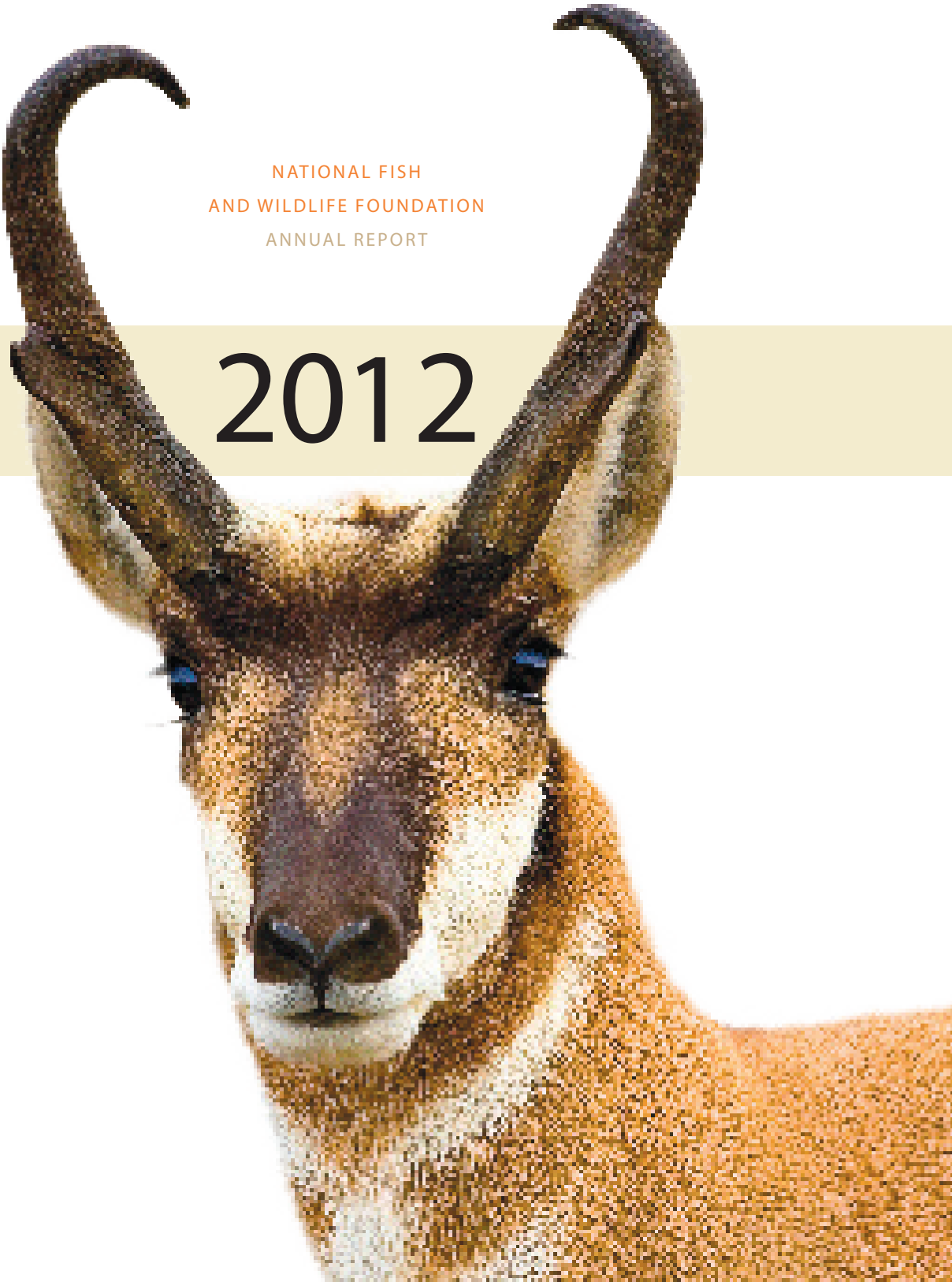
NFWF

NATIONAL FISH
AND WILDLIFE FOUNDATION
ANNUAL REPORT

# 2012



Our nation's natural heritage—a vast array of fish and wildlife species in many ecosystems—is a legacy that all of us cherish. When this interdependent web of life is damaged by acts of man or nature, that legacy is put at risk.

NFWF works to protect and restore the health of natural ecosystems so our native species can thrive. We use the best science to forge effective responses, joining with a network of public and private partners to solve complex conservation challenges. In 2012, we supported more than 500 vital actions to benefit fish, wildlife and their habitats for generations to come. Here are a few of our stories.

# Chairman's message

Every day, in projects in all 50 states and abroad, NFWF and its partners tackle real-world environmental problems.

Our issues are as small as an endangered Hawaiian songbird, and as immense as the freshwater needs of our western states. In each case, our approach is the same: we work with communities to implement science-based strategies to achieve positive results, balancing the needs of both people and wildlife.

Since our founding by Congress in 1984, NFWF has built strong ties to large and small conservation organizations, foundations, corporate supporters, and federal, state, tribal and local agencies. By combining our knowledge and resources, our joint projects are helping to bring back salmon populations in the Northwest, longleaf pine forests of the Southeast, endangered seabirds in the Pacific, and more. Our list of partners and projects continues to grow.

In 2012, NFWF supported a total of 505 projects. We used $42.6 million in federal funds as a springboard to leverage an additional $149.5 million in private contributions and grantee matching funds, for a total investment of more than $192 million.

As this report went to press in January, we learned that NFWF had been named to manage nearly $2.4 billion from BP stemming from the settlement of charges from the 2010 Deepwater Horizon explosion and oil spill. In the years to come, we will apply these funds to projects that demonstrably benefit the Gulf's natural resources.

NFWF has more than two decades of conservation experience in the Gulf. We've been part of the post-spill restoration effort from the start, disbursing funds from community service payments and other sources for projects to bolster species affected. We pledge to work with all stakeholders to manage the settlement funds for maximum impact. Our shared goal is a vibrant future for our country's richest marine ecosystem.

Don J. McGrath

CHAIRMAN, BOARD OF DIRECTORS, NFWF

Don J. McGrath

STRATEGIES AND SOLUTIONS

"We work with communities to implement science-based strategies to achieve positive results, balancing the needs of both people and wildlife."

# Journey of the millerbirds

WITH THE GLOBAL POPULATION OF A TINY SONGBIRD AT RISK, A BOLD MOVE TO ESTABLISH ANOTHER COLONY BRINGS NEW HOPE.

Five years ago, a small Hawaiian warbler known as the Nihoan Millerbird was causing big concerns for conservation biologists. Over three decades, the population of the species had shrunk to fewer than 1,000, all of them on the single island of Nihoa. Scientists feared that the millerbird could disappear unless a second, viable colony was established elsewhere.

The logistics were complex. Relocation to Laysan Island, which millerbirds had once inhabited, would entail selecting the right birds for genetic diversity, bringing them into captivity, and completing a harrowing 650-mile journey by boat. Rocky shores and rough surf would make the transfer hazardous. With the birds' high metabolic rate, the stresses of the trip might be more than they could endure.

After evaluating the risks with partners, NFWF identified the millerbird relocation as a cost-effective project that could make an immediate positive impact on the species in a relatively short time. We worked with the American Bird Conservancy, the U.S. Fish and Wildlife Service, The Nature Conservancy and the San Diego Zoo to work out the many factors necessary for a successful transfer.

In August 2011, after months of planning and several trial runs without the birds, two dozen were caught and successfully moved from Nihoa to Laysan Island. What followed surprised even veteran biologists. Only four to six weeks after they arrived, the millerbirds began to nest, months earlier than normal.

In February 2012, the first young millerbird fledged from the nest — the first fledgling on Laysan Island in over 100 years. Astonishing nesting success continued through the rest of the year, with scientists reporting four breeding "spikes" in 2012, twice the normal rate.

"Everything about this project has been remarkable, but especially the hardiness and terrific breeding success of the millerbirds," said Dr. George Wallace, Vice President for Oceans and Islands at American Bird Conservancy.

Another 26 birds were taken from Nihoa to Laysan in August 2012, using the process pioneered the year before. Survivorship on Laysan appears high, and about two dozen young have now fledged on the island. The next hurdle is whether the fledglings will breed. If that occurs, as experts anticipate, the world's millerbird population may double in the next decade — a remarkable comeback for a species listed as endangered for 30 years.

100+ YEARS SINCE MILLERBIRDS HAD LAST NESTED ON LAYSAN ISLAND. AFTER RELOCATION FROM NIHOA 18 MONTHS AGO, AT LEAST 24 MILLERBIRDS HAVE FLEDGED IN THE NEW COLONY.

Establishing a new colony for the endangered Nihoan Millerbird, lower right, involved a precarious transfer by boat to Laysan Island, 650 miles away. The risky move paid off, and birds are breeding at remarkable rates.

# The trickle-down solution

A ONCE-LUSH MOUNTAIN HABITAT IS RETURNING TO ITS NATURAL BALANCE, AND WET MEADOWS ARE WELCOMING BACK FISH, BIRDS AND AMPHIBIANS.

As the snowpack of the Sierra Nevada melts each spring, it releases essential freshwater to the dry valleys of central California.

Spreading across high mountain meadows, as nature intended, the water recharges groundwater aquifers, creating a lush habitat that sustains fish, frogs, birds and other wildlife. The melted snow quenches landscapes as far away as the San Francisco Bay, benefiting a host of species along the way.

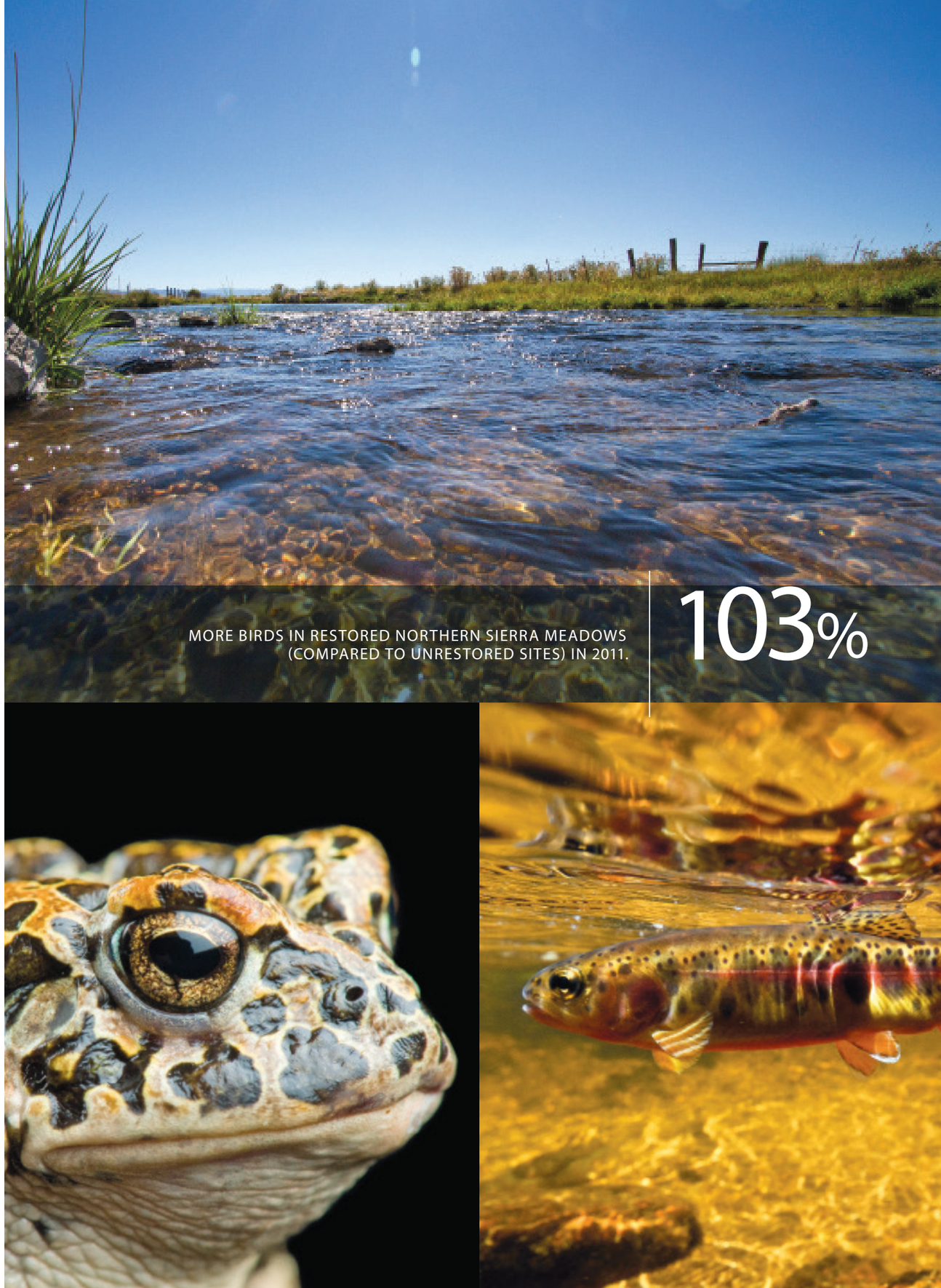
Over the years, thousands of these "wet meadows" became degraded. In some cases, ranchers and farmers dug deep channels in the land, which allowed water to rush through. Once-saturated meadow habitat changed from wet to dry. Groundwater levels, no longer replenished by the snowmelt, receded. And native species struggled to survive.

NFWF's Sierra Meadows program, begun in 2009, works with the U.S. Forest Service and other partners on restoration projects that allow the meadow ecosystem to return. The program also supports learning about the effects of meadow restoration and the conservation benefits that accrue downstream. Surveys indicate that, by bringing water back, the program has positively affected several bird populations. Among them is the willow flycatcher, listed as threatened in California since 1990.

A dozen diverse Sierra meadow restoration actions supported by NFWF are now underway. Corporate partner Coca Cola joined the effort in 2012, contributing financial backing and lending employees from its San Leandro facility for a volunteer event to restore Indian Valley, a 500-acre meadow atop the Sierra Divide. The firm's involvement is part of a corporate commitment to sustainable water projects through its "Return What We Use" campaign; the increased groundwater storage from the Indian Valley project is estimated at 305 million liters / year.

As restoration efforts continue, other imperiled Sierra species — mountain yellow-legged frog, Yosemite toad, Lahontan cutthroat trout and more — will benefit. Drop by drop, the high meadows ecosystem is becoming wet and wild again.

Opposite: The wet meadows of the Sierra are biodiversity hotspots. Approximately two-thirds of California's birds and amphibians depend on these habitats, including the mountain yellow-legged frog and fish species like the California golden trout.



MORE BIRDS IN RESTORED NORTHERN SIERRA MEADOWS (COMPARED TO UNRESTORED SITES) IN 2011.

103%

# Investments for future gains

ACTIONS FOR SEA TURTLES, SHOREBIRDS, AND OTHER SPECIES AFFECTED BY THE OIL SPILL REFLECT NFWF'S CONTINUED FOCUS ON RESTORING THE GULF ECOSYSTEM.

The 2010 Deepwater Horizon oil spill in the Gulf of Mexico focused attention on an ecosystem in the throes of a long-term decline. NFWF funded immediate actions to boost wildlife populations affected by the spill and continued those efforts in 2012, joining with partners to restore habitat for many species that live in or migrate through the region.

The stakes are high. The precarious health of the Gulf ecosystem affects more than 1 billion birds (60 percent of all bird species in North America), including at least 120 species of shorebirds, waterfowl, waterbirds, and seabirds. Gulf waters shelter a myriad of marine fish and wildlife, with more than 40 species of snappers and groupers, sharks, bluefin tuna, and five of the seven globally recognized species of sea turtles.

With so much at risk, effective management of ongoing restoration actions is crucial. Since the oil spill, NFWF has identified and funded over 75 large-scale conservation projects benefiting the Gulf, with a total investment of more than $22.9 million.

Actions for endangered sea turtles, a long-term NFWF focus, have already shown results. "Funding provided through NFWF's Recovered Oil Fund for Wildlife made it possible, for the first time ever, to actually work with private property owners to retrofit problem lights around Florida, and the results have been remarkable," said David Godfrey of Sea Turtle Conservancy. Godfrey estimates that the 70 retrofits completed have saved 10,580 hatchlings from death or disorientation from artificial beachfront lighting.

In coastal Louisiana and along critical flyways, researchers have documented dramatic increases in the number of migrating waterfowl on agricultural lands flooded after the spill to create additional habitat. The project with hundreds of farmers, led by NFWF and partners such as Ducks Unlimited, Mississippi Wildlife and Natural Resource Conservation Service, was designed with a minimum three-year timeline to extend wildlife benefits.

With community service payments managed by NFWF's IDEA (Impact-Directed Environmental Accounts) department and other contributions, additional projects enhanced conditions for Gulf species. A $100,000 payment from a ship pollution case, for example, helped Audubon Florida to protect nesting areas for endangered Gulf shorebirds.

As settlement funds from the Deepwater Horizon oil spill provide the long-term resources needed to begin restoring the Gulf's natural resources, we will continue to work with affected communities to shape effective investments for a healthy future.

NFWF projects to boost endangered sea turtles in the Gulf focused on reducing by-catch and increasing hatchling survival, with dramatic results. In coastal areas, creation of additional habitat on agricultural lands sustained waterbirds like white ibis, opposite, as well as migratory waterfowl and shorebirds.



NET INCREASE IN THE NUMBER OF SEA TURTLE HATCHLINGS IN FLORIDA SINCE THE OIL SPILL AS A RESULT OF NFWF-SUPPORTED ACTIONS TO BOOST SURVIVAL RATES.

488,080

# Path of the pronghorn

MAN-MADE IMPEDIMENTS THREATENED THEIR MIGRATION ROUTE. NOW, A DRAMATIC SOLUTION KEEPS PRONGHORN ON THE MOVE.

The epic migration of pronghorn across Wyoming is one of the longest of its kind in North America. In recent years, it had become one of the most treacherous.

Along the path to and from the animals' wintering grounds, new development, fencing, and highways were blocking the age-old passage. The antelope-like pronghorn, the fastest mammals on the continent, were no match for trucks and tractor-trailers traveling on busy state roads. Twice a year, thousands of them converged on a particularly dangerous bottleneck on Route 191, dodging vehicles as they crossed the highway. More than 700 pronghorn and mule deer had been killed and injured along a 27-mile stretch since 2007.

In 2012, a unique solution provided a safer way: the opening of two new wildlife overpasses and a series of underpasses designed to save the pronghorn and other animals from deadly interactions with traffic. Funded by the Wyoming Department of Transportation, the structures in Sublette County near Trappers Point were tested for the first time as the herd moved south in October. Biologists monitoring the site reported that the pronghorn used the crossing without hesitation, springing across the bridges as they continued south.

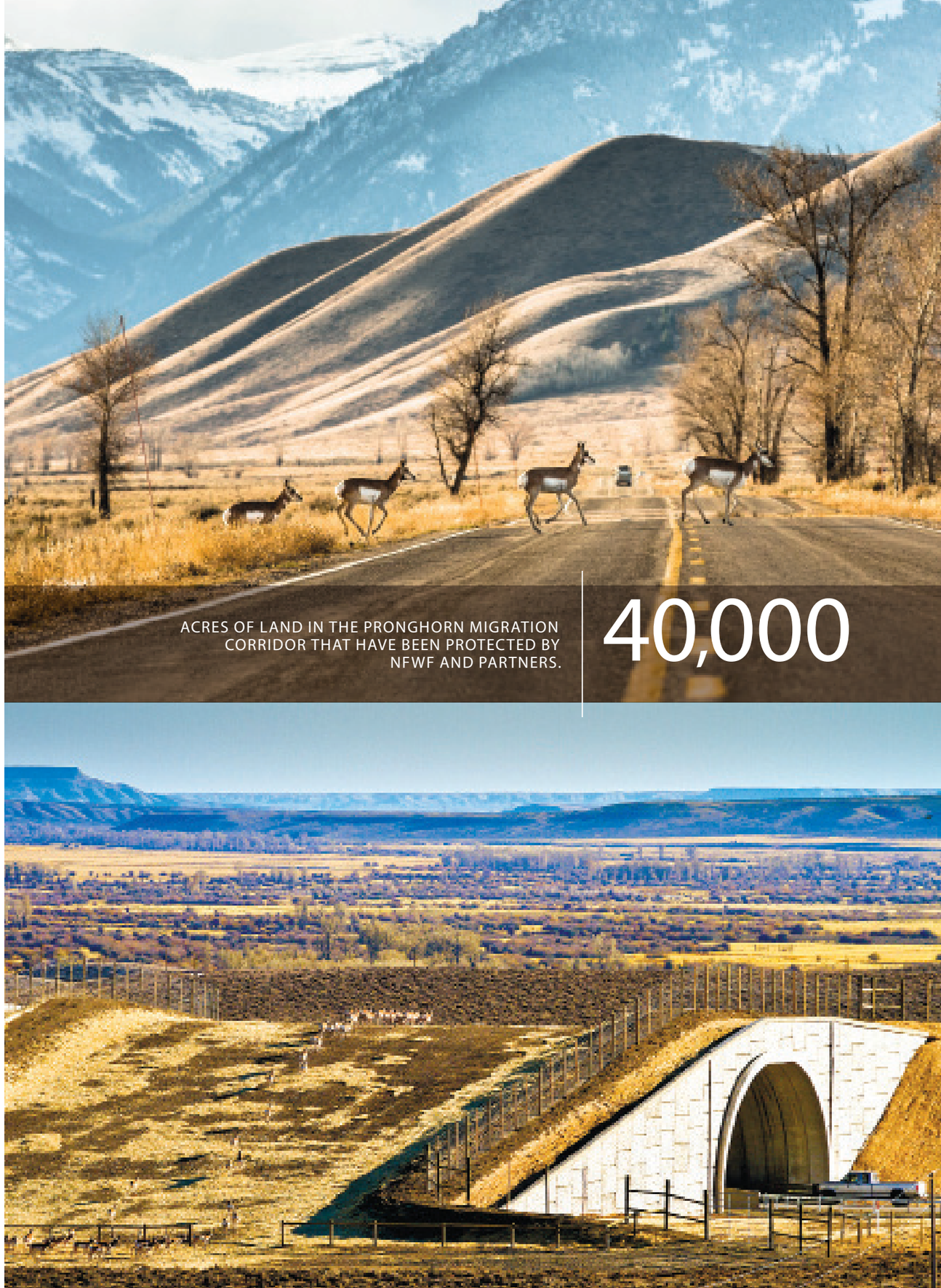
That successful outcome, cheered by many partners, was more than eight years in the making. Since 2005, NFWF had supported a multi-tiered approach to saving the path of the pronghorn. After convening initial discussions with federal and state agencies, we launched a wider examination of pronghorn habitat loss. In 2008 and 2009, we funded extensive modifications to fences on private lands to ease the migration. We also funded research to identify primary threats to pronghorn. In 2010, NFWF supported a permanent easement on priority lands within the route through the Acres for America program, a partnership with Walmart.

Jon Beckmann, the Wildlife Conservation Society ecologist who conducted the study funded by NFWF, noted that as pronghorn habitat continues to shrink, protecting the remaining migration routes becomes even more crucial. "Almost 75 percent of the pronghorn's long-distance migration routes have been lost," he said.

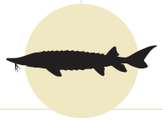
With their ancient path now partially elevated and far more secure, the pronghorn of the Upper Green Valley can follow their instincts, finding the food and refuge essential to their survival.

Opposite: Pronghorn have been making the journey to and from their winter habitat in the upper Green River Basin for thousands of years. In 2012, they completed the 100-mile trek more safely with the help of a new wildlife crossing.





# Scaling up sturgeon recovery



SPAWNING SITES IN GREAT LAKES WATERWAYS, INCLUDING ONE PLANNED FOR DOWNTOWN DETROIT, BOOST POPULATIONS OF A LEGENDARY NATIVE FISH.

The lake sturgeon is a survivor. Since the Jurassic period, this mighty fish has spawned in fast-moving rivers, with females often living to 150 years old. In 2012, NFWF and Michigan Sea Grant embarked on a unique project to promote the survival of Great Lakes sturgeon, whitefish, and other species in an unlikely urban location: the Detroit River.

The effort is part of Sustain Our Great Lakes, a comprehensive program to restore and preserve the fragile habitats and ecosystems of the world's largest surface freshwater system. With over $28.9 million in grants, the seven-year-old program is a public–private partnership with ArcelorMittal, the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, the U.S. Forest Service, the National Oceanic and Atmospheric Administration and the Natural Resources Conservation Service.

The lake sturgeon project entails construction of an artificial reef on a one-acre site in the Detroit River, within sight of downtown's Ambassador Bridge. It will sink 99 tons of limestone rocks 30 feet underwater to restore a spawning area for the fish. The undertaking is the latest chapter in a long-term, bi-national and multi-sector collaboration involving the U.S. Geological Survey, U.S. Fish and Wildlife Service, Michigan Department of Natural Resources, and Canadian and private sector partners.

Recent projects have created other artificial reefs, and monitoring data show that sturgeon and other species are using them. Those data are collected from high-tech listening posts, which pick up signals from tagged fish passing through the river system. "We're tracking the fish at all life stages," says project principal investigator Jen Read of the University of Michigan. "That includes adult spawners, egg deposition on the reef, larval fish hatching and juvenile fish downstream."

The Detroit River reef is part of a broad NFWF effort to help restore lake sturgeon populations across the Great Lakes basin. Since 2006, the Sustain Our Great Lakes program has invested more than $3.3 million in six projects that are benefiting this species, including a sturgeon project along the Menominee River in Wisconsin and Michigan. Reconnecting this historic river spawning habitat with Lake Michigan is expected to increase the sturgeon population in the lake by 600 percent over two to four generations.

STREAM MILES RECONNECTED FOR FISH PASSAGE BY SUSTAIN OUR GREAT LAKES PROJECTS.

846

In the Detroit River, opposite, construction of an underwater reef will provide a spawning ground for lake sturgeon. Electronic tagging of the fish enables researchers to monitor the success of projects to restore historic river habitat.

# New allies for an imperiled ecosystem

THE LONGLEAF PINE FOREST HAS NEARLY DISAPPEARED. THE U.S. DEPARTMENT OF DEFENSE IS NFWF'S LATEST PARTNER IN THE EFFORT TO SAVE IT.

In the Carolina low country and throughout the Southeast, the longleaf pine forest that once dominated the landscape now occupies less than three percent of its historic range. The trees provide shelter and sustenance for many species including the diminutive red-cockaded woodpecker, listed as endangered since 1970.

Red-cockaded woodpeckers (or RCWs) feed on insects under longleaf pine bark and drill in the cavities of the mature or dead trees. The hollows are also used by dozens of other vertebrate species, contributing to the richest coastal biodiversity system in the United States.

"Taking care of RCWs helps everything else. They are the engine driving the ecosystem restoration train," says Ralph Costa, a former RCW Recovery Specialist for the U.S. Fish and Wildlife Service. In just ten years, NFWF investments have helped the overall bird population surge to over 7,200 clusters in the region stretching from North Carolina to Florida.

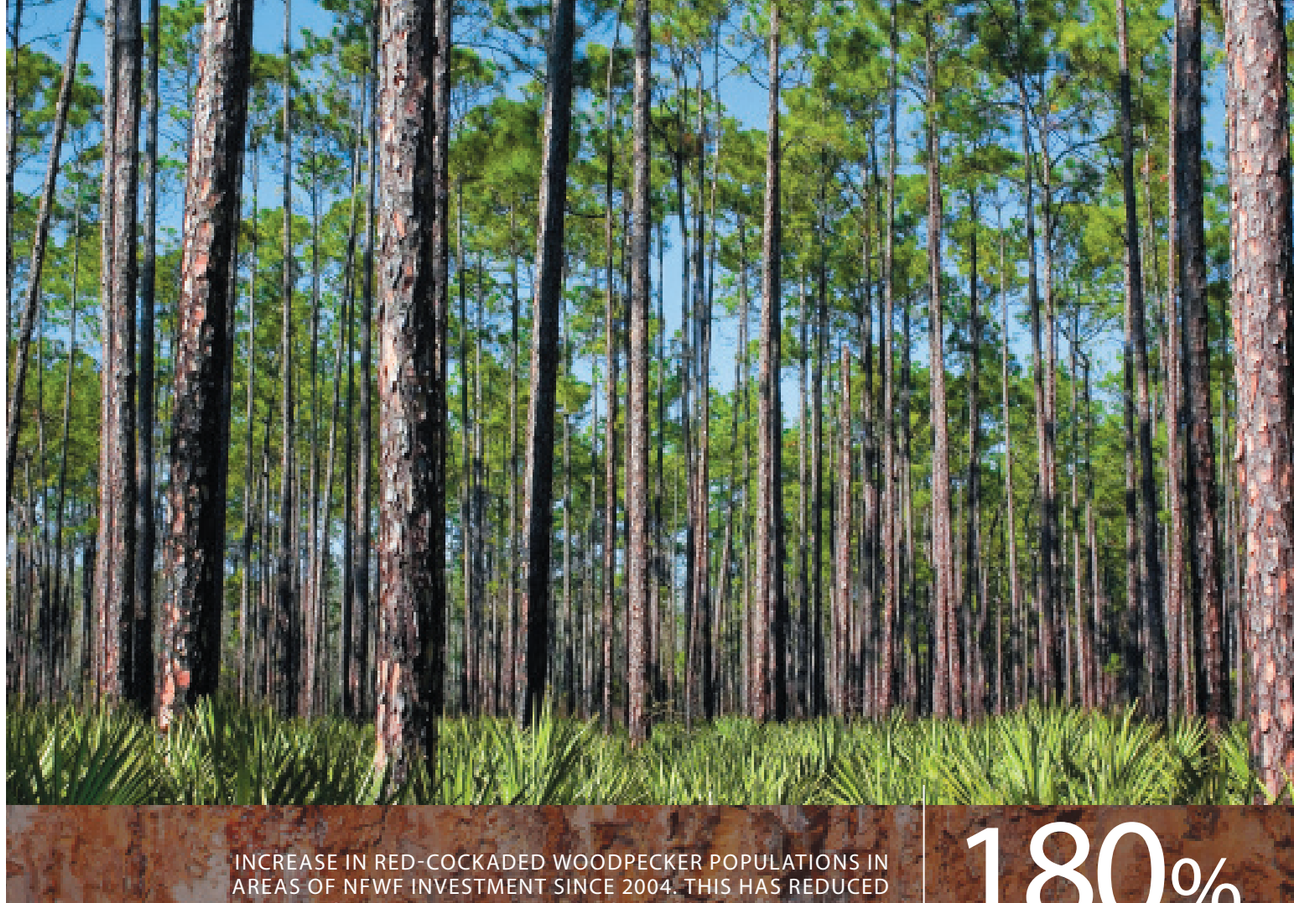
Other wildlife, from the gopher tortoise to the pine snake, rely on the same longleaf habitat. To protect both the forest and the species that depend on it, and to help ensure that the military mission of U.S. Department of Defense (DOD) bases and installations in the Southeast is maintained, NFWF signed its first-ever agreement with the DOD in 2011. It targets restoration of longleaf forests in high-priority buffer lands around DOD installations.

Building on this relationship in 2012, NFWF developed a new partnership with the U.S. Navy and Marine Corps for Camp Lejeune, North Carolina. The initiative will focus on conserving and restoring important lands around Camp Lejeune in order to create high-quality habitat for red-cockaded woodpeckers.

The DOD alliance builds on a decade of public, corporate and non-profit cooperation in restoring longleaf habitat and recovering RCW populations. NFWF's longleaf conservation initiative seeks to restore longleaf pine on 150,000 acres across the southeastern U.S. and enhance wildlife habitat on 1.5 million forest acres over the next five years. The public-private effort includes support from founding partner Southern Company, along with its four operating companies (Alabama Power, Georgia Power, Gulf Power, and Mississippi Power), and a new partnership with International Paper, which invests in sustainable management of the forests that supply its raw materials.

The tall trees of the longleaf pine forest, opposite, support a highly diverse ecosystem where more than 600 species of plants and animals flourish. Tree cavities inhabited by the red-cockaded woodpecker are also used by dozens of other species.





INCREASE IN RED-COCKADED WOODPECKER POPULATIONS IN AREAS OF NFWF INVESTMENT SINCE 2004. THIS HAS REDUCED THE ESTIMATED TIME NEEDED FOR RECOVERY BY 11 YEARS.

180%

# Wild spaces for waterfowl

MILLIONS OF DUCKS DEPEND ON THE PRAIRIE POTHOLE REGION. PRIVATE LANDOWNERS ARE JOINING THE MULTI-FACETED EFFORT TO BOOST HABITAT.

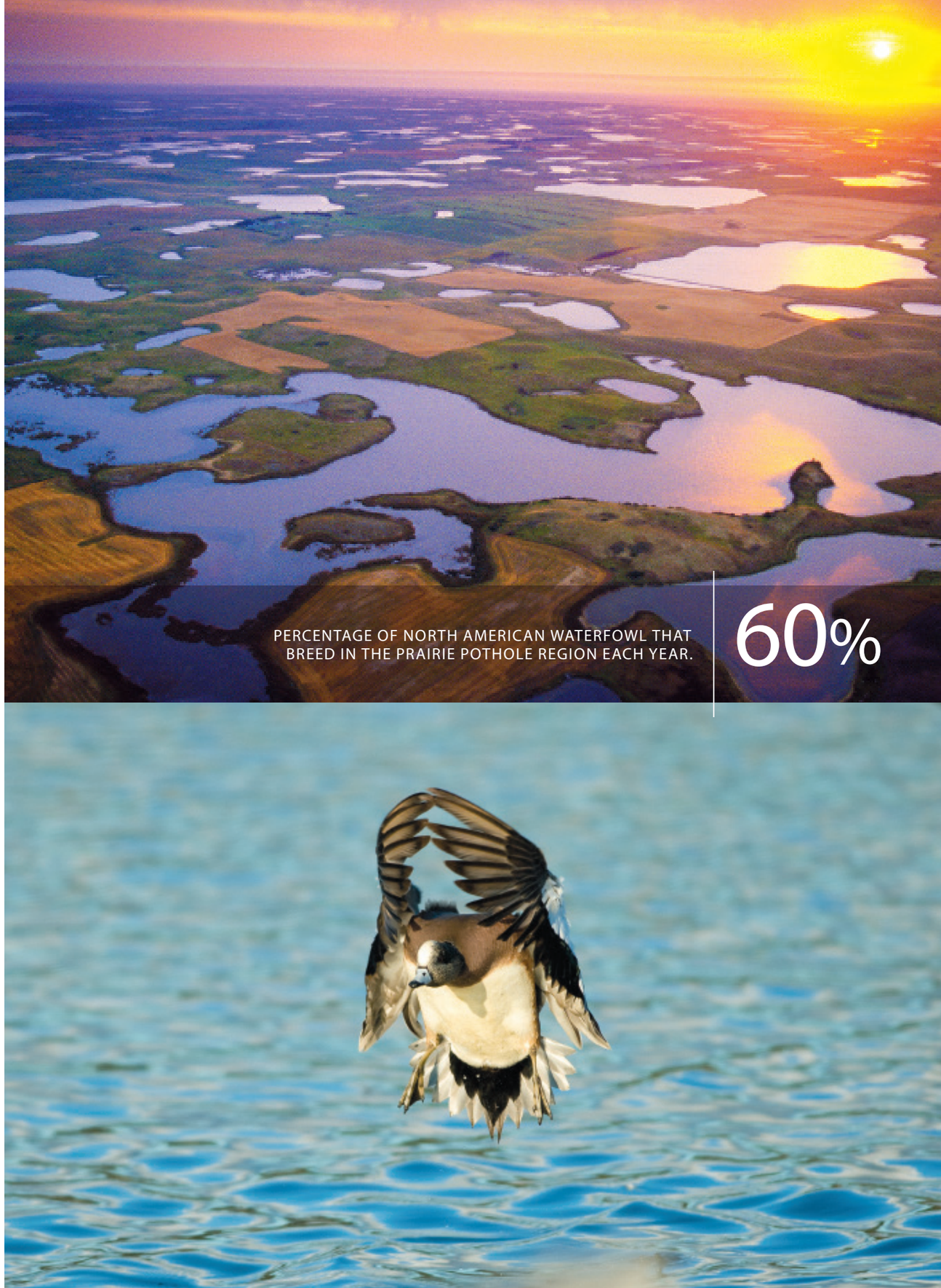
The vast prairie of the Northern Great Plains is an iconic American landscape that shelters both grassland bird species and migrating waterfowl. During the nation's great western expansion in the 19th century, great swaths of it were settled and cultivated, and more than 90 percent of the area was converted to cropland.

Agriculture remains the primary land use in this part of the country, but remnants of the original native mixed-grass prairie/wetland ecosystem, known as prairie potholes, survive. These wild places offer essential nesting areas for a duck population that still numbers more than 10 million. Critical easement programs help to provide habitat for waterfowl species like the Blue-winged Teal, American Wigeon, Northern Pintail, Canvasback, and Northern Shoveler.

Recognizing the importance of the prairie potholes, NFWF works with the U.S. Fish and Wildlife Service and leading conservation groups, such as Pheasants Forever and Ducks Unlimited, to protect native prairie. In 2007, $1 million in NFWF funding helped conserve more than 14,000 acres in North and South Dakota. In 2012, we launched a new effort to improve stewardship of private lands: the Conservation Partners Program.

With the goal of engaging private landowners in conservation efforts, this partnership with the Natural Resource Conservation Service (NRCS) brings together resources from both the public and private sectors to save vanishing habitat. Conservation Partners focuses on providing technical assistance to landowners engaged in new conservation projects. The program, which emphasizes the need to keep agricultural lands working, supported 69 projects in 12 areas of the U.S. in its first year, including prairie work in North and South Dakota, Montana and Minnesota. Partners included Wells Fargo and Budweiser.

"Conservation Partners is helping ranchers and farmers with issues like soil health, water quality, and flood reduction, which have a direct effect on species and ecological processes," said Danielle Flynn, National Biologist at NRCS. "Removing fencing, managing grazing areas, and designing sustainable landscape plans are things that can have a positive impact on our natural resources. With the technical know-how to implement these kinds of projects, private landowners can help to expand habitat protection and restoration in special places like the prairie potholes."



PERCENTAGE OF NORTH AMERICAN WATERFOWL THAT BREED IN THE PRAIRIE POTHOLE REGION EACH YEAR.

60%

Ducks that spend the winter in the Gulf of Mexico find refuge after a long migration in the Prairie Pothole Region. The patchwork of water, wetlands and grassland habitat covers 276,000 square miles and sustains millions of birds during breeding season.

# A neighborhood creek, no longer neglected

RESIDENTS, CITY GOVERNMENT, AND ENVIRONMENTAL PARTNERS RESCUE A DISTRICT OF COLUMBIA STREAM BATTERED BY STORMWATER AND POLLUTION.

Watts Branch, a tributary of the Anacostia River in Washington, D.C., faces challenges common to many urban streams: trash, toxins, and torrents of stormwater that erode banks, destroy riparian habitat, and flood property. Seventy percent of the District's Anacostia watershed is paved and densely developed. When rain gushes into the river from streets, roofs, and sidewalks, it acts "like a fire hose in a sandbox," destroying stream banks and pushing sediment downstream to the river and the Chesapeake Bay.

Yet the District of Columbia and partners are reclaiming Watts Branch, just two miles from the U.S. Capitol, as part of a comprehensive plan to restore the troubled Anacostia. Egrets and herons now fish along the stream, and families stroll on a riverside path. The District Department of the Environment led a project to reduce stormwater at the source, stabilize fragile banks, and create ten acres of forested buffer along the stream. The turnaround was supported by NFWF's Chesapeake Bay Stewardship Fund, which receives funding from EPA, other federal agencies and NFWF corporate partners including FedEx, Altria, and Walmart.

Even before professionals set to work on restoring the stream banks, Washington Parks and People, a non-profit dedicated to restoring the capital's green spaces, removed trash and invasive species, and later planted 600 trees in upland neighborhoods, schoolyards and parks. Another 6,000 new shrubs and plants stabilized the banks.

Meanwhile, 600 elementary students nurtured and planted wild rice, pickerelweed and arrow arum in the stream shallows to filter sediment and bacteria.

Municipal cooperation was essential for complex infrastructure improvements, such as DC Water's removal of five in-stream sewer crossings and replacement or repair of 4,000 feet of leaking sanitary sewer line. City workers also labeled each of the 865 storm drains in the Watts Branch watershed, reminding neighbors to keep streams clean.

With a goal of reducing Watts's erosion by 77 tons per year, the project has already had positive effects. "We're seeing stream bank vegetation thrive where there used to be five-foot cliffs of sand and clay," says Josh Burch of the District Department of the Environment, which directed the project. Recent wildlife sightings in this urban stream include great blue and night herons, raptors, beavers, muskrats, water snakes, a plethora of butterflies, and even an American eel.

Opposite: Hands-on experiences on Watts Branch connect District schoolchildren to the natural world. On this tributary of the Anacostia, one of the most degraded rivers in the U.S., a many-faceted effort is restoring the stream for people and wildlife like the great blue heron.





GREEN CORPS MEMBERS WHO JOINED IN THE RESTORATION OF WATTS BRANCH AS PART OF A WORKFORCE DEVELOPMENT PROGRAM. AN ADDITIONAL 15,000 VOLUNTEERS PARTICIPATED IN STREAM CLEAN-UPS.

126

# A revival for streams and salmon

IN THE COLUMBIA BASIN, NATIVE FISH POPULATIONS AND LOCAL LANDOWNERS BENEFIT FROM AN INCENTIVE-BASED CAMPAIGN TO RESTORE TRIBUTARIES.

A powerful multi-state effort to improve river and stream flows for imperiled fish in Oregon, Washington, Idaho and Montana celebrated a landmark anniversary in 2012. The Columbia Basin Water Transactions Program, a partnership between NFWF, the Bonneville Power Administration and Northwest Power and Conservation Council, marked its tenth year with its most successful performance to date.

With a 2012 investment of $4.76 million, agency, tribal and nonprofit partners secured more than 112,550 acre-feet of instream water from willing landowners to restore flows to high-priority, fish-bearing stream habitat across the region. Since 2003, NFWF has worked with Bonneville Power to fund more than 340 water transaction projects.

Voluntary agreements with water rights holders in the Basin are reclaiming habitat for salmon and other species by limiting the amount of water diverted for irrigation in spring and early summer. Transactions across the 220,000-square-mile watershed are not only reconnecting a broken network of streams for spawning fish, but also providing important benefits for the landowners.

"Irrigators are really happy with the changes," said Morgan Case, a staff biologist for the Idaho Water Resource Board. Because their agreements support replacement of antiquated irrigation systems and monitoring devices, "it's easier for them to irrigate." She added that the gains for wildlife, shared by word-of-mouth, have spurred neighbors to learn more.

"Fish are returning to streams where they haven't been seen in decades," said Case. "We had one landowner who hadn't seen spawning salmon since he was a little kid."

"There's evidence that improved flows are making an impact," agreed Chris Furey, a policy analyst at Bonneville Power Administration who manages the federal agency's partnership with NFWF. "For instance, the program is seeing biological research that links the added flows to areas of increased salmon redds (nests)." Active collaborations, he said, keep the momentum going. "All these different entities working together allow us to share more regional knowledge and provide insights for people working on the ground."

The Columbia Basin Water Transactions Program is the first regional effort in the U.S. to enhance flows in tributaries compromised by legal water diversions. Now, the incentive-based initiative developed with Bonneville Power is becoming a model for other western states. In recent years, NFWF has launched similar large-scale efforts in Nevada's Walker Basin and the Rio Grande, where transactions can help address competing water claims and improve conditions for fish and wildlife.

In Idaho's Salmon River, opposite, and throughout the Columbia Basin, transactions with water rights holders help keep flows at the needed levels so fish can spawn.





837,500+

ACRE-FEET OF WATER RESTORED IN STREAMS AND RIVERS BY THE COLUMBIA BASIN WATER TRANSACTIONS PROGRAM SINCE 2003. A SINGLE ACRE-FOOT EQUALS 325,851 GALLONS.

# After the storm

IN THE WAKE OF WIDESPREAD DEVASTATION FROM HURRICANE SANDY, NFWF CONTRIBUTES TO THE SCIENCE GUIDING THE RESTORATION PLAN.

Hurricane Sandy surged up the Eastern Seaboard in October 2012, devastating coastal communities in eight states. The storm was catastrophic in the mid-Atlantic, causing 199 deaths and $200 billion in property damage from North Carolina to New England.

Sandy's high winds and water moved masses of coastal sediments and large debris, eroding important nesting islands and blowing out dikes on impoundments managed specifically for migratory birds. Large volumes of raw sewage, sediment, contaminants and debris spewed into inlets and bays, degrading the critical coastal areas that shelter fish and wildlife.

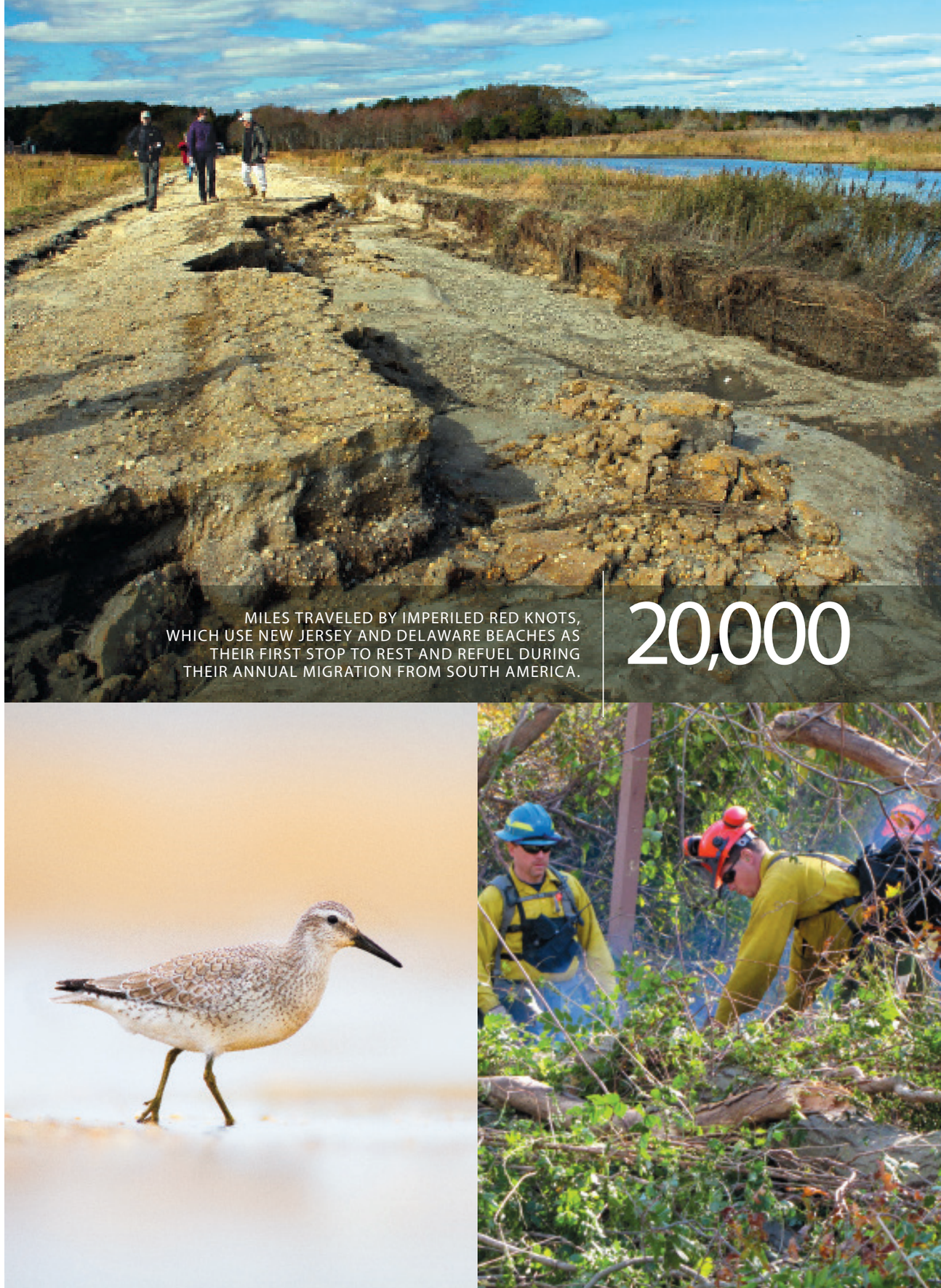
As the storm subsided, NFWF and partners began immediate consultations with federal and state agencies to assess the ecological impacts of Sandy and determine the most effective actions to restore and protect the species and habitats at risk. Our Hurricane Sandy Wildlife Response Fund supported a set of crucial surveys of on-the-ground needs before the large-scale restoration effort commenced.

The reports, by the Manomet Center for Conservation Sciences, the American Littoral Society, the Hudson River Foundation and the University of Maryland Center for Environmental Science, identified short- and long-term priorities for the multi-billion-dollar restoration ahead. Key recommendations include actions at more than 100 sites from Massachusetts to Virginia, focusing on coastal areas where threatened or endangered species breed or migrate.

The reports emphasized restoration of eroded beaches, dunes and shorelines, removal of debris, and repairs of structures protecting wetlands.

The proposed projects would not only target damage from the hurricane, but also allow coastal areas to withstand future major storms. Most importantly, they would restore habitat. "Hurricane Sandy did significant damage to some long-term conservation work," said Stephen Brown, director of the shorebird science division at the Manomet Center. "Important habitats for high-priority species have been altered by this storm."

In the past five years alone, NFWF has invested more than $105 million into 750 projects in the areas affected by the hurricane. Understanding the situation on the ground and developing a post-Sandy conservation strategy are vital steps in ensuring the long-term survival of native species and restoring the ecosystem.



MILES TRAVELED BY IMPERILED RED KNOTS, WHICH USE NEW JERSEY AND DELAWARE BEACHES AS THEIR FIRST STOP TO REST AND REFUEL DURING THEIR ANNUAL MIGRATION FROM SOUTH AMERICA.

20,000

Hurricane Sandy pummeled areas like New Jersey's Edwin B. Forsythe National Wildlife Refuge, opposite, and caused significant damage to fragile wetlands along the Atlantic coast. The road map for restoration was guided by assessments of priority actions for species like the red knot, near right.

# 2012 Corporate Partners

Through their philanthropic support of NFWF, these corporations increase the resources available for vital conservation projects across the United States. We salute our partners for their generosity and commitment.

### ALTRIA

Through its partnership with NFWF, Altria supports projects in Chesapeake Bay, Columbia Basin and Kentucky. Altria focuses on improved water quality by investing in effective conservation and restoration practices, and by accelerating implementation of the most innovative, sustainable and cost-effective strategies.

### AMGEN

Amgen Foundation works with NFWF to support community-based wetland, riparian, and coastal habitat restoration in seven geographic areas where Amgen has operations. Through education, outreach and training, the partnership encourages the stewardship of local natural resources.

### ANHEUSER-BUSCH /BUDWEISER

For nearly 20 years, Anheuser-Busch has partnered with NFWF to fund programs that restore wildlife habitat, improve public access, educate future leaders in conservation, and conserve the nation's outdoor heritage. Its Help Budweiser Help the Outdoors program has protected critical wildlife habitat in North and South Dakota, the Rocky Mountains, and the eastern, southeastern and southwestern U.S.

### ARCELORMITTAL

ArcelorMittal and NFWF's Sustain our Great Lakes program, launched in 2007, supports collaborative approaches to the conservation of wetlands and other critical fish and wildlife habitat. In addition to restoring streams, wetlands, shoreline and upland areas in the Great Lakes region, it has trained and educated more than 6,500 students, teachers, volunteers, and residents.

### BASS PRO SHOPS

Bass Pro Shops and the Johnny Morris Foundation support the More Fish Campaign, which promotes fish habitat protection, enhancement, and restoration projects nationally. It focuses on engaging agencies, anglers, and other conservation groups at Table Rock Lake and the White River watershed in Arkansas and Missouri.

### BED BATH & BEYOND

At Bed Bath & Beyond stores nationwide, $1 from the sale of reusable shopping bags is donated to NFWF to support marine and coastal programs across the country. Proceeds support the restoration of water quality in the Chesapeake Bay and Puget Sound and the protection of sea turtles and seabirds from harmful marine debris.

### BP

In 2010, BP joined with NFWF to establish the Recovered Oil Fund for Wildlife, a program to support species imperiled by the oil spill in the Gulf of Mexico. The fund was made possible with proceeds from BP's share of net revenue from oil recovered from the Deepwater Horizon site. In Alaska and Canada, BP Alaska has provided support for vital research on the Beaufort Sea polar bear. BP has also helped to establish the Alaska Sea Duck Fund to monitor imperiled sea duck populations, with an emphasis on eiders.

### CHEVRON

Chevron Alaska's partnership with NFWF supports ongoing photo-identification of the Cook Inlet beluga whales, which helps to identify individuals and obtain accurate population estimates. This data helps NOAA and other partners develop recovery plans for this endangered species.



### CONOCOPHILLIPS

The ConocoPhillips SPIRIT of Conservation Migratory Bird Program, launched in 2005, conserves threatened birds and their habitats around the world. It has provided funding for 39 projects in ten states and five countries, protecting or enhancing more than 84,000 acres of priority bird habitat. ConocoPhillips in Alaska has partnered with NFWF since 2003 to support polar bear research and Cook Inlet beluga whale conservation projects.

### COVANTA

Covanta Energy, NFWF, NOAA and Schnitzer Steel Industries, Inc. provide a no-cost way for fishermen to dispose of old, derelict or unusable fishing gear through the Fishing for Energy program. The program works with state and local agencies, community and industry groups and local ports to collect and recycle gear. Remaining waste is converted into clean, renewable electricity for local communities. More than 445 tons of marine debris has been collected to date.

### FEDEX

Through EarthSmart Outreach, FedEx works with NFWF in 14 U.S. cities to fund urban conservation projects. With FedEx team member engagement, the projects restore watersheds, improve air quality, encourage environmental stewardship, and foster community environmental education.

### INTERNATIONAL PAPER

International Paper's partnership with NFWF supports the sustainable management of natural, working and restored forests to benefit wildlife and people. The program seeks to ensure the continued health of forests, promote clean water and biodiversity and expand economic opportunities in "forest mosaic" landscapes.

### NORTHRUP GRUMMAN

Northrop Grumman's greeNG initiative funds water-quality projects in five geographic areas of the U.S., supporting wetland, riparian, and coastal habitat restoration. With employee engagement, the projects will recover and sustain viable and healthy ecosystems through education, outreach, and training activities.

### PG&E CORPORATION

Since 1999, PG&E has partnered with NFWF on the Nature Restoration Trust: Empowering Communities program, which supports habitat restoration within PG&E's service districts in California. PG&E and NFWF empower local communities to care for native habitats and species and engage youth in hands-on restoration.

### SHELL OIL COMPANY

The Shell Marine Habitat Program funds conservation projects that benefit marine and coastal habitats and species in the Gulf of Mexico and Alaska. The program has led the remarkable recovery of the endangered Kemp's ridley sea turtle along the Texas coast. Shell also helped NFWF establish the Shell Polar Bear Fund.

### SOUTHERN CALIFORNIA EDISON

Southern California Edison (SCE) and NFWF launched a partnership in 2011 to support the restoration and enhancement of natural habitats in central, coastal, and southern California. This matching grant program takes into account community needs and priorities within SCE's service area and provides funds to non-profits and agencies working with local citizens. It conserves and restores important habitat on public and private lands, both in the wild and at the urban-wild interface.

### SOUTHERN COMPANY

Southern Company's Power of Flight Bird Conservation Fund protects birds through habitat and species restoration and environmental education; its Longleaf Legacy Program helps to restore and conserve the longleaf pine ecosystem and sequester atmospheric carbon dioxide. Southern Company also partners with NFWF and EPA in the Five Star Restoration Grant Program that supports community-based wetland, riparian, and coastal habitat restoration.

### TRADEWIND ENERGY

Enel Green Power North America's Caney River Wind Project and its development partner, TradeWind Energy, work with NFWF to preserve the tallgrass prairie ecosystem of the Midwest as they supply wind power to the region. To protect and conserve wildlife and habitat in the region, they have partnered with NFWF to fund a conservation easement of 8,500 acres on Red Buffalo Ranch and protect 10,000 acres of tall high grass prairie in Elk County, Kansas.

### WALMART

Walmart and NFWF created Acres for America in 2005 to conserve vital open lands for future generations. With a commitment to permanently conserve at least one acre of priority wildlife habitat for every acre developed for the company's facilities, the partnership has already far surpassed Walmart's initial goal: 45 projects covering 698,011 acres have been funded in 26 states.

### WELLS FARGO

Wells Fargo's Environmental Solutions for Communities program fosters and funds projects to promote environmental stewardship across the United States. The partnership focuses on sustainable agriculture and forestry, land and water conservation, and urban ecosystem restoration. This program also supports green infrastructure projects related to energy efficiency and renewable energy, while encouraging volunteerism in local communities.

To learn more about NFWF corporate partnerships, visit www.nfwf.org or contact Joe Bond, Director of Corporate Relations, at 202-595-2452 or joe.bond@nfwf.org.

# 2012 Federal Partners

NFWF works closely with U.S. government agencies to maximize the resources available for conservation. In 2012, these partners supported our actions on behalf of fish and wildlife and their habitats.

## U.S. FISH AND WILDLIFE SERVICE

NFWF was established by Congress in 1984 to support the U.S. Fish and Wildlife Service (FWS) mission to conserve fish, wildlife and plant species. Since then, NFWF and FWS have worked together to foster innovative partnerships with corporations, foundations, other federal agencies and non-profit organizations to generate new resources for conservation. From 1986 to 2012, NFWF leveraged $190 million in FWS appropriated funds into more than $770 million to support nearly 4,460 grants to 1,825 conservation partners in all 50 states, the U.S. Territories and in targeted international locations.

In FY2012, NFWF awarded $6.8 million in FWS directly appropriated funds and $750,000 through other agreements, which is being leveraged by our partners into $68 million to support 155 projects benefiting our nation's fish and wildlife resources. The FWS funds support targeted conservation efforts focusing on at-risk species, habitat enhancement and community-based stewardship. The partnership seeks to increase populations of targeted species by supporting the restoration of landscape-level habitats. Several areas of focus include southwest grasslands, northern Rockies migratory corridors, sea turtles, native trout, longleaf pine, early successional forests, and the Great Lakes watershed.

## NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

In 1994 Congress formalized the partnership between NFWF and the National Oceanic and Atmospheric Administration (NOAA), and NFWF rapidly expanded its focus on the restoration and enhancement of marine and coastal habitats. More than half of NFWF's investments now support conservation activities benefiting imperiled marine and coastal species and the critical ecosystems in which they reside. In total, NFWF has leveraged more than $67.5 million in NOAA funding to produce over $190 million for on-the-ground and in-the-water conservation.

In FY2012, NFWF awarded $4.5 million in NOAA funds to 63 projects focused on coral reefs, sea turtles, marine debris removal, sustainable fisheries, and the restoration of coastal habitats. While some of these projects did not require matching funds, NFWF's partners leveraged the NOAA funds with an additional $8 million for marine and coastal conservation.

## U.S. FOREST SERVICE

NFWF and the U.S. Department of Agriculture Forest Service (USFS) have worked together for over 20 years to conserve forested lands through stewardship and watershed restoration programs. Through this partnership, NFWF has grown $40 million in USFS directly appropriated funds into more than $214 million to benefit forest species and ecosystems. In FY2012, NFWF awarded $3.4 million in USFS appropriated funds and $1.5 million in other agreement funds to support 93 projects, resulting in a total investment of more than $50 million. These projects focused on restoration in California, the Great Lakes and Chesapeake Bay watersheds, Crown of the Continent migratory corridors, and southeastern longleaf pine. Other projects directly benefit species of mutual concern, such as Gunnison sage grouse, Eastern brook trout and early successional migratory songbirds. NFWF also developed new programs with USFS which will be launched in the year ahead to support the Appalachian forest ecosystem and urban watersheds.

## BUREAU OF LAND MANAGEMENT

NFWF and the Department of the Interior Bureau of Land Management (BLM) have partnered for 20 years to support conservation efforts that benefit public land ecosystems. During that time, NFWF has leveraged $45 million in BLM directly appropriated funds into more than $186 million to support habitat restoration and species recovery activities. In FY2012, NFWF leveraged $3 million in BLM appropriated funds into more than $17 million to support 52 conservation projects benefiting native fish and plant habitat restoration, Gunnison sage grouse and lesser prairie-chicken recovery, and the conservation of key desert habitats. In addition, BLM, in partnership with NFWF and FS, helped provide public land conservation employment opportunities to more than 600 youth through a targeted youth conservation employment initiative. BLM is joining with the Bureau of Reclamation to continue this initiative in the year ahead.

## U.S. ENVIRONMENTAL PROTECTION AGENCY

NFWF's partnership with the U.S. Environmental Protection Agency (EPA) supports innovative, large-scale nutrient and sediment reduction efforts, as well as community-based watershed restoration. Since 1998, NFWF's grant programs sponsored by the agency have awarded over 1,550 grants leveraging $91 million in EPA funds into more than $270 million for restoration projects benefiting our nation's water quality. In FY2012, NFWF awarded $12 million in EPA funds through nearly 150 projects, resulting in more than $45 million through the Chesapeake Bay Stewardship Fund, the Sustain Our Great Lakes program (in partnership with FWS), the Long Island Sound Futures Fund and the Five-Star Restoration program.

## BUREAU OF RECLAMATION

NFWF worked under a U.S. Bureau of Reclamation (BOR) grant in FY2012 to further develop and implement the Walker Basin Restoration Program (Nevada-California). During the year, NFWF prepared for the first hearing of the Nevada State Engineer, which is the initial step in efforts to protect acquired water rights to benefit the Walker River and Walker Lake. NFWF continued negotiations to acquire water rights from a variety of willing sellers, and finalized a $23 million grant agreement with the Walker River Irrigation District for a three-year storage water lease demonstration program. NFWF continues to work closely with local conservation districts to re-vegetate retired farmlands and support local agriculture while reducing overall water use in the Basin and throughout Reclamation's Desert Terminal Lake's Program geography. At the end of FY2012, Reclamation announced it would partner with NFWF and BLM on a youth conservation employment program that will support projects in the year ahead.

## BONNEVILLE POWER ADMINISTRATION

In a decade of partnership with the Bonneville Power Administration (BPA), NFWF has supported an innovative, grassroots, incentive-based initiative to improve river and stream flows for imperiled fish in Oregon, Washington, Idaho and Montana. The Columbia Basin Water Transactions Program is the first regional effort in the U.S. to enhance flows in tributaries compromised by legal water diversions. With an investment of $4.76 million during FY2012, agency, tribal and nonprofit partners secured more than 112,550 acre-feet instream to boost high-priority, fish-bearing habitat across the region. This represents the most successful year of the program to date.

## NATURAL RESOURCES CONSERVATION SERVICE

In FY2012, NFWF expanded its partnership with the U.S. Department of Agriculture Natural Resources Conservation Service (NRCS) to support on-the-ground ecological capacity associated with targeted private land ecosystems where species-specific outcomes can be achieved. Targeted landscapes include Pacific Northwest salmon rivers, Sierra wet meadows, shortgrass prairies (lesser prairie chicken), Upper Mississippi River, northeast forests, Chesapeake Bay and longleaf forests. In total, NFWF supported 56 projects, leveraging $7.4 million in NRCS funds into $34 million to support conservation on private working lands. NFWF also entered into a new agreement with NRCS to evaluate and monitor efforts to reduce upstream stressors to coral reef ecosystems.

## U.S. MARINE CORPS

NFWF's newest federal partner is the U.S. Marine Corps. The Marine Corps and NFWF formalized a $6 million partnership in late FY2012 to conserve, restore, and manage longleaf pine to benefit the recovery of the federally endangered Red-Cockaded Woodpecker (RCW) around Camp Lejeune in North Carolina. This innovative partnership will allow the Marine Corps to achieve its training mission while taking a leadership role in the recovery of the RCW Coastal North Carolina primary core population.

In 2012, NFWF also worked with the following agencies:

Army Corps of Engineers
Department of Defense
Marine Mammal Commission
U.S. Coast Guard
USDA Animal Plant Health Inspection Service

# 2012 Donors

In calendar year 2012, generous gifts from these donors furthered NFWF's actions to protect and restore wildlife and their habitats. We gratefully acknowledge their support.

### $1,000,000 +

Anonymous
International Paper
Paul Tudor Jones II
Mohamed bin Zayed Species Conservation Fund
Shell Oil Company
Southern Company
TradeWind Energy, LLC & Caney River
Walmart Stores, Inc.
Walton Family Foundation
Wells Fargo Foundation

### $500,000–$999,999

Altria Group
ArcelorMittal
FedEx

### $100,000–$499,999

Amgen Inc.
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blue moon fund
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Bailey Sory
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Tighe & Bond
Vivian Tineo
Ebenezer R. Vedamuthu
Russ Wilie
Krystyna Wolniakowski

## Condensed Statement of Financial Position

(in millions of dollars, as of September 30, 2012)

| | 2012 | 2011 |
|---|---|---|
| ASSETS | | |
| Cash and Investments | $434.4 | $ 319.7 |
| Other Assets | 15.5 | 13.8 |
| Total Assets | $449.9 | $333.5 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | $363.2 | $ 253.1 |
| Net Assets — Unrestricted | 32.8 | 32.7 |
| Net Assets — Restricted | 54.0 | 47.7 |
| Total Liabilities and Net Assets | $449.9 | $333.5 |

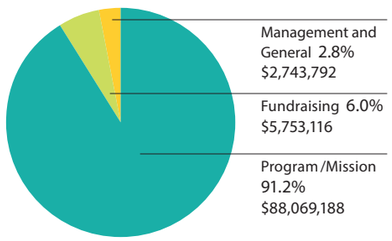
## Condensed Statement of Activities

(in millions of dollars, for the fiscal year ended September 30, 2012)

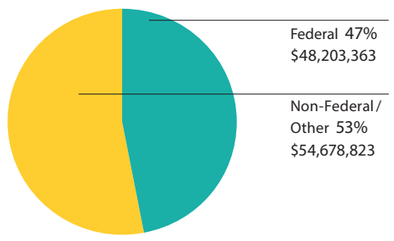
| | Unrestricted | Temporarily Restricted | Total |
|---|---|---|---|
| REVENUES AND SUPPORT | | | |
| Revenues and Contributions | $ 81.0 | $ 21.9 | $102.9 |
| Assets Released from Restriction | 15.6 | (15.6) | 0.0 |
| Total Revenues | 96.6 | 6.3 | 102.9 |
| Total Expenses | 96.6 | 0.0 | 96.6 |
| Change in Net Assets | 0.0 | 6.3 | 6.3 |
| Net Assets, beginning of year | 32.7 | 47.7 | 80.4 |
| Net Assets, end of year | $32.8 | $54.0 | $86.8 |

*In FY 2012, NFWF also committed $19.4 million to 107 additional conservation projects through its Impact-Directed Environmental Accounts (IDEA) program.

TOTAL EXPENSES: $96,566,096




TOTAL REVENUE: $102,882,186




| FUNDS AWARDED BY THE FOUNDATION | 2012 | 2011 |
|---|---|---|
| Federal Funds Awarded | $ 42,606,294 | $45,912,860 |
| Philanthropic Funds Awarded | $ 18,871,415 | $16,494,254 |
| Matching Funds Pledged by Grantees | $130,694,539 | $ 67,766,415 |
| Total Liabilities and Net Assets | $192,172,248 | $130,173,529 |





NFWF

IN MEMORIAM

# Jim Sedell

1944 – 2012

In 2012, NFWF mourned the passing of a dear friend, respected scientist and beloved colleague. Jim Sedell, 68, was a passionate leader in the areas of watershed management and fish conservation. He directed the Pacific Southwest Research Station of the U.S. Forest Service prior to his tenure at NFWF, where he led our Freshwater Fish Conservation Initiative. In Jim's honor, we established The James R. Sedell Memorial Fish Conservation Scholarship Fund, which will provide annual scholarships for graduate students in fisheries at Oregon State University. With 100 percent participation from the NFWF staff and Board and additional contributions, the fund will ensure that Jim's legacy lives on in the next generation of conservationists.



NFWF

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