See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490
Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

A. For the 2004 calendar year, or tax year beginning 10/1/2004, and ending 9/30/2005

B. Check if applicable
   - Address change
   - Name change
   - Initial return
   - Final return
   - Amended return
   - Application pending

C. Name of organization
   - Environmental Defense, Inc.

D. Employer Identification number
   - 11-6107128

E. Telephone number
   - 212-505-2100

F. Accounting method: Cash X Accrual

G. Website: www.environmentaldefense.org

H. (a) Is this a group return for affiliates? Yes X No
   (b) If "Yes," enter number of affiliates
   (c) Are all affiliates included? Yes X No
      (If "No," attach a list. See instructions)
   (d) Is this a separate return filed by an organization covered by a group ruling? Yes X No

I. Group Exemption Number

J. Organization type (check only one) X 501(c) ( 3 ) (insert no) 4947(a)(1) or 527

K. Check here X if the organization's gross receipts are normally not more than $25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L. Gross receipts
   - Add lines 6b, 8b, 9b, and 10b to line 12
   - 76,884,845

Part I. Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions)

| 1 | Contributions, gifts, grants, and similar amounts received: a Direct public support 1a 65,249,975 |
| 2 | Program service revenue including government fees and contracts (from Part VII, line 93) 2 555,563 |
| 3 | Membership dues and assessments 3 0 |
| 4 | Interest on savings and temporary cash investments 4 54,892 |
| 5 | Dividends and interest from securities 5 360,661 |
| 6 | Gross rents 6a 38,012 |
| 7 | Other investment income (describe) 7 0 |
| 8 | Gross amount from sales of assets other than inventory (A) Securities (B) Other |
| 9 | b Less: cost or other basis and sales expenses 9b 0 |
| 10 | a Gross sales of inventory, less returns and allowances 10a 39,592,556 |
| 11 | Other revenue (from Part VII, line 103) 11 0 |
| 12 | Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10b, and 11) 12 67,886,340 |
| 13 | Program services (from line 44, column (B)) 13 39,592,556 |
| 14 | Management and general (from line 44, column (C)) 14 2,707,152 |
| 15 | Fundraising (from line 44, column (D)) 15 7,848,680 |
| 16 | Payments to affiliates (attach schedule) 16 0 |
| 17 | Total expenses (add lines 16 and 44, column (A)) 17 50,148,388 |
| 18 | Excess or (deficit) for the year (subtract line 17 from line 12) 18 17,737,952 |
| 19 | Net assets or fund balances at beginning of year (from line 73, column (E)) 19 54,940,792 |
| 20 | Other changes in net assets or fund balances (attach explanation) 20 1,283,760 |
| 21 | Net assets or fund balances at end of year (combine lines 18, 19, and 20) 21 73,962,504 |

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.
## Part II
### Statement of Functional Expenses

All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See page 22 of the instructions).

<table>
<thead>
<tr>
<th>Description</th>
<th>(A) Total</th>
<th>(B) Program services</th>
<th>(C) Management and general</th>
<th>(D) Fundraising</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 Grants and allocations (attach schedule)</td>
<td>3,468,421</td>
<td>3,468,421</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(cash $ _____ noncash $ _____)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23 Specific assistance to individuals (attach schedule)</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Benefits paid to or for members (attach schedule)</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 Compensation of officers, directors, etc.</td>
<td>1,567,698</td>
<td>1,074,746</td>
<td>191,063</td>
<td>301,889</td>
</tr>
<tr>
<td>26 Other salaries and wages</td>
<td>17,872,925</td>
<td>14,240,976</td>
<td>922,094</td>
<td>2,709,855</td>
</tr>
<tr>
<td>27 Pension plan contributions</td>
<td>998,317</td>
<td>788,179</td>
<td>47,759</td>
<td>162,379</td>
</tr>
<tr>
<td>28 Other employee benefits</td>
<td>2,952,626</td>
<td>2,331,122</td>
<td>141,252</td>
<td>480,252</td>
</tr>
<tr>
<td>29 Payroll taxes</td>
<td>1,430,198</td>
<td>1,129,153</td>
<td>68,420</td>
<td>232,625</td>
</tr>
<tr>
<td>30 Professional fundraising fees</td>
<td>210,834</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 Accounting fees</td>
<td>49,706</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Legal fees</td>
<td>349,460</td>
<td>206,116</td>
<td>111,387</td>
<td>31,957</td>
</tr>
<tr>
<td>33 Supplies</td>
<td>597,193</td>
<td>495,829</td>
<td>50,647</td>
<td>50,717</td>
</tr>
<tr>
<td>34 Telephone</td>
<td>804,529</td>
<td>666,544</td>
<td>68,252</td>
<td>69,733</td>
</tr>
<tr>
<td>35 Postage and shipping</td>
<td>1,663,849</td>
<td>1,036,491</td>
<td>7,800</td>
<td>619,558</td>
</tr>
<tr>
<td>36 Occupancy</td>
<td>2,728,769</td>
<td>2,216,358</td>
<td>269,690</td>
<td>242,721</td>
</tr>
<tr>
<td>37 Equipment rental and maintenance</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38 Printing and publications</td>
<td>1,742,792</td>
<td>1,146,779</td>
<td>6,085</td>
<td>589,928</td>
</tr>
<tr>
<td>39 Travel</td>
<td>2,031,032</td>
<td>1,400,739</td>
<td>112,547</td>
<td>517,746</td>
</tr>
<tr>
<td>40 Conferences, conventions, and meetings</td>
<td>245,620</td>
<td>207,405</td>
<td>6,372</td>
<td>31,843</td>
</tr>
<tr>
<td>41 Interest</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42 Depreciation, depletion, etc. (attach schedule)</td>
<td>1,903,522</td>
<td>1,547,756</td>
<td>163,073</td>
<td>192,693</td>
</tr>
<tr>
<td>43 Other expenses not covered above (itemize)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Data Management/Mailing Lists</td>
<td>663,043</td>
<td>532,164</td>
<td>41,630</td>
<td>89,249</td>
</tr>
<tr>
<td>c Subscriptions</td>
<td>360,936</td>
<td>281,530</td>
<td>18,047</td>
<td>61,359</td>
</tr>
<tr>
<td>d Advertising &amp; Promotions</td>
<td>329,480</td>
<td>275,171</td>
<td>20,241</td>
<td>33,068</td>
</tr>
<tr>
<td>e Professional Services &amp; Fees</td>
<td>848,289</td>
<td>725,249</td>
<td>15,141</td>
<td>107,899</td>
</tr>
<tr>
<td>f Recruitment</td>
<td>6,876,276</td>
<td>5,595,148</td>
<td>296,360</td>
<td>984,768</td>
</tr>
<tr>
<td>44 Total functional expenses (add lines 22 through 43)</td>
<td>50,148,388</td>
<td>39,592,556</td>
<td>2,707,152</td>
<td>7,848,680</td>
</tr>
</tbody>
</table>

### Joint Costs

Check [ ] if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? [ ] Yes [ ] No

If "Yes," enter (i) the aggregate amount of these joint costs $2,757,101; (ii) the amount allocated to Program services $1,636,747; (iii) the amount allocated to Management and general $0; and (iv) the amount allocated to Fundraising $1,120,354.

## Part III
### Statement of Program Service Accomplishments

(See page 25 of the instructions.)

What is the organization's primary exempt purpose? [ ] To protect the environmental rights of all people

Program Service Expenses

(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)

<table>
<thead>
<tr>
<th>Description</th>
<th>(Grants and allocations)</th>
<th>12,221,383</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Stabilizing Climate</td>
<td>1,708,879</td>
<td></td>
</tr>
<tr>
<td>b Restoring Eco Systems</td>
<td>1,479,497</td>
<td></td>
</tr>
<tr>
<td>c Protecting Human Health</td>
<td>158,287</td>
<td></td>
</tr>
<tr>
<td>d Safeguarding the Oceans</td>
<td>432,863</td>
<td></td>
</tr>
<tr>
<td>e Other program services</td>
<td>4,794</td>
<td></td>
</tr>
<tr>
<td>f Total of Program Service Expenses</td>
<td>39,592,556</td>
<td></td>
</tr>
</tbody>
</table>
### Balance Sheets

**Part IV**

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

<table>
<thead>
<tr>
<th></th>
<th>(A) Beginning of year</th>
<th>(B) End of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>Cash—non-interest-bearing</td>
<td>922,876</td>
</tr>
<tr>
<td>46</td>
<td>Savings and temporary cash investments</td>
<td>59,218</td>
</tr>
<tr>
<td>47a</td>
<td>Accounts receivable</td>
<td>47a</td>
</tr>
<tr>
<td>47b</td>
<td>Less: allowance for doubtful accounts</td>
<td>0</td>
</tr>
<tr>
<td>48a</td>
<td>Pledges receivable</td>
<td>48a</td>
</tr>
<tr>
<td>48b</td>
<td>Less: allowance for doubtful accounts</td>
<td>0</td>
</tr>
<tr>
<td>49</td>
<td>Grants receivable</td>
<td>14,517,446</td>
</tr>
<tr>
<td>50</td>
<td>Receivables from officers, directors, trustees, and key employees (attach schedule)</td>
<td>0</td>
</tr>
<tr>
<td>51a</td>
<td>Other notes and loans receivable (attach schedule)</td>
<td>51a</td>
</tr>
<tr>
<td>51b</td>
<td>Less: allowance for doubtful accounts</td>
<td>0</td>
</tr>
<tr>
<td>52</td>
<td>Inventories for sale or use</td>
<td>52</td>
</tr>
<tr>
<td>53</td>
<td>Prepaid expenses and deferred charges</td>
<td>973,941</td>
</tr>
<tr>
<td>54</td>
<td>Investments—securities (attach schedule)</td>
<td>Cost</td>
</tr>
<tr>
<td>55a</td>
<td>Investments—land, buildings, and equipment: basis</td>
<td>55a</td>
</tr>
<tr>
<td>55b</td>
<td>Less: accumulated depreciation (attach schedule)</td>
<td>0</td>
</tr>
<tr>
<td>56</td>
<td>Investments—other (attach schedule)</td>
<td>0</td>
</tr>
<tr>
<td>57a</td>
<td>Land, buildings, and equipment: basis</td>
<td>21,667,453</td>
</tr>
<tr>
<td>57b</td>
<td>Less: accumulated depreciation (attach schedule)</td>
<td>14,337,328</td>
</tr>
<tr>
<td>58</td>
<td>Other assets (describe) See attached worksheet</td>
<td>1,164,984</td>
</tr>
<tr>
<td>59</td>
<td>Total assets (add lines 45 through 58) (must equal line 74)</td>
<td>64,664,037</td>
</tr>
<tr>
<td>60</td>
<td>Accounts payable and accrued expenses</td>
<td>4,271,553</td>
</tr>
<tr>
<td>61</td>
<td>Grants payable</td>
<td>61</td>
</tr>
<tr>
<td>62</td>
<td>Deferred revenue</td>
<td>172,491</td>
</tr>
<tr>
<td>63</td>
<td>Loans from officers, directors, trustees, and key employees (attach schedule)</td>
<td>0</td>
</tr>
<tr>
<td>64a</td>
<td>Tax-exempt bond liabilities (attach schedule)</td>
<td>0</td>
</tr>
<tr>
<td>64b</td>
<td>Mortgages and other notes payable (attach schedule)</td>
<td>1,876,862</td>
</tr>
<tr>
<td>65</td>
<td>Other liabilities (describe) See attached worksheet</td>
<td>3,402,339</td>
</tr>
<tr>
<td>66</td>
<td>Total liabilities (add lines 60 through 65)</td>
<td>9,723,245</td>
</tr>
</tbody>
</table>

**Liabilities**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>67</td>
<td>Organizations that follow SFAS 117, check here □ and complete lines 67 through 69 and lines 73 and 74.</td>
</tr>
<tr>
<td>68</td>
<td>Unrestricted</td>
</tr>
<tr>
<td>69</td>
<td>Temporarily restricted</td>
</tr>
<tr>
<td>69</td>
<td>Permanently restricted</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>Organizations that do not follow SFAS 117, check here □ and complete lines 70 through 74.</td>
</tr>
<tr>
<td>71</td>
<td>Capital stock, trust principal, or current funds</td>
</tr>
<tr>
<td>72</td>
<td>Paid-in or capital surplus, or land, building, and equipment fund</td>
</tr>
<tr>
<td>72</td>
<td>Retained earnings, endowment, accumulated income, or other funds</td>
</tr>
<tr>
<td>73</td>
<td>Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72); column (A) must equal line 19; column (B) must equal line 21</td>
</tr>
<tr>
<td>74</td>
<td>Total liabilities and net assets / fund balances (add lines 66 and 73)</td>
</tr>
</tbody>
</table>

---

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.
### Part IV-A: Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

<table>
<thead>
<tr>
<th></th>
<th>a Total revenue, gains, and other support per audited financial statements</th>
<th></th>
<th>a 70,673,149</th>
</tr>
</thead>
<tbody>
<tr>
<td>b</td>
<td>Amounts included on line a but not on line 12, Form 990</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1) Net unrealized gains on investments</td>
<td></td>
<td>$1,283,760</td>
</tr>
<tr>
<td></td>
<td>(2) Donated services and use of facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3) Recoveries of prior year grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4) Other (specify):</td>
<td></td>
<td>$1,893,049</td>
</tr>
<tr>
<td></td>
<td>C4 Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add amounts on lines (1) through (4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Line a minus line b</td>
<td></td>
<td>$3,176,809</td>
</tr>
<tr>
<td>d</td>
<td>Amounts included on line 12, Form 990 but not on line a:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1) Investment expenses not included on line 6b, Form 990</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2) Other (specify):</td>
<td></td>
<td>$390,000</td>
</tr>
<tr>
<td></td>
<td>C4 Elimination</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add amounts on lines (1) and (2)</td>
<td></td>
<td>$390,000</td>
</tr>
<tr>
<td>e</td>
<td>Total revenue per line 12, Form 990 (line c plus line d)</td>
<td></td>
<td>$67,886,340</td>
</tr>
</tbody>
</table>

### Part IV-B: Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

|   | a Total expenses and losses per audited financial statements               |   | $52,020,599  |
| b | Amounts included on line a but not on line 17, Form 990:                   |   |              |
|   | (1) Donated services and use of facilities                                 |   |              |
|   | (2) Prior year adjustments reported on line 20, Form 990                  |   |              |
|   | (3) Losses reported on line 20, Form 990                                  |   |              |
|   | (4) Other (specify):                                                       |   | $2,262,211   |
|   | C4 Expenses                                                                |   |              |
|   | Add amounts on lines (1) through (4)                                      |   | $2,262,211   |
| c | Line a minus line b                                                        |   | $49,758,388  |
| d | Amounts included on line 17, Form 990 but not on line a:                   |   |              |
|   | (1) Investment expenses not included on line 6b, Form 990                  |   |              |
|   | (2) Other (specify):                                                       |   | $390,000     |
|   | C4 Elimination                                                            |   |              |
|   | Add amounts on lines (1) and (2)                                           |   | $390,000     |
| e | Total expenses per line 17, Form 990 (line c plus line d)                  |   | $50,148,388  |

### Part V: List of Officers, Directors, Trustees, and Key Employees

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Title</th>
<th>Compensation (If not paid, enter -0-)</th>
<th>Contributions to employee benefit plans &amp; deferred compensation</th>
<th>Expense account and other allowances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fred Krupp</td>
<td>257 Park Ave South</td>
<td>President</td>
<td>357,057</td>
<td>51,113</td>
<td>0</td>
</tr>
<tr>
<td>David Yarnold</td>
<td>257 Park Ave South</td>
<td>Executive VP</td>
<td>120,577</td>
<td>9,646</td>
<td>0</td>
</tr>
<tr>
<td>Marcia Aronoff</td>
<td>257 Park Ave South</td>
<td>VP Programs</td>
<td>233,501</td>
<td>31,997</td>
<td>0</td>
</tr>
<tr>
<td>Liza Henshaw</td>
<td>257 Park Ave South</td>
<td>VP Chief Informatics</td>
<td>196,540</td>
<td>15,723</td>
<td>0</td>
</tr>
<tr>
<td>Peter Accinno</td>
<td>257 Park Ave South</td>
<td>VP Finance &amp; Admin</td>
<td>177,481</td>
<td>11,038</td>
<td>0</td>
</tr>
<tr>
<td>Paula T. Hayes</td>
<td>257 Park Ave South</td>
<td>VP Development</td>
<td>192,540</td>
<td>30,504</td>
<td>0</td>
</tr>
<tr>
<td>Cynthia Hampton</td>
<td>257 Park Ave South</td>
<td>VP Marketing &amp; Sales</td>
<td>153,846</td>
<td>10,247</td>
<td>0</td>
</tr>
<tr>
<td>William N.</td>
<td></td>
<td>Title</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Michael S.</td>
<td></td>
<td>Title</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Janice F.</td>
<td></td>
<td>Title</td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than $100,000 from your organization and all related organizations, of which more than $10,000 was provided by the related organizations? [ ] Yes [x] No

*If "Yes," attach schedule—see page 28 of the instructions.*
Part VI Other Information (See page 28 of the instructions.)

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.  
77 Were any changes made in the organizing or governing documents but not reported to the IRS?  
If "Yes," attach a conform copy of the changes.

78a Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?  
78b If "Yes," has it filed a tax return on Form 990-T for this year?  
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement.

80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?  
80b If "Yes," enter the name of the organization.  
80c and check whether it is [X] exempt or [ ] nonexempt.

81a Enter direct and indirect political expenditures. See line 81 instructions.  
81b Did the organization file Form 1120-POL for this year?  
82a Did the organization receive donated services or use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?  
82b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)  
82d [N/A]

83a Did the organization comply with the public inspection requirements for returns and exemption applications?  
83b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?  
84a Did the organization solicit any contributions or gifts that were not tax deductible?  
84b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?  
84c [ ]

85a 501(c)(4), (5), or (6) organizations. Were substantially all dues nondeductible by members?  
85b Did the organization make only in-house lobbying expenditures of $2,000 or less?  
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.

85c Dues, assessments, and similar amounts from members  
85d Section 162(e) lobbying and political expenditures  
85e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices  
85f Taxable amount of lobbying and political expenditures (line 85d less 85e)  
85g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?  
85h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?  
86 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12.  
86a Gross receipts, included on line 12, for public use of club facilities  
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders  
87a Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)  
87b

88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX.  
89a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 [N/A] section 4912 [N/A] section 4955 [N/A] section 4958 [N/A]  
89b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction.  
89c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958.  
89d Enter: Amount of tax on line 89c, above, reimbursed by the organization.  
89e [N/A]

90a List the states with which a copy of this return is filed.  
90b Number of employees employed in the pay period that includes March 12, 2004 (See instructions.)  
90c and enter the amount of tax-exempt interest received or accrued during the tax year.  
90d [N/A]

91 The books are in care of [ ] Name Osman C Kurtulus  
92 Telephone no. [ ] 212-616-1266  
Located at [ ] 257 Park Avenue South City New York ST NY ZIP + 4 [ ] 10010  
93 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here

Form 990 (2004)
Part VII  Analysis of Income-Producing Activities (See page 33 of the instructions.)

<table>
<thead>
<tr>
<th>Note: Enter gross amounts unless otherwise indicated</th>
</tr>
</thead>
<tbody>
<tr>
<td>93 Program service revenue</td>
</tr>
<tr>
<td>a  Public Speaking</td>
</tr>
<tr>
<td>b  Royalties/List Rental fees</td>
</tr>
<tr>
<td>c  Membership Participation Fees 49000</td>
</tr>
<tr>
<td>d  Medicare/Medicaid payments</td>
</tr>
<tr>
<td>e  Fees and contracts from government agencies</td>
</tr>
<tr>
<td>94 Membership dues and assessments</td>
</tr>
<tr>
<td>95 Interest on savings and temporary cash investments</td>
</tr>
<tr>
<td>96 Dividends and interest from securities</td>
</tr>
</tbody>
</table>
| 97 Net rental income or (loss) from real estate:
| a  debt-financed property                      |
| b  not debt-financed property                  |
| 98 Net rental income or (loss) from personal property |
| 99 Other investment income                     |
| 100 Gain or (loss) from sales of assets other than inventory |
| 101 Net income or (loss) from special events   |
| 102 Gross profit or (loss) from sales of inventory |
| 103 Other revenue                              |
| b  Subtotal (add columns (B), (D), and (E))    |
| 105 Total (add line 104; columns (B), (D), and (E)) |

<table>
<thead>
<tr>
<th>Unrelated business income</th>
<th>Excluded by section 512, 513, or 514</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Business code</td>
<td>(C) Exclusion code</td>
</tr>
<tr>
<td>(B) Amount</td>
<td>(D) Amount</td>
</tr>
<tr>
<td></td>
<td>(E) Related or exempt function income</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>93</td>
<td></td>
</tr>
<tr>
<td>a  Public Speaking</td>
<td></td>
</tr>
<tr>
<td>b  Royalties/List Rental fees</td>
<td>15</td>
</tr>
<tr>
<td>c  Membership Participation Fees 49000</td>
<td>13</td>
</tr>
<tr>
<td>d  Medicare/Medicaid payments</td>
<td></td>
</tr>
<tr>
<td>e  Fees and contracts from government agencies</td>
<td></td>
</tr>
<tr>
<td>94 Membership dues and assessments</td>
<td></td>
</tr>
<tr>
<td>95 Interest on savings and temporary cash investments</td>
<td>14</td>
</tr>
<tr>
<td>96 Dividends and interest from securities</td>
<td>14</td>
</tr>
</tbody>
</table>
| 97 Net rental income or (loss) from real estate:
| a  debt-financed property |                                        |
| b  not debt-financed property |                                        |
| 98 Net rental income or (loss) from personal property | 18          |
| 99 Other investment income |                                        |
| 100 Gain or (loss) from sales of assets other than inventory | 18          |
| 101 Net income or (loss) from special events | 18          |
| 102 Gross profit or (loss) from sales of inventory | 18          |
| 103 Other revenue          |                                        |
| b  Subtotal (add columns (B), (D), and (E)) | 1,460,054 |
| 105 Total (add line 104; columns (B), (D), and (E)) | 1,493,835 |

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII  Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)</th>
</tr>
</thead>
</table>

Part IX  Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

<table>
<thead>
<tr>
<th>(A) Name, address, and EIN of corporation, partnership, or disregarded entity</th>
<th>(B) Percentage of ownership interest</th>
<th>(C) Nature of activities</th>
<th>(D) Total income</th>
<th>(E) End-of-year assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>%</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Part X  Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☑ Yes ☑ No
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☑ Yes ☑ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here

Signature of officer

Type or print name and title

Preparer's signature

Date

Check if self-employed

Preparer's SSN or PTIN (See Gen Inst W)

EIN

Phone no

Form 990 (2004)
### Part I: Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

<table>
<thead>
<tr>
<th>Name and address of each employee paid more than $50,000</th>
<th>Title and average hours per week devoted to position</th>
<th>Compensation</th>
<th>Contributions to employee benefit plans &amp; deferred compensation</th>
<th>Expense account and other allowances</th>
</tr>
</thead>
</table>
| Name Dan Dudek  
City New York  
ST NY  
Zip 10010  
Country | Title Economist  
Avg hr/wk 50 | 194,645 | 30,981 |
| Name Joel Plagenz  
City New York  
ST NY  | Title Associate Director  
Avg hr/wk 50 | 190,374 | 24,605 |
| Name Peter Goldmark  
City New York  
ST NY  | Title Program Director  
Avg hr/wk 50 | 170,511 | 16,840 |
| Name Stephen Cochran  
City New York  
ST NY  | Title Dir of Strat. Com  
Avg hr/wk 50 | 161,462 | 24,304 |
| Name Michael Bean  
City New York  
ST NY  | Title Attorney  
Avg hr/wk 50 | 154,548 | 30,381 |
| **Total number of other employees paid over $50,000** | **132** | |

### Part II: Compensation of the Five Highest Paid Independent Contractors for Professional Services

<table>
<thead>
<tr>
<th>Name and address of each independent contractor paid more than $50,000</th>
<th>Type of service</th>
<th>Compensation</th>
</tr>
</thead>
</table>
| Name Craver, Mathews, Smith & Co  
Str 4121 Wilson Blvd 11th floor  
City Arlington  
ST VA  
ZIP 22203  
Country | Check here if a business | Marketing  
432,211 |
| Name Strategic Solutions  
Str 1869 Park Road NW  
City Washington DC  
ST DC  
ZIP 20010  
Country | Check here if a business | Management Consultant  
368,000 |
| Name Share Group  
Str PO Box 55183  
City Boston  
ST MA  
ZIP 02205  
Country | Check here if a business | Teie-Marketing  
307,781 |
| Name Production Advantage  
Str 14120 Sullyfield Ctr Suite C  
City Chantilly  
ST VA  
ZIP 20151  
Country | Check here if a business | Marketing  
251,681 |
| Name Get Active Software  
Str 2855 Telegraph Ave, Suite 600  
City Berkeley  
ST CA  
ZIP 94705  
Country | Check here if a business | Software  
258,392 |
| **Total number of others receiving over $50,000 for professional services** | **3** | |
**Part III** Statements About Activities (See page 2 of the instructions.)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If &quot;Yes,&quot; enter the total expenses paid or incurred in connection with the lobbying activities $423,463 (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B.).</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking &quot;Yes&quot; must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is &quot;Yes,&quot; attach a detailed statement explaining the transactions.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Sale, exchange, or leasing of property?</td>
<td>2a</td>
<td>X</td>
</tr>
<tr>
<td>b. Lending of money or other extension of credit?</td>
<td>2b</td>
<td>X</td>
</tr>
<tr>
<td>c. Furnishing of goods, services, or facilities?</td>
<td>2c</td>
<td></td>
</tr>
<tr>
<td>d. Payment of compensation (or payment or reimbursement of expenses if more than $1,000)?</td>
<td>2d</td>
<td>X</td>
</tr>
<tr>
<td>e. Transfer of any part of its income or assets?</td>
<td>2e</td>
<td>X</td>
</tr>
<tr>
<td>3 a. Do you make grants for scholarships, fellowships, student loans, etc.? (If &quot;Yes,&quot; attach an explanation of how you determine that recipients qualify to receive payments.)</td>
<td>3a</td>
<td>X</td>
</tr>
<tr>
<td>b. Do you have a section 403(b) annuity plan for your employees?</td>
<td>3b</td>
<td>X</td>
</tr>
<tr>
<td>4 a. Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?</td>
<td>4a</td>
<td>X</td>
</tr>
<tr>
<td>b. Do you provide credit counseling, debt management, credit repair, or debt negotiation services?</td>
<td>4b</td>
<td>X</td>
</tr>
</tbody>
</table>

**Part IV** Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is (Please check only ONE applicable box)

5. A church, convention of churches, or association of churches - Section 170(b)(1)(A)(i) (Also complete Part V.)
6. A school - Section 170(b)(1)(A)(ii) (Also complete Part V.)
7. A hospital or a cooperative hospital service organization - Section 170(b)(1)(A)(iii)
8. A Federal, state, or local government or governmental unit - Section 170(b)(1)(A)(iv)
9. A medical research organization operated in conjunction with a hospital - Section 170(b)(1)(A)(v) Enter the hospital’s name, city, and state

<table>
<thead>
<tr>
<th>Name/Location</th>
<th>City</th>
<th>State</th>
<th>Country</th>
</tr>
</thead>
</table>

10. An organization operated for the benefit of a college or university owned or operated by a governmental unit - Section 170(b)(1)(A)(vi) (Also complete the Support Schedule in Part IV-A.)
11a. X An organization that normally receives a substantial part of its support from a governmental unit or from the general public - Section 170(b)(1)(A)(vii) (Also complete the Support Schedule in Part IV-A.)
11b. A community trust - Section 170(b)(1)(A)(viii) (Also complete the Support Schedule in Part IV-A.)
12. An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2) (Also complete the Support Schedule in Part IV-A.)
13. An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3)).

Provide the following information about the supported organizations (See page 5 of the instructions)

<table>
<thead>
<tr>
<th>(a) Name(s) of supported organization(s)</th>
<th>(b) Line number from above</th>
</tr>
</thead>
</table>

14. An organization organized and operated to test for public safety - Section 509(a)(4). (See page 5 of the instructions.)
**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

**Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

<table>
<thead>
<tr>
<th>Calendar year (or fiscal year beginning in)</th>
<th>(a) 2003</th>
<th>(b) 2002</th>
<th>(c) 2001</th>
<th>(d) 2000</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)</td>
<td>42,746,678</td>
<td>40,408,865</td>
<td>35,068,294</td>
<td>38,702,313</td>
<td>156,926,150</td>
</tr>
<tr>
<td>16 Membership fees received</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose</td>
<td>405,135</td>
<td>835,680</td>
<td>1,481,529</td>
<td>1,166,845</td>
<td>3,889,189</td>
</tr>
<tr>
<td>18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975</td>
<td>540,526</td>
<td>448,124</td>
<td>-296,841</td>
<td>1,516,964</td>
<td>2,208,773</td>
</tr>
<tr>
<td>19 Net income from unrelated business activities not included in line 18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets</td>
<td>-83,547</td>
<td>110,172</td>
<td>-211,676</td>
<td>-185,051</td>
<td>0</td>
</tr>
<tr>
<td>23 Total of lines 15 through 22</td>
<td>43,692,339</td>
<td>41,609,122</td>
<td>36,363,154</td>
<td>41,174,446</td>
<td>162,839,061</td>
</tr>
<tr>
<td>24 Line 23 minus line 17</td>
<td>43,287,204</td>
<td>40,773,442</td>
<td>34,881,625</td>
<td>40,007,601</td>
<td>158,949,872</td>
</tr>
<tr>
<td>25 Enter 1% of line 23</td>
<td>436,923</td>
<td>416,901</td>
<td>363,632</td>
<td>411,744</td>
<td>1,727,000</td>
</tr>
<tr>
<td>26 Organizations described on lines 10 or 11:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>a Enter 2% of amount in column (e), line 24</td>
<td>26a</td>
<td>3,178,997</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts</td>
<td>26b</td>
<td>39,487,836</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Total support for section 509(a)(1) test. Enter line 24, column (e)</td>
<td>26c</td>
<td>158,949,872</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Add Amounts from column (e) for lines:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>18</td>
<td>2,208,773</td>
<td>19</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>-185,051</td>
<td>26b</td>
<td>39,487,836</td>
<td>26d</td>
<td>41,511,558</td>
</tr>
<tr>
<td>e Public support (line 26c minus line 26d total)</td>
<td>26e</td>
<td>117,438,314</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f Public support percentage (line 26e numerator) divided by line 26e denominator</td>
<td>26f</td>
<td>73.88%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**27 Organizations described on line 12:**

a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person". Do not file this list with your return. Enter the sum of such amounts for each year.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>0</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>d Add. Line 27a total</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>e Public support (line 27c total minus line 27d total)</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)</td>
<td>27f</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>g Public support percentage (line 27e numerator) divided by line 27f denominator</td>
<td>27g</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>h Investment income percentage (line 18, column (e) numerator) divided by line 27f denominator</td>
<td>27h</td>
<td>0.00%</td>
<td></td>
</tr>
</tbody>
</table>

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.
<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If &quot;Yes,&quot; please describe, if &quot;No,&quot; please explain (If you need more space, attach a separate statement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Does the organization maintain the following:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Records indicating the racial composition of the student body, faculty, and administrative staff?</td>
<td>32a</td>
<td></td>
</tr>
<tr>
<td>b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?</td>
<td>32b</td>
<td></td>
</tr>
<tr>
<td>c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?</td>
<td>32c</td>
<td></td>
</tr>
<tr>
<td>d Copies of all materials used by the organization or on its behalf to solicit contributions?</td>
<td>32d</td>
<td></td>
</tr>
<tr>
<td>If you answered &quot;No&quot; to any of the above, please explain (If you need more space, attach a separate statement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33 Does the organization discriminate by race in any way with respect to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Students' rights or privileges?</td>
<td>33a</td>
<td></td>
</tr>
<tr>
<td>b Admissions policies?</td>
<td>33b</td>
<td></td>
</tr>
<tr>
<td>c Employment of faculty or administrative staff?</td>
<td>33c</td>
<td></td>
</tr>
<tr>
<td>d Scholarships or other financial assistance?</td>
<td>33d</td>
<td></td>
</tr>
<tr>
<td>e Educational policies?</td>
<td>33e</td>
<td></td>
</tr>
<tr>
<td>f Use of facilities?</td>
<td>33f</td>
<td></td>
</tr>
<tr>
<td>g Athletic programs?</td>
<td>33g</td>
<td></td>
</tr>
<tr>
<td>h Other extracurricular activities?</td>
<td>33h</td>
<td></td>
</tr>
<tr>
<td>If you answered &quot;Yes&quot; to any of the above, please explain (If you need more space, attach a separate statement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 a Does the organization receive any financial aid or assistance from a governmental agency?</td>
<td>34a</td>
<td></td>
</tr>
<tr>
<td>b Has the organization's right to such aid ever been revoked or suspended?</td>
<td>34b</td>
<td></td>
</tr>
<tr>
<td>If you answered &quot;Yes&quot; to either 34a or b, please explain using an attached statement.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If &quot;No,&quot; attach an explanation</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>
### Part VI-A Lobbying Expenditures by Electing Public Charities

(See page 9 of the instructions.)

*(To be completed ONLY by an eligible organization that filed Form 5768)*

Check □ if the organization belongs to an affiliated group

Check □ if you checked "a" and "limited control" provisions apply.

#### Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>(a) Affiliated group totals</th>
<th>(b) To be completed for ALL electing organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>Total lobbying expenditures to influence public opinion (grassroots lobbying)</td>
<td>36</td>
<td>250,000</td>
</tr>
<tr>
<td>37</td>
<td>Total lobbying expenditures to influence a legislative body (direct lobbying)</td>
<td>37</td>
<td>173,463</td>
</tr>
<tr>
<td>38</td>
<td>Total lobbying expenditures (add lines 36 and 37)</td>
<td>38</td>
<td>423,463</td>
</tr>
<tr>
<td>39</td>
<td>Other exempt purpose expenditures</td>
<td>39</td>
<td>49,724,925</td>
</tr>
<tr>
<td>40</td>
<td>Total exempt purpose expenditures (add lines 38 and 39)</td>
<td>40</td>
<td>50,148,388</td>
</tr>
<tr>
<td>41</td>
<td>Lobbying nontaxable amount Enter the amount from the following table—</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If the amount on line 40 is—</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The lobbying nontaxable amount is—</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not over $500,000</td>
<td>20% of the amount on line 40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over $500,000 but not over $1,000,000</td>
<td>$100,000 plus 15% of the excess over $500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over $1,000,000 but not over $1,500,000</td>
<td>$175,000 plus 10% of the excess over $1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over $1,500,000 but not over $17,000,000</td>
<td>$225,000 plus 5% of the excess over $1,500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over $17,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Grassroots nontaxable amount (enter 25% of line 41)</td>
<td>42</td>
<td>250,000</td>
</tr>
<tr>
<td>43</td>
<td>Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36</td>
<td>43</td>
<td>0</td>
</tr>
<tr>
<td>44</td>
<td>Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38</td>
<td>44</td>
<td>0</td>
</tr>
</tbody>
</table>

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

### 4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.

See the instructions for lines 45 through 50 on page 11 of the instructions.)

<table>
<thead>
<tr>
<th>Calendar year (or fiscal year beginning in)</th>
<th>(a) 2004</th>
<th>(b) 2003</th>
<th>(c) 2002</th>
<th>(d) 2001</th>
<th>(e) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 Lobbying nontaxable amount</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>46 Lobbying ceiling amount (150% of line 45(e))</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,000,000</td>
</tr>
<tr>
<td>47 Total lobbying expenditures</td>
<td>423,463</td>
<td>846,701</td>
<td>856,983</td>
<td>805,455</td>
<td>2,932,602</td>
</tr>
<tr>
<td>48 Grassroots nontaxable amount</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>49 Grassroots ceiling amount (150% of line 48(e))</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,500,000</td>
</tr>
<tr>
<td>50 Grassroots lobbying expenditures</td>
<td>250,000</td>
<td>240,910</td>
<td>215,064</td>
<td>131,907</td>
<td>837,881</td>
</tr>
</tbody>
</table>

### Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

a. Volunteers

b. Paid staff or management (Include compensation in expenses reported on lines c through h.)

c. Media advertisements

d. Mailings to members, legislators, or the public

e. Publications, or published or broadcast statements

f. Grants to other organizations for lobbying purposes

g. Direct contact with legislators, their staffs, government officials, or a legislative body

h. Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means

i. Total lobbying expenditures (Add lines c through h.)

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>
### Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

- Transfers from the reporting organization to a noncharitable exempt organization of:
  - Cash
  - Other assets

- Other transactions:
  - Sales or exchanges of assets with a noncharitable exempt organization
  - Purchases of assets from a noncharitable exempt organization
  - Rental of facilities, equipment, or other assets
  - Reimbursement arrangements
  - Loans or loan guarantees
  - Performance of services or membership or fundraising solicitations

- Sharing of facilities, equipment, mailing lists, other assets, or paid employees

<table>
<thead>
<tr>
<th>Line no</th>
<th>Amount involved</th>
<th>Name of noncharitable exempt organization</th>
<th>Description of transfers, transactions, and sharing arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td>51c</td>
<td>566,201</td>
<td>Environmental Defense Action Fund</td>
<td>Sharing of Facilities and Staff as described in Cost Sharing Agreement &amp; Promissory Note</td>
</tr>
</tbody>
</table>

52 Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

<table>
<thead>
<tr>
<th>Name of organization</th>
<th>Type of organization</th>
<th>Description of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Defense Action Fund</td>
<td>501(c)(4)</td>
<td>Fully Controlled Entity</td>
</tr>
</tbody>
</table>
### Line 1a (990) - Direct public support

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>50,796,845</td>
</tr>
<tr>
<td>Non Cash Contributions</td>
<td>7,395,052</td>
</tr>
<tr>
<td>Membership dues and assessments (contributions from the public)</td>
<td>7,058,078</td>
</tr>
<tr>
<td>Government contributions (grants)</td>
<td></td>
</tr>
<tr>
<td>Commercial co-venture</td>
<td></td>
</tr>
<tr>
<td>Special events contributions (Line 9 - Special Events)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>10 Total</td>
<td>65,249,975</td>
</tr>
</tbody>
</table>
### Line 8 (990) - Gain/loss from sale of assets other than inventory

<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
<th>Check if gain/loss is from sale of public securities</th>
<th>Check if gain/loss is from sale of non public securities</th>
<th>Check if purchaser is a business</th>
<th>Purchaser</th>
<th>Date acquired</th>
<th>Acquisition method</th>
<th>Date sold</th>
<th>Gross sales</th>
<th>Cost or other basis (Enter one field only)</th>
<th>Expense of sale and cost of improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>See Attached List</td>
<td>X</td>
<td>X</td>
<td>MULTIPLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9,559,236</td>
<td>9,036,517</td>
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</tbody>
</table>

To add more lines to this schedule, press CTRL+Q.
Line 20 (990) - Other changes in net assets or fund balances

<table>
<thead>
<tr>
<th></th>
<th>Unrealized Gain and Loss</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Line 47 (990) - Accounts receivable

<table>
<thead>
<tr>
<th></th>
<th>Accounts receivable</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Beginning</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>1</td>
<td>13000 AR</td>
<td>179,256</td>
</tr>
<tr>
<td>2</td>
<td>13007 Sales Tax Due from NC</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>13310 Subtenant obligations</td>
<td>10,398</td>
</tr>
<tr>
<td>4</td>
<td>13500 Other Program Fees Due</td>
<td>72,500</td>
</tr>
<tr>
<td>5</td>
<td>13300 Reimbursements 3rd party</td>
<td>16,965</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>11</td>
<td>Total accounts receivable</td>
<td>279,119</td>
</tr>
</tbody>
</table>

Line 48 (990) - Pledges receivable

<table>
<thead>
<tr>
<th></th>
<th>Pledges receivable</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Beginning</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>14000-14099 Pledges Receivable</td>
<td>12,331,674</td>
</tr>
<tr>
<td>2</td>
<td>14500 Requests Receivable</td>
<td>215,000</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td>11</td>
<td>Total pledges receivable</td>
<td>12,546,674</td>
</tr>
</tbody>
</table>
### Line 54 (990) - Investments - Securities

Check one box below to indicate how securities are report:

- [ ] Cost
- [ ] End of year market value (FMV)

<table>
<thead>
<tr>
<th>Securities at end of year</th>
<th>Number of shares/face value</th>
<th>Value at time of donation</th>
<th>Beginning balance book value</th>
<th>Ending balance book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (11501-12801)-(12501)Multiple</td>
<td></td>
<td>27,379,548</td>
<td>30,051,649</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
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<td>3</td>
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<td>0</td>
<td></td>
</tr>
<tr>
<td>21 Totals</td>
<td>21</td>
<td>0</td>
<td>0</td>
<td>27,379,548</td>
</tr>
</tbody>
</table>
### Line 57 (990) - Land, buildings, and equipment

<table>
<thead>
<tr>
<th>Category or Item</th>
<th>Cost/Other Basis</th>
<th>Accumulated Depreciation</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Line 58 (990) - Other assets

<table>
<thead>
<tr>
<th>Category or Item</th>
<th>Beginning</th>
<th>End</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 13100-13102 Employee AR</td>
<td>7,862</td>
<td>7,169</td>
</tr>
<tr>
<td>2 13401  Broker AR</td>
<td>128,086</td>
<td>6,767</td>
</tr>
<tr>
<td>3 13700  Notes AR</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>4 13800  Pension Plan Assets</td>
<td>214,987</td>
<td>304,243</td>
</tr>
<tr>
<td>5 16000  Deposits</td>
<td>153,869</td>
<td>152,094</td>
</tr>
<tr>
<td>6 19600  Due from Environmental Defense Action Fund</td>
<td>560,180</td>
<td>1,168,926</td>
</tr>
<tr>
<td>Total other assets</td>
<td>1,164,984</td>
<td>1,640,099</td>
</tr>
</tbody>
</table>
### Line 64b (990) - Mortgages and other notes payable

<table>
<thead>
<tr>
<th>Lender's name</th>
<th>Check if lender is a business</th>
<th>Original amount</th>
<th>Balance due beginning of year</th>
<th>Balance due end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 25000 Note Payable - Dr. John Franz, dtd 6/98, dated 6/98</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>2 25001 Renovation Loan-NY-$2,250,000, dated 9/30/97</td>
<td>2,250,000</td>
<td>1,031,250</td>
<td>806,250</td>
<td></td>
</tr>
<tr>
<td>3 25005 Renovation Loan-DC-$1,000,000, dated 12/24/97</td>
<td>1,000,000</td>
<td>745,612</td>
<td>640,348</td>
<td></td>
</tr>
<tr>
<td>4 25002 Citibank Revolving Credit</td>
<td>1,946,529</td>
<td>1,946,529</td>
<td>1,946,529</td>
<td></td>
</tr>
<tr>
<td><strong>19 Totals</strong></td>
<td><strong>5,296,529</strong></td>
<td><strong>1,876,862</strong></td>
<td><strong>3,493,127</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Line 65 (990) - Other liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning</th>
<th>End</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 26000-26100 Other Deposits</td>
<td>113,357</td>
<td>39,379</td>
</tr>
<tr>
<td>2 26200 Deferred Rent</td>
<td>1,158,199</td>
<td>1,025,399</td>
</tr>
<tr>
<td>3 26400-26403 Fiscal Agent Advanced Funds</td>
<td>54,577</td>
<td>105,242</td>
</tr>
<tr>
<td>4 26500-26501 Annuities Payable</td>
<td>1,241,449</td>
<td>1,212,248</td>
</tr>
<tr>
<td>5 26502-26600 Split Interest Agreement Liabilities</td>
<td>619,770</td>
<td>965,372</td>
</tr>
<tr>
<td>6 26800 Retirement Plan Liability</td>
<td>214,987</td>
<td>304,243</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>11 Total other liabilities</strong></td>
<td><strong>3,402,339</strong></td>
<td><strong>3,651,883</strong></td>
</tr>
</tbody>
</table>
**Late Filing Penalty and Interest (990)**

<table>
<thead>
<tr>
<th>End of tax year</th>
<th>9/30/2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax return due date</td>
<td>2/15/2006</td>
</tr>
<tr>
<td>Taxes due with return</td>
<td>0</td>
</tr>
</tbody>
</table>

Late payment penalty and late interest do not apply.

### Late Payment Penalty

Enter the date that total payment will be made

<table>
<thead>
<tr>
<th>Number of months late</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly penalty rate for late payment</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total late payment penalty</td>
<td>0</td>
</tr>
</tbody>
</table>

### Late Filing Penalty

Enter the date the tax return will be filed

<table>
<thead>
<tr>
<th>Number of months filed late</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly penalty rate for late filing</td>
<td>0.00%</td>
</tr>
<tr>
<td>1a Total late filing penalty</td>
<td>0</td>
</tr>
</tbody>
</table>

If over 60 days late

<table>
<thead>
<tr>
<th>Number of days return will be filed late</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>1b Late filing penalty</td>
<td>0</td>
</tr>
<tr>
<td>1c Total late filing penalty (larger of 1a or 1b)</td>
<td>0</td>
</tr>
</tbody>
</table>

### Additional Late Filing Penalty

Enter the amount of Gross Receipts

<table>
<thead>
<tr>
<th>Number of days filed late</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penalty per day</td>
<td>100</td>
</tr>
<tr>
<td>2 Additional late filing penalty</td>
<td>0</td>
</tr>
<tr>
<td>Total late filing penalty (lines 1c plus 2)</td>
<td>0</td>
</tr>
</tbody>
</table>

### Late Interest

Enter the number of days return will be late

<table>
<thead>
<tr>
<th>Number of days return will be late</th>
<th>0</th>
</tr>
</thead>
</table>

#### Quarterly interest rate(s)

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Number of Days</th>
<th>Number of Days</th>
<th>Per Annum</th>
<th>Late Interest Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2005 to 3/31/2005</td>
<td>0</td>
<td>Per Annum</td>
<td>5.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>4/1/2005 to 6/30/2005</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>7/1/2005 to 9/30/2005</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>10/1/2005 to 12/31/2005</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>1/1/2006 to 3/31/2006</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>4/1/2006 to 6/30/2006</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>7/1/2006 to 9/30/2006</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>10/1/2006 to 12/31/2006</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>1/1/2007 to 3/31/2007</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>4/1/2007 to 6/30/2007</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>7/1/2007 to 9/30/2007</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
<tr>
<td>10/1/2007 to 12/31/2007</td>
<td>0</td>
<td>Per Annum</td>
<td>0.00%</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Total late interest: 0

**Total Late Payment/Filing Penalty and Interest**: 0
Environmental Defense, Inc.
257 Park Ave. South
New York, NY 10010

ID# -11-6107128

Period Starting October 1, 2004

Form 990, Part I, Line 8C

**Column A**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales - publicly traded securities</td>
<td>9,559,236</td>
</tr>
<tr>
<td>Less cost and sales expenses</td>
<td>9,036,517</td>
</tr>
<tr>
<td>Net gain (loss)</td>
<td>522,719</td>
</tr>
</tbody>
</table>
The organization's reserves & endowment funds are invested in a number of vehicles, including marketable debt and equity securities. Investment markets improved during the year to provide unrealized gains of $1,283,760.
<table>
<thead>
<tr>
<th>Amount</th>
<th>Reference</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$477 48</td>
<td>American Express</td>
<td>Support for attendance to senate hearing</td>
</tr>
<tr>
<td>$5,500 00</td>
<td>American Forest Foundation</td>
<td>Support for work to increase resources available from USDA incentive programs</td>
</tr>
<tr>
<td>$2,000 00</td>
<td>Asociacion Amira Ucayali</td>
<td>Moore Grant</td>
</tr>
<tr>
<td>$1,278 62</td>
<td>Assisutu, Ndungo</td>
<td>Support for translation services</td>
</tr>
<tr>
<td>$178,220 86</td>
<td>Asociacao Floresta Protetida</td>
<td>Support for a partner group in Brazil</td>
</tr>
<tr>
<td>$15,000 00</td>
<td>Asociacion Indigena Iako</td>
<td>Moore Grant</td>
</tr>
<tr>
<td>$2,000 00</td>
<td>ATPDH</td>
<td></td>
</tr>
<tr>
<td>$1,000 00</td>
<td>California Asso of Resource Conservation Districts</td>
<td>Safe Harbor event sponsorship</td>
</tr>
<tr>
<td>$500 00</td>
<td>Carolinas Clean Air Coalition</td>
<td>The funding of video - clear air for kids!</td>
</tr>
<tr>
<td>$1,500 00</td>
<td>CEERT</td>
<td>Contribution pledge</td>
</tr>
<tr>
<td>$10,000 00</td>
<td>Center for Agricultural Partnerships, Inc</td>
<td>Organization Sponsorship</td>
</tr>
<tr>
<td>$2,000 00</td>
<td>Center for Environment and Development</td>
<td>Travel support UK trip</td>
</tr>
<tr>
<td>$10,000 00</td>
<td>Centro Agroextravista Da Amazonia</td>
<td>Support for VII Naft meeting of Rubber Tappers</td>
</tr>
<tr>
<td>$20,000 00</td>
<td>Centro Mexicano de Derecho Ambiental A.C.</td>
<td>Sponsorship of report on reducing sulfur emissions from Mexican sources</td>
</tr>
<tr>
<td>$30,000 00</td>
<td>Chesapeake Bay Foundation</td>
<td>Address nutrient challenges in the Chesapeake Bay Watershed by evaluating the potential envir And eco benefit</td>
</tr>
<tr>
<td>$614,125 00</td>
<td>China Association for NGO</td>
<td>Congo Grant</td>
</tr>
<tr>
<td>$2,500 00</td>
<td>CLCV</td>
<td>Sponsorship for the environmental education fund awards dinner</td>
</tr>
<tr>
<td>$10,000 00</td>
<td>Coalition for Smarter growth/PEC</td>
<td>Organization Sponsorship</td>
</tr>
<tr>
<td>$10,000 00</td>
<td>Coalition to Restore Coastal</td>
<td>support to Gulf Hurricane Relief</td>
</tr>
<tr>
<td>$500 00</td>
<td>Coastal Conservation Association</td>
<td>Organization Sponsorship</td>
</tr>
<tr>
<td>$488 19</td>
<td>Cohen, Mike</td>
<td>BOR Grant</td>
</tr>
<tr>
<td>$6,600 00</td>
<td>Colorado Environmental Coalition</td>
<td>organizanl sponsorship</td>
</tr>
<tr>
<td>$500 00</td>
<td>Community Action</td>
<td>contribution to the Environmental Justice program</td>
</tr>
<tr>
<td>$15,000 00</td>
<td>Connecticut Fund For The Environment</td>
<td>For CT feebates work (from Energy Foundation bridge grant)</td>
</tr>
<tr>
<td>$358 40</td>
<td>Culp, Peter W</td>
<td>Re-imbursement of Expenses for BOR Grant</td>
</tr>
<tr>
<td>$3,000 00</td>
<td>Damaan Development Organization</td>
<td>For ADB chashma work</td>
</tr>
<tr>
<td>$250,000 00</td>
<td>ED Action Fund</td>
<td>Grant to support grass root lobbying</td>
</tr>
<tr>
<td>$140,000 00</td>
<td>ED Action Fund</td>
<td>Education grant for Global Warming advertising</td>
</tr>
<tr>
<td>$5,000 00</td>
<td>El Pueblo, Inc</td>
<td>Support for Latino environmental assoc</td>
</tr>
<tr>
<td>$445 00</td>
<td>Environmental Defense</td>
<td>Meals on wheels Durham,NC</td>
</tr>
<tr>
<td>$2,500 00</td>
<td>Environmental Defense Trust Fund</td>
<td>support to pursue supreme court case in Sir Lanka</td>
</tr>
<tr>
<td>$500 00</td>
<td>Federation of Conservatists of Westchester County</td>
<td>organizanl sponsorship</td>
</tr>
<tr>
<td>$81,250 00</td>
<td>Food Animal Concerns Trust</td>
<td>Contribution to FACT&quot; portion of Marisia foundation</td>
</tr>
<tr>
<td>$5,000 00</td>
<td>Friends of Shaina US</td>
<td>support to protect the Nahuat территорial reserve</td>
</tr>
<tr>
<td>$2,500 00</td>
<td>Friends of The Earth -US</td>
<td>contribution for the Inter-American development bank report</td>
</tr>
<tr>
<td>$86,452 00</td>
<td>Fundacao Viver Produzir E Preservar</td>
<td>To aid the foundation</td>
</tr>
<tr>
<td>$669 80</td>
<td>Gillon, Kara</td>
<td>Re-imbursement of Expenses for BOR Grant</td>
</tr>
<tr>
<td>$2,500 00</td>
<td>Grupo De Trabajo Racemos De Ungurahui</td>
<td>support for the communities affected by the CAMISEA project</td>
</tr>
<tr>
<td>$10,000 00</td>
<td>Gulf &amp; Caribbean Fisheries Institute, Inc</td>
<td>Support for Peter Gladding Memorial Award</td>
</tr>
<tr>
<td>$4,950 00</td>
<td>Henne, Allen</td>
<td>Incentive pmt for participating in Safe Harbor Agreement and for grazing deferment</td>
</tr>
<tr>
<td>$31,250 00</td>
<td>Institute for Agriculture &amp; Trade Policy</td>
<td>Marisia foundation grant/Endef fiscal agent</td>
</tr>
<tr>
<td>$1,000 00</td>
<td>Institute for Transportation &amp; Development Policy</td>
<td>Sponsorship for awards dinner</td>
</tr>
<tr>
<td>$293,733 00</td>
<td>Instituto Socioambiental</td>
<td>Work to create a reserve mosaic in the Terra do Meio region in Par state, protect the biodiversity of the region/support the tradition</td>
</tr>
<tr>
<td>$1,000 00</td>
<td>Iowa Soybean Association</td>
<td>Sponsorship of Iowa Soybean Association Nitrogen Conference</td>
</tr>
<tr>
<td>Amount</td>
<td>Reference</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>$477.48</td>
<td>American Express</td>
<td>Support for attendance to senate hearing organization support</td>
</tr>
<tr>
<td>$3,000.00</td>
<td>IPAM</td>
<td>Generating grassroots, media, and legislative pressure for Bush Admin Cancellation for all improved countries without harmful conditions</td>
</tr>
<tr>
<td>$1,000.00</td>
<td>Jubilee USA Network</td>
<td>Local business expense</td>
</tr>
<tr>
<td>$500.00</td>
<td>Kilowatt Ours</td>
<td>Support for Mississippi Delta restoration</td>
</tr>
<tr>
<td>$199.00</td>
<td>Lawrence, Shannon</td>
<td>Contemporary Landscape Exhibit Support</td>
</tr>
<tr>
<td>$21,000.00</td>
<td>Louisiana State University</td>
<td>Support to supplement PSGP funds for habitat restoration activities</td>
</tr>
<tr>
<td>$1,500.00</td>
<td>McColl Center for Visual Art</td>
<td>Support for translation of ADB papers in Indonesia, Pakistan, and Sri Lanka</td>
</tr>
<tr>
<td>$25,000.00</td>
<td>Mississippi Fish &amp; Wildlife Foundation</td>
<td>To support state climate and energy initiative</td>
</tr>
<tr>
<td>$5,000.00</td>
<td>Nadi</td>
<td>Support for M E small business alliance</td>
</tr>
<tr>
<td>$130,000.00</td>
<td>National Religious Partnership for Env</td>
<td>Packard pass-thru to advance recommendations of Pew Oceans Comm &amp; Nat'l Commission on Ocean Policies</td>
</tr>
<tr>
<td>$50,000.00</td>
<td>Natural Resources Council of Maine</td>
<td>travel grant attend NGO to Japan</td>
</tr>
<tr>
<td>$450.00</td>
<td>Nondubme Nkotto</td>
<td>Sponsorship for 2005 North Carolina Oyster Restoration &amp; Protection Summit</td>
</tr>
<tr>
<td>$1,000.00</td>
<td>North Carolina Coastal Fed</td>
<td>To support Pastoral Ha Terra</td>
</tr>
<tr>
<td>$79,187.00</td>
<td>Obras Sociais da Peralda do Xingu</td>
<td>emergency grant for Peruvian group Ora</td>
</tr>
<tr>
<td>$866.25</td>
<td>Orau</td>
<td>Grant to Sudina foundation to promote Pay-as-You-Drive Insurance</td>
</tr>
<tr>
<td>$8,333.00</td>
<td>Oregon Environmental Council</td>
<td>For Ocean Wilderness Network</td>
</tr>
<tr>
<td>$20,000.00</td>
<td>People for Puget Sound</td>
<td>Completing a project for the Center for Conservation Incentives, program code 315-467-99</td>
</tr>
<tr>
<td>$56,000.00</td>
<td>Pheasants Forever, Inc</td>
<td>travel support for Indigenous and NGO travel to Japan</td>
</tr>
<tr>
<td>$9,500.00</td>
<td>Point Zero</td>
<td>Sponsorship of publication of a brochure by IDS in Puerto Rico</td>
</tr>
<tr>
<td>$5,000.00</td>
<td>Puerto Rico Conservation Foundation</td>
<td>Coalition &quot;Plataforma Seaborlivre&quot;</td>
</tr>
<tr>
<td>$1,500.00</td>
<td>Quercus Sabor</td>
<td>Contribution to Air &amp; Climate campaign</td>
</tr>
<tr>
<td>$300.00</td>
<td>Reed Alliance</td>
<td>Donation for work on Global Warming</td>
</tr>
<tr>
<td>$20,000.00</td>
<td>Reform Institute</td>
<td>student stipends for research</td>
</tr>
<tr>
<td>$4,000.00</td>
<td>Research Found Of the State of NY</td>
<td>Work for OWN to establish Communication priorities based on clear policy goals</td>
</tr>
<tr>
<td>$40,000.00</td>
<td>Resource Media</td>
<td>Support for Chemain Campaign</td>
</tr>
<tr>
<td>$3,000.00</td>
<td>Rural Development Policy Inst</td>
<td>Support for Grassroots for &quot;Peac Camp&quot;</td>
</tr>
<tr>
<td>$2,000.00</td>
<td>Save America's Forests Fund</td>
<td>support to monitor oil &amp; gas activities in tht territories in the Peruvian amazon</td>
</tr>
<tr>
<td>$2,500.00</td>
<td>Senjali, Shuru</td>
<td>Support to expand USDA conservation programs in 2007 Farm Bill</td>
</tr>
<tr>
<td>$5,000.00</td>
<td>Soil &amp; Water Conservation</td>
<td>Sponsorship for 2nd annual Southeast Student Renewable Energy Conference</td>
</tr>
<tr>
<td>$150.00</td>
<td>Southern Alliance For Clean Energy</td>
<td>to support SELC's work on development &amp; implementation of conservation incentives</td>
</tr>
<tr>
<td>$30,000.00</td>
<td>Southern Environmental Law Center</td>
<td>To support the MRHFA Project Coordinator position</td>
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<td>$36,000.00</td>
<td>Southwest Badger RC &amp; D Council</td>
<td>support monitoring in Sri Lanka of ADB projects and policies</td>
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<td>$2,000.00</td>
<td>Sri Lankan Working Group on Trade &amp; IFIs</td>
<td>Annual Grant for Archive Quarterly Payment</td>
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<tr>
<td>$50,000.00</td>
<td>Stoney Brook Foundation</td>
<td>organizational support</td>
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<tr>
<td>$4,000.00</td>
<td>Surfrider Foundation</td>
<td>Support for empowering a progressive south community by community conference</td>
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<tr>
<td>$200.00</td>
<td>SURGE</td>
<td>Payment to fund work to further the conservation of biological diversity in Califor thru incentive based mechanisms</td>
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<td>$80,000.00</td>
<td>Sustainable Conservation/Susan Kester</td>
<td>Founding to cover work on stabilizing and expanding the Red Hills</td>
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<td>$50,000.00</td>
<td>Tall Timbers Research Station</td>
<td>Marine conservation, coastal habitat protection and citizen education with local</td>
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<td>$5,000.00</td>
<td>Texas Parks &amp; Wildlife Department</td>
<td>Supplanting TPWD's monitoring water quality/discharge for springs in 2005 (Eco Rest Programs)</td>
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<td>$130,000.00</td>
<td>The Ocean Conservancy</td>
<td>Marine conservation, coastal habitat protection and citizen education with local</td>
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<td>TransAtlantic</td>
<td>Grant to support the European Commission Transatlantic Dialogue</td>
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<td>$9,352.00</td>
<td>Trans-Pecos Water Trust</td>
<td>Grant for Trans-Pecos water trust (Nat. fish and wildlife foundation)</td>
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<td>$10,000.00</td>
<td>Trout Unlimited</td>
<td>support for development &amp; implementation of conservation incentives in Wisconsin</td>
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<tr>
<td>$1,000.00</td>
<td>UM Conference Management Scvs</td>
<td>Support/sponsorship of Minority Env Leadership Development</td>
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<tr>
<td>$3,250.00</td>
<td>Union of Concerned Scientists</td>
<td>USC portion for Mannva foundation grant</td>
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<tr>
<td>$40,000.00</td>
<td>United Anglers of Southern California</td>
<td>ED and The Nature Conservancy grant for packard fund</td>
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<tr>
<td>$11,587.03</td>
<td>University of Missouri</td>
<td>Effects of habitat-patch viability on the vailability of the black-capped vireo</td>
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<tr>
<td>$5,000.00</td>
<td>Utah State University</td>
<td>Support for outreach effort aimed at private landowners in Utah</td>
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<tr>
<td>$2,500.00</td>
<td>Virginia Tech</td>
<td>Develop new mgt for Shenandoah Valley watersheds</td>
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<tr>
<td>$10,000.00</td>
<td>Washington Conservation Voters</td>
<td>Community organizing in gold mining area of Western Ghana</td>
</tr>
<tr>
<td>$5,000.00</td>
<td>Wass Association of Communities Affected by Minn</td>
<td>Fund work to educate and mobilize African American and Latino leaders to support farm policy reform</td>
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<td>$118,000.00</td>
<td>William C Celasquez Institute Inc</td>
<td>Grant to Fishing Community Stewardship of Maine Resources</td>
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<td>$11,905.00</td>
<td>Williamson, John</td>
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**Grants & Allocations**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Reference</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$477.48</td>
<td>American Express</td>
<td>Support for attendance to senate hearing.</td>
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<tr>
<td>$60,000</td>
<td>World Wildlife Fund</td>
<td>To fund work to use incentive based mechanisms to further the conservation of biological diversity associated with southern rivers and streams</td>
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<tr>
<td>$200.00</td>
<td>WRN</td>
<td>Support to Washington Regional Network for Livable Communities</td>
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<td>$2,300</td>
<td>Yayasan Keadilan Rakat</td>
<td>contribution towards monitoring and advocacy on ECA paper and pulp operations</td>
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</table>

$3,468,421.19 GRAND TOTAL
Environmental Defense, Inc.
257 Park Ave. South
New York, NY 10010

ID# -11-6107128

Worksheet

D

Period Starting October 1, 2004

Form 990, Part II, Line 42 & Part IV, Line 57

**Fixed Assets & Depreciation**

**Furniture & Fixtures & Computer Equipment**

Cost 11,736,822

Accumulated Depreciation as of 9/30/04 7,839,766
Fiscal 04 Write-off/sale of assets
Fiscal Year 04 Depreciation Expense 1,048,118
Accumulated Depreciation as of 9/30/05 8,887,884

Net Book Value-Furniture/Fixtures/Computers 2,848,938

**Leasehold Improvements**

Cost 7,202,215

Accumulated Depreciation as of 9/30/04 2,763,778
Fiscal Year 04 Depreciation Expense 785,109
Accumulated Depreciation as of 9/30/05 3,548,887

Net Book Value-Leasehold Improvements 3,653,328

**Construction in Progress** 317,958

**Total Net Property & Equipment** 6,820,224

**Total Fiscal Year 05 Depreciation Expense** 1,830,824
Environmental Defense, Inc  
257 Park Ave South  
New York, NY 10010  

ID#-11-6107128  
Worksheet E  

Period Starting October 1, 2004  
Form 990, Part II, Line 43a  

**Miscellaneous Expense**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Program Services</th>
<th>Mgmt &amp; General</th>
<th>Fundraising</th>
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<tbody>
<tr>
<td>Insurance</td>
<td>129,106</td>
<td>103,622</td>
<td>8,106</td>
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<td>Payroll Processing</td>
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<td>39,436</td>
<td>3,085</td>
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<td>Bad Debts</td>
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<td>134,972</td>
<td>10,559</td>
<td>22,636</td>
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<td>Interest Expense</td>
<td>123,908</td>
<td>99,450</td>
<td>7,780</td>
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<td>Taxes &amp; Fees</td>
<td>192,728</td>
<td>154,685</td>
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<td></td>
<td>663,044</td>
<td>532,164</td>
<td>41,630</td>
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</table>
Environmental Defense, Inc.
257 Park Ave. South
New York, NY 10010

ID# -11-6107128

Worksheet F

Period Starting October 1, 2004

Form 990, Part IV, Line 54

**Investments**

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>09/30/04</th>
<th>09/30/05</th>
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</thead>
<tbody>
<tr>
<td>Vanguard Prime (1)</td>
<td>212,841</td>
<td>246,407</td>
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<tr>
<td>Vanguard Index 500 (2)</td>
<td>1,724,346</td>
<td>1,935,061</td>
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<tr>
<td>Morgan Stanley Bond (3)</td>
<td>1,507,529</td>
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<tr>
<td>Standish-Mellon Bond (3)</td>
<td>2,704,379</td>
<td>2,813,128</td>
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<tr>
<td>Private Capital Management (4)</td>
<td>5,838,596</td>
<td>6,037,755</td>
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<tr>
<td>Gardner Investments (4)</td>
<td>6,231,512</td>
<td>6,896,820</td>
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<tr>
<td>Eagle Capital Management (4)</td>
<td>1,272,669</td>
<td>1,481,053</td>
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<tr>
<td>Archstone Offshore Fund LTD (5)</td>
<td>2,043,464</td>
<td>2,327,062</td>
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<tr>
<td>Bluestem Partners (5)</td>
<td>1,537,500</td>
<td>3,364,857</td>
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<tr>
<td>Pooled Income Fund (6)</td>
<td>920,676</td>
<td>1,385,508</td>
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<tr>
<td>Charitable Remainder Unitrusts (6)</td>
<td>583,586</td>
<td>585,720</td>
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<tr>
<td>Charitable Gift Annuities (6)</td>
<td>2,802,449</td>
<td>2,940,302</td>
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<tr>
<td><strong>Total Market Value</strong></td>
<td>27,379,548</td>
<td>30,051,650</td>
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</table>

(1) Money Market Fund
(2) Mutual Fund invested in S&P 500 securities
(3) Marketable Debt Mutual Fund (mid-term government and corporate bonds)
(4) Managed investments, subject to environmental screening, in securities of publicly traded, small and mid-sized capitalization domestic companies.
(5) Hedge Fund
(6) Mutual fund investments, managed by institutional co-trustees consisting of a mixture of cash equivalents, equities, and bonds, with bonds predominating.
a. Stabilizing Climate $12,221,383

Solving global warming, the gravest environmental threat

Overview
For two decades, Environmental Defense has advanced the science of global warming and led national and international efforts to address what scientists agree is the world's most pressing environmental problem. We seek measures that will stabilize the amount of greenhouse gases in the atmosphere to avoid irreversible damage to the planet.

We believe this aim can be achieved only with a worldwide system that sets a limit on pollution, and employs emissions trading to meet that limit cost-effectively. A decade ago, our economists pioneered emissions trading for U.S. acid rain pollution, spurring steep cuts at a fraction of the predicted cost.

Shaping the international response
Already, we have achieved significant progress toward our goal. We helped persuade international negotiators to make emissions trading the basis of the Kyoto global warming treaty. Because Russian ratification was key to bringing the treaty into force, we worked for a decade with Russian experts to highlight its benefits to their nation's economy and public health. Now, we have turned our attention to China and other developing countries, whose role will be crucial.

Making the business case
To prove businesses can cut emissions and prosper, we formed partnerships with eight of the world's largest companies, including Shell and DuPont, which agreed voluntarily to cap greenhouse gas pollution. One partner, BP, achieved its promised reduction eight years early, saving $650 million in the process.

Winning action at home
At home, Environmental Defense launched a national Global Warming: Undo It campaign that catalyzed emissions measures in several states to build momentum for national action. In California, Gov. Schwarzenegger has closed ranks with us to fend off an attack by auto manufacturers against the nation's first law to limit global warming pollution from vehicles.
"The emissions trading regime is an absolutely key feature of the Kyoto Protocol, and the U.S. was its main promoter in the intergovernmental negotiations. Environmental Defense was a trusted advisor helping to craft it."

—Frank Loy, Former Under Secretary of State and lead U.S. climate negotiator

We also are ratcheting up the pressure on the U.S. Congress to pass a national cap on greenhouse gas emissions, such as the one proposed by Senators John McCain (R-AZ) and Joseph Lieberman (D-CT), which we helped craft.

Recent accomplishments

**Senate passes climate resolution.** In a historic move, 53 senators last summer voted in favor of a formal resolution supporting a cap on U.S. global warming pollution. The event marked a turning point in the Congressional debate—rather than discussing whether to address global warming, the U.S. is now considering how to confront this problem. Even former foes of any action responded to calls for a national policy from businesses like General Electric, 150 mayors, faith leaders, and environmentalists—including nearly 500,000 of our activists who sent messages to Congress. We will continue recruiting opinion leaders until the right legislation passes.

"The greatest green success story of the past decade is probably America’s innovative scheme to cut emissions of sulfur dioxide (SO2)...Environmental Defense, a most unusual green group... persuaded the elder George Bush to agree to an amendment to... introduce an emissions-trading system... America’s scheme has surpassed its initial objectives, and at far lower cost than expected."

—*Economist* magazine

**California and the Northeast lead on climate.** California is poised to become the first state to enforce a comprehensive cap on greenhouse gas emissions. Environmental Defense helped draft the legislation, sponsored by Assembly Speaker Fabian Núñez and Assembly member Fran Pavley. It will limit heat-trapping pollution to 1990 levels by 2020. We also helped broker an agreement among eight Northeastern and Mid-Atlantic states to create the nation’s first regional cap and trade market for carbon dioxide emissions from power plants.

**A cool climate for the future**

**International.** At the December climate treaty talks in Montreal, Environmental Defense brought the rainforest nations of the developing world into negotiations to reduce greenhouse gas emissions. Our
Statement of Program Service Accomplishments

proposal, developed with allies in Brazil, Indonesia and elsewhere, aims to compensate forest-rich nations for reducing deforestation rates. Deforestation is an important piece of the global warming puzzle: The heat-trapping carbon dioxide released by felling forests accounts for 20% of global emissions—nearly equal to those of the United States. At present rates, deforestation will undo most gains from the Kyoto Protocol, yet international climate treaties have so far done nothing to slow that loss.

**Domestic.** To expand the U.S. political constituency for action, we are building the roster of influential businesses that support cap-and-trade limits, and continue to develop state and regional policies that reduce emissions. Since cars and trucks are the fastest-growing source of global warming pollution, we place special emphasis on programs to reduce vehicle emissions on a national level. We also are developing pilot projects with farmers and foresters to store, or "sequester," carbon in soils and trees.

**China.** Our emissions trading demonstration projects are underway in four provinces and three major cities that together produce one-third of China's sulfur dioxide pollution. To keep pace with the world's fastest growing economy, we will expand our efforts to help China control pollution, and examine the potential for broadening its programs to reduce greenhouse gases.

Environmental Defense economist Dr. Dan Dudek received China's Friendship Award, the highest honor given to foreign experts. For a decade he has worked to help the rapidly modernizing country establish an emissions trading system to reduce pollution that leads to acid rain.

**b. Restoring Ecosystems**

$12,355,400

**Safeguarding biodiversity by protecting ecosystems**

**Overview**

Few experiences enrich human life as much as an encounter with even a small part of the great diversity of plants and animals on this planet. Healthy ecosystems are vital to healthy human populations, a fact underscored by the recent UN-commissioned Millenium Report on the state of global ecosystems. Yet species are disappearing at a rate faster than at any time in recorded history, and many of our natural systems are in dire need of restoration.

Environmental Defense invents novel ways to address these problems. We work with landowners, businesses, indigenous groups and others to bring them direct benefits from conservation. We seek to
ensure that laws establish appropriate economic incentives and use sound science to preserve forests, prairies and rivers for future generations.

Revolutionizing conservation

**Safe Harbor.** Most at-risk species in the U.S. depend on private land for survival. We pioneered a program that provides farmers, ranchers and other land managers with incentives to restore endangered species. Since its debut 10 years ago, Safe Harbor has expanded to include 37 species on more than 3 million acres nationwide, including ranches, golf courses—even a monastery. Our Center for Conservation Incentives (opened in 2003) also provides economic and policy support for protecting biodiversity on private lands.

**Water markets.** For three decades, we have helped shape water policy in the American West. We promote conservation and market-based strategies, such as the sale of extra water from farmers to urban areas, instead of the building of new dams. We secured changes in the operation of major California water systems to protect endangered fish and preserve the San Francisco Bay ecosystem.

**International finance.** Damage to natural areas in developing countries is often the result of projects funded by the World Bank, export credit agencies and other global institutions. Our economists were among the first to expose harmful lending practices, and to secure changes in how projects like the Chad-Cameroon oil pipeline are underwritten.

"Safe Harbor allows me to manage my land for profit and at the same time help wildlife."

—John Lambert, Mississippi tree farmer

**Partnerships.** From a large paper company in the Southeast to indigenous leaders from Borneo, we work with others to find practical ways to preserve the resources we all value. We joined water users in Arizona to develop a proposal for preserving the Cienega de Santa Clara wetland and helped Oregon’s Wasco Indians form a conservancy to protect the Warm Springs River’s salmon spawning grounds. In Hawaii we used email and fax technology to give voice to far-flung native fishermen and divers, helping create the 1,200-mile-long Northwestern Hawaiian Islands Reef Ecosystem Reserve.
Statement of Program Service Accomplishments

Recent accomplishments

**Department of Defense invests in rare songbird.** Our ecologist David Wolfe led efforts to develop a program in which the Department of Defense will pay to restore habitat on private land in Texas for an endangered songbird, the golden-checked warbler. If successful, the program would move this songbird much closer to recovery. The pilot program may provide a model for similar Defense Department investments in other endangered species near military installations.

**High-tech solutions for hog waste.** Our North Carolina scientist Dr. Joe Rudek served on a research team that recently released recommendations for new technologies to deal with hog waste, which creates air and water pollution and threatens coastal ecosystems. We also joined a group of hog raisers, Frontline Farmers, to put the alternative systems in place, increasing competition and even spurring a market for energy produced from the waste.

> "Environmental Defense has played a leadership role in promoting policies that protect and restore our rivers and streams, while also meeting the water needs of our cities and farms."

—William K. Reilly, Chairman, World Wildlife Fund
Former U.S. EPA Administrator (1989-93)

**Senate gives Highlands $10 million.** After our attorney Jim Tripp helped pass the Highlands Conservation Act in 2004, he went straight to work ensuring funding to protect this wilderness spanning CT, NJ, NY and PA, which harbors dozens of endangered species and is the watershed for millions of city dwellers. In February President Bush proposed $2 million; in March the Senate boosted that to $10 million, the full level.

**Building a better future**

**Restoring wetlands in the Mississippi Delta.** Hurricane Katrina brought into stark relief the need to restore Louisiana’s vanishing coastal wetlands. Scientists say 2.7 miles of wetlands can soak up as much as one foot of storm surge. More than a million acres of Louisiana wetlands have disappeared since 1930, and another 400,000 acres could vanish by 2050. We are pressing Congress to pass a $14 billion restoration plan that we helped develop over several years.

**Reforming farm subsidies.** We are building a coalition across the political spectrum to press for fundamental changes in our nation’s outdated farm policies, which are environmentally destructive and
benefit only a few farmers. We are working to ensure that the next Farm Bill in 2007 helps farmers to be good environmental stewards, while reducing federal spending.

**Back from the brink.** Species don’t have to remain on the endangered list forever. By engaging landowners to restore habitat, we aim to restore 15 species and remove them from the list, including the red-cockaded woodpecker, Aplomado falcon, and bog turtle. These efforts can serve as conservation models nationwide.

**Effective western water policy.** Ensuring adequate water for human needs and the environment is one of the most serious environmental challenges facing the fast-growing West. We are working to restore great rivers such as the Colorado, the Rio Grande and the Sacramento and preserve the iconic landscapes that have drawn so many Americans.

**Dream of John Muir.** In California, we have launched a bold and historic effort to restore Yosemite Park’s Hetch Hetchy Valley, which was dammed in the 1920s to supply San Francisco with water. The original struggle to preserve Hetch Hetchy, led by John Muir, helped spark the modern conservation movement. Now, the city’s overhaul of its antiquated water system provides a once-in-a-lifetime opportunity to bring back this natural treasure for future generations.

c. Protecting Human Health $5,290,331

**For a healthier world, and healthier people**

**Overview**
Half the U.S. population lives in areas that fail to meet healthy air standards, increasing the risk of respiratory problems, heart disease and stroke. More than 22 million asthma sufferers face attacks triggered by air pollution. Especially vulnerable are low-income and urban communities and people of color, who are disproportionately exposed to pollution and toxic substances.

Preventing illness by cleaning up the environment not only improves human health, it also makes economic sense, reducing health care costs and increasing productivity and school attendance.
Clearing the air
With a medical doctor at the helm, our Health program has been at the forefront of winning new air pollution standards for protecting public health. We helped develop, and defend in court, new rules that will slash diesel emissions from trucks, construction equipment and generators by up to 90%. We also helped shape a plan by EPA to cut 70% of harmful smog and soot generating emissions from power plants across the eastern United States, using a cap-and-trade system modeled on the successful program we pioneered in the 1990s to control acid rain.

Keeping the public informed
We also have led efforts to protect the public’s right to know about toxic threats in our communities. In the 1990s we revealed in a groundbreaking study, Toxic Ignorance, that most top-selling chemicals didn’t have even the most basic sets of health data available to the public. We then partnered with the EPA and the chemical industry to form the High Production Volume Chemical Challenge and developed its online component, the HPV Chemical Tracker, to get chemical companies to produce the data and make it publicly available online.

Innovative partnerships

*McDonald’s is working to help reverse the trend of antibiotic resistance. Partnering with Environmental Defense gave us environmental and business expertise in one package.*

—Bob Langert, senior director, social responsibility, McDonald’s Corporation.

Preserving human medicine. The Union of Concerned Scientists estimates that more than 70% of antibiotics are fed to farm animals to promote growth and compensate for stressful conditions, leading to antibiotic-resistant illnesses in humans. To protect human medicine, we launched a nationwide campaign to end the routine use of medically important antibiotics in livestock. We helped McDonald’s shape new standards to limit drug use in animals raised for food. That inspired others to follow suit, including food service giant Compass, one of the world’s 10 largest corporations; among its clients are IBM and the Chicago public schools.

Delivering cleaner air. Five years ago, Environmental Defense approached FedEx Express with a plan to build the clean delivery vehicle of the future. That effort bore fruit in 2004, with the first hybrid-electric FedEx delivery trucks hitting the streets in California, New York, Florida and Washington, DC.
The new trucks cut fuel use in half while reducing soot and nitrogen oxide pollution by 90%. FedEx hopes to replace its entire 30,000-truck medium-duty fleet within a decade.

"Environmental Defense has played a pivotal role in highlighting the health risks of diesel pollution."
— John Kirkwood, President, American Lung Association

Recent accomplishments

**Starbucks pioneers a better cup.** Making paper products from post-consumer recycled paper reduces air and water pollution, energy use and the pressure on natural forests. But until now, post-consumer paper was not allowed in packaging that comes in contact with food. That has changed with the debut of Starbucks’ new environmentally friendly cup. In our partnership a decade ago, we gave Starbucks the push. They persevered through a series of failed prototypes and an arduous FDA approval process and finally prevailed. The 1.5 billion cups they will use each year with 10% post-consumer recycled content will reduce pollution and save nearly 80,000 trees.

**Automakers must clean up mercury.** Years of work by our clean car team paid off recently when EPA proposed a national program to recover mercury switches from scrapped cars. The deal will keep about 15 metric tons of mercury, a potent neurotoxin, out of the air each year. We started the ball rolling by winning state legislation in Maine, defending it in court, then spreading the law to seven other states. We also negotiated the national program with automakers, steelmakers, recyclers, EPA and the states. The new program requires automakers to pay for the recovery and recycling of mercury before it is released into the air when junked cars are melted for scrap.

**Building a healthier future**

**Clean Air for Life.** Our campaign aims to reduce emissions from major sources of pollution by 80% in the next decade. We’ll also work to broaden proposed EPA rules curtailing power plant pollution, and speed the transition to cleaner diesels.

**Antibiotic resistance.** Environmental Defense will continue leading the fight to preserve human medicine by ending its misuse in agriculture. We helped win a five-year battle to get the FDA to ban Baytril, an antibiotic similar to Cipro. Now we are pressing for national legislation to end the use of medically important antibiotics in animal feed, unless the FDA first finds that they are safe.
Nanotechnology. The capacity to engineer new materials an atom at a time may revolutionize the diagnosis and treatment of disease, the production and transmission of energy, even the clean-up of toxic waste. But nanotechnology’s novel properties may also pose risks to workers, consumers and the environment. As one of the few environmental organizations addressing this issue, we have partnered with DuPont and will work with other nanomaterial producers and the government to develop protocols that ensure these substances are adequately tested before they are introduced to our bodies and ecosystems.

d. Safeguarding the World's Oceans $6,442,849

Turning the tide on ocean decline

Overview
Oceans once were thought to be an inexhaustible resource. But 90% of the great predators of the sea—marlins, swordfish, sharks—are now gone. Destructive fishing practices kill millions of unwanted fish each year, as well as seabirds, dolphins, turtles and whales. Pollution from fish farming, coastal development and agriculture creates vast “dead zones” in estuaries and bays, and destroys coral reefs, wetlands and mangroves. Global warming threatens these already compromised resources. The decline of the oceans puts at risk not only cherished natural places, but also the multi-billion dollar seafood and tourism industries and hundreds of thousands of jobs.

Environmental Defense works to find cooperative, science-based solutions to the most critical problems facing our oceans. We focus on U.S. waters and on the neighboring Caribbean, bringing innovative management programs to failing fisheries and sheltering the most threatened habitats.

Revolutionizing management
Fisheries. One of our key strategies is transforming the economics of fisheries to reward conservation over exploitation. We work with fishermen and fishery management councils to institute market-based tools. A “catch shares” system, for instance, assigns each fisherman a secure, tradable share of the scientifically determined total sustainable catch, giving them economic certainty and a direct financial stake in the health of the fishery. In the Gulf of Mexico, red snapper fishers voted overwhelmingly for our catch share plan and fishing communities on both coasts are adopting the system, which has already proven successful in Alaska and other fisheries around the globe.

Coastal management. Through creative partnerships with livestock producers and farmers, and with pioneering legislation to protect entire ecosystems, our experts are reducing coastal pollution, which threatens estuaries and reefs that serve as the ocean’s cradles of life.
"Environmental Defense is the first group to recognize the human dimension to the [fishery] crisis."

Rich Young, commercial fisherman

**Marine shelters.** With the fishing community, we’re working to increase by half the extent of “marine protected areas,” where fishing is limited to protect nurseries and fragile habitats. For example, in California, we helped secure a network of protected areas in state waters, using our Ocean Map Geographic Information System (GIS) to identify critical fishing grounds, nurseries and biodiversity hotspots. We also played a leading role in Hawai’i, working with native leaders and fishermen to establish the 84 million acre Northwestern Hawaiian Islands Coral Reef Ecosystem Reserve.

**Recent accomplishments**

**Catch share victory in the Gulf.** A decade of work came to fruition in March when the Gulf Fishery Management Council voted to adopt a catch-share plan for the red snapper fishery. Fishermen voted overwhelmingly for the plan earlier this year. The system will replace outdated regulations that were failing both fishermen and fish. The old rules limited fishing to certain days and established size limits and trip limits, pitting fishermen in a frenzied, often dangerous competition and forcing them to throw back huge numbers of fish that usually died anyway. Catch shares will free fishermen to fish when market and weather conditions are right, implement strict monitoring and compliance mechanisms and ensure that fishermen have a stake in the future health of the fishery. We’re already working to expand catch shares to other Gulf fisheries; our scientist Pam Baker recently was chosen as vice chair of an advisory panel to establish catch shares for grouper.

"Transferable quotas will give fishermen like me more control over their own lives."

—Russell Underwood, red snapper fisherman

**A Florida jewel wins protection.** Half of the Dry Tortugas National Park in the Florida Keys was declared off-limits to fishing recently, adding 46 square miles of protected areas to the 151 square miles within the adjacent national marine sanctuary. The area is the largest fully protected shallow coral reef reserve in North America. The unanimous vote of the Florida Fish and Wildlife Conservation Commission came after years of work by our team and our partners at World Wildlife Fund and the Oceans Conservancy. We won support from commercial and recreational fishing groups by including them in the process of designing the reserve. The victory is a major step toward our goal of creating a network of marine reserves throughout the Southeast.
Healthy oceans for the future
Environmental Defense's Oceans program will continue to work with key stakeholders and legislators to achieve the following objectives:

Plentiful seafood from vibrant U.S. fisheries. Within five years, a minimum of three major domestic fisheries with a combined wholesale value of $300 to $400 million will be on the road to recovery. Equally important, each fishery will function with strong economic incentives for conservation.

Recovering coastal ecosystems. Restoration efforts in three river systems, including the Louisiana Delta, will have begun to reverse the decline of delta wetlands and will bring life back to the “dead zones,” serving as models for restoration.

More resilient oceans. Networks of protected areas will increase by 50%. By reducing (or eliminating) fishing, pollution and other threats to these areas, we will produce measurable increases in the diversity and the abundance of life. These areas will also be able to cope better with the impacts of global warming, adding much-needed stability in a time of environmental change.

Energized voices for ocean conservation. Powerful constituencies in business, ocean industries and the public will engage with us in modernizing laws, policies and business practices to save our oceans.

e. Education and Membership Activities

We communicate directly with the public and our more than 300,000 members in a variety of ways to encourage public education on environmental problems, and good stewardship and conservation of natural resources. Direct mail and other communication like our newsletter and annual report, not only publicize our own efforts resulting in support for their undertaking, but draw attention to the issues and informs the public debate, spurring readers to action. Through our websites, we disseminate environmental information directly to schools, the public, and other scholars who are connected nation-wide to better facilitate development of environmental solutions, and encourage citizen action on both national and local issues through our Action Network.

Hundreds of publications and special resources are distributed through catalogues, the Internet and other targeted efforts as a way of affecting public opinion and changing behavior. Documentation of our research, as well as helpful information and lifestyle changes to protect the environment, like buying recycled or environmentally preferable...
products (including seafood) are promoted through public service advertising campaigns, the Internet and other media outlets.

Our members have access to staff for additional information on ways to support and protect the environment and ways in which they can affect change. They can participate in an e-mail network that provides information on environmental issues before Congress, other legislatures and government agencies, as well as industry, so they can respond directly to public decision-makers and opinion leaders.

TOTAL OF ALL PROGRAMS.................................................................$39,592,556
Environmental Defense, Inc.
257 Park Ave. South
New York, NY  10010

ID# -11-6107128

Worksheet

Period Starting October 1, 2004

Form 990, Part IV, Line 58

**Other Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>10/01/04</th>
<th>09/30/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Advances</td>
<td>7,862</td>
<td>7,169</td>
</tr>
<tr>
<td>Receivable from Brokers</td>
<td>128,086</td>
<td>6,767</td>
</tr>
<tr>
<td>Deferred Compensation Fund Assets</td>
<td>214,987</td>
<td>304,243</td>
</tr>
<tr>
<td>Receivable from Env. Def Action Fund</td>
<td>560,180</td>
<td>1,168,926</td>
</tr>
<tr>
<td>Promissory Note from Vendor</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>Deposits</td>
<td>153,869</td>
<td>152,994</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td><strong>1,164,983</strong></td>
<td><strong>1,640,099</strong></td>
</tr>
</tbody>
</table>
Environmental Defense, Inc.  
257 Park Ave. South  
New York, NY 10010

ID# -11-6107128  

Period Starting October 1, 2004

Form 990, Part IV, Line 64b

**Mortgages & Other Notes Payable**

<table>
<thead>
<tr>
<th>Description</th>
<th>09/30/04</th>
<th>09/30/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line of Credit - ongoing facility to a maximum of $2,500,000</td>
<td>0</td>
<td>1,946,529</td>
</tr>
<tr>
<td>interest rate prime + 1/4%, secured by certain investments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note Payable - due to Dr. J. Franz (long-time donor) date 6/98</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>matures on demand, interest rate 0%, no security.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renovation Loan-NY - $2,250,000, dated 9/98, matures</td>
<td>1,031,250</td>
<td>806,250</td>
</tr>
<tr>
<td>4/09, fixed interest rate 5.98%, secured by certain investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renovation Loan-DC - $1,000,000, dated 10/01, matures</td>
<td>745,612</td>
<td>640,348.00</td>
</tr>
<tr>
<td>10/11, fixed interest rate 6.05%, secured by certain investments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Mortgages & Other Notes Payable                                     | 1,876,862| 3,493,127|
Environmental Defense, Inc.
257 Park Ave. South
New York, NY 10010

ID# -11-6107128

Worksheet J

Period Starting October 1, 2004

Form 990, Part IV, Line 65

<table>
<thead>
<tr>
<th>Other Liabilities</th>
<th>10/01/05</th>
<th>09/30/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Deposits</td>
<td>113,357</td>
<td>39,379</td>
</tr>
<tr>
<td>Deferred Rent</td>
<td>1,158,199</td>
<td>1,025,399</td>
</tr>
<tr>
<td>Passthrough Liabilities</td>
<td>54,577</td>
<td>105,242</td>
</tr>
<tr>
<td>Annuities Payable</td>
<td>1,241,449</td>
<td>1,212,248</td>
</tr>
<tr>
<td>Split Interest Agreements</td>
<td>619,770</td>
<td>965,372</td>
</tr>
<tr>
<td>Deferred Compensation</td>
<td>214,987</td>
<td>304,243</td>
</tr>
<tr>
<td>Total Other Liabilities</td>
<td>3,402,339</td>
<td>3,651,883</td>
</tr>
</tbody>
</table>
Environmental Defense, Inc.
257 Park Ave. South
New York, NY 10010

ID# -11-6107128

Worksheet K

Period Starting October 1, 2004

Form 990, Part V List of Board of Trustees (uncompensated)

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NICHOLAS J. NICHOLAS, JR.
45 West 67th Street, Suite 19F
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Brooklyn, NY 11209

Vice Chair
JANE LUBCHENCO, Ph.D.
Department of Zoology
Oregon State University, Cordley Hall 3029
Corvallis, OR 97331-2914

Secretary
ARTHUR P. COOLEY
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New York, NY 10010

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  Route 44A, Sharon Turnpike
  Millbrook, NY 12545

GEORGE M. WOODWELL, Ph.D.
  c/o 257 Park Avenue South
  New York, NY 10010
Grant Recipients

All Grant recipients carried on work complementary to the organization's own and either were tax-exempt under section code 501.c.3 of the IRC, or engaged in exempt purpose activity of the type contemplated by sections 170.c.1 and 2 of the code.

Grants were made to domestic organizations involved in community-based programs
- to reduce toxic chemical pollution associated with mass transportation and manufacturing
- for waste recycling and reduction
- to restore habitat of endangered species, or environmental significance
- to provide incentives & technical assistance for private landowners, fishermen, communities and others to maintain environmentally sustainable activity and environmental protection
- to support scientific research to develop solutions to environmental problems
- to raise awareness of, and engage communities in public policy changes to improve environmental conditions, particularly in communities of color and the poor

Several U.S. university departments and environmental organizations received grants to conduct basic research on ecological issues of relevance to this organization's programmatic work.

All domestic grantees were required to furnish their IRS determination letter. Accounting of grant money spent was required by us (including return of funds unexpended) as were reports of accomplishments related to the use of the funds.

Grants made to international organizations were in support of local public awareness programs and scientific research related to consumption issues underlying sulfur dioxide emissions, pollution control, and the global warming trend.