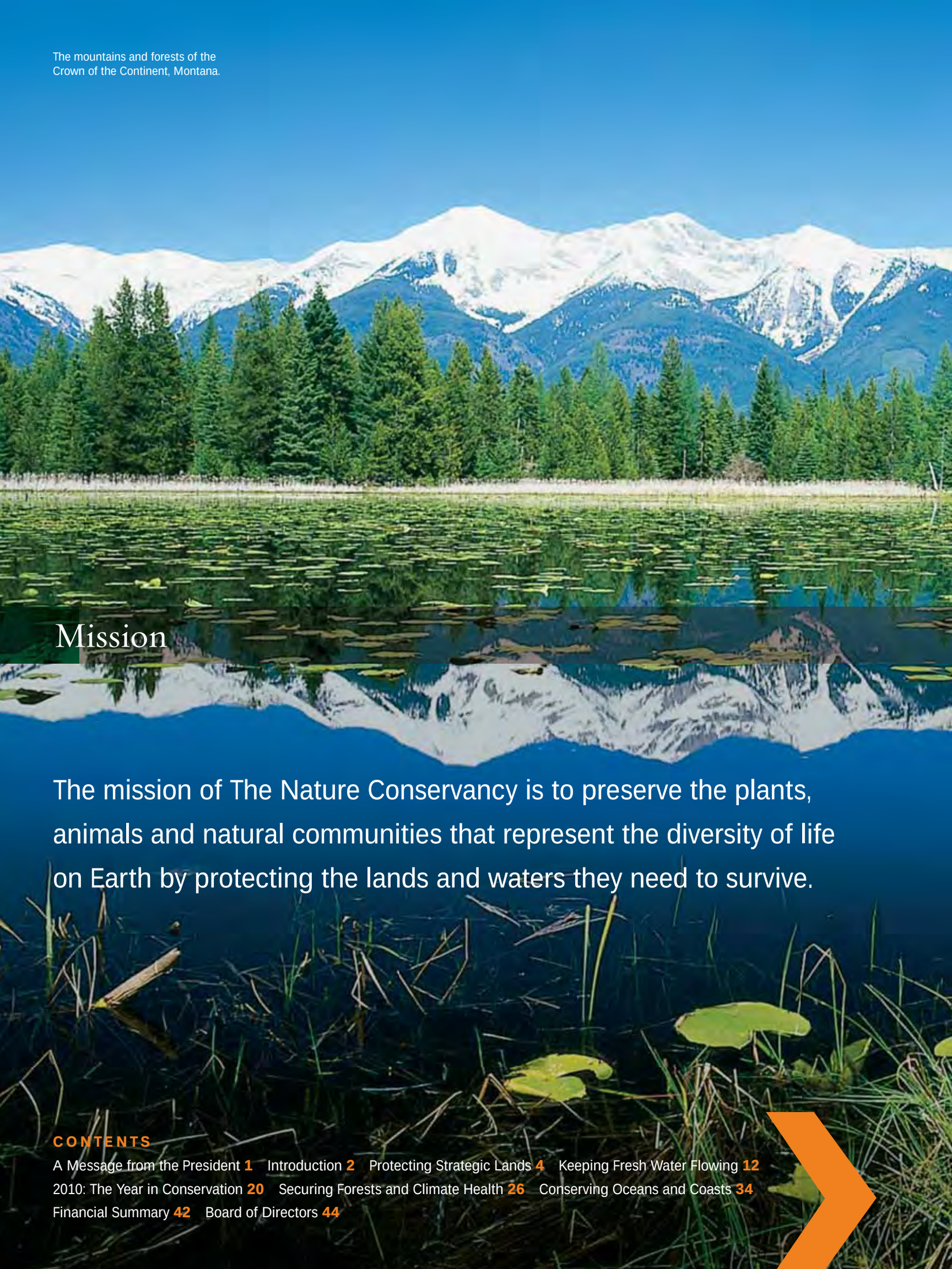
The Nature Conservancy
Protecting nature. Preserving life.™

2010 ANNUAL REPORT

The Nature Conservancy's

Roots of Innovation



The mountains and forests of the Crown of the Continent, Montana.

Mission

The mission of The Nature Conservancy is to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive.

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Innovation has defined The Nature Conservancy since our founding in 1951, when a group of scientists broke with tradition and decided to take "direct action" to protect nature.

As we enter our 60th year, we continue to pioneer strategies that promise to safeguard nature while bringing direct benefits to all living things that depend on it, especially people. And we look for innovations that can be replicated to expand conservation's footprint exponentially around the world.

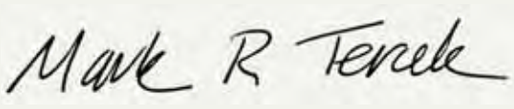
"Water funds" (see p. 18) are just one example of an innovation that has the potential to positively impact nature on a continental scale. Working with businesses, government agencies and local communities in Ecuador, we developed and tested a self-funding mechanism that pays to protect watershed forests and grasslands that hold and filter water for Quito's citizens and businesses.

Already, more than a dozen Latin American cities have adopted this successful approach to protecting their watersheds, and the Conservancy is working across the continent to launch a total of 32 projects that will safeguard drinking water for 50 million people. The model is being adapted for application in the United States and other countries as well. This is the type of innovation with potential for replication that we need to get ahead of the threats to our natural world.

But new tactics don't replace the old; they augment them. In Montana's Crown of the Continent we are combining two of our oldest conservation tactics — land acquisition and partnering with government agencies — but implementing them on an unprecedented scale (see p. 9). Ultimately, the private-public acquisition of 310,000 timberland acres, previously slated for subdivision, will keep a vast 10-million-acre mosaic of protected forest intact, a landscape that is vital to wildlife and local communities for grazing, sustainable forestry, hunting and fishing.

In my second full year with the Conservancy, I visited more than 15 of our project sites around the world. The spirit of hope and pace of innovation I witness impresses me every time — from the Gulf of Mexico, where our staff and partners have transformed a tragedy into an opportunity to restore and perpetuate a vast ecosystem on which millions of people depend, to the savannas of northern Kenya, where Conservancy science is helping empower pastoralist communities to be the saviors of 2 million acres of habitat for elephants, rhinos and other wildlife that share the landscape.

2010 was another successful year for The Nature Conservancy, building on advances of each previous year. Ours is a heritage of innovation. Through the generosity of our supporters, we succeed because we refuse to stand still. We, like nature, continually evolve.



Mark R. Tercek
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Maine's St. John River, the site of a milestone conservation effort by the Conservancy in 1998 led by Roger Milliken as a trustee of the Maine chapter.

It all began at Mianus.

On Christmas Eve 1954, neighbors of a hemlock forest in Bedford, New York, were given an ultimatum: Make a bid on the wooded ravine before the New Year or see the 60 acres developed. They pledged their life insurance policies to make a down payment and turned to a nascent nonprofit organization for help. Together, the Mianus Gorge Conservation Group and The Nature Conservancy struck a deal to buy the land. It was a bold move in the 1950s. And it launched the Conservancy into the work of land protection.

BELOW:
Mianus River Gorge, New York.

ABOVE:
Chinese scientists working on the Upper Yangtze River confer with counterparts from the Upper Mississippi River in Wisconsin.

A generation later in Maine, a $3 million investment with a timber company to protect 40 miles of the fabled St. John River evaporated. The Conservancy faced a similar challenge: Buy the full 200,000 acres for $35 million — in six weeks — or lose the opportunity. The Conservancy stepped up again, and a new era was launched — conservation of whole landscapes at a watershed scale.

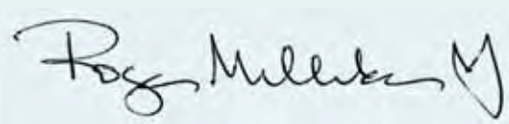
Now, a decade later, the challenges to life are ever more daunting, global and interconnected. They are measured in declining fish populations, sinking aquifers and melting glaciers. In some places, we still apply strategies developed in the early days. But purchases of land alone will not win the day; there is not enough money and not enough time. And so we are expanding our toolbox by partnering with and catalyzing communities, businesses and governments to work with us to achieve conservation at ever-larger scales.

Everywhere the Conservancy invests today, from the coral reefs of Indonesia to Montana's Rocky Mountains, to the Everglades and the headwaters of the Yangtze River — just as at Mianus River Gorge — we work closely with local people, recognizing that their hard-won knowledge of place complements and completes our science. Together we build on the essential connections between land, water and communities to benefit both nature and people, in order to achieve the essence of our mission, which is to save life on Earth.

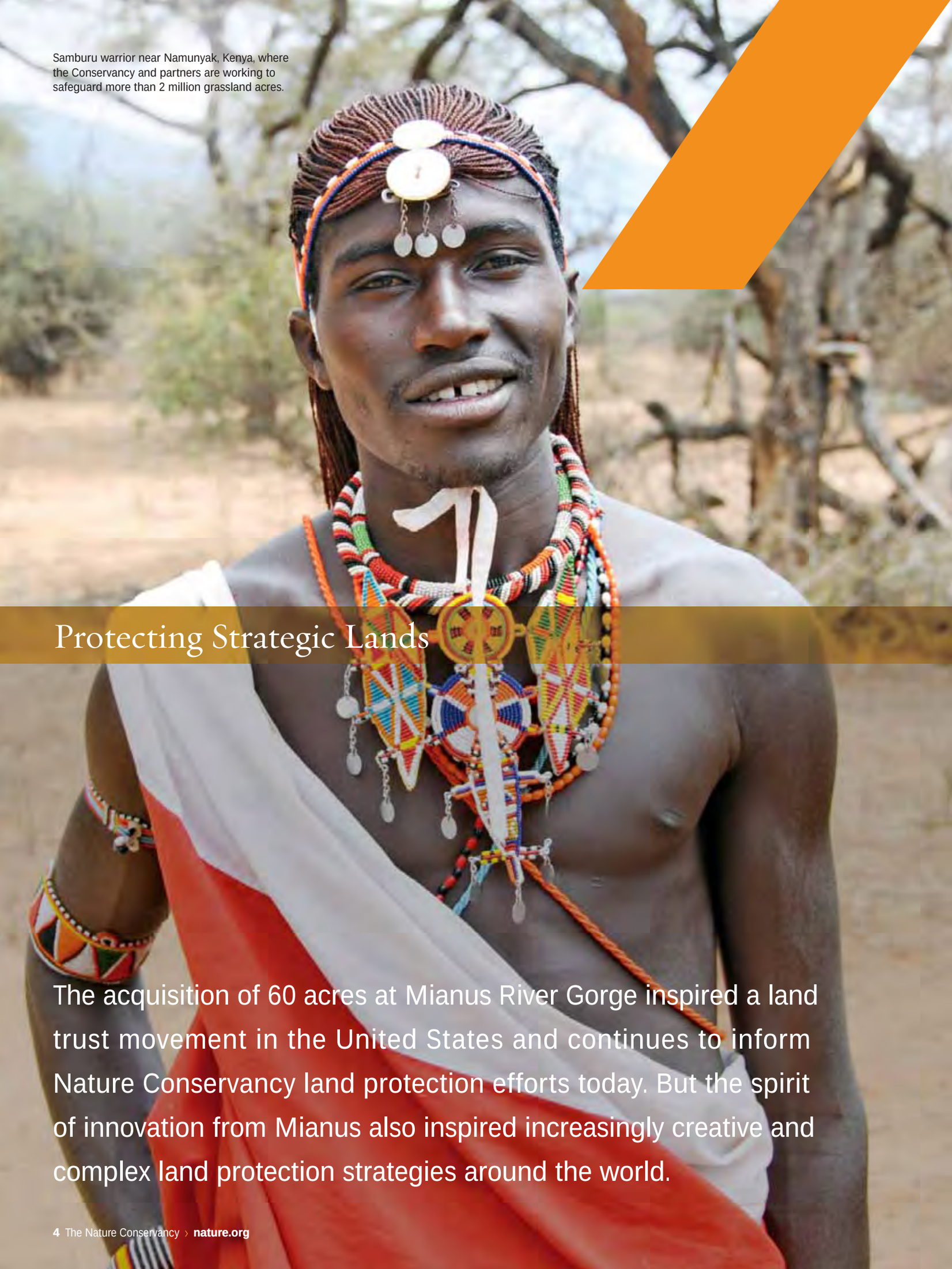
Our task in the 21st century is to care for nature as she cares for us. Ignore the link between us, and both will suffer. Support nature to thrive, and both humans and nature will thrive.

This is the goal of The Nature Conservancy, in the United States and in the more than 30 other countries where we work around the world. Building on nearly 60 years of experience, we are continually lifting our eyes to the next horizon of opportunity and effectiveness in our care for life on Earth.

With gratitude for your support,



Roger Milliken Jr.
CHAIRMAN, BOARD OF DIRECTORS



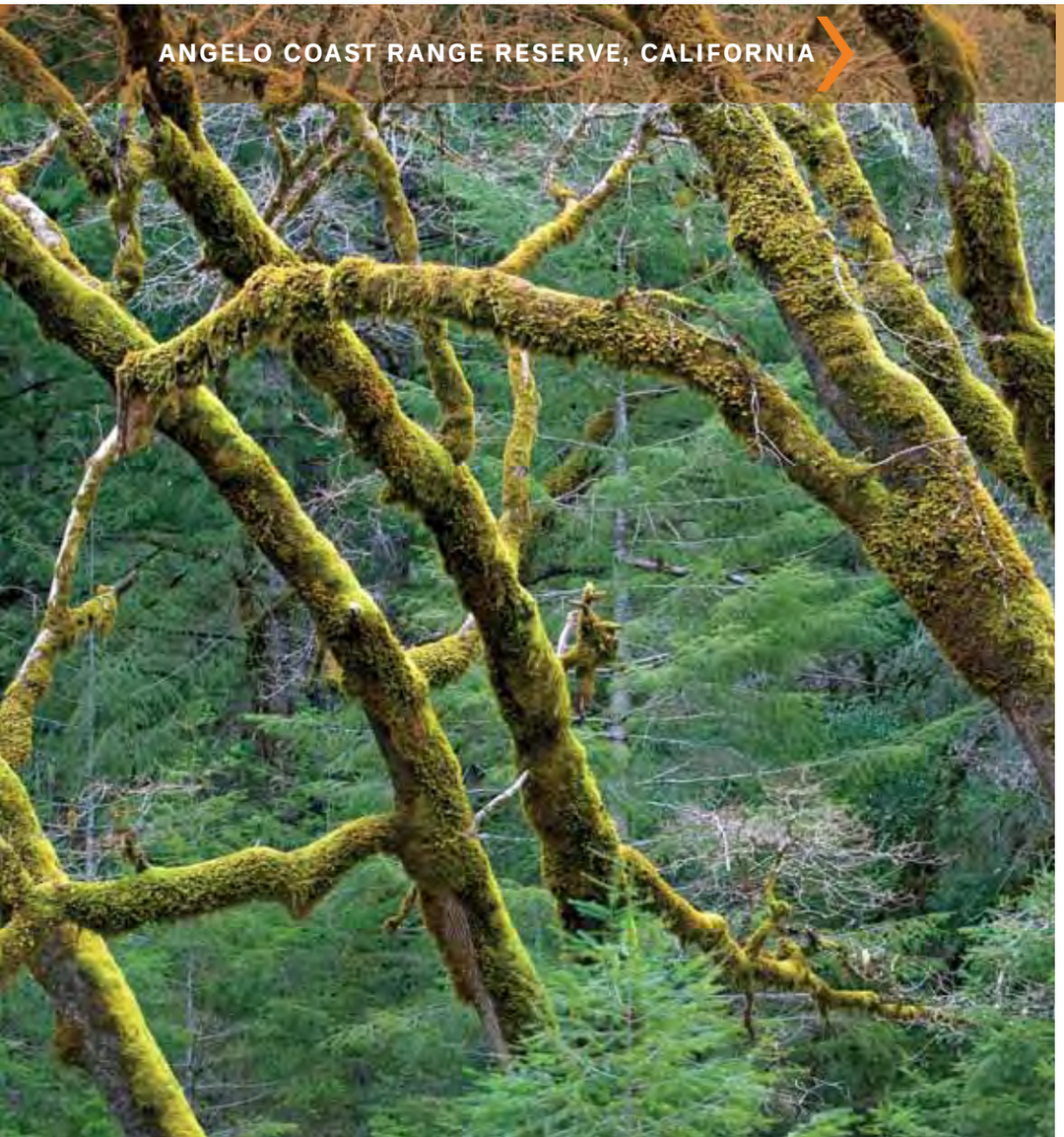
Samburu warrior near Namunyak, Kenya, where the Conservancy and partners are working to safeguard more than 2 million grassland acres.

Protecting Strategic Lands

The acquisition of 60 acres at Mianus River Gorge inspired a land trust movement in the United States and continues to inform Nature Conservancy land protection efforts today. But the spirit of innovation from Mianus also inspired increasingly creative and complex land protection strategies around the world.

Projects featured in this chapter.

ANGELO COAST RANGE RESERVE, CALIFORNIA



IN THE MANNER OF MIANUS, THE Conservancy acquired its first property in California in 1959 from Heath and Marjorie Angelo of Mendocino County. Wanting to keep their 3,100 acres of pristine old-growth forest standing, the family could no longer afford the timber taxes assessed on their forested land whether they cut it or not. The acquisition included rights for the family to continue living on the land. Three years later, the Conservancy joined with the U.S. Bureau of Land Management, and over the next 35 years doubled the size of the reserve. It was the Conservancy's first partnership with a public agency. Since then, partnerships with state and federal agencies in the United States and around the world have become critical to the Conservancy's success.

LEFT:
Angelo Coast Range Reserve, California.

BELOW LEFT:
Young boy at Ordway Prairie Preserve.

BELOW RIGHT:
Gray Ranch, New Mexico.

TO MUCH MEDIA FANFARE IN 1990, the Conservancy made the largest single acquisition in conservation history when it purchased the 500-square-mile Gray Ranch in New Mexico's "boot-heel." The region is a storied landscape, where the Rocky Mountains collide with Mexico's Sierra San Luis range and jaguar pathways coexist with wild bison herds. To the surprise of ranchers and environmentalists alike, the Conservancy transferred the property with a conservation easement to the local Animas Foundation, established to protect the region's ranching culture and economy. Inspired by this, neighboring ranchers formed the science-based Malpai Borderlands Group, which formed a conservation-managed area of over 1 million acres and created innovations such as grassbanking and prescribed burns across ownership boundaries. Mexican ranchers as well as visitors from Tanzania, Mongolia, Indonesia and the United States have visited the Malpai to discuss how to protect traditional ways of life in the face of modern challenges. Now known by its original name, the Diamond A Ranch has seeded major advances in community-based conservation throughout the globe.

ORDWAY PRAIRIE SYSTEM

GRAY RANCH, NEW MEXICO

AFTER A DECADE OF BUYING SCATTERED small parcels of prairie lands in the American Midwest, the Conservancy teamed up with Minnesota native and 3M heiress Katherine Ordway in the 1970s to begin preserving tallgrass prairie in earnest. It was the first time the Conservancy pursued creating a *system* of preserves to protect a single habitat type. Through Ms. Ordway's largesse, the Conservancy protected 31,000 prairie acres in five states during her lifetime. Her estate then dramatically expanded that figure across other ecosystems as well.

> "[Katherine Ordway] encouraged us to think big about preserves — to get over our mind-set, which assumed we could only get postage-stamp preserves. She showed us that really major gifts for our work were possible."
>
> **PAT NOONAN**
> Nature Conservancy president, 1973-1980

Since its inception, CAFI has trained

77 young indigenous leaders

from all the states in the Brazilian Amazon.

BY THE 1980s, THE CONSERVANCY WAS working cooperatively with Native American tribes to improve the management of tribal lands in the United States. Recognizing the important role of indigenous lands in conservation, the Conservancy has placed them at the heart of our strategies for conserving the Amazon Basin. No one's survival is more intimately linked to the lands and waters of the Amazon rainforest than the indigenous people who have lived there for thousands of years. Today, indigenous lands occupy more than 20 percent of the Amazon Basin, an area the size of California, Arizona, Florida, New York and Texas combined.

In 2006, the Conservancy and the largest indigenous federation in the Amazon launched the Amazon Indigenous Training Center, or CAFI, to prepare the next generation of indigenous leaders in all aspects of effective land management, new technologies and long-range conservation planning. With the training center as a milestone, the Conservancy now sees the empowerment of indigenous communities as a primary strategy for conserving some of the planet's largest intact natural areas in such far-flung places as East Africa, the Pacific Islands and Australia.

ABOVE LEFT:
Deniziu Araújo Ticuna, a graduate of the Amazon Indigenous Training Center in Manaus, Brazil.

ABOVE RIGHT:
Indigenous people from the Raposa-Terra do Sol indigenous land in the Brazilian Amazon participate in GPS training delivered by the Conservancy.

BY ANY MEASURE, THE PRESERVATION of the Great Bear Rainforest on Canada's Pacific Coast is one of the most compelling conservation visions of our time and an innovative model for the 21st century. Working with a coalition of nonprofits, government agencies, businesses and First Nations peoples, the Conservancy's role as a negotiator, consensus builder and successful fundraiser was instrumental in fulfilling a 2006 agreement that puts 5 million acres of temperate rainforest off-limits to logging and provides strict sustainable management guidelines for another 19 million acres.

RIGHT:
William Housty, head of the Coastwatch Grizzly Monitoring Project and a member of the Heiltsuk First Nation in the Great Bear Rainforest, British Columbia, Canada.

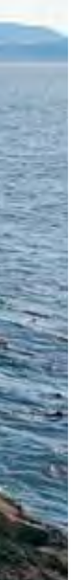
BELOW:
The Koeye River, which flows through the Great Bear Rainforest, British Columbia, Canada.

GREAT BEAR RAINFOREST, BRITISH COLUMBIA

> “The best legacies are the hardest to achieve. We now have the chance to leave future generations one of the largest networks of wild lands on Earth.”

HANSJÖRG WYSS
Engineer, entrepreneur and philanthropist, and lead supporter of the Montana Legacy Project, which acquired more than 310,000 acres within the Crown of the Continent

CROWN OF THE CONTINENT, MONTANA



IN THE LARGEST PRIVATE CONSERVATION land deal and one of the boldest conservation efforts ever undertaken in the United States, the Conservancy is working to reconnect fragmented lands to preserve the integrity of some of the most vital large-scale wildlife habitat in North America. The Crown of the Continent, a 10-million-acre complex of wild lands in western Montana and southern Alberta, comprises some of the biggest blocks of roadless lands in the contiguous United States. The Conservancy and The Trust for Public Land have purchased more than 310,000 acres of land in the Crown from the Plum Creek Timber Company. This helps eliminate the patchwork of public and private ownership that can fracture habitat. We’re also protecting vital corridors needed by wildlife for food, breeding and adapting to the effects of climate change.

Acquisition of the Plum Creek acreage builds on decades of Conservancy action along the Rocky Mountain front, where healthy prairies and wetlands support some of the highest densities of grizzly bears in the lower 48 states. Our partnerships with local ranchers have preserved this land for both wildlife and family agriculture. In the Blackfoot Watershed, 30 years of community-based conservation and restoration have preserved vital valleys and wetlands. The Conservancy’s purchase of more than 80,000 acres of private timberland was key to pioneering this community-led conservation effort.

MORE ONLINE: NATURE.ORG/CROWN2010

ABOVE LEFT:
The Rocky Mountain Front, Montana.

ABOVE RIGHT:
Race to the Sky, Montana’s biggest dogsled race, runs through the Swan Valley.

IN ONE OF THE MOST PROMISING conservation projects in the developing world, the Conservancy is bringing nearly 60 years of scientific and management expertise to local partners in Kenya to preserve key wildlife corridors that link established protected areas and maintain a pastoral way of life. The Conservancy has employed its real estate acumen to enable the Lewa Wildlife Conservancy to secure a 62,000-acre wildlife refuge that supports more than 440 species of birds and more than 70 different mammals.

North of Lewa, the Conservancy has partnered with the Northern Rangelands Trust to help empower indigenous communities to better manage their own lands, protect migration corridors for wildlife and improve livelihoods for people. Conservancy scientists are sharing knowledge with tribal elders and managers of 17 community conservancies to apply proven conservation strategies across nearly 2 million acres of land.

The work of Lewa and the Northern Rangelands Trust has demonstrated to surrounding communities that wildlife conservation opens doors to diversify and enhance their livelihoods. Conservation-funded health clinics serve villagers for the first time. A micro-credit program has funded startup enterprises as income generators for more than 400 local women. Innovative water projects have resolved people-wildlife conflicts by providing secure water sources for communities, their livestock and wildlife. And across northern Kenya, elephants, rhinoceroses, giraffes and other animals are returning to areas where they had been eliminated in past decades.

The northern Kenya effort demonstrates the Conservancy's unique ability to become a trusted partner with a range of public and private organizations, to fill in the talent gaps with local conservation groups and apply sound science to maximize conservation's potential across a vast landscape.

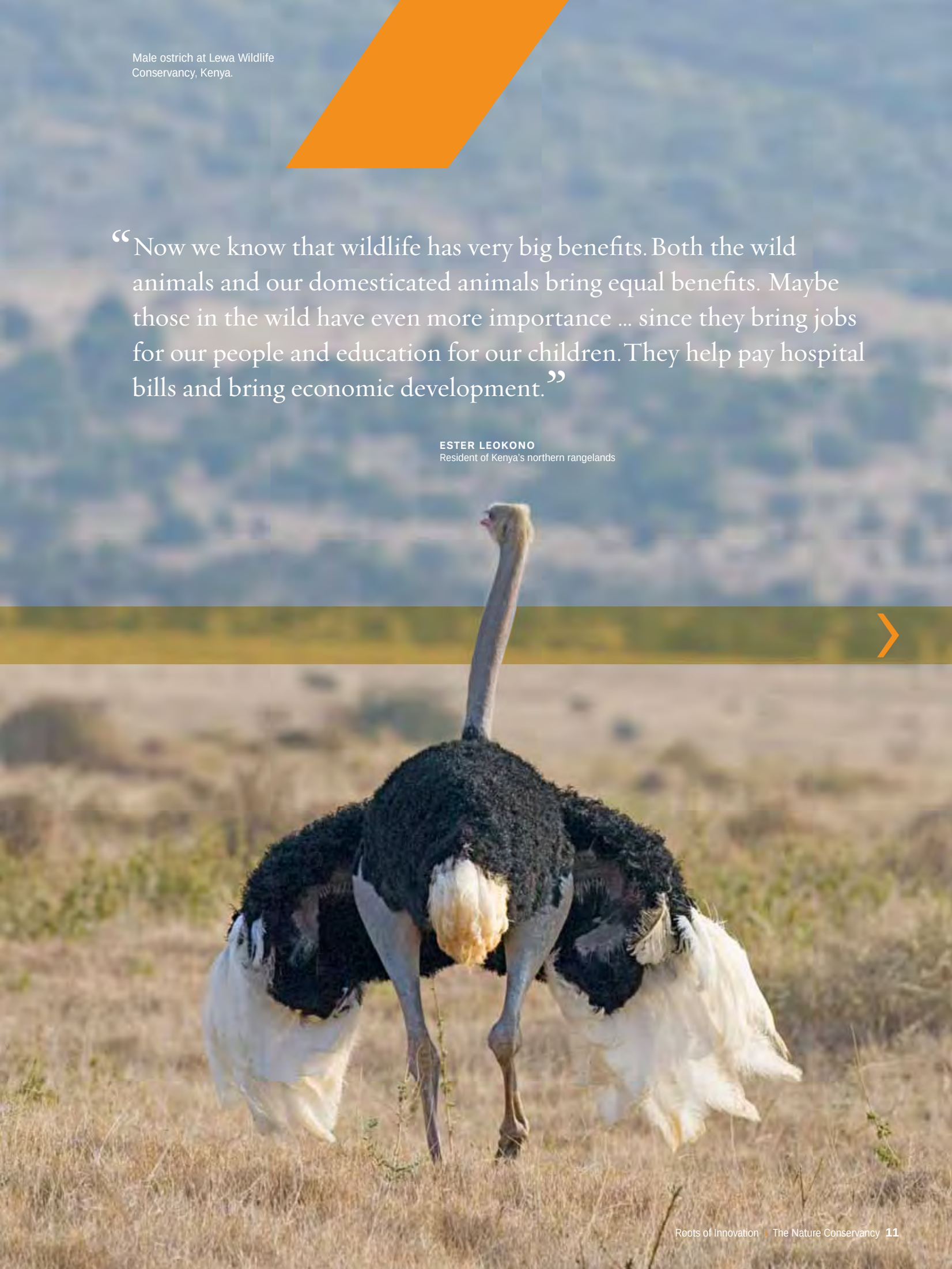
MORE ONLINE: NATURE.ORG/KENYA2010

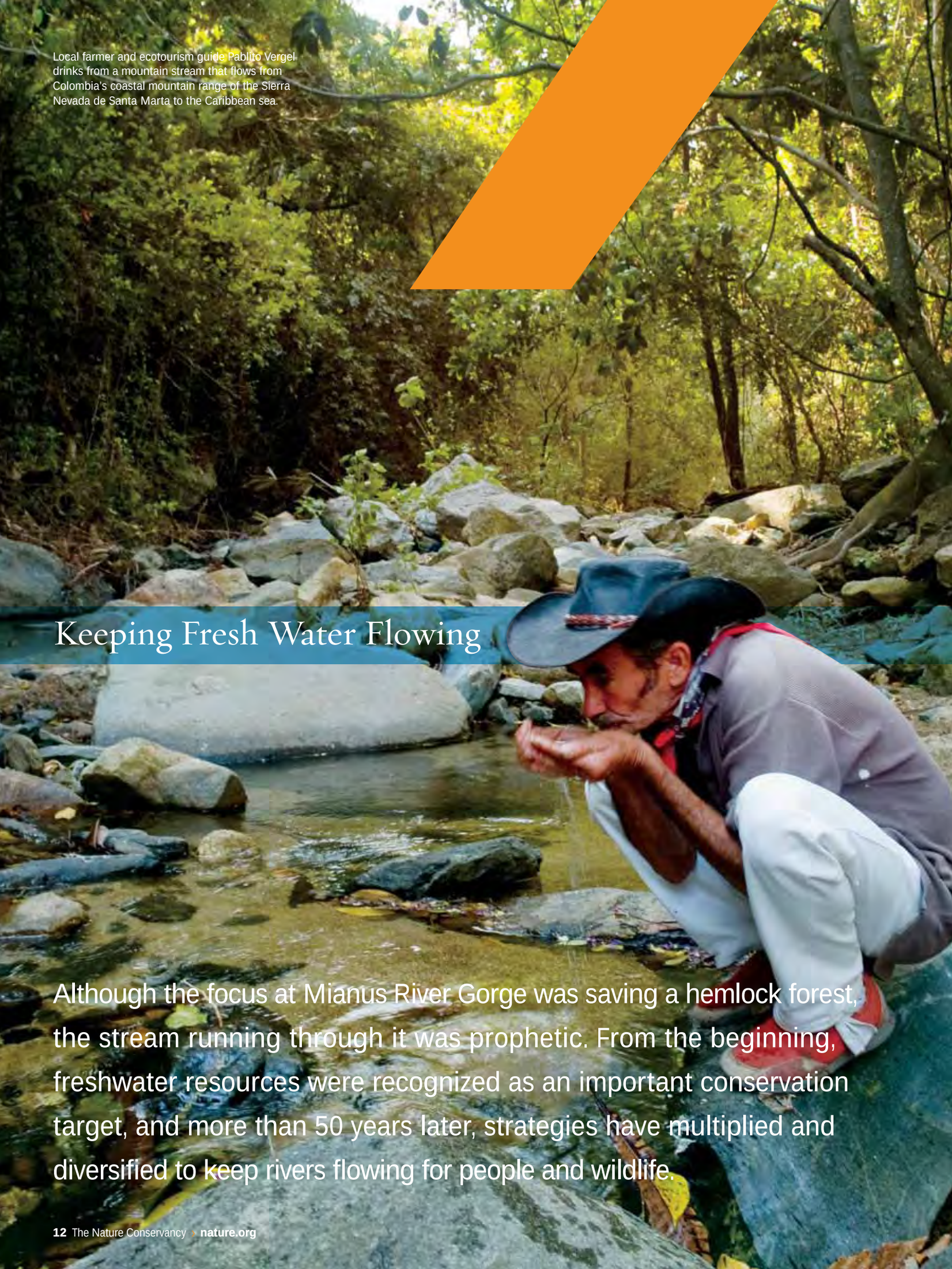
BELOW:
Samburu women near Namunyak, northern Kenya.

Male ostrich at Lewa Wildlife Conservancy, Kenya.

"Now we know that wildlife has very big benefits. Both the wild animals and our domesticated animals bring equal benefits. Maybe those in the wild have even more importance ... since they bring jobs for our people and education for our children. They help pay hospital bills and bring economic development."

ESTER LEOKONO
Resident of Kenya's northern rangelands





Local farmer and ecotourism guide Pablito Vergel drinks from a mountain stream that flows from Colombia's coastal mountain range of the Sierra Nevada de Santa Marta to the Caribbean sea.

Keeping Fresh Water Flowing

Although the focus at Mianus River Gorge was saving a hemlock forest, the stream running through it was prophetic. From the beginning, freshwater resources were recognized as an important conservation target, and more than 50 years later, strategies have multiplied and diversified to keep rivers flowing for people and wildlife.

IN 1961, THE CONSERVANCY RECEIVED its first donated conservation easement from Corrine Gallup on land in Stonington, Connecticut, on the Mystic River. The easement allows the landowner to retain title to the ecologically valuable property while giving The Nature Conservancy the right to enforce controls on certain types of harmful activities. After land acquisition, conservation easement became the Conservancy's most prominent conservation tool in its first decades. In recent years, the Conservancy has worked to establish or strengthen laws supporting the conservation easement concept in other countries — including Mexico, Chile and Australia — to encourage private citizens and others to conserve natural landholdings in perpetuity.

LEFT:
Sandpipers at Griswold Point Preserve in Old Lyme, Connecticut.

GALLUP SALT MARSH, CONNECTICUT

Projects featured in this chapter.

BY THE EARLY 1970s, THE CONSERVANCY was undertaking much more complex transactions, and Mississippi's Pascagoula River was a milestone that propelled the Conservancy's work in several productive directions. Pascagoula Hardwood Company owned 42,000 acres of forest and wetlands along the river. Valued at $22 million, sole Conservancy acquisition of the property was unaffordable. Instead, the Conservancy worked on two fronts, assisting the state Game and Fish Department in drafting legislation to create the Mississippi Wildlife Heritage Committee to fund the protection of wildlife habitat — a first for the state. With the committee's support, the Conservancy then purchased 75 percent of Pascagoula Hardwood stock and gained title to 32,000 acres of Pascagoula Swamp, which it transferred to the Mississippi Wildlife Heritage Committee for $15 million.

Spurred by the success of the Pascagoula project, the Conservancy in 1981 launched its bold Rivers of the Deep South Program to protect some 350,000 acres of bottomland hardwood forest along six major southern rivers.

BELOW LEFT:
Pascagoula River Wildlife Management Area.

BELOW RIGHT:
Bends in the upper Yangtze River, Yunnan province, southwestern China.

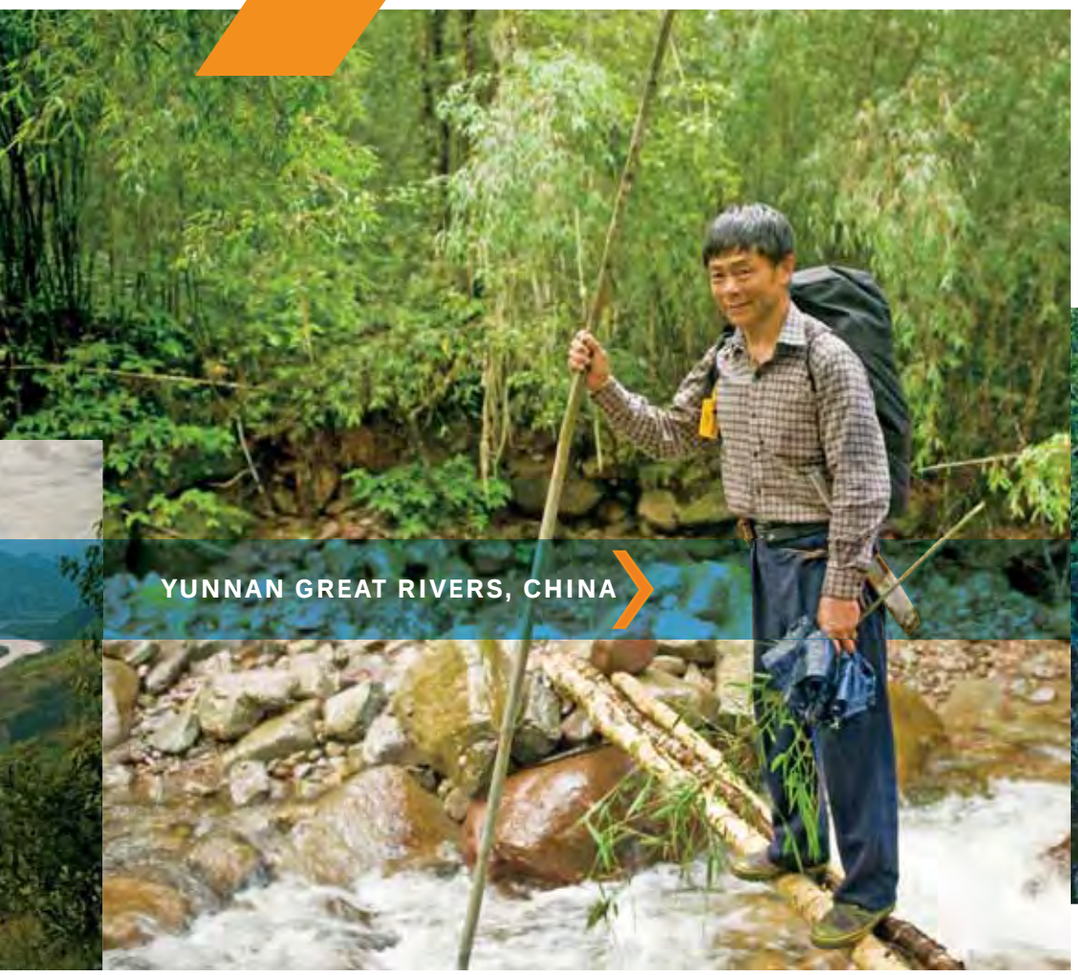
PASCAGOULA RIVER, MISSISSIPPI

Since 1986, Conservancy state chapters have led nearly 200 state and local conservation ballot measures, which have generated

$47.5 billion for land and water protection in the United States.

AFTER DECADES OF PROTECTING RIVER corridors, the Conservancy recognized in the late 1990s that it needed to step up to the challenge that dams present to rivers and the life that they support. In 2002, the Conservancy initiated an unprecedented partnership with the U.S. Army Corps of Engineers at Kentucky's Green River. Together, the Conservancy and the Army Corps began testing management alterations of the Green River Dam, timing the release of water to better mimic the river's former natural flow pattern. The changes have benefited plants and animals without sacrificing the dam's primary purpose of flood control. Success at Green River has yielded the Sustainable Rivers Project, a nationwide partnership between the Army Corps and the Conservancy to improve the health and life of rivers by changing the operations of Army Corps dams, while maintaining or enhancing project benefits. These early tests have also inspired new partnerships with dam operators on China's Yangtze, Africa's Zambezi and Colombia's Magdalena rivers.

BELOW:
Green River, Kentucky.



YUNNAN GREAT RIVERS, CHINA

GREEN RIVER, KENTUCKY

AT THE INVITATION OF THE CHINESE government, the Conservancy took its first step into this increasingly important country in 1998. In the Himalayan foothills of the Yunnan Province, four of Asia's great rivers come together and flow within a span of just 56 miles, winding their way through high mountains and narrow canyons and valleys, creating unique microclimates and supporting an abundance of wildlife. The Yangtze, Irrawaddy, Salween and Mekong rivers supply approximately one in 10 people on Earth with food, water, transportation and trade. While the Yunnan Great Rivers Project's focus began in the forested habitats between the rivers, a more concentrated effort downstream on the Yangtze has evolved. Demonstration sites are being developed for some of river conservation's most cutting-edge strategies to mesh nature conservation with people's food, energy and transportation needs in this rapidly developing nation.

ABOVE:
Zhang Ziming was once a hunter, but now works with the Conservancy to track and research the endangered golden monkey in the Laojun Mountain area of Yunnan Province, China.

The Nature Conservancy has partnered with the Army Corps of Engineers at more than

35 sites across the United States.

AT 2,320 MILES, THE MISSISSIPPI RIVER ranks among the longest of the world's rivers, draining all or parts of 31 states and two Canadian provinces. It is a vital migration corridor for 60 percent of North America's bird species and provides critical habitat for fish, mussels and rare creatures like the Louisiana black bear. The river plays a vital role in the well-being of human communities who depend on it for water, food, jobs and recreation.

The Mississippi has also been a primary learning laboratory for the Conservancy for decades, and it can be said it's where we learned that actions should be coordinated across the full range of a river to be most effective. Today, teams in 12 states are working in project areas to address some of the river's most critical threats, including habitat loss, altered water flow and degraded water quality. Similar multistate efforts are now being pursued on the Colorado River and on the salmon rivers of the Pacific Northwest. The Conservancy's restoration work on the Mississippi also spawned the Great Rivers Partnership, an effort underwritten by the Caterpillar Foundation to protect large river systems around the world by facilitating a global exchange of knowledge and experience.

BELOW LEFT:
Three barges in Pool 8 of the Mississippi River at LaCrosse, Wisconsin.

BELOW RIGHT:
The paddles on the rear of the vessel pushing the excursion paddle-boat "Spirit of Dubuque" up the Mississippi River near Dubuque, Iowa.

"I think what gets me most excited about the Conservancy's water work is that it exemplifies what I like to call 'Nature Conservancy 2.0' — work that's truly at the scale of nature and is good for the economy, people, and the natural communities they depend on."

PETER WELLES
Longtime Conservancy supporter

WATER CERTIFICATION

CERTIFICATION PROGRAMS IN THE FOREST products and seafood industries are transforming corporate practices, consumer behavior and environmental conservation. The Conservancy believes the same need and opportunity exist for water. From Montana to Mexico, and Australia to China, the demand for fresh water is far outpacing our global supply, and the impact on people and wildlife can be devastating. Having invested heavily in more than 600 freshwater projects around the world, the Conservancy is now leading an unprecedented effort to design and launch a market-based global water certification program.

This year the Conservancy led the way in founding the Alliance for Water Stewardship (AWS), an international partnership of business, environmental and social justice organizations with extensive freshwater experience. The Conservancy is directing AWS's efforts to design, build and implement the certification program, slated for official launch in late 2012. The program will recognize water users who achieve a range of economic, social and environmental sustainability objectives, including watershed protection, water-use efficiency, protection of environmental flows, improved water quality and social justice. The goal is to enroll 100 companies in the program over three years, ultimately moving thousands of companies toward sustainable water use in their operation and supply chains by 2020.

MORE ONLINE: NATURE.ORG/CERTIFICATION2010

ABOVE LEFT:
The Roper River watershed on the Elsey Station cattle ranch and Elsey National Park east of the town of Mataranka in Australia's Northern Territory.

ABOVE RIGHT:
A seasonal "waterfall" near Quito, Ecuador.

The Nature Conservancy has launched water funds in

Colombia, Ecuador, Brazil and Peru.

LATIN AMERICA WATER FUNDS

SELF-FUNDING FRESHWATER PROJECTS provide clean drinking water to urban centers and protect large watersheds in a model of ecosystem services protection that can be replicated around the world.

The Conservancy pioneered the first water fund in Quito, Ecuador, to protect a 5.4-million-acre mosaic of public protected areas, farms, ranches and indigenous territories. This watershed captures, holds and filters 80 percent of the fresh water that supplies Quito's 2 million people. Water users — hydropower plants, brewing companies and municipal agencies that provide water to the public — contribute to the fund, which is then used for conservation efforts upstream that maintain water quality and limit the need for far more costly industrial water treatment.

In Quito, a relatively small investment of $21,000 by the Quito Water Authority and the Conservancy led to the establishment of a $7.5 million endowment that produces around $600,000 each year for conservation projects in the watershed. The people who live and work in the watershed are seeing quality-of-life benefits as they reforest and enhance the ecosystems in which they live. The fund is also enabling local people to start small businesses, reducing the need to deforest for farms and pasture. The ultimate success of the project is reflected in the fact that more than a dozen additional urban centers across South America are adopting the water fund model, positively affecting the health of another 2.3 million acres of forest and grassland for people and wildlife.

Also on the horizon are plans to expand the water funds to become truly global.

MORE ONLINE: NATURE.ORG/QUITO2010

ABOVE LEFT:
Schoolchildren from Sangolqui participate in activities designed to teach them about the environment at Parque Ecológico Cachaco in Amaguaña, Pichincha Province, Ecuador.

ABOVE RIGHT:
A park guard at home with his organic garden, Pichincha Province, Ecuador.

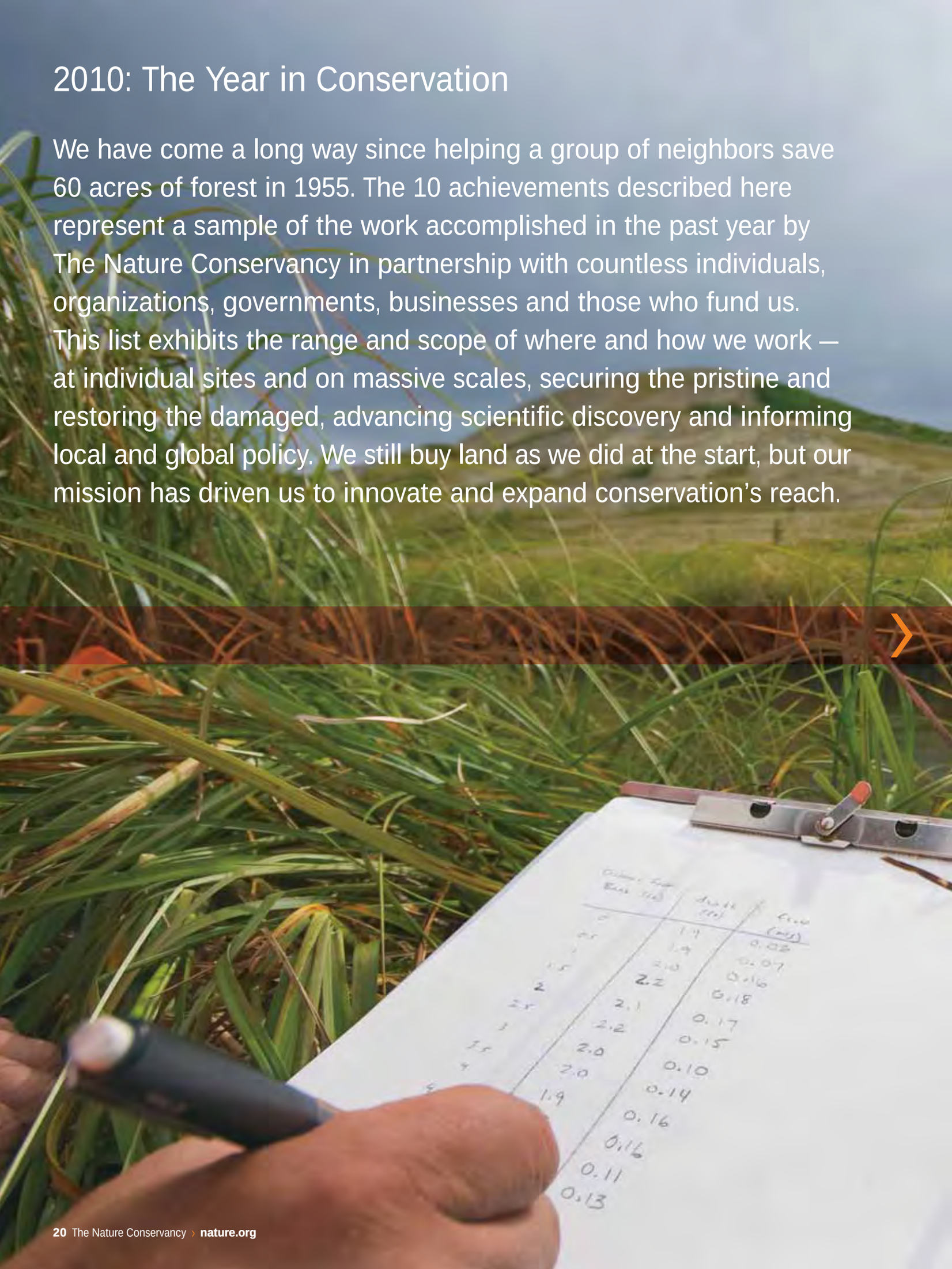
Quito, Ecuador.

"We are very excited to be a part of this conservation strategy with an organization as effective as The Nature Conservancy ... I am convinced that the water funds platform will allow us to extend our work for the sustainability of watersheds in Latin America, while encouraging others to join this initiative and do the same worldwide."

JOSÉ ANTONIO FERNÁNDEZ CARBAJAL
President and CEO of FEMSA, one of Latin America's largest beverage companies

2010: The Year in Conservation

We have come a long way since helping a group of neighbors save 60 acres of forest in 1955. The 10 achievements described here represent a sample of the work accomplished in the past year by The Nature Conservancy in partnership with countless individuals, organizations, governments, businesses and those who fund us. This list exhibits the range and scope of where and how we work — at individual sites and on massive scales, securing the pristine and restoring the damaged, advancing scientific discovery and informing local and global policy. We still buy land as we did at the start, but our mission has driven us to innovate and expand conservation's reach.



Fishery biologists measure stream depth and flow as part of a field study of the probable environmental impact of the proposed Pebble Mine near Iliamna in southwestern Alaska.

LOOK INSIDE

The Conservancy has conducted more than

28,000 conservation transactions

and helped protect more than

119 million acres around the world.

Find out what the Conservancy is doing all year long by visiting

nature.org

(You can also find us at Facebook.com/thenatureconservancy and on Twitter @nature_org)!

Marine Protected Area in Peru

After nearly a decade of promotion by the Conservancy and other groups, Peru has created its third marine protected area — the Guano Islands and Capes National Reserve. The new reserve covers nearly 350,000 acres distributed among 22 individual islands or groups of islands, 11 coastal capes and their surrounding marine spaces. The reserve lies within the Pacific Ocean's Humboldt Current marine ecosystem — a cold-water current flowing northward up the coasts of Chile and Peru — that is home to important seabird and marine mammal populations and supplies more than 15 percent of the world´s fish catch to people around the globe.

ABOVE:
A colony of Peruvian boobies in the Guano Islands and Capes National Reserve, Peru.

New Indigenous Protected Areas in Australia

Two new protected areas in northern Australia totaling 5 million acres will protect important natural areas such as tropical savannas, gorges, rivers and wetlands, as well as rock art paintings that date back 40,000 years. The Conservancy assisted in the declaration of the Warddeken and Djelk indigenous protected areas by providing financial assistance, scientific expertise and strategic advice. The process involved members of more than 137 indigenous clans in the region and helped develop detailed management plans that will guide future land practices and provide sustainable livelihoods for indigenous rangers.

ABOVE:
Djelk ranger Samuel Gulwa is congratulated by fellow ranger Victor Rostron as the Minister for the Environment, Heritage and the Arts, Peter Garrett, declares Djelk Indigenous Protected Area, Northern Territory, Australia.

The Atlas of Global Conservation

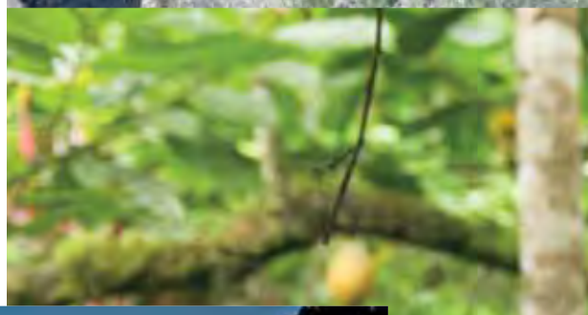
This year, the Conservancy and the University of California Press published *The Atlas of Global Conservation*, the world's first comprehensive collection of conservation maps. The book represents a collaboration of some 70 institutions, the work of hundreds of scientists and thousands of hours of research and consolidation of incredibly specialized data. The book includes more than 100 full-color maps and charts of new information, such as where forests are disappearing most rapidly, as well as essays by leading conservation thinkers that put the information in its larger context.

BELOW:
Kelly Basebas, vice chairman of the Almami Local Level Government Conservation Advisory Committee and Conservancy partner, uses a map to discuss the region with villagers in the Adelbert Mountain region of Papua New Guinea.

Purchase Protects California's Independence Lake

The Conservancy purchased 2,325 acres of forestland that surround California's Independence Lake from NV Energy. The state of California, federal agencies, local nonprofits, private foundations and energy and water utilities aided our efforts to protect the lake, which safeguards an important source of drinking water for western Nevada and a critical watershed for California's water supply. The acquisition also supports the mainstay economy of the Sierra Nevada by providing a recreational outlet for sports enthusiasts, kayakers and other nature lovers and supports one of the last two wild lake populations of the Lahontan cutthroat trout.

BELOW:
Independence Lake, just north of Lake Tahoe, California.



Wild Bison Reintroduced to Conservancy Reserve in Mexico

Twenty-three bison are helping the Conservancy to restore Mexico's once-vast prairie ecosystem. The bison, donated by the U.S. National Park Service and taken to the Conservancy's El Uno Ecological Reserve in Chihuahua, Mexico, will serve as a "seed herd" for grassland recovery projects across the country. Bison provide a number of benefits to grasslands: breaking the soil so seeds can easily emerge, clipping the grass so other species may thrive and promoting water infiltration. Bison reintroduction is a key component to the Conservancy's grassland restoration efforts, which also include invasive species control, native grass restoration, prescribed fire and grassbanking.

LEFT:
A bison stands in grassland habitat.

BELOW LEFT:
A young boy takes the fruit from a cacao tree in Costa Rica.

BELOW RIGHT:
Alligator, Fakahatchee Strand Preserve State Park, Florida.

Forever Costa Rica Launches Successfully

The Conservancy led a unique public-private partnership that launched Forever Costa Rica, a groundbreaking initiative that will at least double Costa Rica's marine protected areas, dramatically improve protected area management and provide necessary financing to sustain these efforts in perpetuity. The partnership has mobilized more than $50 million, including $29 million in private donations to the Conservancy and a $27 million debt-for-nature swap with the United States, in which the Conservancy is a private counterpart. The goal is to meet Costa Rica's commitments under the U.N. Convention on Biological Diversity by 2015.

Conservation Easements for Florida Everglades

The northern Everglades is a 3.5-million-acre landscape of cattle ranches, longleaf pine savannas and seasonal wetlands that form a critical conservation resource. For decades, the Conservancy has helped protect hundreds of thousands of acres and identified appropriate northern Everglades properties for Natural Resources Conservation Service programs under the Farm Bill, assisted ranchers with participation and provided testimony to Washington decision-makers. In a major victory for nature, the U.S. Department of Agriculture dedicated $89 million for permanent conservation easements on 26,000 acres in the Fisheating Creek watershed at the headwaters of the Everglades ecosystem, the largest easement project in the program's history.

Historic Agreement in Canada's Boreal Forest

Nine environmental groups and 21 timber companies signed a historic agreement that will protect 178 million acres of Canada's Boreal Forest. The agreement covers the largest amount of land ever involved in such conservation efforts and unites a coalition of forestry and conservation organizations to sustainably manage the forest while meeting the needs of local communities. Over the next three years, the Conservancy and other partners will work with the government, First Nations indigenous groups and local communities to develop the guidelines to direct how the forests are managed and logged.

BELOW:
British Columbia, Canada.

BELOW:
Forest cleared for cattle ranching in the state of Pará in the Brazilian Amazon.

ABOVE:
Bighead and silver carp in Illinois River.

New Tool for Detecting Aquatic Invasive Species

The introduction of Asian carp poses a threat to U.S. lakes and rivers because, due to their large size and voracious appetites, they could significantly disrupt the food chain. The Conservancy and the University of Notre Dame have developed an innovative new method to detect the presence of this invasive species: capturing and amplifying DNA sloughed off by fish to identify bighead and silver carp. This early detection method could help prevent the establishment of a self-sustaining population. The method was proven effective after the capture of a carp in Illinois' Lake Calumet.

Reducing Deforestation in Brazil's Amazon

Paragominas, a municipality in the Brazilian state of Pará, recently became the first municipality to come off the government's blacklist of deforesters, a designation that results in commercial embargoes and credit restrictions for rural farmers. With the Conservancy's help, the municipality met the two requirements to be taken off the list: dramatically reducing deforestation and registering more than 80 percent of its territory in the Farmland Environmental Registry (CAR). Other Brazilian municipalities are now looking to the Paragominas model to control deforestation, and several will be working with the Conservancy to develop more forest-friendly ranching practices and economic alternatives.

Planting seedlings in Brazil.

Securing Forests and Climate Health

Protecting forested lands has been part of The Nature Conservancy's history since its first purchase at Mianus River Gorge. But conserving forests — especially tropical forests — from deforestation has evolved from simple habitat protection to a much more complex strategy to secure a more stable global climate. In the process we learned to get creative with partnerships, financing and conservation incentives.

Projects featured in this chapter.

KIPAHULU VALLEY, HAWAI'I

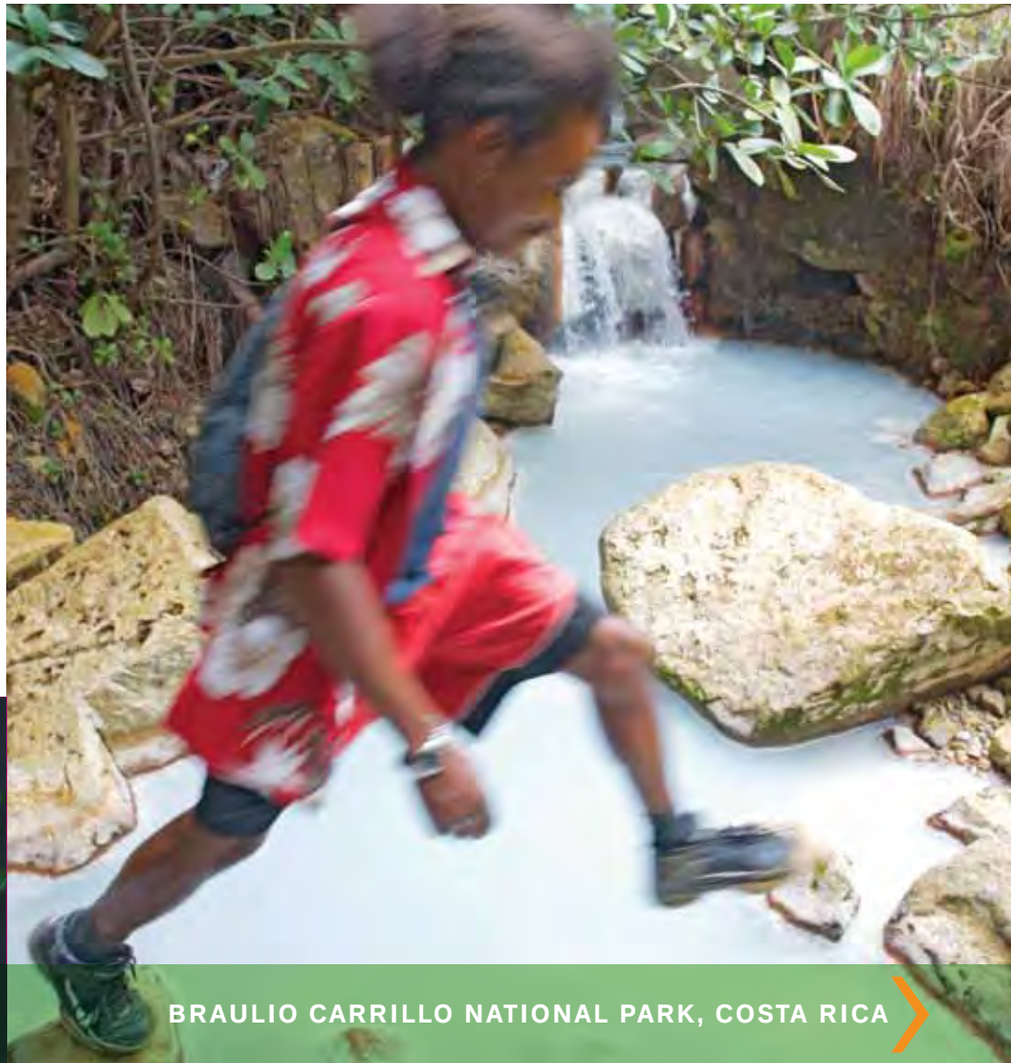
IN THE LATE 1960s, CHARLES LINDBERGH and Laurance Rockefeller persuaded the Conservancy to make its first foray into the conservation of tropical forests by preserving a critical portion of the Kipahulu Valley on Maui. To protect the entire valley, the men enlisted the land acquisition expertise of the Conservancy. The two spearheaded a fundraising effort for the $1 million that the Conservancy needed to purchase upper Kipahulu. A 1967 Conservancy-sponsored scientific expedition at Kipahulu further revealed its ecological importance, helping set the stage for its transfer to the National Park Service. The Conservancy and the state of Hawai'i jointly purchased nearly 5,000 acres and gave them to Haleakala National Park, creating a wilderness corridor from the rim of the Haleakala crater down through tropical rainforest to the Pacific Ocean.

LEFT:
Kipahulu, East Maui, Hawaii, and Hawaiian tiki statue at Maui Stables, Kipahulu, East Maui.

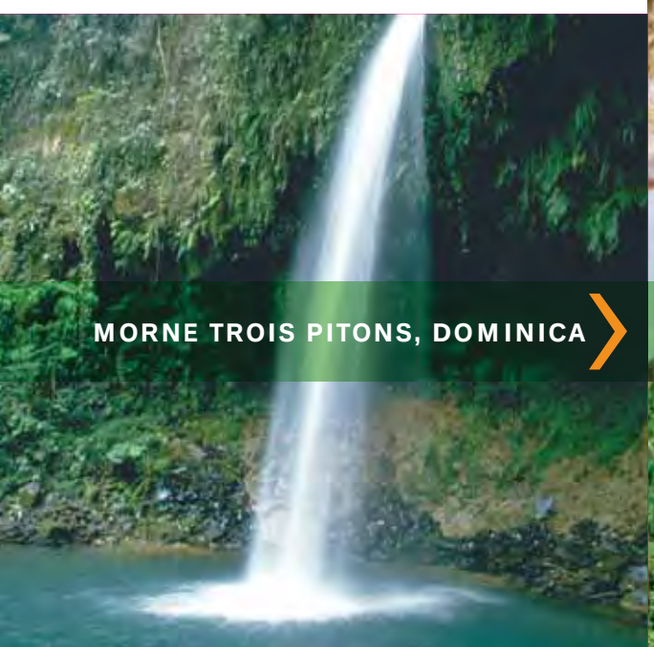
THE CONSERVANCY FIRST VENTURED outside the United States in 1974 when conservationist John D. Archbold donated 950 acres of pristine tropical rainforest on the Caribbean island of Dominica. In 1983, the Conservancy gave the property to Dominica to add to the now 17,000-acre Morne Trois Pitons National Park. To ensure sustainable management of the land, the Conservancy has provided funding and technical expertise to help the park service build trails, equip rangers and train its staff in land stewardship and ecotourism.

RIGHT:
A tour guide hikes to Boiling Lake, Dominica.

BELOW:
Waterfall at Braulio Carrillo National Park, Costa Rica.



MORNE TROIS PITONS, DOMINICA



BRAULIO CARRILLO NATIONAL PARK, COSTA RICA

IN THE 1980s THE CONSERVANCY HELPED develop an innovative, highly effective conservation tool: debt-for-nature swaps. Some of the planet's most biologically rich nations are also among the most indebted — so why not allow them to invest in conservation in return for reductions in their external debt?

The Conservancy first tested this tool in 1987, arranging for Fleet National Bank of Rhode Island to donate $254,000 in Costa Rican debt titles to benefit the more than 100,000-acre Braulio Carrillo National Park, an area of species-rich, rugged mountainous rainforests in the Cordillera Volcanica Central Biosphere Reserve.

During the last two decades, debt-for-nature swaps have become a vital tool in protecting tropical forests throughout Latin America and the Caribbean.

LEFT:
Hiker in Braulio Carrillo National Park, Costa Rica.

THE PARKS IN PERIL (PIP) PROGRAM began in 1990 as an emergency effort to protect imperiled natural areas in Latin America and the Caribbean by building the capacity of independent, self-sustaining conservation organizations. At the time, many parks in this region were just "paper parks" — legally decreed but not actually protected because of the limited resources of the regions' governments.

Over its 17-year lifespan, PiP helped convert 45 of these paper parks — totaling 45 million acres — into fully functional protected areas. The Conservancy, USAID and other organizations worked with local partners to provide necessary infrastructure, conservation knowledge and hands-on experience in park management and development. We also generated sustainable finance mechanisms that eventually leveraged more than $450 million from other entities and worked with government agencies on supportive policies.

One key to PiP's success was its emphasis on engaging local communities to ensure proper management for long-term conservation — an important Conservancy strategy. For example, Bolivia's Noel Kempff Mercado National Park (the site of our Climate Action Project) used PiP funding to train park rangers, who worked with local residents to eliminate illegal logging and dramatically reduce poaching.

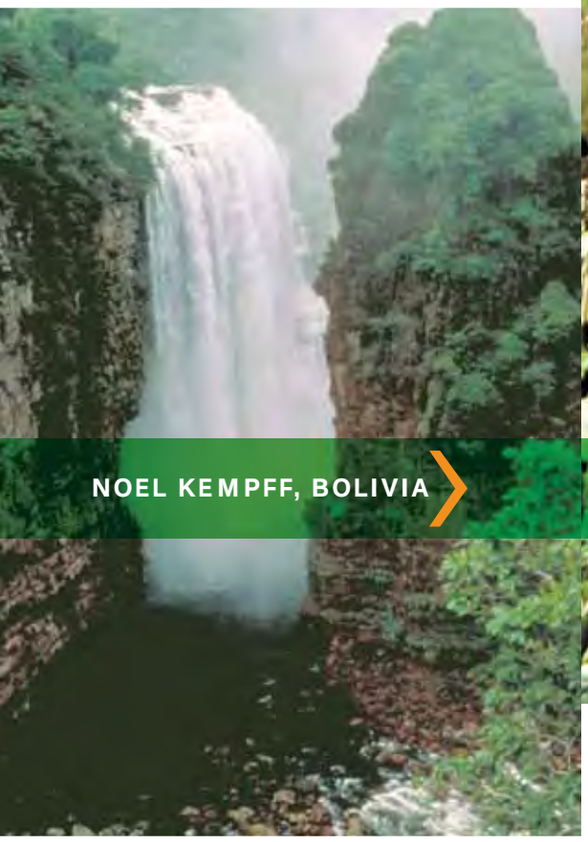
BELOW LEFT:
A hiker on the Boeri Lake Trail of the Morne Macaque volcano in the Morne Trois Pitons National Park, Dominica.

BELOW RIGHT:
A diver observes a yellow tube sponge in Parque Nacional del Este, one of the Caribbean's largest marine parks, located on the tip of the Dominican Republic.

Each year, approximately 32 million acres — *an area about the size of Louisiana* — are lost to deforestation.

LEFT:
Arcaris Waterfall in Noel Kempff Mercado National Park, Bolivia.

RIGHT:
Damaged trees in the logging concession are measured and tagged so FAN staff can measure forest mortality and regrowth in logged areas outside Noel Kempff Mercado National Park, Bolivia.



NOEL KEMPFF, BOLIVIA

IN 1996, THE CONSERVANCY HELPED launch one the world's first large-scale projects to reduce carbon emissions created from deforestation, the second leading contributor of carbon emissions worldwide. With Bolivian partner organization Fundación Amigos de la Naturaleza (FAN), we created the 30-year Noel Kempff Mercado Climate Action Project, which aims to reduce carbon emissions by protecting 1.5 million acres of tropical forest that were threatened by deforestation.

Together with the Bolivian government and three energy companies, the partners terminated logging rights in areas adjacent to an existing national park and incorporated these lands into the park, creating the 3.9-million-acre Noel Kempff Mercado National Park. The project has also created park ranger positions and other jobs that provide an alternative to logging. Through the avoidance of deforestation the project is expected to prevent the release of up to 5.8 million tons of carbon dioxide over a total of 30 years.

In 2005, Noel Kempff became the first Reduced Emissions from Deforestation and Degradation, or REDD, project to have its carbon reduction benefits independently verified by a third party, demonstrating that forest carbon projects are an important part of an overall solution to climate change. By protecting forests, the Noel Kempff project simultaneously addresses climate change, conserves biodiversity and brings sustainable benefits to local communities.

FAR RIGHT:
Seedlings in Brazil's Atlantic Forest.

NEAR RIGHT:
Paulo Henrique Pereira.

BOTTOM RIGHT:
The Atlantic Forest, Brazil.

THE CONSERVANCY IS HELPING resurrect Brazil's Atlantic Forest from the brink of extinction. Although more than 85 percent of this once-vast forest has been cleared and the rest remains highly fragmented, the Atlantic Forest still harbors a range of unique plants and animals that rivals that of the Amazon. Besides wildlife habitat, the Atlantic Forest provides drinking water to 130 million people in Brazil, including in its two largest cities, São Paulo and Rio de Janeiro. And a restored healthy forest can also play an important role in sequestering carbon and helping stabilize our global climate.

Conducting massive reforestation and securing the fragments that remain are primary strategies to save the Atlantic Forest. Eleven years ago, the Conservancy helped launch the Guaraqueçaba Climate Action Project in the Atlantic Forest — a pioneering carbon project — to help protect this endangered tropical forest from urban development, illegal logging and land conversion. By protecting standing forest and removing 860,000 tons of carbon through reforestation, the project will provide 1.2 million tons of carbon benefits over its 40-year lifespan.

Healthy forests help supply not only clean air, but also clean water: Forests act like giant sponges by soaking up rain and gradually releasing it into streams. The Conservancy is protecting the clean water source for millions of Brazilians through a program that pays farmers and ranchers about $31 per acre per year for "producing water" on land where trees have been planted and forests have been fenced off from cattle.

Launched in 2008, the Conservancy's Plant a Billion Trees campaign will help carry out these reforestation activities in strategic areas for water protection. At just $1 per tree, Conservancy supporters have already donated enough funds to restore 7.5 million trees to the Atlantic Forest and help us reach our billion-tree goal.

MORE ONLINE: PLANTABILLION.ORG

ATLANTIC FOREST, BRAZIL

"It feels great to see the seedlings we've planted growing into mature trees that will keep the air and water clean, but for me, the real success of the Water Producer Project is that we're changing the way farmers and ranchers think about conservation and the economic value of services that nature provides."

PAULO HENRIQUE PEREIRA
Secretary of environment for Brazil's Extrema municipality

Forest destruction produces as much as

15 percent of the world's greenhouse gas emissions.

BERAU, INDONESIA

INDONESIA IS ONE OF THE WORLD'S leading emitters of greenhouse gases — and 80 percent of Indonesia's emissions are due to forest degradation and deforestation. But the Conservancy is working to reverse the deforestation and ecosystem destabilization currently affecting the country's people and tropical forests.

The solution could lie in Reduced Emissions from Deforestation and Degradation (REDD). The idea is to create a market that could provide billions of dollars for protecting standing forests and improving the way forests are managed, while also creating economic opportunities for people who depend on them. Once fully operational, REDD+ programs (advanced REDD programs that include reforestation and conservation efforts) could cut global deforestation by 50 percent, save 3 billion tons of carbon emissions each year and sustain the livelihoods of 1.6 billion people.

In the Berau district of East Kalimantan, the Conservancy is helping test this innovative concept. In 2008, the Conservancy helped bring together provincial and national stakeholders to develop the Berau Forest Carbon Program (BFCP). This REDD+ program will protect forests by providing incentives to harvest timber sustainably, effectively manage protected areas and develop a sustainable oil palm sector.

In January 2010, the Indonesian government selected BFCP as one of the first four REDD pilot projects in the country. The projects will help guide hands-on action while contributing to the foundation of a nationwide REDD framework. The other three pilot sites are spearheaded by foreign governments (Australia, Germany and Japan), making BFCP the only selected project to be sponsored by an NGO.

The Conservancy is now helping finalize the program, integrate existing field programs with BFCP and secure full funding. We are also continuing to test the forest management approaches needed to support on-the-ground REDD+ work. Over the next few years, the BFCP will serve as an important test case for how developing countries can participate in the fight against climate change and obtain financial benefits from sustainably managing their forests.

MORE ONLINE: NATURE.ORG/BERAU2010

TOP LEFT:
Conventional logging in the forests of East Kalimantan, Borneo, Indonesia.

TOP RIGHT:
Orangutan and baby in Borneo, Indonesia.

Forest planner Suryadi Mentemas looks for mature trees to tag for harvest in the Kalimantan region of Borneo, Indonesia, where his logging company has a permit to conduct reduced impact logging.

"The concept — quantifying and trading on the value of carbon sequestered in healthy forests — could be the most transformative idea in conservation since the creation of the first national park."

JACK HURD
Asia Pacific Forest Program director

Nature Conservancy scientists monitor coral reefs around the Raja Ampat Islands, Indonesia.

Conserving Oceans and Coasts

Land acquisition lessons at Mianus River Gorge were soon applied to coastal and island habitats, prompting The Nature Conservancy to consider how to best protect larger natural systems that incorporate the complexities of the marine realm.

VIRGINIA COAST RESERVE

THE PURCHASE OF ONE SMALL BARRIER island off the coast of Virginia started what became an evolution in the Conservancy's work in terms of scale and strategy. Godwin Island had been slated for development and soon after its purchase, the Conservancy and partners such as the Mary Flagler Cary Charitable Trust were able to purchase four more barrier islands that were headed for housing resorts and condos. That success led to a realization: We have an opportunity to save an entire island ecosystem.

Between 1969 and 1978, the Conservancy became the owner of 14 barrier islands that make up the Virginia Coast Reserve (VCR). This required the Conservancy to consider how to manage large, functioning ecosystems. Since then, the VCR has become the heart of a mosaic of private and public conservation lands comprising more than 108,000 acres.

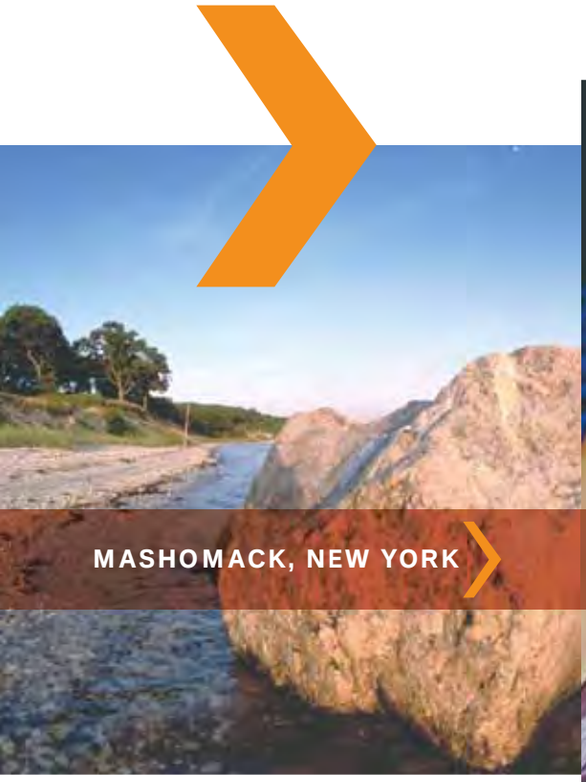
LEFT:
A Conservancy volunteer examines a clam while collecting eelgrass in shallow coastal waters of Virginia Coast Reserve.

Projects featured in this chapter.

PURCHASING THE MASHOMACK PRESERVE on New York's Shelter Island in 1980 required the Conservancy to do something novel: buy all the assets of Aeon Realty — including six brownstones in New York City and two warehouses in Miami — at a purchase price of $10.6 million. After acquiring contracts of sale on the first three assets for $5.5 million, the Conservancy then mounted its largest fundraising effort to date to purchase Mashomack.

Just 90 miles from New York City, the preserve includes 2,039 acres of interlacing tidal creeks, mature oak woodlands and freshwater marshes within the Peconic Estuary watershed. After a brown tide decimated Long Island's bay scallop population in 1986, Mashomack became the perfect place to grow scallops for a restoration effort because we own the bottom lands in our salt marshes.

LEFT:
Major's Point at Shelter Island, New York.



MASHOMACK, NEW YORK

THE REPUBLIC OF PALAU

IN 1990, CONSERVANCY STAFFER Chuck Cook arrived in Palau with an ice chest, a fax machine, two legal pads and a pen — ready to create the Conservancy's first "office" outside the Western Hemisphere. The Conservancy chose Palau as its first endeavor in Asia Pacific because of its extraordinary marine biodiversity, and because the people of Palau wanted to conserve their natural world but lacked many of the resources to do so.

Success here required developing a program that would strengthen local conservation leadership while collaborating with regional and international partners to provide technical, scientific and financial resources. In 1994, the Conservancy helped establish the nation's first civic group, the Palau Conservation Society (PCS) — an approach to conservation that was designed to endure and be financially self-sufficient.

This type of community-based conservation has become a pillar of the Conservancy's work across the world. In Palau, PCS helped bridge the gap between conservation-minded citizens and the government. About a decade later, Palauan leadership inspired the ambitious Micronesia Challenge, a five-nation commitment to effectively conserve at least 30 percent of near-shore marine resources and 20 percent of terrestrial resources across Micronesia by 2020.

A Conservancy discovery on the reefs of Palau helped lay the groundwork for the scientific principles of reef resilience. After studying reefs in Palau that survived the 1998 mass coral bleaching event, scientists are now using that data to understand what makes some reefs more resilient to warmer waters and bleaching events. This reef resilience strategy is being employed across the world — from Papua New Guinea to the Florida Keys.

ABOVE:
The Conservancy's Chuck Cook (left) conducts a marine resources meeting in Palau in the 1990s.

TO BEGIN WORK OFF CALIFORNIA'S Central Coast in 2003, Conservancy staff had to determine how to transfer the Conservancy's core competency of buying land to protecting the oceans. The answer involved buying something else: trawling permits.

The Conservancy already had a long history of working with land-based extraction companies — like timber, mining and ranching interests — to develop more environmentally friendly ways of doing business. So in Morro Bay, the California chapter partnered with the fishing industry to reduce the destructive effects of bottom trawling and develop a new sustainable model for fishing.

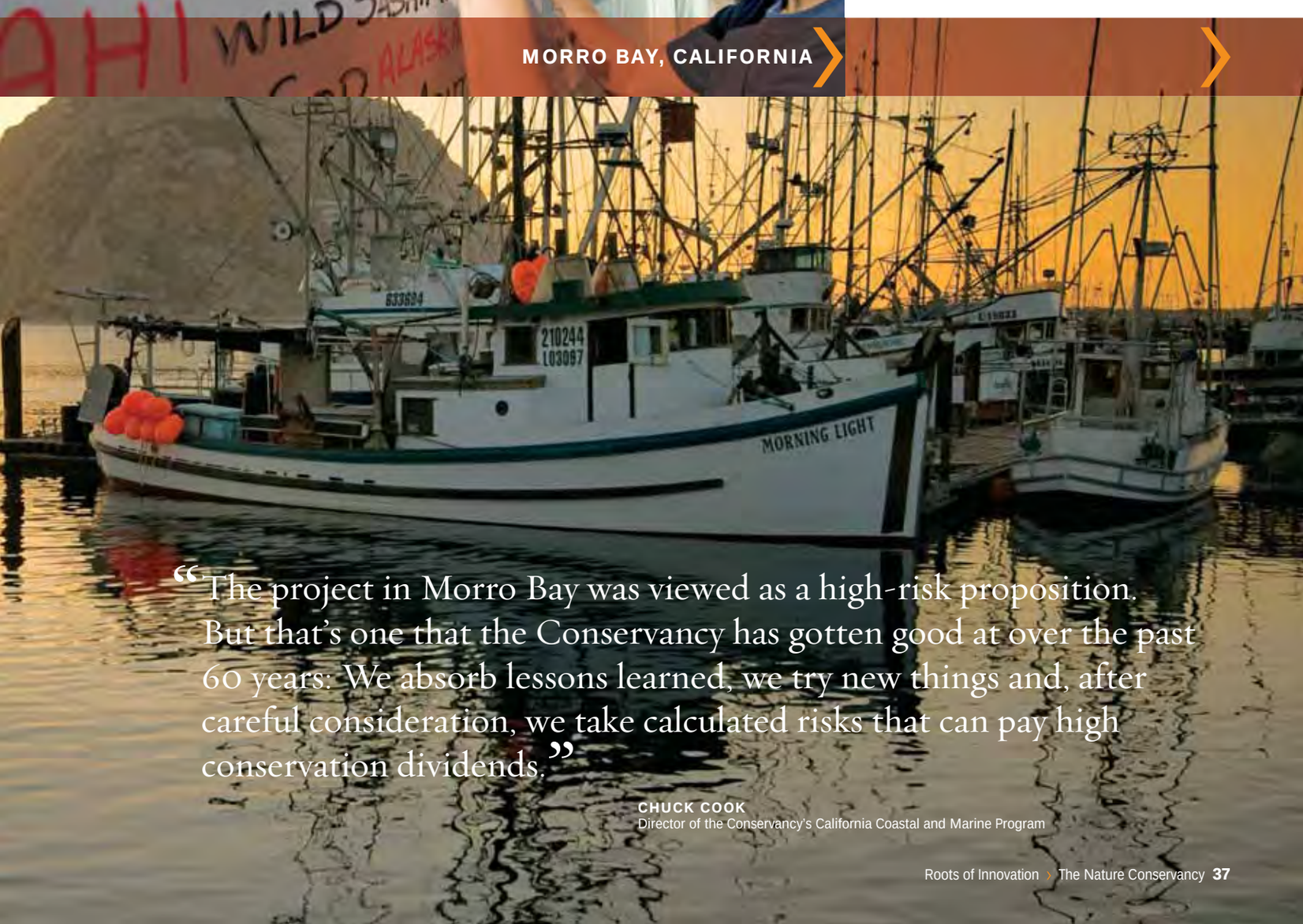
The Conservancy used its expertise in acquiring assets, but added a twist to the strategy. The Conservancy formed private agreements with fishermen to purchase their trawling permits and some fishing vessels, but would only buy them if the U.S. secretary of commerce designated 3.8 million acres of critical fish habitat off California's Central Coast as no-trawl zones.

The 2005 deal was a win for both the fishing industry and the ocean. Five years later, fishermen in the region are using 90 percent less trawl gear, and fish stocks are being replenished as the ecosystem and productivity bounces back.

LEFT:
A sign is updated with the latest fish for sale at a restaurant and fish market, Morro Bay, California.

BELOW:
The Morro Bay "rock" and docks at Morro Bay, California.

MORRO BAY, CALIFORNIA



"The project in Morro Bay was viewed as a high-risk proposition. But that's one that the Conservancy has gotten good at over the past 60 years: We absorb lessons learned, we try new things and, after careful consideration, we take calculated risks that can pay high conservation dividends."

CHUCK COOK
Director of the Conservancy's California Coastal and Marine Program

MORE AND MORE, LONG-TERM conservation strategies require not just protecting what's there, but also bringing an ecosystem back to its more natural state. Staghorn coral was once one of the most abundant corals on Caribbean and Floridian reefs but is now listed as a threatened species. The Conservancy is working to reverse that trend through a coral restoration project in which researchers are growing staghorn coral in underwater "nurseries" and using them to restore reefs damaged by bleaching, hurricanes and disease.

Ensuring that these corals can withstand new threats is another important piece of long-term conservation. The Florida Reef Resilience Program brings together scientists, reef managers and reef-dependent industries to investigate what factors can influence a reef's resilience and how to protect it. Ideas being tested here, such as that some reefs are more resistant to coral bleaching than others, can be traced almost directly back to the waters of Palau. There, Conservancy scientist Rod Salm noticed that corals were still alive beneath the shade of a rocky overhang, while unshaded corals of the same species were dead just meters away. Information gathered through the program is allowing the Conservancy to propose reef management approaches that protect the most resilient corals, which will repopulate and heal more vulnerable reefs.

BELOW LEFT:
A diver carries a cement formation used for growing coral in a water nursery near the Florida Keys.

BELOW RIGHT:
Cuttings of coral glued to cement blocks near the Florida Keys. Water nurseries like these will help determine which coral strains are successful in which conditions.

500 million people

rely on coral reefs for their food and livelihoods.

FLORIDA KEYS

“We are not the owners of our natural resources. The true owners are the unborn children of this village, and we must steward our resources for them.”

EKAN VELO
Chief of Choiseul’s Chivoko village

LEFT:
The village of Tarobi in Papua New Guinea’s Kimbe Bay created a locally managed marine area, supported by the Conservancy. Here, Tarobi villagers stand with a ceremonial dugout canoe.

CORAL TRIANGLE

ABOVE:
Conservancy senior scientist for Melanesia Richard Hamilton (left) and Ekan Velo, chief of Choiseul’s Chivoko village, Solomon Islands.

BETWEEN THE SOUTHERN TIP OF ASIA and northern Australia, hundreds of miles of coral reefs connect six island nations — Indonesia, the Philippines, Malaysia, Timor Leste, Papua New Guinea and the Solomon Islands. These reefs harbor 75 percent of all known species of coral and nearly 40 percent of the world’s reef fish species. Long-term conservation here must focus on protecting fragile reef ecosystems from warmer waters, overfishing, illegal fishing, unsustainable development and pollution.

The region secured a big win in May 2009, when heads of government from all six nations signed the Coral Triangle Initiative (CTI), a partnership committing unprecedented resources to marine protected areas, fisheries protection and climate change adaptation.

The CTI was a culmination of the Conservancy’s two decades of work with coral reefs. The Micronesia Challenge, which the Palau Conservation Society’s creation helped inspire, motivated Indonesia’s president to launch the initiative, which will create a network of marine protected areas designed around the reef resilience principles conceived by the Conservancy’s Rod Salm and others.

The Solomon Islands’ Choiseul province, where the Conservancy began working more than a decade ago at the invitation of the community, embodies the type of work inspired by the CTI.

During a 2009 community meeting in Choiseul, more than 100 local chiefs met to vote on two recommendations made by Conservancy science staff: the creation of a network of protected areas and the establishment of at least one marine and one terrestrial protected area in each of Choiseul’s 12 districts in the next two years. The chiefs unanimously approved both recommendations.

This kind of commitment to conservation and the strategies that we’re helping local communities implement lie at the heart of the CTI. If marine protected areas are the threads that make up the fabric of the CTI, we’re the ones helping local communities weave them together.

MORE ONLINE: NATURE.ORG/CT2010

BELOW LEFT:
Cleanup crews use suction pumps and absorption booms to remove crude oil from the beach at Louisiana's East Grand Terre Island.

BELOW RIGHT:
Cindy Brown, Gulf of Mexico program director.

GULF OF MEXICO

ON APRIL 24, 2010, ALL EYES TURNED to the Gulf of Mexico and the Deepwater Horizon oil rig explosion. As days of uncertainty became weeks of struggle, the Conservancy was there, part of the Gulf Coast community — as we have been for nearly 40 years.

The Conservancy immediately mobilized local staff to protect our current projects. From Texas to Florida, staff and volunteers removed trash from beaches before oil could turn it into hazardous waste. In Florida, preserve managers camped on the beach to try to protect nesting birds. And in Mobile Bay, Alabama, Conservancy staffer Jeff DeQuattro stored boom in his garage and spent hours working to protect the nascent oyster reefs that had just been created as part of a $2.9 million project funded by the American Recovery and Reinvestment Act of 2009.

Beyond the initial cleanup, we began developing a plan for long-term recovery and restoration of the Gulf. New Orleans native Cindy Brown, director of the Conservancy's Gulf of Mexico program, worked with partners and staff to develop the Gulf 20/20 report, which has helped to focus broader efforts to restore the Gulf, from local, state and federal governments, to industry, universities and other nonprofits. To help fund our efforts, we launched the $10 million Fund for Gulf Coast Restoration and participated in the *Larry King Live* telethon, which raised more than $400,000 for Gulf restoration.

Working with partners, the Conservancy has helped to protect more than 3 million acres in the Gulf region over the last 35 years. Places like Grand Isle in Louisiana or Topsail Hill in the Florida panhandle have benefited from our conservation work. But moreover, the health of the environment is linked to the health of the economy and community on a vast scale. The environmental devastation caused by the oil spill will affect not only the ecosystems and wildlife we've worked tirelessly to protect, but also the livelihoods of 24 million Americans who rely on a healthy and resilient Gulf of Mexico.

But we have a plan — a vision for restoration in the Gulf that includes restoring millions of acres of coastal and estuarine habitats, such as oyster reefs, seagrass beds, sand dunes and marshes. The Conservancy's successful on-the-ground and in-the-water work has shown that restoration works and that nature — given the opportunity and the necessary assistance — can heal itself.

MORE ONLINE: NATURE.ORG/GULF2010

RIGHT:
Aerial view of wetlands in Louisiana's Mississippi River delta after the April 2010 oil spill disaster.

"Putting the Gulf on a more resilient trajectory will help it buffer man-made and natural disasters, protecting communities and economies and preserving the biodiversity that is very significant here. It's important for people to know that we can make a difference here."

CINDY BROWN
Gulf of Mexico program director

Financial Overview

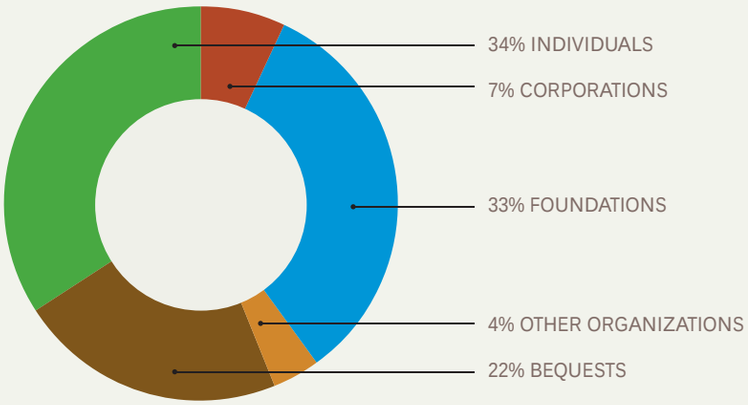
FY10 WAS A REBOUND YEAR, as strong financial markets and spending discipline drove positive overall financial results. Investments rebounded sharply, with 14 percent net returns handily besting a 9.7 percent benchmark, and the federal funding sector continued to grow. However, overall philanthropic conditions remained soft, and land sales/gifts activity declined substantially as many state governments continued to struggle financially.

Operationally, spending reductions taken by the Conservancy in FY09 took full effect in FY10, and operating expenses declined by 9 percent. In addition, because of the uncertainties around the future funding of capital projects, the Conservancy continued to slow its purchases of conservation lands and easements, looking instead for opportunities to accomplish large-scale conservation projects with less Conservancy-committed capital. The Conservancy's budget-tightening and reduced capital activity contributed to the somewhat lower-than-average programmatic efficiency of 76 percent.

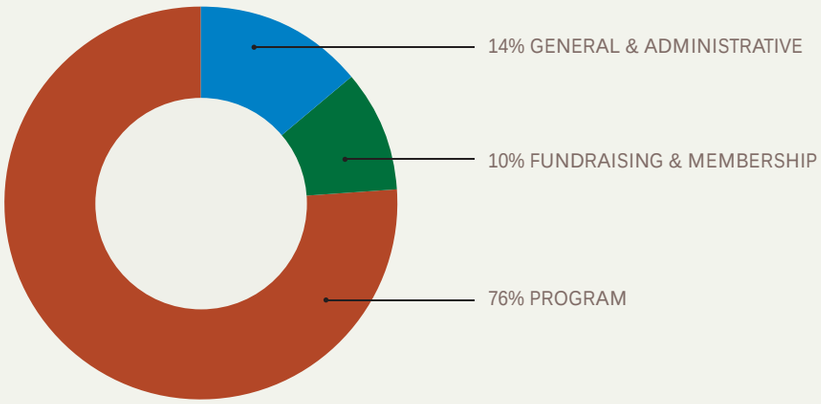
The financial results depicted on page 43 are derived from the Conservancy's June 30, 2010, audited consolidated financial statements, which contain an unqualified opinion. The Conservancy's complete, audited financial statements can be obtained online at nature.org/annualreport or by calling (800) 628-6860.

Stephen Howell
CHIEF FINANCE AND ADMINISTRATIVE OFFICER

THE NATURE CONSERVANCY DUES & CONTRIBUTIONS BY DONOR TYPE



TOTAL PROGRAMMATIC EFFICIENCY



Financial Summary

	For the fiscal year ending on June 30, 2010, and 2009 (in thousands)	2010	2009
SUPPORT & REVENUE	Dues and contributions	393,622	416,798
	Private contracts	24,886	36,733
	Government grants	138,135	126,915
	Investment income (loss)	169,939	(320,659)
	Other income (loss)	27,013	(22,158)
	Land sales and gifts	236,598	309,594
	Total Support & Revenue	990,193	547,223
EXPENSES & PURCHASES OF CONSERVATION LAND & EASEMENTS	Conservation activities and actions	349,101	386,690
	Purchases of conservation land and easements	204,488	628,012
	Total Conservation Program Expenses & Purchases of Conservation Land & Easements	553,589	1,014,702
	General and administrative	98,683	103,869
	Fundraising	53,880	58,293
	Membership	17,513	17,784
	Total Administration & Fundraising	170,076	179,946
	Total Expenses & Purchases of Conservation Land & Easements	723,665	1,194,648
	Net Result: Support & Revenue Over Expenses & Purchases of Conservation Land & Easements (note 1)	266,528	(647,425)
FUNDRAISING SUMMARY	Fundraising expenses as a percentage of total expenses and purchases of conservation land and easements	7.4%	4.9%
ASSET, LIABILITY & NET ASSET SUMMARY	Conservation land	1,892,328	2,157,385
	Conservation easements	1,639,636	1,539,065
	Investments held for conservation projects	537,204	466,277
	Endowment investments	891,326	837,302
	Planned giving investments	246,571	230,824
	Property and equipment (net of depreciation)	101,111	95,970
	Current assets	269,018	224,428
	Other assets (note 2)	87,565	85,944
	Total Assets	5,664,759	5,637,205
	Current liabilities	232,176	368,291
	Notes payable: long-term	346,292	216,828
	Other liabilities (note 3)	192,100	428,435
	Total net assets	4,894,191	4,623,651
	Total Liabilities & Net Assets	5,664,759	5,637,205

(1) Not intended to represent increase in net assets.
(2) Primarily includes pledges of future gifts, notes receivable, and trade lands.
(3) Primarily includes deferred revenue and planned giving liability; 2009 included a liability for $250 million in land owed to USFS.

Note: The figures that appear in the financial summary shown are derived from the 2010 & 2009 consolidated financial statements that have been audited and have received an unqualified opinion. The complete, audited 2010 & 2009 financial statements for The Nature Conservancy can be seen at nature.org/annualreport, or can be ordered from The Nature Conservancy at (800) 628-6860.

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Concept & Editorial
Ron Geatz
Ethan Kearns
Andrew Simpson
Margaret Southern

Photography
Mark Godfrey
Erika Nortemann

Design
Fuszion

Production
James D. King

Printing
Monroe Litho

Contributors
Cara Byington
Kelly Cash
Jake Cohen
Chuck Cook
Karen Foerstel
Cara Goodman
CJ Hudlow
Grady Timmons
Danny White

Copy Review
Sonya Harmon
Michael Keevican

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A coral reef off the Raja Ampat Islands, Indonesia.

FRONT COVER:
Rock Island, Republic of Palau (top); Carbon monitoring in Berau, Indonesia (bottom).

BACK COVER:
(Clockwise from left): Black bear, Glacier National Park, Montana; Ester Leakono of Serolipi village, northern Kenya; Parque Nacional del Este, Dominican Republic.

The Nature Conservancy
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Worldwide Office
4245 N. Fairfax Drive, Suite 100
Arlington, Virginia 22203-1606

nature.org

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