the world.

The old style of fisheries management – using tactics like ever-shorter fishing seasons – has failed to end overfishing and led to a dangerous “race for fish.” Particularly hard hit was the West Coast’s largest fishery – the 80 bottom-dwelling species collectively known as groundfish. In 2000, the fishery was declared a federal disaster.

Environmental Defense Fund offered a different approach. We helped persuade the Pacific Fishery Management Council to approve a plan to revive groundfish using “catch shares.”

Under this system, each trawler is assigned a percentage of the scientifically determined total allowable annual catch. Captains can fish sensibly to maximize the value of their take, rather than racing to catch fish as quickly as possible. That will give them the flexibility to avoid sensitive areas and reduce the accidental killing of other species. The plan, which we helped develop, also calls for observers on boats, eliminating the guesswork and lack of enforcement that have long plagued fisheries.

“As the fishery recovers, each catch share becomes more valuable, giving fishermen a long-term financial stake in the health of the system,” explains our Pacific Coast Oceans program director Johanna Thomas.

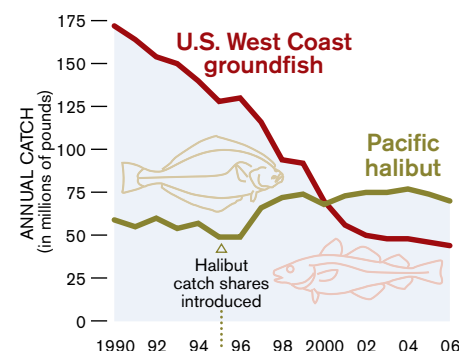
To provide fishermen the dollars they need to switch to sustainable fishing practices, we launched a revolving loan program called the California Fisheries Fund. The fund also will build markets for higher quality seafood products.

Our goal is to make catch shares the standard cure for ailing U.S. fisheries. In the Gulf of Mexico, the success of our catch share program for red snapper has led to its proposed expansion to include grouper. Now we are promoting catch shares for Gulf shrimp and New England scallops, and we’re exploring similar programs with recreational fishermen.

Brian Mose, a trawl fisherman in British Columbia, is hopeful. “Without EDF, I don’t think the fishing community would have learned about the science and economics of this great idea.”

▶ ONLINE: Watch how a key fishery was revived at edf.org/catchshares08

A TALE OF TWO FISHERIES



Catch shares have revived fisheries like Pacific halibut, while many fisheries without catch shares have collapsed. A recent study in *Science* found that “implementation of catch shares halts, and even reverses, the global trend toward widespread collapse.”

1 billion People worldwide who rely on seafood for their protein



COMING TO YOUR TABLE: HEALTHIER FARMED SEAFOOD

Responding to a wave of consumer demand for healthy and sustainable seafood, leading natural foods retailer Whole Foods this year instituted strict new standards for farmed fish. Since roughly half the seafood consumed in the U.S. comes from fish farms, the standards could have a huge impact.

The new guidelines, developed with help from Environmental Defense Fund experts, ban the use of preservatives, antibiotics, hormones and other chemicals that can be harmful to humans yet

are typically used to promote growth in fish. The policy also avoids fish farmed in wetlands and limits the use of wild fish as feed.

“These are the most comprehensive aquaculture standards to date for a retailer,” says our seafood program manager Teresa Ish. “When a leading retailer like Whole Foods makes this kind of commitment, suppliers take notice.”

Whole Foods seafood coordinator Carrie Brownstein credits EDF with requesting tough criteria. Earlier, we

had partnered with Wegmans supermarkets to develop the first purchasing policy for farmed shrimp. Ninety percent of shrimp is imported, mostly from Southeast Asia and Latin America, where regulations often are lax and poorly enforced. Since Wegmans adopted stricter standards, its shrimp sales have accelerated.

We’re now working with retailers to strengthen independent certification of seafood, and we’ve expanded our popular Seafood Selector, a shopping guide for consumers, to include sushi. The guide shows best and worst choices and highlights health risks from mercury and other contaminants.

“By choosing safe and sustainably farmed or caught fish,” says Ish, “consumers can eat right and help guarantee that the bounty of our oceans is with us forever.”

▶ ONLINE: Find our pocket guide to healthy seafood and sushi choices at edf.org/seafood08

SEAFOOD AND HEALTH

“Not all seafood choices are equally healthy for people—or the oceans. We’re working to educate both individuals and corporate seafood buyers to recognize and demand the best choices.”

Diane Regas

Oceans program managing director



“EDF seizes unique opportunities, such as protecting the sensitive ocean ecosystems in Cuba and the far Pacific Islands, and inspires all parties toward innovative solutions.”

Dr. Steve Gaines

Director, Marine Science Institute, UC-Santa Barbara



Advancing ocean science with university partners

A few years ago, nobody was talking about mining the deep oceans – except the mining industry. Dr. Rod Fujita co-authored a paper in *Science* in 2007 raising concerns that ocean mining could become commercialized within five years, with or without needed protections. That spurred efforts in Papua New Guinea to ensure that attempts to mine deep sea vents do not damage these unique and valuable ecosystems.

Fujita’s efforts are part of our Ocean Innovations initiative to advance ocean science. We’re collaborating with Princeton, Stanford and UC-Berkeley on projects such as the future of ocean energy and an incentive-based plan to protect the Arctic Ocean as the climate warms.



Cuba: Creating a model for coastal conservation

Operating under a special license from the U.S. government, we are helping Cuban experts lay a legal and policy foundation for conservation as the island’s tourism and mining industries expand. Our efforts have led to a network of marine protected areas, safeguarding gems such as the Gardens of the Queen, once Fidel Castro’s favorite spearfishing spot.

We also co-authored a handbook that planners in Cuba are now using to ensure that coastal development does not damage mangroves, wetlands and other sensitive environments.



National treasure: Marine monuments in the Pacific

The Central Pacific Islands contain the most pristine shallow-water coral reefs in the world. Farther west, the Mariana Trench is an ocean canyon so deep it could hold Mt. Everest.

In 2008, President Bush set into motion a plan to protect these two unique habitats as national marine monuments. We had proposed monument status for the Central Pacific Islands and built key political and scientific support for restricting fishing and mining.

Together, the reserves will make up the largest protected area on Earth. They build on the Northwestern Hawaiian Islands marine monument, which we helped create in 2006. “With Indo-Pacific corals disappearing twice as fast as tropical rainforests, these protections truly matter,” says EDF Oceans program managing director Diane Regas.

▶ ONLINE: Watch the undersea treasures of the Central Pacific at edf.org/corals08

SPOTLIGHT ON LEGISLATIVE ACTION

“Strong climate legislation done right will create jobs, not lose them. Making that case will help us win union support.”

Eugene Keilin

EDF Strategic Partner and financial advisor to labor unions and employee groups



GETTING THE RULES RIGHT

1969

EDF helps pass the National Environmental Policy Act, establishing new provisions to protect the environment and creating the Council on Environmental Quality.

1974

Our study of Mississippi River water leads to passage of the Safe Drinking Water Act, setting the first comprehensive national health standards for water.



1986

Proposition 65, a landmark consumer information law drafted by EDF, passes in California and leads many manufacturers to remove toxic ingredients from products nationwide.

1990

The Clean Air Act incorporates our incentive-based program to cut acid rain that was harming lakes and forests. The law reduces sulfur dioxide pollution faster than expected, at a fraction of the predicted cost.



WHY WE WORK ON LEGISLATION

“We can’t match the lobbyists dollar for dollar, but high-profile advocacy can cut through their arguments. At the end of the day, strong environmental law depends on votes cast by lawmakers.”

Wendy Solmssen Sommer
VP Environmental Defense Action Fund



Arnold Schwarzenegger
(R-CA)



Jon Huntsman, Jr.
(R-UT)



Brian Schweitzer
(D-MT)

GOVERNORS TO CONGRESS: “Do something on climate!” For the first time, a diverse group of governors appeared in a nonprofit group’s TV ad on global warming.

▶ ONLINE: See more of our hard-hitting ads urging Congress to act on global warming at edf.org/climate08

ACTION FUND: MAKING OUR VOICE HEARD ON CAPITOL HILL

Major opponents of global warming legislation spend \$1 million a day lobbying on Capitol Hill. But the environment is making itself heard too.

EDF has long been a powerful voice in Washington, and when the need began to exceed the \$1 million annual cap on our lobbying established by tax law, we created a sister group, the Environmental Defense Action Fund, which is free of spending limits. This has enabled us to ratchet up our legislative efforts, particularly on climate, and to advocate strong environmental laws even as the stakes increase.

Non-tax-deductible gifts to the Action Fund allow us to target key legislators and mount ad campaigns that mention legislation directly. In California, for example, our pivotal

intervention helped win the first state-wide cap on global warming pollution. We played a key role in drafting the bill and were one of two environmental cosponsors, along with NRDC.

To deliver our message more forcefully, we have assembled a network of influential supporters, the EDF Strategic Partners. These allies—including local and national civic and religious leaders, economists and CEOs—contact legislators personally and explain our solutions.

Now, with Congress beginning to debate climate legislation in earnest, our Strategic Partners have quickly gained a high profile, helping to bring 30 U.S. senators and representatives to hear our views on the need for a nationwide carbon cap. We also placed

TV ads in 28 states to help sway wavering legislators. Our message: climate action will be a stimulus for jobs and economic growth.

“Strategic Partners helped us reach labor unions and other key groups,” says our climate expert Melissa Carey.

Our Strategic Partners have been active on other fronts as well. We brought 50 farmers and ranchers to Washington to urge increased conservation funding in the Farm Bill. Our efforts paid off in 2008 when we helped secure new funding to restore wetlands, preserve habitat and curb agricultural runoff. We also succeeded in getting environmental advocates appointed to fishery management councils across the country.

“The goal is for Strategic Partners to become a consistent presence in the lives of decision makers,” says Wendy Sommer, the program’s director.

2002

North Carolina passes its Clean Smokestacks Act, modeled after our plan to require coal-fired power plants to cut smog-causing emissions 75%.



2004

We help win clean-car legislation in Connecticut and New Jersey to reduce global warming pollution from vehicles.

2006

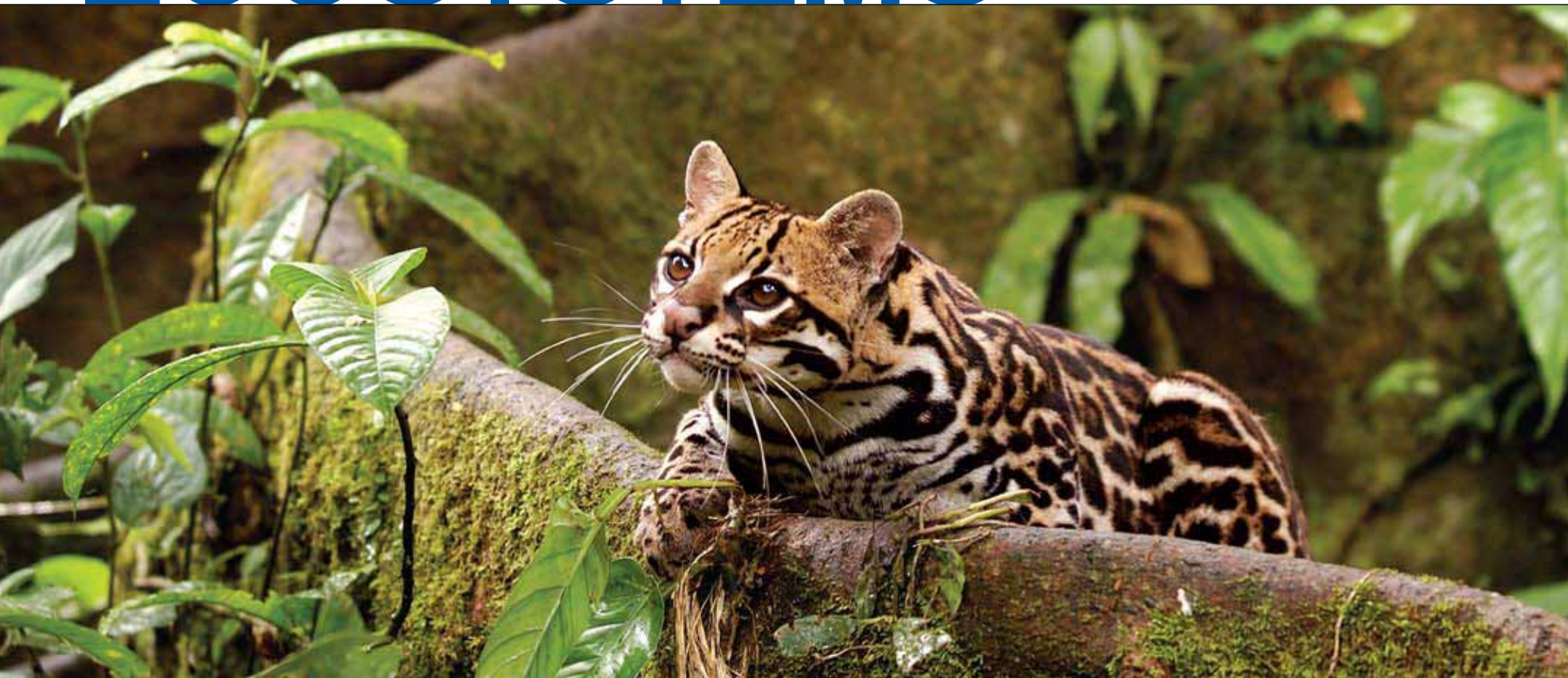
Our efforts strengthen the Magnuson-Stevens law to help end overfishing. The same year, we help draft and pass California’s cap on global warming pollution.

2008

Our broad left-right coalition secures \$4 billion in the Farm Bill to help farmers, ranchers and foresters improve conservation on their land.



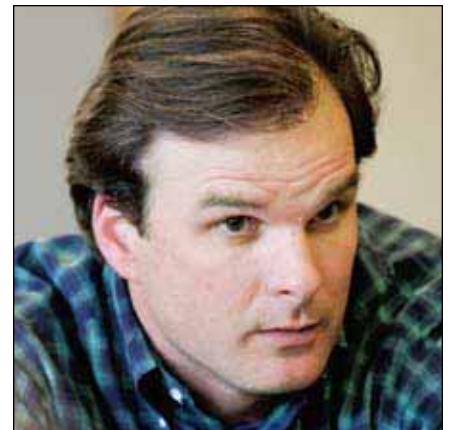
ECOSYSTEMS



WHY WE WORK ON WILDLIFE

“Habitat loss on private lands is the greatest threat to clean water and biodiversity. Through incentives, we are making conservation pay for landowners.”

Robert Bonnie
VP Land Conservation and Wildlife



“Safe Harbor is a breath of fresh air – the first concerted effort to work with landowners by a national organization I’ve seen.”

Kerry Russell
Texas rancher

HOW WE MAKE PEACE BETWEEN LANDOWNERS AND WILDLIFE

“Every year we would go out and listen for the birds: nothing. This year, suddenly birdsong was everywhere.” That’s how Environmental Defense Fund ecologist David Wolfe described his thrilling encounter with endangered black-capped vireos on Kerry Russell’s ranch in central Texas this spring.

Russell has worked with us to restore habitat for the tiny songbird on his 130-acre ranch, which sits just beyond the reach of Austin sprawl. He participates in Safe Harbor, our program that encourages landowners to protect species without incurring additional federal restrictions as a result of their efforts. EDF conceived Safe Harbor and convinced the U.S. government to use it broadly.

Before Safe Harbor, landowners sometimes destroyed valuable habitat to avoid federal regulations. Today, the owners of more than four million acres nationwide are welcoming endangered species under Safe Harbor agreements. Groups ranging from The Nature Conservancy to local government agencies have turned to Safe Harbor as a prime tool to save endangered species. “We’ve learned we can be more effective by being flexible and listening to landowner concerns,” says Wolfe.

In Texas, dozens of ranchers signed on to Safe Harbor and today their efforts are paying off: Vireos are nesting in restored habitat from which they’ve been absent for decades. “Many ranchers may not call themselves conserva-

tionists,” says Russell, “but I believe our love for the land makes us natural allies with those wanting to leave a positive legacy for future generations.”

Now, conservation-minded landowners also can get federal tax relief. A provision we won in the recent Farm Bill gives them a tax deduction for money they spend preserving rare ecosystems. The measure garnered support from across the political

spectrum—from the American Farm Bureau to the Sierra Club.

“Farmers, ranchers and forest landowners manage two-thirds of America’s land, so they are critical to protecting wildlife,” says our wildlife attorney Michael Bean. “They deserve help for doing the right thing.”

▶ ONLINE: See more of our work with landowners at edf.org/eco08



Unlikely birdwatching pair: rancher Kerry Russell with EDF ecologist David Wolfe

4 million Acres enrolled by landowners in our wildlife habitat protection programs

5,000 Acres lost to development and sprawl in the United States each day

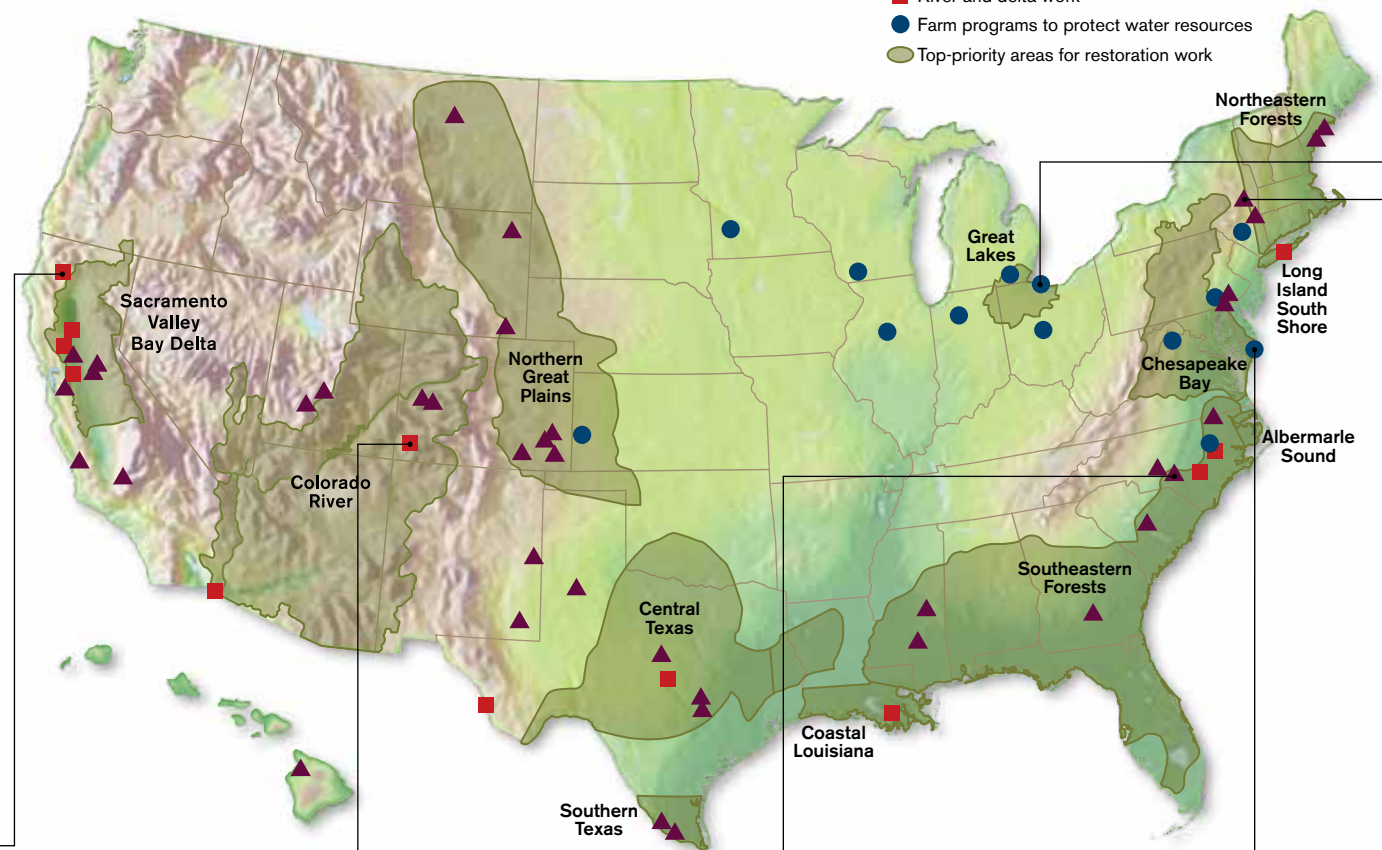
SAFEGUARDING VITAL HABITATS

Across the country, Environmental Defense Fund staff works with farmers, ranchers and businesses to protect America's natural resources. We mobilize financial, technical and legal incentives to restore major rivers and deltas, reverse the decline of wildlife habitat and safeguard endangered species. Our work provides models of success that can lead to better policies nationwide.

▶ ONLINE: Explore an interactive version of this map at edf.org/places08

WHERE WE WORK

- ▲ Landowner projects to protect wildlife
- River and delta work
- Farm programs to protect water resources
- Top-priority areas for restoration work



A CALIFORNIA RIVER RUNS WILD AGAIN



The epic journey of Chinook and coho salmon became easier thanks to a restoration plan that EDF helped win on the Trinity River.

The cities of Sacramento, Palo Alto and Alameda had been blocking the river restoration in court.

We convinced the cities to withdraw from the case and helped an Indian tribe defend the river's renewal. Now, restored spawning beds allow endangered salmon to spawn, and increased river flows help their migration to the Pacific Ocean.

PROTECTING AMERICA'S SPECIAL RIVERS



We are working to restore river flows and native riverbank habitat that is vital to clean water and biodiversity. With a coalition

of sports groups, water authorities and ranchers, our Rocky Mountain office helped pass a Colorado law that gives landowners a new reason to conserve water. The law encourages owners to lease their unused water rights and help revive the state's rivers.

EXTENDING A WELCOME MAT TO WILDLIFE



In the Southeast, nesting populations of endangered red-cockaded woodpeckers have rebounded, thanks to our

Safe Harbor projects with landowners who volunteer to aid wildlife on their property. Nationwide, 63 rare species are aided by Safe Harbor.

A CLEANER, HEALTHIER CHESAPEAKE BAY



Declining water quality has created a vast dead zone in the Chesapeake, threatening the nation's largest and most

productive estuary. So we've teamed up with 130 farmers managing 30,000 acres to help them use fertilizer more efficiently and reduce runoff into rivers and streams emptying into the bay.

WHY WE WORK ON RIVERS AND DELTAS

“One of our greatest challenges is to restore the health of America’s rivers and coastal deltas in the face of climate change and other stresses. Investing in the vitality of these natural systems is crucial.”

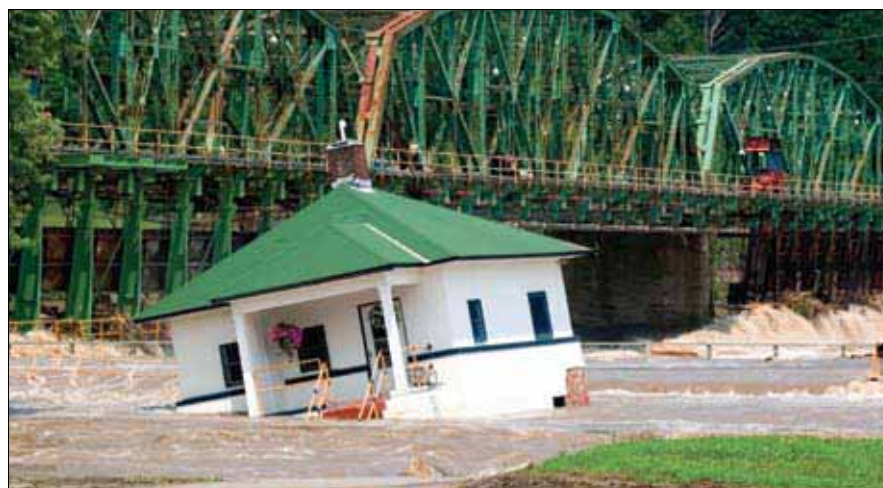
Mary Kelly
VP Rivers and Deltas



HELP FOR THE GREAT LAKES



EDF launched a multi-state effort to improve water quality and curb polluted runoff to Lake Erie, the most biologically productive of the Great Lakes. We built on one of America’s most successful conservation programs, the Conservation Reserve Enhancement Program, and added other innovative incentives for area farmers who want to preserve clean water and wildlife habitat.



LESSONS FROM THE FLOOD

Three years after the punishing lesson of Hurricane Katrina, New Orleans remains open to catastrophic flooding. The summer of 2008 offered a picture of what the future might hold in store: Hurricane-fed storm surges devastated coastal communities in Louisiana and Texas.

Environmental Defense Fund has long worked to revitalize America’s natural defenses against flooding, including wetlands and riverside forests that absorb floodwaters. This

year, we made widespread progress. In Louisiana, EDF helped secure more than \$100 million of state funding for coastal restoration, and we brought together oil companies and local governments to accelerate the large-scale rebuilding of protective cypress wetlands.

Nationwide, half of all wetlands have been eradicated. No clearer symbol of harmful destruction exists than the Mississippi River Gulf Outlet, a little-used shipping channel that

funneled Katrina’s storm surge into the heart of New Orleans. This year, after we assembled the evidence and persuaded Congress to act, engineers began disassembling the channel and restoring surrounding wetlands.

“EDF and its partners have been in the vanguard of this,” says Dr. Donald Boesch, chair of the Louisiana Coastal Area Science Board.

We also worked with allies to convince EPA to block the Yazoo Pumps, an ill-conceived farmland creation scheme that would have destroyed 200,000 acres of protective wetlands in the lower Mississippi Delta. Messages to EPA from more than 40,000 of our supporters helped carry the day.

Scientists warn that with global warming, hurricanes and floods may grow in intensity.

“Revitalizing America’s natural defenses against extreme weather has never been more important,” says our VP for Rivers and Deltas Mary Kelly.

▶ ONLINE: Learn about our work with one Louisiana coastal community at edf.org/wetlands08

A WAY TO COEXIST

Proving that grazing livestock can coexist with threatened species, we are partnering with landowners in the Northeast to restore vanishing wetlands



that are home to America’s smallest turtle, the bog turtle.

“Environmental Defense Fund has been a tireless friend to Louisiana communities that want to rebuild, helping us with science, policy and awareness in Washington.”

Pam Dashille

Director of the Lower Ninth Ward Center for Sustainable Engagement and Development, New Orleans, LA

125 million People living in U.S. communities that fail to meet health-based air standards

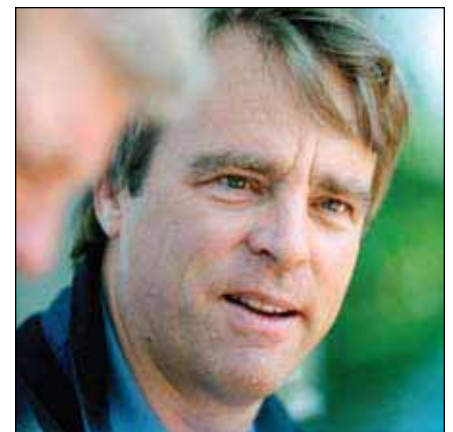
HEALTH



WHY WE WORK ON HEALTH

"Pollution and toxic chemicals take a heavy toll on public health, particularly with children. We're dedicated to cutting smokestack and tailpipe pollution by 80%."

Andy Darrell
VP Living Cities



“Environmental Defense Fund has played a pivotal role in highlighting the health risks of diesel pollution.”

John Kirkwood

Former president, American Lung Association

THE END OF THE LINE FOR DIRTY DIESEL ENGINES

A container ship the length of three football fields docks at the Port of Los Angeles, where it unloads sneakers, DVD players and a giant plume of black exhaust.

While cars have been subjected to tough pollution limits for more than 30 years, standards for diesel trucks, buses, ships and other diesel engines have lagged behind. A decade ago, Environmental Defense Fund set out to reduce the health threat caused by these under-regulated sources of pollution.

Oceangoing vessels, including cruise ships and container ships, are among the worst offenders, emitting huge amounts of diesel particulates and smog-forming emissions. Ships in the Los Angeles Basin alone pollute as

much as 11 million new cars. Small particles lodge deep in people’s lungs and have been linked to cancer and premature death.

In a major breakthrough, international standards adopted in 2008 will cut diesel pollution from new oceangoing vessels by 80 to 90%. We played a pivotal role, helping Congress pass legislation earlier in the year allowing the United States to join the international treaty requiring the cleanup.

Our attorney Janea Scott worked closely with EPA, other environmental and health advocates and state and port officials to bring the bill to the top of the pile in the Senate. Concerted outreach by EDF—including 9,400 messages from our Action

Network members—helped win bipartisan support for the legislation.

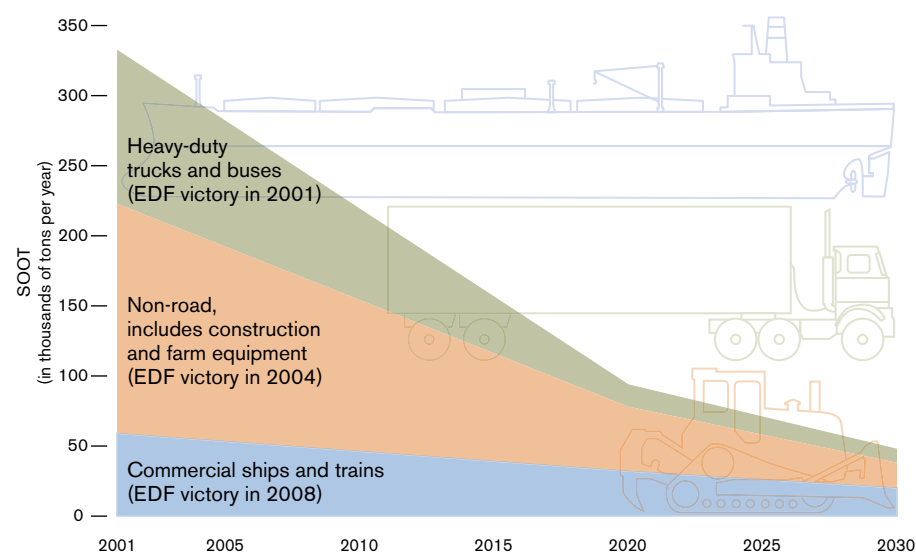
The victory complements new EPA rules, which we also helped win in 2008, that cut soot and smog-forming pollution from diesel barges, ferries and trains. Collectively, the standards will prevent tens of thousands of deaths and hospitalizations each year.

Back in 2000, Scott was often the lone environmentalist among indus-

try representatives on an EPA diesel advisory panel. But we found allies, demonstrated the health risks of diesel pollution, built support in industry and, when necessary, took EPA to court.

The result? A series of victories cutting pollution from more and more types of diesel equipment. Says Scott: “Our children should grow up in a world where diesel engines no longer churn out black plumes of smoke.”

DRIVING DOWN DIESEL POLLUTION BY NEARLY 90%



“EDF brought established expertise to our effort to develop a comprehensive and flexible framework for nanotechnology.”

Terry L. Medley

Global director of corporate regulatory affairs, DuPont



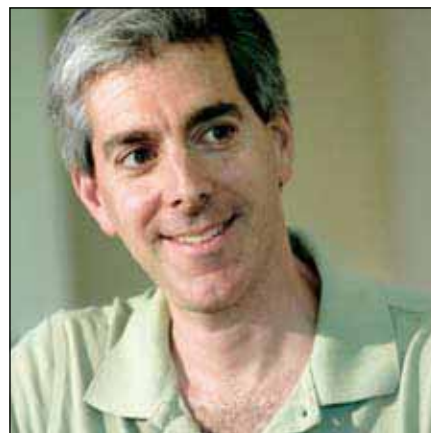
NANOTECHNOLOGY PRODUCTS ARE ALREADY HERE

More than 600 consumer items are known to contain nano materials.

PREVENTIVE MEDICINE

“Imagine being able to predict and avoid the catastrophic downside of modern ‘miracles’ like PCBs, asbestos and leaded gasoline. For nanotechnology, our work with leading companies gives us the chance to get out in front of a promising new technology and get it right the first time.”

John Balbus, M.D., M.P.H.
Chief health scientist



ENSURING NANOTECH'S SAFETY

Researchers in Edinburgh, Scotland, recently made a startling discovery. Certain microscopic “nanotubes” now used in a wide variety of consumer products may pose health risks similar to those caused by asbestos.

Touted as a revolution in everything from energy to medicine, the science of the ultra-small is generating new materials and uses at a furious pace, outstripping scientists’ understanding of the potential environmental and health risks. For example, a nanoscale substance might be absorbed far more readily into the skin or might pass from the bloodstream into the brain, which larger molecules cannot do.

To address the responsible development of nanomaterials, Environmental Defense Fund and DuPont teamed up in 2005 to develop a practical means to assess and reduce the risks. In 2007, we jointly released the Nano Risk Framework, a set of guidelines for companies that want to commercialize nanoscale materials safely.

Within months, our work has been translated into French, Spanish and Mandarin Chinese. GE, Lockheed Martin and Nanostellar, among oth-

ers, all are using it. According to GE, it offers “a ‘standard of care’ for the nanotechnology industry and beyond.” With major companies poised to adopt the framework, Lloyd’s of London is encouraging its members to see that it is used on all the nano projects they insure.

The precautions we have recommended come not a moment too soon. More than 600 consumer products—from golf balls to sunscreen—already use nanotechnology.

We’re working to improve government accountability of nanotech as well. After testimony by our biochemist Dr. Richard Denison, the U.S. House of Representatives passed a bill that would significantly increase federal oversight and ensure that the government conducts sufficient research into nano’s risks.

As Denison says, “This research is critical to develop new methods needed to understand how these novel materials interact with biological systems and the environment.”

▶ ONLINE: See more on nanotechnology at edf.org/nano08

630,000 U.S. newborns exposed each year to dangerous levels of mercury



Leading the way to cleaner hog farms

North Carolina's ten million hogs generate more waste than the entire human populations of New York, Los Angeles, Chicago and Houston. Waste lagoons and sprayfields can contaminate aquifers and have been linked to a host of health problems.

Culminating a decade of work by EDF and a coalition called Frontline Farmers, North Carolina became the first state to ban new hog lagoons and is implementing a cost-share program to help farmers switch to cleaner technology that converts waste into fertilizer. We serve on the committee evaluating alternatives.

"EDF brought pioneering common sense to the equation," says Chuck Stokes, a fifth-generation hog farmer. A transformed hog industry could serve as a model for improving large-scale livestock operations nationwide.



Court overturns weak rule on mercury pollution

When EPA announced a flawed policy for curbing mercury pollution, we teamed up with Earthjustice to file suit along with a coalition of doctors, advocacy organizations and states. We then exposed how EPA was strong-arming states into adopting weaker laws. In a major win for public health, a federal appeals court ruled in our favor.

The government's regulation would have established a cap-and-trade program for mercury pollution from power plants. We opposed cap and trade for mercury because trading could lead to toxic hot spots.

Mercury is a potent neurotoxin that builds up in the body and can harm children's developing brains.

To protect children's health, we worked with the state of Colorado to prove that cutting mercury emissions could be done affordably. Spurred by strong state standards like Colorado's, more than 90 power plants nationwide are installing advanced mercury controls that only recently critics claimed weren't commercially viable.

"States have taken the lead to protect their citizens," notes our deputy general counsel Vickie Patton. "Now EPA needs to follow the law and adopt national mercury standards that will protect every community in America."

The work of Environmental Defense Fund is carried out today by more than 380 dedicated staff across the country.

WHO'S WHO

PRESIDENT

Fred Krupp

EXECUTIVE DIRECTOR

David Yarnold

EXECUTIVE TEAM

Peter Accinno, CFO, Treasurer, VP Finance and Administration

Marcia Aronoff, Senior VP Programs

Steven Hamburg, Chief Scientist

Cynthia Hampton, VP Marketing and Communications

Paula Hayes, VP Development

Liza Henshaw, COO

Carol Kinzler, Chief of Staff

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Steve Cochran, National Climate Campaign Director

■ **Andy Darrell**, VP Living Cities

David Festa, VP West Coast and Oceans

Peter Goldmark, Climate and Air Program Director

Mary Kelly, VP Rivers and Deltas

■ **Gwen Ruta**, VP Corporate Partnerships

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Steve Cochran, Executive VP

Wendy Solmssen Sommer, VP

Christine Stackpole, Managing Director

■ Regional directors

SCIENTISTS, ECONOMISTS, ATTORNEYS AND POLICY SPECIALISTS

AUSTIN

Scientist **Ramón Alvarez** (Ph.D., Univ. of Calif., Berkeley)

Energy policy specialist **A. Scott Anderson** (J.D., Univ. of Texas)

Gulf of Mexico senior oceans policy specialist **Pamela Baker** (M.A., Univ. of Rhode Island)

Regional fisheries project coordinator **Jeffrey Barger** (B.S., Univ. of Central Arkansas)

Air quality specialist **Elena Craft** (Ph.D., Duke Univ.)

Program financial analyst **Tammi Douglas** (Park Univ.)

Clean energy policy specialist **Thomas Glenn** (M.P.A., Texas State Univ., San Marcos)

Attorney **Amy Hardberger** (J.D., Texas Tech School of Law)

Project coordinator **Alicia Isaac-Cura** (M.B.A., San Francisco State Univ.)

Oceans program coordinator **Marcie Jones** (B.A., Univ. of Texas at Austin)

Scientist **Linda Laack** (M.S., Texas A&M Univ., Kingsville)

Wildlife field associate **Michele Amador Lopez** (B.S., St. Edward's Univ.)

Texas water project director **Laura Marbury** (M.A.G., Southwest Texas State Univ.)

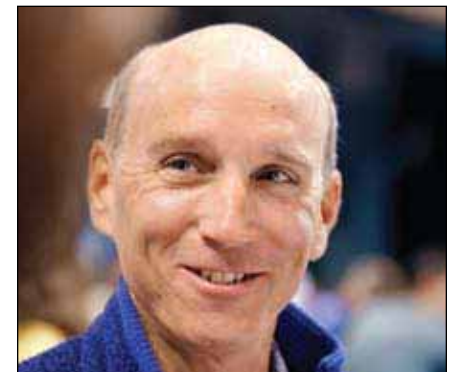
■ State climate initiatives director **Jim Marston** (J.D., New York Univ.)

Senior conservation project manager **David McKinney** (B.A., Columbia Pacific Univ.)

Renewable energy specialist **Colin Meehan** (B.A., Univ. of Rochester)



Chief scientist **Steven Hamburg**, member of the Executive Team



Conservation science director **David Wolfe**, Austin

Research and outreach associate **C. Ryan Ono** (B.S., Univ. of Calif., Berkeley)

Gulf region oceans director **Heather Paffe** (B.A., Univ. of Texas)

Energy efficiency specialist **Kate Robertson** (M.A., Johns Hopkins Univ.)

Program financial analyst **Kim M. Sharp** (Univ. of Maryland)

Program associate **Elaine Smith** (B.S., Texas State Univ.)

Conservation science director **David Wolfe** (M.S., Univ. of Georgia)



Deputy general counsel **Vickie Patton**, Boulder

LOS ANGELES

Energy fellow **Erica Fick** (B.A., Occidental College)

Policy director **Jerilyn Lopez Mendoza** (J.D., Univ. of Calif., Los Angeles)

Senior attorney **Janea Scott** (J.D., Univ. of Colorado)

NEW YORK

Living Cities campaign director **Mary Barber** (B.A., Elmira College)

Business Partnerships managing director **Mark Brownstein** (J.D., Univ. of Michigan)

High Meadows fellow **Edward Burgess** (B.A., Princeton Univ.)

Chief economist **Daniel J. Dudek** (Ph.D., Univ. of Calif., Davis)

Policy associate **Tom Elson** (B.A., Bowdoin College)

Scientist **Timothy Fitzgerald** (M.S., Univ. of Hawaii)

Program financial analyst **Kevin Gorman** (M.P.A., Columbia Univ.)

Senior economic policy analyst **Britt Grossman** (Ph.D., Univ. of Ghent)

Program associate **Charles A. Hughes** (B.A., Bowdoin College)

Project manager **Teresa Ish** (M.S., Univ. of California, Santa Cruz)

Director of economic policy and analysis **Nathaniel Keohane** (Ph.D., Harvard Univ.)

Scientist **Lisa Moore** (Ph.D., Stanford Univ.)

Oceans business manager **Nancy Raditz** (M.P.A., New York Univ.)

General counsel **James T. B. Tripp** (LL.B., Yale Univ.)

Economist **Gernot Wagner** (Ph.D., Harvard Univ.)

Scientist **James S. Wang** (Ph.D., Harvard Univ.)

China project coordinator **Lei Wang** (Univ. of British Columbia)



Scientist **Ramón Alvarez**, Austin



Attorney **Janea Scott**, Los Angeles



Regional director **Daniel Grossman**, Boulder



Project manager **Andrew Hutson**, Bentonville

BENTONVILLE

Project manager **Michelle Mauthe Harvey** (M.B.A., Duke Univ.)

Project manager **Andrew Hutson** (Ph.D., Univ. of North Carolina at Chapel Hill)

BOSTON

Project manager **Greg Andeck** (M.E.M., Duke Univ.)

High Meadows fellow **Margaret Arbuthnot** (B.A., Princeton Univ.)

Fishery outreach coordinator **Alexandra Bauermeister** (M.B.A., Brandeis Univ.)

Project manager **Rachel Beckhardt** (M.S., Tufts Univ.)

Manager **Kyle Cahill** (M.B.A., Univ. of Massachusetts)

Conservation incentives regional director **Bruce Hammond** (M.F.S., Yale Univ.)

High Meadows fellow **Jana Holt** (B.A., Princeton Univ.)

Senior scientist **Jake Kritzer** (Ph.D., James Cook Univ., Australia)

Fishery outreach coordinator **Emilie Litsinger** (M.S., Univ. of Washington)

Project manager **Jason Mathers** (M.S., Suffolk Univ.)

Managing director **Victoria Mills** (M.A., Johns Hopkins Univ.)

Program financial analyst **Robyn Scraftford** (B.S., SUNY College at Geneseo)

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Outreach coordinator **Ann Karpinski** (B.S., Univ. of Minnesota)

Attorney **Kevin Lynch** (J.D., New York Univ.)

Deputy general counsel **Vickie Patton** (J.D., New York Univ.)

Scientist **Jennifer Pitt** (M.E.S., Yale Univ.)

Lokey fellow **Martha Roberts** (M.S., Stanford Univ.)

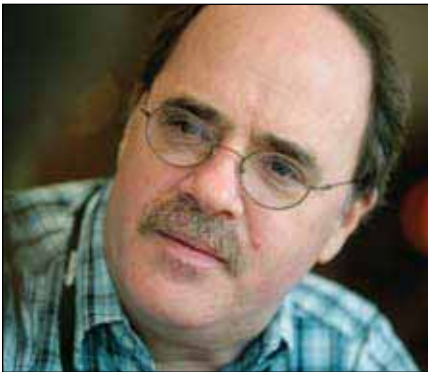
Conservation incentives regional director **Theodore P. Toombs** (M.S., Colorado State Univ.)



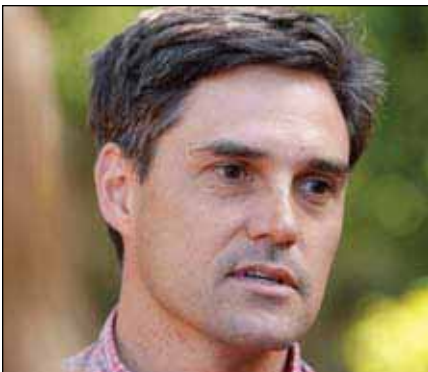
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Chief ocean scientist **Douglas Rader**, Raleigh



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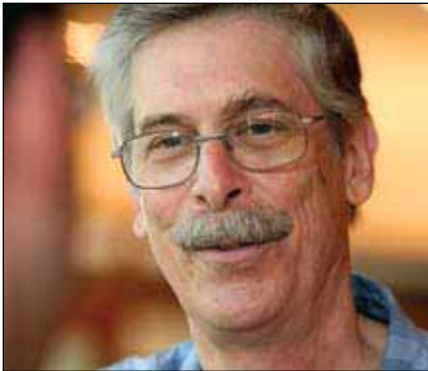
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Special projects director Mark MacLeod, Washington



Oceans policy specialist Pamela Baker, Austin



Policy manager John Mimikakis, Washington

FINANCIAL COMMENTARY

Environmental Defense Fund continued to maintain a strong financial position in the fiscal year ended September 30, 2008, thanks to the generosity and support of our more than 500,000 members, trustees, major donors, foundations and other contributors. Total program and supporting services expenditures for fiscal 2008 reached \$100.9 million, a 37% increase over the previous year.

OPERATING SUPPORT AND REVENUE

A record level of operating support and revenue was contributed during fiscal 2008 for use in that and future years. Contributions and membership revenue increased to \$69.1 million, representing 51% of the total. Foundation grants totaled \$56.0 million, or 41%

of the total. Bequests of \$3.6 million accounted for 3% of the total, government and other grants provided 3% and investment income and other revenue accounted for the remaining 2%, for a total of \$134.9 million in operating support and revenue for 2008 and future years.

Multiyear gifts and pledges play an important role in enabling us to expand and sustain our work. Our fundraising efforts for fiscal 2008 increased the amount available for future years by \$27.9 million.

EXPENSES

Program services expenditures of \$82.6 million accounted for 82% of total operating expenses in fiscal 2008, with almost all devoted to our priority areas—climate, oceans, ecosystems

and health. Of the total, 7% was for management and administration, 10% went toward the fundraising needed to generate current income and support for future years, and 1% was spent on the acquisition of new members.

NON-OPERATING ACTIVITIES

We began a new initiative for funding conservation loans through the California Fisheries Fund. Overall investment performance during fiscal 2008 was negative.

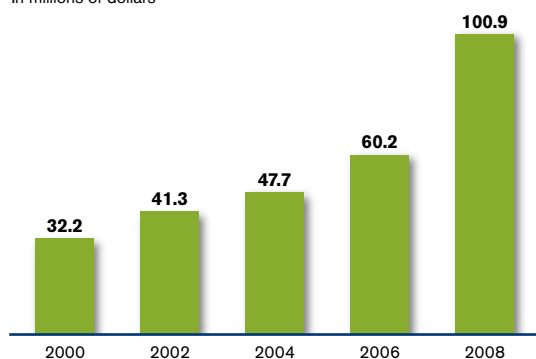
NET ASSETS

Thanks mainly to gifts designated for future periods, total net assets grew \$20.5 million to \$131.2 million during the fiscal year.

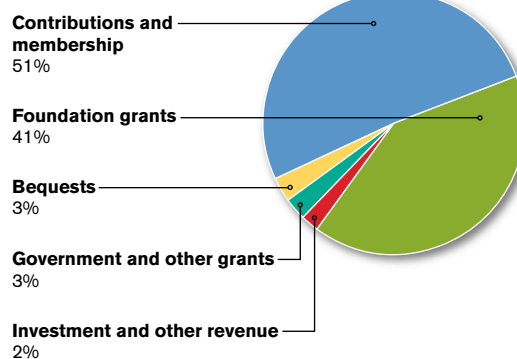
This statement represents the consolidated activities of Environmental Defense Fund, Incorporated, Environmental Defense Action Fund and the California Fisheries Fund, Inc. Copies of the complete, audited financial statements from which this information is summarized are available upon request.

TOTAL PROGRAM AND SUPPORTING SERVICES EXPENDITURES

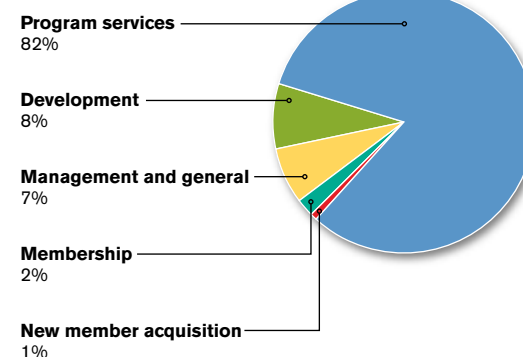
In millions of dollars



SOURCES OF OPERATING SUPPORT AND REVENUE



EXPENSES



STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30	UNRESTRICTED	RESTRICTED	TOTAL 2008	TOTAL 2007
OPERATING SUPPORT AND REVENUE				
Support:				
Contributions	\$4,194,993	\$52,228,226	\$56,423,219	\$52,896,482
Membership	10,000,115	2,725,095	12,725,210	12,275,640
Foundation grants	28,310	56,017,656	56,045,966	19,847,892
Bequests	3,527,751	85,692	3,613,443	5,344,726
Government and other grants	85,276	3,336,030	3,421,306	1,252,257
Total support	17,836,445	114,392,699	132,229,144	91,616,997
Revenue:				
Investment income allocated for operations	1,733,805	38,651	1,772,456	1,710,237
Fees, royalties and other income	927,304	137	927,441	893,976
Total revenue	2,661,109	38,788	2,699,897	2,604,213
Net assets released from restrictions	86,577,986	(86,577,986)	-	-
Total support and revenue	107,075,540	27,853,501	134,929,041	94,221,210
EXPENSES				
Program services:				
Climate	41,550,351	-	41,550,351	25,693,716
Oceans	12,689,958	-	12,689,958	8,711,223
Ecosystems	14,900,955	-	14,900,955	13,375,149
Health	8,088,066	-	8,088,066	5,967,088
Education	4,815,378	-	4,815,378	4,611,599
Membership activities	546,026	-	546,026	920,798
Total program services	82,590,734	-	82,590,734	59,279,573
Supporting services:				
Management and general	6,810,239	-	6,810,239	4,552,301
New member acquisition	649,996	-	649,996	772,269
Fundraising:				
Membership	2,597,017	-	2,597,017	2,320,048
Development	8,214,864	-	8,214,864	6,882,381
Total supporting services	18,272,116	-	18,272,116	14,526,999
Total operating expenses	100,862,850	-	100,862,850	73,806,572
NON-OPERATING ACTIVITIES				
Transfer to California Fisheries Loan Fund	(4,550,000)	-	(4,550,000)	-
Other expenses, net of contributions and other income	(1,099,007)	16,309	(1,082,698)	618,001
Investment results, net of allocation to operations	(7,298,015)	(592,967)	(7,890,982)	4,048,963
Total non-operating	(12,947,022)	(576,658)	(13,523,680)	4,666,964
NET ASSETS				
Total change in net assets [including gifts designated for future years]	(6,734,332)	27,276,843	20,542,511	25,081,602
Net assets, beginning of year	44,951,268	65,719,588	110,670,856	85,589,254
Net assets, end of year	\$38,216,936	\$92,996,431	\$131,213,367	\$110,670,856

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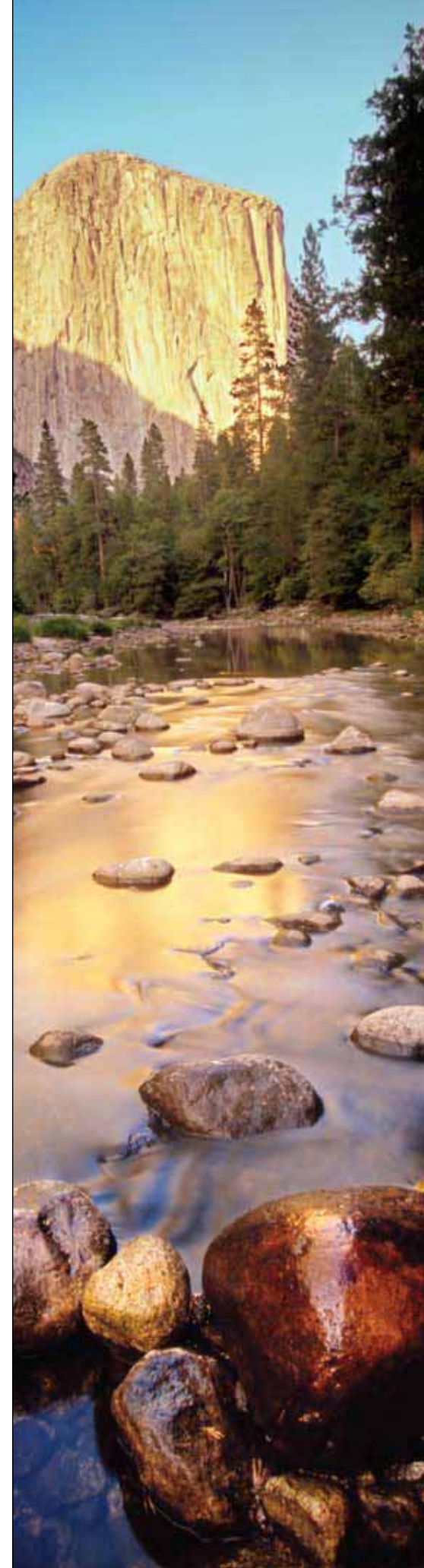
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