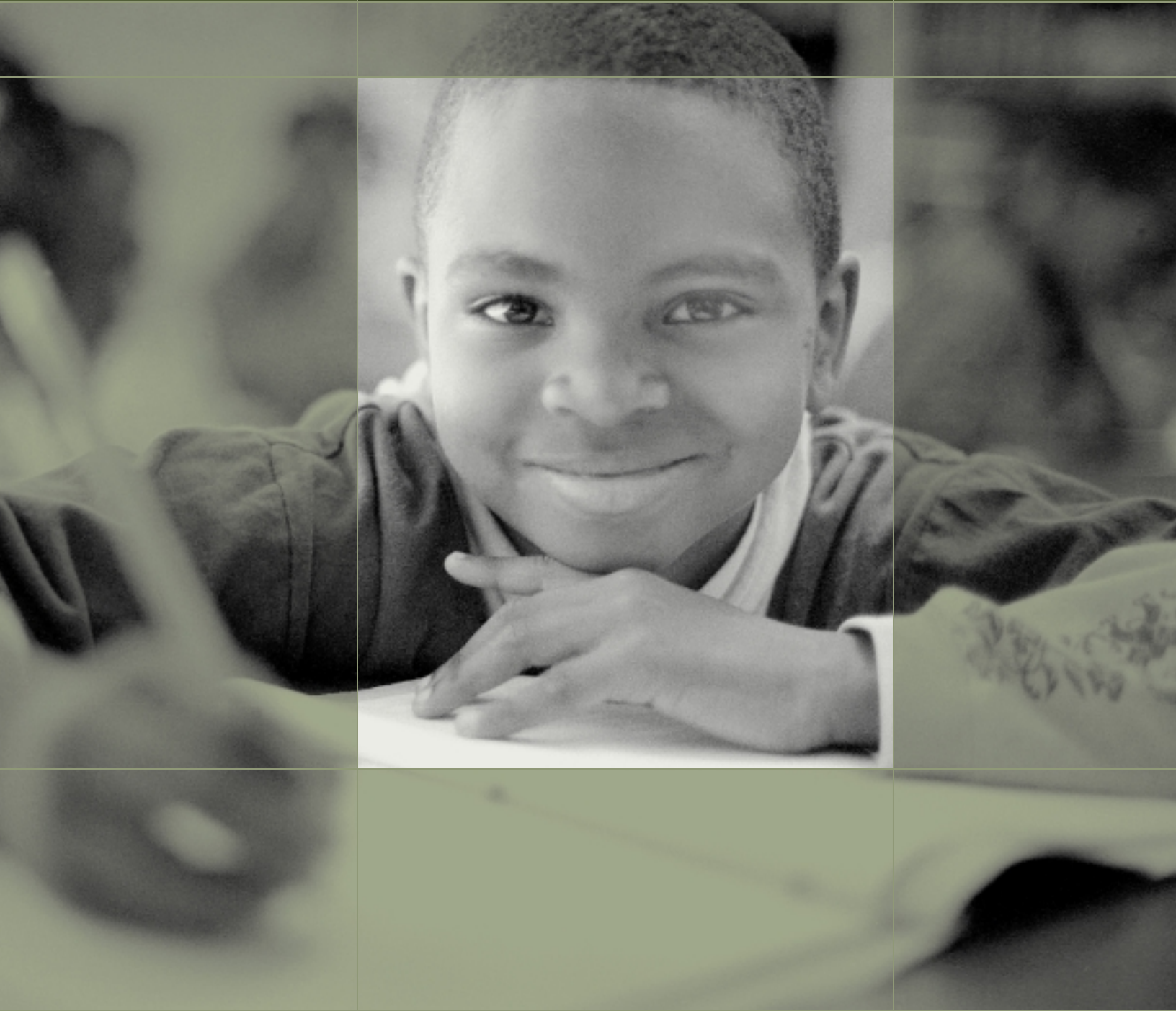
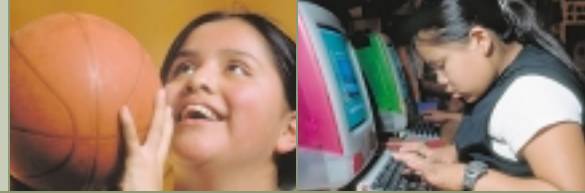


ANNUAL REPORT 2001

70th anniversary issue

CREATING REAL AND LASTING CHANGE





Thomas S. Murphy [left] and Charles F. MacCormack on a field office visit to Nicaragua.

Dear Friends,

As we begin our 70th anniversary year, all those who work for and with Save the Children can look back with pride on the positive changes we have made in the lives of millions of children living in poverty around the world.

Whether it's providing prenatal health care to pregnant women, making education more accessible for girls and boys, immunizing children against fatal diseases, helping youth to pursue healthy, active lifestyles, rebuilding homes for earthquake survivors, or delivering food to Afghan children in crisis, Save the Children has been on the scene to help children in need.

Our work is far from done, however, and we are committed to redoubling our efforts on behalf of the

- 600 million children who still live on less than \$1 a day
- 12 million children in the United States who live in poverty
- 10 million children under the age of five who die each year from preventable causes
- 4 million newborns who die each year within the first month of life
- 13 million children who have been orphaned due to HIV/AIDS
- 200 million children who are malnourished from lack of food
- 80 million girls and 40 million boys who are not enrolled in school
- 20 million children who have been injured, killed or displaced from their homes by war.

The strategy for accomplishing this is Save the Children's BREAKTHROUGHS FOR CHILDREN, a 10-year plan to focus our experience and expertise on supporting children in war, natural calamity, poverty, and forgotten communities in the United States. This annual report for 2001 offers a look at the results of the first year of BREAKTHROUGHS FOR CHILDREN, and a glimpse ahead at the transformational changes we intend to achieve for children in the United States and around the globe.

We encourage readers to visit our website (www.savethechildren.org) to find out more about our work and the children whose lives have touched us as much as we've touched theirs.

With continued support from many valued donors, sponsors, foundations, corporations and caring individuals from all walks of life, we can truly create real and lasting change in the lives of children in need.

Charles F. MacCormack
President and CEO

Thomas S. Murphy
Chairman, Board of Trustees

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Eglantyne Jebb's self-help approach is still the cornerstone of all Save the Children programs to achieve real and lasting change in the lives of children in need.



1919

SAVE THE CHILDREN STARTS ITS 70TH YEAR IN THE U.S.

CREATING REAL AND LASTING CHANGE IN THE LIVES OF CHILDREN IN NEED

The history of Save the Children begins in England in 1919 with an extraordinary woman named Eglantyne Jebb. After having witnessed the deprivation of children caused by World War I, Jebb established the first relief fund specifically for children. The initial mission of the British Save the Children was to provide aid to young survivors in war-ravaged Vienna.

Eglantyne Jebb, her organization and her establishment of the international children's rights movement all served to inspire and provide a role model for Save the Children in the United States. The first U.S. program began in 1932 during the Great Depression in the form of hot school lunch programs in the heart of Appalachia. Soon thereafter, the concept of sponsorship was developed as a way to give caring individuals a chance to personally connect with the children who were being helped.

Since then, Save the Children has expanded its humanitarian and development assistance to countries in eastern Europe, the Middle East, Asia, Africa, Latin America and the Caribbean, while continuing in the United States. Over the decades, through wars and countless natural disasters around the world, Save the Children has been a leading innovator of community-based programs that provide children, women and families living in poverty with improved health services, access to education and economic opportunities.

Among Save the Children's many breakthrough strategies have been village schools in Africa, micro-finance initiatives in the Middle East, community-defined health services in Asia and after-school programming in the United States. Save the Children has also been one of the world's leaders in responding to catastrophic emergencies including earthquakes in Turkey, hurricanes in Central America, droughts in Ethiopia, civil strife in Kosovo, the crisis in Afghanistan and the global pandemic of HIV/AIDS.

2001 marked a major milestone for Save the Children with the launch of **BREAKTHROUGHS FOR CHILDREN**, a 10-year strategy to create transformational change for children. Built on seven decades of success and strong donor support, the strategy consists of development and humanitarian assistance that will deliver lasting benefit to children and families most seriously affected by poverty and disaster.

MISSION STATEMENT

Save the Children is a leading international nonprofit children's humanitarian and development organization working in more than 40 countries, including the United States. Our mission is to create lasting, positive change in the lives of children in need. Save the Children is also a member of the International Save the Children Alliance comprising more than 30 independent Save the Children national organizations working in more than 100 countries to ensure the well-being of children.



AMERICA'S FORGOTTEN CHILDREN

Despite the economic growth of the 1990s, one out of every six children in the United States still lives in poverty, threatened by illiteracy, teen pregnancy, drug-abuse and violence. The conditions and prospects are worst for those living in the poorest rural communities, forgotten areas where resources, programs and opportunities don't exist.

Save the Children's nationally recognized Web of Support after-school initiative provides children and youth in nearly 250 of these communities with safe places, constructive activities and caring adults to guide them away from risky behaviors and towards a promising future of academic and personal growth. Based on a holistic approach to child development, programs focus on academic and cultural education, mental and physical health, social behavior and self-esteem.



Bringing Our Global Expertise Home

The existence of these programs was critical in helping Save the Children respond quickly to the emotional needs of American children who were forced to cope with the horror of the September 11th attacks. Using expertise gained over many years of dealing with emergencies and crises abroad, as well as a U.S. network of mental health and child development experts, Save the Children began a series of community forums with existing program partners to provide counseling and coping guidelines for children, teachers, parents and community leaders. Americans responded generously to Save the Children's calls for support of the U.S. Children in Crisis Fund, which will continue the healing process with programs that help children learn and practice cultural and religious tolerance.



A LEADER IS BORN

Isaac, 19, comes from a tight-knit family of six children in a small, remote town in eastern Kentucky. When he was 11, shy, reserved and discriminated against like most poor children in his community, he started attending the Cowan Community Center established by Save the Children.

"I could barely talk to people and look them in the eye," he recalls. "But my experience with the youth group at the community center helped to push me into situations where I learned that I had ideas and opinions and that it was OK to express them. The center is also the only place around where kids can come after school, use the computers, play basketball, get homework support, and just hang out without getting into trouble."

After a few years, Isaac became a leader in the youth group and eventually its president. "I learned how to facilitate meetings and lead community service projects such as cleaning up the rivers in our community. Save the Children sponsored me to go to a statewide leadership training conference, where I became more aware of issues and more empowered to try new things." Today, Isaac works as an AmeriCorps VISTA volunteer in the PowerUp lab at the Cowan Community Center.



Save the Children's first program in the United States provided hot lunches to schoolchildren in Appalachia.

1932

Reaching More Children

Save the Children's successful partnerships with individual community organizations in the United States have grown since 1996 to include over 100 rural partners serving such diverse regions as Appalachia, the Mississippi delta, the southeast and Native American communities, as well as urban partners in six cities across the country. In 2001, Save the Children expanded its Web of Support to six more towns in California's Central Valley, where approximately half the children live below the poverty level, and many teenagers neither attend school nor have a job.

Helping Youth Lead the Way

Save the Children recognizes and believes in the power of young adults to be leaders and agents of change, and cultivates this potential in its Youth Leadership program. In communities across the United States, young people meet with their peers and other volunteers to create community events, service projects and programs for local children. They also participate in workshops that address critical issues such as drug abuse, violence, poor academic performance, racism, peer pressure and low self-esteem.

These activities culminate each year in a national Youth Summit in Washington, D.C., where nearly 80 teenagers from Save the Children's programs around the country attend sessions on youth-related issues and advocacy techniques. From April 21-25, 2001,

they also met with members of the U.S. Congress to demonstrate the effectiveness of after-school programs, such as Save the Children's Web of Support, and to advocate for increased funding for such programs.

Partnerships for Children

Helping Save the Children connect with and empower children in America's under-served communities are several corporate, government and community partners. Through the U.S. Corporation for National Service, for example, Save the Children provides local organizations in the poorest communities with trained, federally funded Americorps, VISTA and Foster Grandparent volunteers who establish education programs, recruit tutors, design training programs and offer safe environments for children.

In July 2001, Save the Children added PowerUP sites in several new communities. This national computer literacy initiative, in partnership with government and private industry, helps these communities' youth acquire the necessary technical skills to become successful students and job candidates.

Some of Save the Children's most valued partners are the hundreds of senior citizens who volunteer in the Foster Grandparents program. Their consistent, caring support, in activities ranging from crafts to homework help to cultural enrichment, motivates children to achieve and creates relationships built on mutual trust and learning.

Save the Children's award-winning "Do Good. Mentor A Child" national Ad Council campaign continues to recruit mentors through a national hotline and database of quality mentoring and caring adult programs that reach virtually every community in the country. In the fiscal year 2001, according to estimates by the Ad Council, the equivalent of more than \$36 million in media advertising was donated to publicize the program. (NOTE: This amount is not included in the audited financial statements.)





EVERY MOTHER/EVERY CHILD

Many nations have succeeded in recent years in improving the conditions and opportunities for children. Nevertheless, every minute around the world, more than 20 children die from preventable disease and hunger, and one woman dies from preventable complications related to pregnancy and childbirth. Nearly all (99 percent) of these deaths occur in the developing world.

The Every Mother/Every Child campaign embodies Save the Children's response to this tragic situation, and is based on the proven connection between a mother's well-being and the health, survival and development of her children. This principle is the driving force behind Save the Children's core international programs, providing mothers and children in the developing world with access to the tools they need to survive and thrive – maternal and child health care, including family planning, education, and economic opportunities.



State of the World's Mothers

On May 8, 2001, Save the Children drew worldwide attention to this critical mother-child connection with its second annual *State of the World's Mothers* report. The report called for increased attention to maternal and child health, including family planning services, girls' and women's education and economic development through microloan programs. Long-time Save the Children advocate, actress Sally Field, released the report at a press conference in Washington, D.C., officially launching the Every Mother/Every Child campaign. U.S. Reps. Nancy Johnson (R-CT) and Earl Pomeroy (D-ND) also spoke at the event, and became the first legislators to sign a public pledge of support for the campaign.



A SHOT IN THE ARM FOR NEWBORN SURVIVAL

Neonatal tetanus is one of the leading causes of newborn deaths, yet it is also one of the most preventable. Tetanus toxoid vaccination protects a woman and her unborn child against tetanus infection during pregnancy, and continues to protect the child for up to five months after birth. Without immunization, over 70 percent of infants who become infected will die.

The Saving Newborn Lives initiative in Pakistan recently launched a project to reduce neonatal tetanus. Using focus group research, Save the Children helped create an innovative communications strategy that involved local leaders and other community members in promoting immunization, and addressed misunderstandings that had in the past discouraged women from seeking this important service. The strategy also involved delivering services at the community level and the use of female health workers as vaccinators. The program has already had an extraordinary impact, immunizing more than 4.5 million women of childbearing age in 57 high-risk districts, and is being continued to further increase protection for women and newborns.

Saving Newborn Lives

Despite a 33 percent reduction in deaths among children under 5 since 1990, deaths among newborns (within the first 28 days) have declined little, and account for more than 4 million fatalities every year – almost all in the developing world. With a \$50 million grant from The Bill & Melinda Gates Foundation, Save the Children has launched a global initiative to dramatically lower this mortality rate using basic, low-cost interventions in six countries where newborn survival is a critical health issue. Save the Children is working to get newborn survival on the global and national health agendas, and in September 2001 released *State of the World's Newborns*, the first-ever global report about newborn health and ways to improve survival in the first month after birth.



Self-help programs and school sponsorships were initiated following blizzard relief efforts for Native Americans on a Navajo reservation.

1948

Education Helps Girls Grow

Primary education is an essential tool for children to break the cycle of poverty and become healthy, capable adults, but in many developing countries student enrollment is 25 percent or lower. Education for girls, in particular, dramatically improves the chances for healthy motherhood and women's ability to care for themselves and their children. Save the Children began its primary education efforts in the early 1990s in Mali, pioneering the Village School program. The program is run by trained village committee members, and features classes with curricula that relate to real life situations, has convenient hours and provides equal access for girls and boys. As of 2001, the number of operational village schools in Mali is up to 782, with nearly 50,000 students enrolled, 41 percent of whom are girls. In Malawi, over 360,000 children are involved, and the program has been established in five other African countries.

Community Programs Enhance Women's Health

One key to long-term development is empowering communities to run and sustain their own programs. In Myanmar (formerly Burma), Save the Children helped the village of Pakkoku take ownership of its successful reproductive health program in 2001 by conducting training workshops for native village health volunteers, women's peer groups and traditional birth attendants. The training included safe motherhood and clean delivery protocols, birth interval planning, HIV/AIDS awareness and prevention, community-based first aid, newborn care, treatment for common childhood illnesses and emergency referral procedures. In 2001, more than 9,000 women directly benefited from these community-run health services, and that number is expected to triple by 2003.

Economic Opportunities Provide a Road Out of Poverty

Mothers need to be financially secure in order to afford proper nutrition and health care for their families and education for their children. Save the Children's micro-finance programs help women achieve this security by setting up and working with local organizations that provide them with access to loans and other financial services to run private enterprises such as bakeries, clothing businesses and agricultural activities. In Armenia, the program served 5,400 women entrepreneurs in 2001 through MDF, Kamurj, a local micro-finance NGO founded by Save the Children. In Lebanon, more than 3,500 clients – mostly mothers who help support an average of three to four children – run their own businesses in over 50 communities thanks to loans from Al Majmoua. The number of women served in the Republic of Georgia by Constanta Foundation grew by 40 percent in 2001 to nearly 11,400, with 71 percent reporting growth in business size and profits. Overall, Save the Children reached 145,000 women entrepreneurs during the year, an increase of more than 60 percent, with a corresponding impact on approximately 580,000 children.

Securing Food For Everyone

Today, over 200 million children are hungry and underweight due to the lack of adequate food. To correct this situation where the need is greatest, Save the Children works to improve a family's capacity to produce, procure and prepare nutritious foods. This includes the use of donated food as well as improving agriculture and marketing techniques to help farmers. During the past year in Nicaragua, almost 3,000 families were helped to develop sustainable farming practices, establish family gardens, manage poultry and drill wells for safe drinking water. Save the Children is also still helping to rehabilitate farmland destroyed by Hurricane Mitch in 1999.





CHILDREN IN EMERGENCIES AND CRISIS

Save the Children is a global leader in helping communities cope with life-threatening situations, both immediate and long-term. When countries experience war, natural disaster, health emergencies or violence, Save the Children's priority is to secure the children's protection and meet their most urgent, basic needs.

Critical efforts also include working with community organizations to reunite families and restore normalcy through education, recreation and vocational programs. Save the Children often stays on site long after a crisis has passed, working with families and communities to help them rebuild their lives and provide for their future and the welfare of their children.

RAPID RESPONSE TO EMERGENCIES

Afghanistan

Save the Children has been working with Afghan children and families since 1985, implementing immunization and maternal health programs, innovative education and nutrition strategies, micro-credit initiatives, and land mine awareness campaigns. In the aftermath of September 11th, more than 400 agency staff already in the region quickly coordinated one of the largest humanitarian relief efforts within Afghanistan and for Afghan families in Pakistan refugee camps, averting hunger and disease for hundreds of thousands. In the face of an unstable political situation and great danger, they distributed emergency supplies of food, shelter, heating fuel and medicine, and provided emotional support through educational and recreational activities.

El Salvador and India

Save the Children responded to the catastrophic earthquakes, and hundreds of violent aftershocks, that ravaged these countries in January by immediately addressing children's primary health needs and providing families with shelter and basic equipment. Long-term recovery efforts will continue with local organizations to rebuild schools and health facilities.

West Bank/Gaza

With a 30-year working history in the West Bank and Gaza Strip, Save the Children has been able to quickly attend to both the short-term needs and the long-term recovery of children caught in the current crisis. Amidst the turmoil, agency staff continue to organize and sustain delivery of hospital supplies, operation of ambulance services, distribution of food and medical supplies, rehabilitation of schools, and the provision of psychological and social support.



A NEW START FOR CHILDREN OF THE STREET

An estimated 120,000 children face a life of hardship and danger on the streets of Indonesia because the political and economic crises there have made it increasingly difficult for their families to provide for them. These children, particularly girls, are at serious risk of sexual exploitation, abuse, rape, trafficking and sexually transmitted diseases, including HIV/AIDS.

Through programs such as Urban Street Children Empowerment and Support, Save the Children partners with local organizations to set up drop-in centers and safe houses that provide children on the streets of Jakarta, Surabaya, Bandung and Medan with health care services and temporary havens from the street. More importantly, they offer them a way off the street through education and vocational and money management training. Special workshops teach girls about sexual health and pregnancy-prevention, human rights, self-esteem, gender empowerment, and negotiation skills that will help them to extricate themselves from dangerous situations.



Save the Children launched “Bundle Days,” a decades-long, nationwide campaign begun during WWII to collect and distribute clothing for children.

1950s

SUPPORT FOR CHILDREN IN CRISIS

HIV/AIDS

The AIDS pandemic so far has claimed the lives of more than 4 million children under 15, decimated entire families and communities, reversed decades of progress in economic, health and social development, and is projected to orphan 40 million children by 2010. With generous support from The Bill & Melinda Gates Foundation, Save the Children has joined with four other humanitarian organizations in the Hope for African Children Initiative (HACI) to battle the disease in the hardest-hit developing countries. We will build awareness, improve prevention and help families cope and care for sick and orphaned children. In addition, Save the Children conducts community-driven prevention and support programs for women and youth. Women in Mozambique are learning negotiating skills and health care; adolescents in Bolivia and Vietnam are attending behavior change workshops; families in Malawi are improving care for patients living with HIV/AIDS and their surviving relatives; and high-risk populations along transportation corridors in Ethiopia are being taught how to reduce their risk of HIV infection and transmission.

Trafficking and Exploitation

Every year more than 1 million women and girls are trafficked across borders around the world. An estimated 2 million children are forced into prostitution every year. In Nepal, Save the Children has worked successfully with community leaders and local officials to increase the population’s awareness of the problem and its consequences through billboard displays, street dramas and leaflets. Workshops led by returnees who have been trained as peer educators teach girls and women how to avoid being lured, coerced and trafficked into prostitution. Additionally, self-help groups are designed to provide alternative economic opportunities for women and girls at risk to escape the poverty that drives them to dangerous measures.

Children in War

Save the Children is among those leading the effort to prevent hundreds of thousands of children from being used and abused as soldiers, porters, cooks, spies, minesweepers and forced “wives” in the various armed struggles around the world. From El Salvador to Uganda, Save the Children works with local volunteers to develop community-based strategies that prevent the recruitment of children, protect them from exploitation and reintegrate them into their families and community life. Local programs are also established to reunite children who have been separated from their families as a result of war and natural disasters.





BREAKTHROUGHS FOR CHILDREN

Kim and Glenn enjoyed the warm, Nepalese hospitality of their sponsored child and his family.



CHANGING LIVES THROUGH SPONSORSHIP

Child sponsorship is one of the foundations upon which Save the Children builds its community education and health programs and improves individual children's lives, both in the United States and throughout the developing world. Sponsorship is very much a two-way relationship, enriching the lives of the donors and the children they sponsor.

First Aid for School Children Through Sponsorship

The combined support of individual child sponsors has been instrumental in setting up school-based health and nutrition programs like the one in the Mangochi district of Malawi. This is an area where half of the school children can have malaria at any

one time. Save the Children developed a student treatment kit that would allow trained teachers to immediately provide simple, low-cost treatment so that children could stay in school rather than traveling to far away, often unaffordable health clinics. In 2001, more than 6,000 cases of malaria were treated this way in 33 schools, and the number of malaria deaths was reduced by nearly 30 percent over the previous year. In addition to the impact on malaria, these kits provide treatments for thousands of other complaints from headaches and stomachaches to cuts and bruises, and will be established in many more schools throughout Malawi, reaching more than 90,000 children. The student treatment kits, which are supported by nominal contributions from the children's families, demonstrate how communities that own and manage self-sustaining programs can bring about positive, long-term change for children.

VISIT SAVE THE CHILDREN ONLINE

WWW.SAVETHECHILDREN.ORG

The address hasn't changed, but Save the Children's website has undergone major renovations in the past year. The result is an inviting, more easily navigable site that is virtually exploding with information and continually being updated with breaking news. It is now possible to explore the places where Save the Children works in the United States and around the world, to learn more about the agency's many specific relief and development efforts, to read published reports and newsletters, to discover ways to get involved with saving children through advocacy, volunteering, sponsorship or donations, to manage one's own account on personalized pages and, as always, to shop for Save the Children's world-famous ties and other gifts. The new site has generated a tremendous surge in interest and activity, enhancing Save the Children's international profile and revenue potential.

WWW.YOUTHNOISE.COM

YouthNOISE is an exciting new web-based initiative launched by Save the Children to mobilize teens on behalf of children and youth in need. At the site, teens learn about issues affecting their generation locally, nationally and globally, and access tools and resources that empower them to volunteer, fundraise and speak out for change where it's needed most. Following the tragedy of September 11th, for instance, YouthNOISE participants sent nearly 3,000 e-mails to President Bush and members of Congress, wrote more than 1,500 messages to young people who had lost family members and helped raise \$10,000 for Afghan refugee girls' education. With collaborative support from partners in corporate technology, media, marketing, philanthropy and the non-profit community, YouthNOISE has received special recognition from *USA Today*, *The NY Times*, Yahoo! and ComputerWorld.

Lives Forever Changed

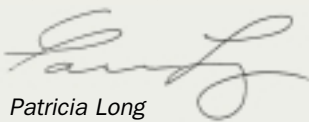
For Kim Kleasen and her husband, Glenn Thomas, of New Jersey, "The letters we write and the money we send are small in comparison to the treasures we have received [from sponsorship]." The couple recently had an opportunity to visit one of their sponsored children when they traveled to Nepal so Kim could fulfill a requirement for her doctorate. Chitra, 6, lives in a small village in the southern Siraha district of Nepal where Save the Children conducts child survival, health and early education programs. They exchanged gifts with Chitra, received flowers from his family and shared a snack of apples, bananas and warm buffalo milk. Chitra's parents talked of their wish to keep their children in school despite their limited means and, like parents around the world, to give their children a chance to be successful and happy.

Kim says they treasure their connection with the little boy and his village half a world away, and that since September 11th, they have become even more aware of the importance of sponsorship. "As areas ... become torn by war, as women and children seek safety ... it is critical that we find ways to support those most vulnerable - children."

CONDENSED FINANCIAL INFORMATION

In fiscal year 2001, we continued to place a top priority on accountability and prudent oversight of the agency's financial resources. Through careful planning, we were able to balance our revenue and expenditure in achieving a near break-even operating result.

Operating revenue of \$171.8 million represents an increase of \$31.5 million (22%) over last year. The growth in government contracts and grants of \$26.5 million (37%) was the main reason for the increase. Operating expenditures grew by \$36.2 million (27%), due mainly to the increase in program services of \$34.9 million (31%). Program services now account for 86% of the agency's total expenditures, up from 83% in the prior year.



Patricia Long
Vice President, Finance and Administration
Treasurer

	FY 2001	FY 2000
OPERATING REVENUE		
Child Sponsorship	25,272,000	24,507,000
Private Gifts, Grants & Contracts (incl. Bequests)	44,540,000	40,929,000
Government Grants & Contracts	97,797,000	71,329,000
Other Revenue	4,155,000	3,558,000
Total Operating Revenue	\$171,764,000	\$140,323,000

OPERATING EXPENSES AND CHANGES IN NET ASSETS

Program Services

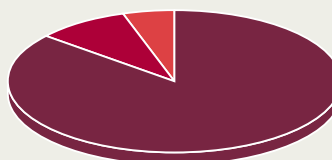
	FY 2001	FY 2000
Education	29,236,000	24,174,000
Primary Health	33,837,000	27,171,000
Economic Opportunity	9,979,000	8,472,000
Food Security & Resource Management	20,754,000	15,743,000
Emergency, Refugee, and Civil Society	53,713,000	37,028,000
Total Program Services	147,519,000	112,588,000
Fund-raising	16,313,000	15,008,000
Management & General	7,882,000	7,951,000
Total Operating Expenses	\$171,714,000	\$135,547,000

Excess of Operating Revenue over Operating Expenses	50,000	4,776,000
Non-Operating Activity	(1,509,000)	3,302,000

(Decrease)/Increase in Net Assets	(\$1,459,000)	\$8,078,000
Net Assets, Beginning of Fiscal Year	\$38,519,000	\$30,441,000
Net Assets, End of Fiscal Year	\$37,060,000	\$38,519,000

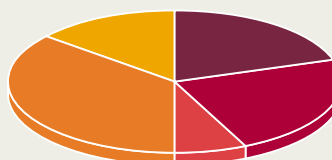
The full financial statement, audited by KPMG LLP, is available upon request by calling 1-800-728-3843 and on our website at www.savethechildren.org

HOW EXPENSES WERE ALLOCATED



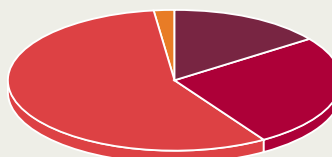
Program Services	86%
Fund-raising	9%
Management & General	5%

NATURE OF OUR PROGRAMS



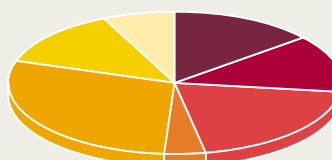
Education	20%
Primary Health	23%
Economic Opportunity	7%
Emergency, Refugee, and Civil Society	36%
Food Security & Resource Management	14%

SOURCES OF SUPPORT AND REVENUE



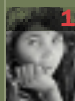
Child Sponsorship	15%
Private Gifts, Grants & Contracts (incl. Bequests)	26%
Government Grants & Contracts	57%
Other Revenue	2%

WHERE WE WORKED



Asia	14%
Middle East	13%
Former Soviet States	20%
Europe	4%
Africa	29%
Latin America & Caribbean	13%
United States	7%

2001 IN REVIEW



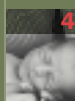
1 Afghanistan – Distributed emergency food and medical relief to more than 1 million Afghans at risk of hunger and disease from the prolonged drought and political crisis



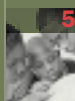
2 U.S. Children in Crisis – Enhanced support for children and families in America's poorest communities to help them cope with the September 11th tragedy



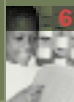
3 More Support for U.S. Children – Expanded the successful U.S. Web of Support after-school initiative to thousands of children living in poverty in California's Central Valley



4 Saving Newborn Lives – Launched a groundbreaking initiative to dramatically increase newborn survival in countries where the newborn death rates are highest



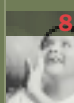
5 Strong Beginnings – Enrolled more than 1 million children in primary education programs, and won significant funding to further increase education opportunities for children in the developing world



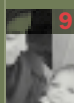
6 Sponsors and Children – Provided more consistent health and education benefits through sponsorship programs to nearly 90,000 sponsored children in 20 countries with support from approximately 80,000 sponsors



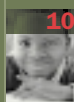
7 Hunger Prevention – Secured \$20 million in new funding to help communities establish self-managing methods of maintaining an adequate and nutritious supply of food for children and their families



8 Program Efficiency – Achieved the highest ratio ever, 86 percent, of agency expenditures that go directly to program services, and exceeded revenue forecast despite a weakened economy



9 Higher Profile – Testified before Congress with first-hand reports on the Afghan crisis and generated international media coverage for the Every Mother/Every Child campaign to improve the lives of children by addressing the needs and well-being of mothers



10 More Children Benefit – Reached 12 million children around the world – more than ever before in a single year – with programs that create real and lasting change



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