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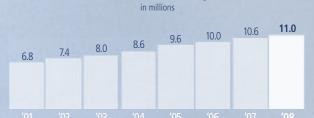
Gary Tobey

Anna Ware

Human Resources

| Members and Constituents | 11,093,835 |
|--|------------|
| HSUS Online Supporters | 1,230,841 |
| Humane Society International Online Supporters | 170.096 |
| Staff | 470 |

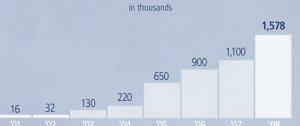
Total Constituency



Finances

| 2008 Revenues | \$131,281,168 |
|----------------------------------|---------------|
| 2008 Expenses | \$125,118,158 |
| Bequests Realized and Unrealized | \$21,251,124 |
| Online Donations | \$8,345,972 |
| Grants Awarded to The HSLIS | \$4180802 |

Public Mobilization via the Internet



Outreach

| Animals Receiving Direct Care | 70,328 |
|---|-----------|
| Advocacy Actions by Online Members | 1,578,013 |
| Inique Visits to humanesociety.org | 1,977,251 |
| ideo Viewings on humanesociety.org | 2,783,662 |
| Animal-Friendly Corporate Reforms | 126 |
| rint and Video Media Hits | 23,400 |
| Attendance at HSUS Training Courses and Workshops | 57,899 |
| K–6th Grade Schoolchildren Who Read <i>KIND News</i> | 980,000+ |



The HSUS by the **Numbers**



n conceiving The HSUS in 1954, the founders of the organization had two enduring goals: 1) to confront large-scale national forms of cruelty, such as animal fighting, puppy mills, and dog dealers, that were too entrenched and widespread for local humane organizations to fight effectively, and 2) to focus on the protection of all animals, including the inhumane slaughter of farm animals and wildlife abuses.

The HSUS today is still centered on these founding principles. We care for and provide direct services for an amazing number of animals—more than 70.000 in 2008. At the same time, we are working hard to increase standards and effectiveness among animal shelters and to eliminate the tragedy of the euthanasia of healthy and treatable dogs and cats. And we are saving countless animals by protecting habitat through our Humane Society Wildlife Land Trust. But our work to encourage more enlightened social behavior toward animals and to reform public policy and corporate practices has the potential to touch the lives of billions of animals—far more than any hands-on programs could possibly reach.

As we reflect on our accomplishments of 2008, the evidence of change surrounds us. The HSUS assisted in 57 raids of dogfight-

ing and cockfighting operations. We raided and shut down puppy mills from Tennessee to Quebec and rescued thousands of dogs from deprivation and squalor—in addition to passing a federal law to ban the import of dogs younger than 6 months from foreign puppy mills. We helped end greyhound racing in Massachusetts and blocked an effort to establish wolf hunting and trapping in the Northern Rockies and Upper Great Lakes regions. We persuaded companies to stop selling fur, and we continued to apply enormous pressure on Canada to end its barbaric seal hunt. We fought the exotic wildlife trade on many fronts.

More than any previous year, we gained ground in addressing major problems with industrial agriculture and factory farming. Our high-impact campaigns attracted the full focus of industry. By the year's end, we validated the notion that Americans care about the treatment of all animals, including those raised for food.

The year began with the most impactful investigation in The HSUS's history. One undercover investigator, possessed with fortitude and a tiny hidden camera strapped to his chest, recorded evidence of the systematic abuse of dairy cows during a six-week investigation. Workers at the Westland/Hallmark slaughter plant in Chino, Calif.—the number two supplier to the National School Lunch Program—were shown tormenting cows downed by illness or injury to get them to stand and walk to the slaughter area. The images of cows rammed by forklifts, kicked, or harassed with electric prods left decent people wondering about the integrity of the food supply and the people involved in the production chain.

Our investigation caused the \$100 million company to shut down, prompted schools across the nation to take beef off the menu for a period, triggered eight congressional hearings, and led to the largest meat recall in American history. The U.S. Department of Agriculture announced it would halt the slaughter of downed cows. The footage, broadcast worldwide, prompted tens of thousands of consumers to riot in the streets of South Korea—one of America's largest beef importers.

Americans got an ugly, inside look at modern-day slaughter plants, and they didn't like the callousness or the cruelty they saw.

As we rolled out the results of the Westland investigation—along with further evidence of cruel treatment of downed cows at five stockyards across the country, HSUS volunteers were also gathering signatures in California to qualify the Prevention of Farm Animal Cruelty Act, Proposition 2, for the November 2008 ballot. Eventually, we amassed 800,000 signatures to place Proposition 2 on the ballot—to ban confining veal calves, breeding pigs, and egg-laying hens in crates or cages. With 20 million animals confined in these ways, there was much at stake, and the outcome would prove to be a gauge of Americans' tolerance for these inhumane systems.

In the end, California voters approved Proposition 2 by a nearly two-to-one margin, sending an unmistakable signal to agribusiness that it must change its methods. With Oprah Winfrey, Ellen DeGeneres, and the national media devoting attention to the controversy—on top of the exposure generated by our Westland investigation—the issue of food production and animal welfare moved out of the shadows and into the spotlight.

Indeed, that's what we do at The HSUS. We document abuse. We expose cruelty. We advance legislation and legal actions. We work with corporate partners. We educate. We rescue animals. And we foster change.

The new laws, the positive movement in corporate boardrooms, the increasing public enlightenment and awareness, and the arrests of abusers are all markers of our success. They are tangible indicators of what your support allows. And as we march ahead, we'll apply your investments with care. The HSUS holds the highest four-star rating from Charity Navigator, America's premier independent charity evaluator, and meets all applicable standards for charity accountability of the Better Business Bureau.

To face the challenges ahead, we must be unrelenting but also adequately equipped. We are uniquely able to tackle abuse from multiple angles. We count on you to participate in these tasks and to support this work. Your generosity allows it all to occur. If past is prologue, I know that together we can continue to change the world for animals—at a faster pace than ever before.

> Wayne Pacelle, President & CEO The Humane Society of the United States

Wayne Poulle

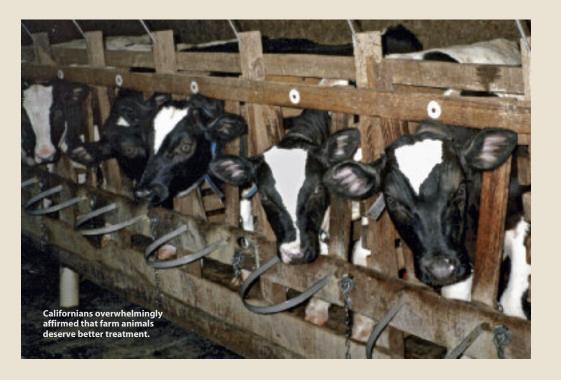




A Winning Proposition

It was a simple question of humane treatment: Should intensively confined egg-laying hens, veal calves, and breeding pigs be given more space to stand up, lie down, and turn around? In November, the HSUS-sponsored ballot measure became the most popular citizen initiative in California history when more than 8.2 million voters affirmed Proposition 2, the Prevention of Farm Animal Cruelty Act. The new law will improve the lives of some 20 million animals on state factory farms and has prompted the pursuit of similar reforms in other states.

It's hard to overstate the breadth and importance of this victory. Against the backdrop of corporate cage-free egg policies implemented in 2008 by Safeway, Denny's, Starbucks, and others, and Colorado's legislative ban on veal crates and pig gestation crates, California became the fifth state to restrict the extreme confinement of animals raised in factory farms. Industrial agribusiness, which fought





infected with mad cow disease and other food-borne pathogens, making the slaughter of downers an issue of public safety as well.

The resulting furor over the widely broadcast HSUS video prompted the nation's largest meat recall, eight congressional hearings, the successful prosecution of two workers on cruelty charges, closure of the Westland/Hallmark slaughter plant, and riots in South Korea over the import of U.S. beef. Additional undercover video evidence of appalling conduct at five livestock auctions in Maryland, Pennsylvania, Texas, and New Mexico underscored the fact that downer abuse is a nationwide problem. "Not since Upton Sinclair's 1906 book The Jungle has the American meat market been this shaken," wrote The Washington Post in an editorial. Learn more at humanesociety.org/farm.

"You Have to Be a Witness"

The Westland/Hallmark case was the most important and successful undercover exposé in The HSUS's 55-year history. Following is an excerpt from the investigator's account of his experience.

I was in California, poking around near San Bernardino. At the Westland beef plant, they were hiring, so I applied. They mostly killed old dairy cows, and my job was to help unload them from the trucks, sort them into various pens, and then send them single file up the chute to the knocking box.

On my very first day, I saw the handling was very rough. Workers used hot shots (electric prods) almost 100 percent of the time in the trucks and in the chute. The voltage causes immediate reaction in the animals. They bellow and their eyes roll back when they are shocked. It causes a lot of pain. Many of the cows had foot problems, lameness, broken hooves, udders that looked infected. They were all very sickly-looking animals.

When a cow went down and couldn't get herself up, the cruelty was vicious. The worst thing I filmed was a large cow being dragged out of a truck with a chain attached to her leg. It was literally half an hour to 45 minutes of backing up the Bobcat and trying to pull her along. A truly horrible incident. It got to the point where the animal quit struggling and bellowing. Then there was silence. She just gave up.

This is not a job that you do forever. There's always the fear of being discovered. And it can be scary—there were former gang members working at Westland. It also becomes very dull and routine. You work 10 hours a day, go to the motel, transfer video, type notes, eat bad microwave food, go to sleep, then back to a lousy job.

It's a lonely life. But the job needs to be done: If you want the system to change, you have to be a witness to these things.

Proposition 2 with a \$9 million campaign of misinformation and scare tactics, acknowledged that the California ballot initiative will have a domino effect on the way millions of farm animals are raised. The agribusiness weekly newspaper Feedstuffs wrote: "The initiative will affect all of livestock and poultry production across

Proposition 2 was won 50 years after passage of another successful HSUS campaign—the enactment of the federal Humane Methods of Slaughter Act—and it marks a seismic shift in public attitudes toward animals raised for food. In the wake of similar reforms in Florida, Arizona, Oregon, and Colorado, the vote heralds the dawn of a new and more compassionate era. Learn more at humanesociety.org/farm.

Downers Finally Out

An HSUS undercover investigation of the Westland/Hallmark slaughter plant in Chino, Calif., led to one of the most far-reaching changes in the history of modern meat production: a federal ban on the killing of downed cows for human consumption. It was the successful culmination of a decades-long campaign for a series of humane reforms in agribusiness.

Wearing a hidden camera, the investigator filmed workers using forklifts, high-pressure water hoses, and electric prods to force sick and crippled dairy cows to their feet so they could be slaughtered for ground beef that was supplied to the National School Lunch Program. Downed cows are much more likely to be

the entire U.S., if not North America."



Puppy Mill Offensive

Rescues of dogs from the nauseating squalor of puppy mills are scenes of both horror and

pies younger than 6 months from foreign breeders, and we successfully pushed for tougher





Scenes from a Raid

HSUS staff regularly witness animal abuse at its worst. In December, Scotlund Haisley, HSUS senior director of Emergency Services, and public information officer Jordan Crump reported on the raid of a Quebec puppy mill—a dilapidated, unheated facility with nearly 100 dogs. The following excerpt offers a glimpse of the conditions field personnel often confront.

We knocked down the door of the worst of three Canadian puppy mills we have raided in the past three months. As soon as we entered the premises, our eyes began to well up from the overpowering stench of ammonia and the emotion of the scene that lay before us.

The ammonia was a result of urine collecting for months or years in uncleaned cages. Not only did the vapors make breathing nearly impossible, but over time standing in pools of acidic urine ate away at the dogs' sensitive paws. Many dogs had suffered from acid burns so severe that the bottoms of their cages were covered in blood.





The painful burns were not the only untreated medical ailment the dogs were forced to endure. At least half of them suffered from debilitating matting. One small grey schnauzer's coat had matted so tightly around his neck and chest that his breathing was severely restricted. He was nearly mummified in a casket of feces-laden fur. His relief increased with each layer of excess fur that our team removed. Without our intervention this dog would likely have died from something as basic as lack of grooming.

While walking through the rows of filthy, decades-old wire hutches, we imagined the suffering that had passed there

> over the years. We could almost see the ghosts lingering behind in several empty cages choked with cobwebs and dust. But now the once inescapable cages lay empty, and all of the dogs are resting comfortably at our emergency shelter.

> It may take days of intensive veterinary care, weeks of pampering, and months of socialization, but we know that these dogs are now on the road to the life they were always meant to live. Not a life behind wire, but a life of green grass, warm beds, and the loving embrace of compassion.





The Gulf Coast and Beyond

Three years after our massive emergency deployment to the Gulf Coast in the aftermath of Hurricane Katrina, we continued our long-term commitment to animal care in Louisiana and Mississippi. In November 2008, we launched a spay/neuter public awareness campaign to reduce the Deep South's overpopulation crisis, which results in shelter euthanasia rates as high as 80 to 90 percent in some municipalities. The \$2 million campaign—which can serve as a nationwide model—will continue through 2010 and includes investments in low-cost spay/neuter services throughout the region.

Elsewhere, the Animal Services Consultation program provided in-depth evaluations to animal shelters across the country. Some 1,400 animal response specialists, emergency managers, government officials, veterinarians, and volunteers attended our disaster training courses. We signed emergency response agreements with the U.S. Army, American National Red Cross, state and local government agencies, shelters, and local humane societies.

Nearly 33,000 dogs and cats were spayed or neutered during our annual Spay Day campaign in February, not including the thousands of animals sterilized in unreported Spay Day events. We also distributed nearly \$90,000 to 137 local organizations to continue their spay/neuter efforts after Spay Day and another \$100,000 to individuals for feral and stray cat sterilization programs. Since 1995, an estimated 1.5 million dogs and cats have been sterilized through Spay Day events, preventing the suffering of untold millions of homeless puppies and kittens.

Protecting an American Icon

In the fall, The HSUS began testing a contraception vaccine on some 130 mares in two groups of western wild horses, launching a five-year program to prove that large herds of mustangs can be reduced and controlled by safe, humane, nonlethal means.

Financed by a \$1.7 million grant from the Annenberg Foundation, this birth control program also has a larger purpose: to prevent the threatened government slaughter of thousands of unwanted horses. Many of the 30,000

horses removed from federal lands are kept in holding facilities, costing millions of tax dollars to maintain. They face the threat of euthanasia when the money runs out or the facilities run out of space.

Some 33,000 mustangs run free on public lands. In the past, federal agencies have rounded up 8,000 to 10,000 "excess" horses every year and offered them for adoption. But supply has always exceeded demand, and continued roundups will add to the pressures to euthanize unadopted animals. That's where contraception comes in. The lives of thousands of iconic mustangs now, and in the future, depend on the program's success.



New Equine Sanctuary

In June 2008, The HSUS established its fourth major animal care center, the 1,120-acre Duchess Sanctuary south of Eugene, Ore., which at its launch provided a home for 180 abused, abandoned, and homeless horses. The first equine residents were older mares and their offspring saved from Canadian facilities where they were kept pregnant and tied in stalls so their urine could be harvested for hormones used in estrogen replacement drugs. Many of these animals had spent six months of the year for 20 years attached to urine collection devices in stalls where they couldn't even turn around

Duchess will be a sister facility to the 1,300-acre Cleveland Amory Black Beauty Ranch in Murchison, Texas, and our wildlife care centers in San Diego, Calif., and Cape Cod, Mass., which we operate in partnership with The Fund for Animals. Learn more at humanesociety.org/duchess.





Humane Society Veterinary Medical Association field teams have been going to the villages around San Miguel de Allende in the plateau of central Mexico for the past three years. Most of the residents can't afford even the most basic services for their pets or working animals.

Instead, they make a treacherous hike down the mountains, sometimes walking for hours, to receive the benefits of free veterinary care. Old men riding on the rumps of burros, young "vaqueros" with a string of pack horses, little girls with two or three donkeys in tow—they all arrive early and wait patiently.

Local veterinarians work diligently, triaging injured dogs and cats while our staff prepares to treat up to 150 horses and burros in the span of a single day.

As the week progresses and our work continues in surrounding communities, our initial impression—that the skill and enthusiasm of the local veterinarians will make for a successful, sustainable program—is amplified.

With the surmountable need in the area and the willingness of local veterinarians to participate, HSVMA has already scheduled a series of field clinics in San Miguel before the end of 2008 and into 2009. The "local talent" will allow more frequent clinics, with more animals treated, at a lower cost, at the same high standard of care.

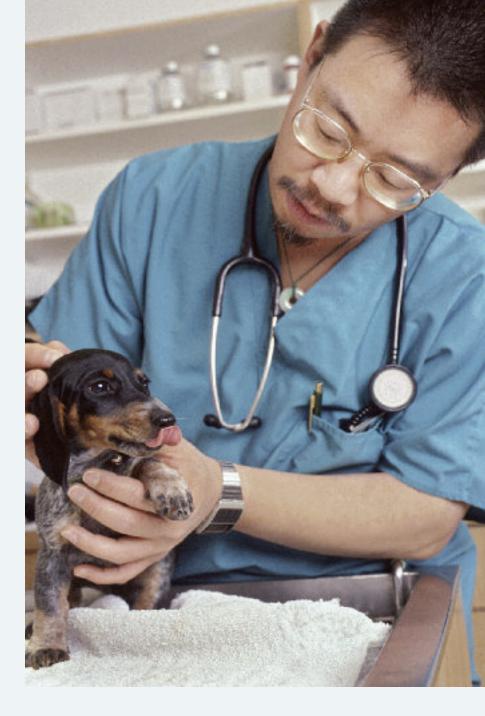
Vital Roles for Vets

The Humane Society Veterinary Medical Association, created in January 2008 to give veterinarians a stronger leadership role in animal welfare, helped build critical support for the successful passage of the Prevention of Farm Animal Cruelty Act (Proposition 2) ballot initiative in California. We also successfully petitioned the American Veterinary Medical Association to oppose the intensive confinement of calves raised for veal, launched a new public education campaign against cosmetic and convenience surgeries such as ear cropping of dogs and cat declawing, and provided veterinary experts in support of efforts to stop horse slaughter, shut down puppy mills, and more.

HSVMA reached out to 12 veterinary schools, educating faculty and students about animal welfare topics ranging from feral cats and early-age sterilization to cosmetic surgeries and puppy mills. As part of our mission to promote humane veterinary training, we sponsored a new surgical training program at the University of Florida College of Veterinary Medicine, which provides treatment to shelter animals. We also supported students at three other veterinary schools who are working on body donation programs to replace the use of dog and cat cadavers from animal dealers.

Animals Cared for by The HSUS and Affiliates in 2008

| Total | 70.328 |
|---|--------|
| Spay Day USA/International | 32,909 |
| Wildlife Interventions and Humane Wildlife Services | 1,325 |
| International Partnerships | 8,700 |
| HSVMA Field Services Clinics | 7,487 |
| Animal Care Centers | 4,730 |
| Puppy Mills, Animal Fighting, Animal Fighting, And Hoarding Cases | |
| Natural Disasters | 7,960 |



The HSVMA Field Services program, with 540 volunteers, brought free veterinary services to underdeveloped and impoverished areas in the U.S. and abroad. The team held 26 teaching clinics in 40 rural communities and performed more than 34,808 treatments and procedures valued at \$1.2 million on 7,487 animals. This is the only program of its kind, and hundreds of U.S. veterinary students participate with HSVMA each year, receiving hands-on spay/neuter training and a new perspective on the need for veterinary care in underserved areas. Learn more at humanesociety.org/vets.



Taking on **Animal Fighters**

The HSUS led the fight against animal fighting, which remained a high-profile issue with the widely publicized imprisonment of Michael Vick following his 2007 conviction for running an organized dogfighting ring.

Congress increased penalties and made possession of fighting birds or dogs a federal felony. Fifteen states passed HSUS-backed animal fighting bills. Georgia, Idaho, and Wyoming stiffened their penalties, making dogfighting a felony now in all 50 states, while Wyoming and Virginia became the 36th and 37th states to make cockfighting a felony. We also trained more than 2,000 sworn officers in animal fighting investigations and prosecutions.

Shutting Them Down

We increased our standard reward for information leading to the arrest and conviction of anyone involved in dogfighting or any form of staged animal fighting from \$2,500 to \$5,000, thanks to a grant from the Holland M. Ware Charitable Foundation. In 2008, we paid 26 rewards for tips resulting in successful cases against dogfighters and cockfighters, busting major operations and putting nationally significant players behind bars.

We also launched an animal fighting tip line in Georgia, partnering with corporate security firm Norred & Associates. Because of the tip line and HSUS investigative work, eight fighting kennels were raided, their dogs seized, and many people were arrested.

Nationwide, The HSUS assisted in 57 animal fighting raids, which netted 301 suspects and 2,649 fighting dogs and roosters. A North Carolina hit took down one of the nation's most notorious operators after a three-year HSUS investigation. The internationally known breeder of fighting dogs and author of one of the most infamous books on how to breed and raise dogs

for fighting pled guilty to 14 felony counts and was sentenced to up to 10 months in prison.

A 12-month HSUS investigation with the Pima County, Ariz., Sheriff's Department resulted in six arrests, including that of a longtime and nationally known breeder of fighting dogs. Some 150 dogs, many bearing scars from past fights, were confiscated along with thousands of dollars in cash and about 50 guns. Learn more at humanesociety.org/acf.





It's a **Dog's Life**

Ariana Huemer, an HSUS animal cruelty case manager, described the scene in Pima County, Ariz., when The HSUS and the sheriff's SWAT team raided the compound.

Some dogs ran endlessly around well-worn circular paths—their small worlds circumscribed by the lengths of their heavy chains. Others leapt maniacally to the tops of their chain-link kennel confines.

All were frantic for human attention and seemingly half-mad from their lives of isolation and confinement, living in decrepit conditions and cruel captivity.

Aside from the scores of scarred, injured, and neglected dogs, the deputies seized mounds of dogfighting documents and paraphernalia, including medications, treadmills, "rape stands" for breeding, and breaking sticks to pry apart clamped jaws.

As for the dogs themselves, after a lifetime of isolation interrupted only by periodic bloody bouts in the fighting pit, most had nothing but affection and sloppy kisses for their rescuers.

For these dogs and the countless thousands of others who die in organized dogfighting every year, ensuring a swift and decisive prosecution of their tormentors remains the most important task at hand.

Fun, not Fighting

In two high-crime neighborhoods where pit bulls are more likely to be violent weapons than beloved pets, more than 50 young men and women and their dogs participated in Pit Bull Training Team classes offered by our End Dogfighting in Chicago campaign.

In addition to basic obedience and agility classes, the street-level intervention and education program featured eight community outreach events, including doghouse giveaways, vaccination clinics, rap concerts, and rallies.

We also designed a two-month anti-dogfighting humane education curriculum, which was implemented in area middle schools. More than 260 law enforcement officers in Chicago and Cook County completed our training sessions on how to tackle animal fighting crimes. Chicago is the pilot program for an ambitious HSUS campaign to end dogfighting in the nation's inner cities, which we expanded to Atlanta in October 2008. Learn more at humanesociety.org/enddogfighting.

Fur-Free Milestones

Overstock.com and BCBG became the latest major apparel retailers to sign on to The HSUS's list of companies that have pledged to end fur sales, joining such fashion giants as Tommy Hilfiger, Calvin Klein, and Kenneth Cole. With annual revenues of \$700 million, Overstock.com is the first online-only vendor and the 100th company to join our fur-free list. The BCBG Max Azria Group has a portfolio of 15 brands and operates a retail and wholesale network that includes more than 13.500 sales outlets worldwide.



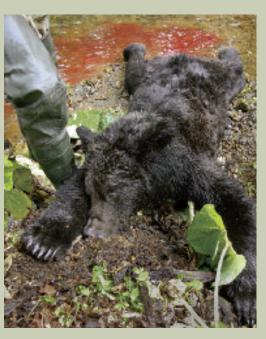


The HSUS filed a second legal petition with the Federal Trade Commission seeking criminal and civil penalties against more than a dozen nationally known retailers and fashion designers for false advertising and mislabeling of fur garments. They included Bloomingdale's, Saks Fifth Avenue, and Dillard's. We also filed a lawsuit in Washington, D.C., alleging similar violations against six companies, including Saks, Lord & Taylor, and Neiman Marcus. Learn more at humanesociety.org/furfree.

Targeting **Blood Sports**

The HSUS campaign against wildlife abuses continued on a broad front with a strong focus on poaching crimes, captive hunting enterprises, wildlife penning in which confined coyotes and foxes are torn apart by hounds, and contest kills where competitors win prizes for killing the most animals, typically coyotes, prairie dogs, or pigeons.

We won new restrictions on captive hunts in Oregon and Vermont; blocked pigeon shoots at two private clubs in Pennsylvania; defeated extreme pro-hunting legislation in Arizona, Virginia, and Wisconsin; and won bans on Internet hunting in Colorado, Florida, Oklahoma, and Utah, making the practice now illegal in 38 states. Learn more at humanesociety.org/wildlifeabuse.



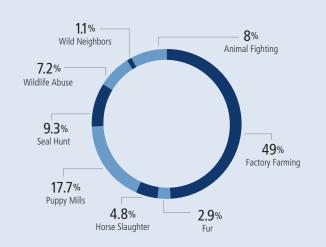


Spreading the Message

Engaging and educating animal lovers and pet owners on a broad range of humane issues is fundamental to The HSUS's mission. Nearly 58,000 people attended HSUS-sponsored workshops, courses, training sessions, and related events in 2008, while close to a million K-6th grade schoolchildren received our KIND News newspaper. Our two major annual conferences—Taking Action for Animals and Animal Care Expo—drew nearly 3,000 participants. Thousands more participated in our Lobby 101 workshops held around the country.

Our Equine Protection department published The Humane Society of the United States Complete Guide to Horse Care, encouraging responsible horse ownership, and continued to fight abusive practices in the Tennessee walking horse industry. We cosponsored the second annual Homes for Horses Coalition conference, with representatives from dozens of equine rescue groups attending, and worked with the Global Federation of Animal Sanctuaries to develop an accreditation program for horse sanctuaries and rescues.

Percentage of Media Hits by Issue (2002 - 2008)



Training and Professional Education

| Activists | 2,156 |
|---|--------|
| Conference Attendees (HSUS Organized and Partnered) | 8,933 |
| Law Enforcement Officials | 2,825 |
| Educators and Social Workers | 36,000 |
| Shelter Professionals | 4,624 |
| Wildlife Care and Protection | 361 |
| Emergency Services Personnel | 1,420 |
| Veterinary Students and Professionals | 1,580 |
| Total | 57,899 |

Heeding the Word

The HSUS Animals & Religion program launched a nationwide campaign to create awareness of people's moral responsibilities to animals, including those raised for food.

Eating Mercifully, a new 26-minute documentary film, examines several Christian perspectives on factory farming intertwined with the critical findings of a Pew Commission report on industrial agriculture. The film was debuted for religion journalists at the National Press Club in Washington, D.C., and was also shown at a symposium at the Washington National Cathedral. Nearly 15,000 people took our online pledge to make more humane food choices.

The HSUS partnered with HarperOne to promote *The Green Bible,* which highlights scriptural references supporting humane stewardship of all creation. Visit humanesociety.org/religion to learn more.

Creating Better **Advocates**

More than 6,000 students from all 50 states and every continent except Antarctica took online courses at Humane Society University in 2008. HSU gives animal care and control profes-





sionals and animal advocates the opportunity to study a wide range of topics in advocacy, animal caregiving and behavior, humane education, humane leadership and shelter management, and law enforcement.

HSU also prepared a new academic curriculum that will enable us to offer Bachelor of Science degrees in Animal Studies, Animal Policy and Advocacy, and Humane Leadership starting in 2009. Classes will be offered online and at The HSUS's headquarters in Washington, D.C.

Honoring the **Animals' Heroes**

We presented the Wyler Award, one of The HSUS's top honors, to talk show host Ellen DeGeneres and her partner, actress Portia de Rossi, for their efforts on behalf of animals. They were feted at the 23rd annual Genesis Awards dinner and ceremony in Beverly Hills, which recognized artists, writers, and others in entertainment and the media who contributed their time and talents in 2008 to raise awareness of animal issues.

DeGeneres and de Rossi strongly supported the successful Proposition 2 California ballot initiative for factory farm reforms and hosted a celebrity-studded gala that raised \$1.2 million at a critical point in the campaign. DeGeneres also publicized this issue on The Ellen DeGeneres Show, which included an interview with HSUS President and CEO Wayne Pacelle.

This was the third presentation of the Wyler Award, named in memory of the late entertainer and HSUS vice president Gretchen Wyler, who founded the Genesis Awards. Previous winners were Sir Paul McCartney and actress Hayden Panettiere. Visit humanesociety.org/genesis to learn more.



Another Record Year

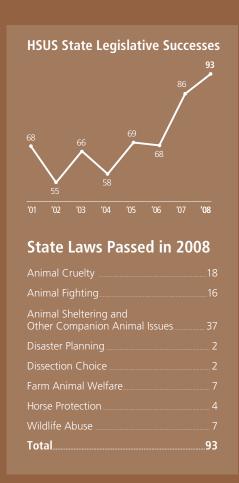
While California's ringing approval of the Prevention of Farm Animal Cruelty Act, or Proposition 2, was the highlight of state legislative and ballot victories, a record 93 animal protection state laws were passed—seven more than the previous record in 2007. Coupled with a raft of victories in Congress, our efforts to shape more humane public policy brought monumental results in 2008.

At the same time that Californians endorsed more humane treatment of farm animals in a landslide vote, Massachusetts residents elected to phase out commercial dog racing in the Bay State by 2010. This was welcome news for thousands of gentle greyhounds who spend most of their lives in tiny cages; endure broken bones, cardiac arrest, and other injuries while competing; and are ruthlessly discarded when their racing careers end.

Other major state legislative victories in 2008 included banning yeal crates and gestation crates in Colorado; requiring accurate labeling of fur products in Delaware; providing stronger penalties for dogfighting in Georgia, Idaho, Virginia, and Wyoming; cracking down on puppy mills in Louisiana, Pennsylvania, and Virginia; and classifying certain types of animal cruelty as felony offenses in Alaska and Utah.

We also successfully fought attempts to legalize the barbaric practice of horse slaughter. Both the legislature and the courts upheld the ban in Illinois, and an equine slaughter funding bill was defeated in South Dakota.

On the national front, passage of the Farm Bill in Congress brought three major victories for animals. One Farm Bill provision put serious teeth in the federal animal fighting law by boosting maximum penalties, making it a crime to knowingly possess or train animals for fighting, and classifying any animal fighting activity that affects interstate or foreign commerce as a federal felony.



Another part of the Farm Bill quadrupled civil penalties for Animal Welfare Act violations—from \$2,500 to \$10,000—creating a stronger deterrent for abuses at circuses, puppy mills, research laboratories, and other venues where animals are used.

The Farm Bill also halted imports of dogs less than 6 months old for the pet trade—after we urged lawmakers to stop the influx of tens of thousands of barely weaned, often sickly puppies to the U.S. from mass breeders in China, Russia, Mexico, and Hungary. Visit humanesociety.org/legislation to learn more.

Flexing Our **Legal Muscle**

With 15 lawyers and a network of more than 1,000 pro bono attorneys and law students, The HSUS's Animal Protection Litigation team helped make 2008 a record year for animal advocacy in the courts. In addition to filing 16 new legal actions, our team won 18 cases—roughly one courtroom victory every three weeks. We also helped prosecutors convict scores of animal abusers, assisting with dogfighting, animal hoarding, farm animal cruelty, and puppy mill cases.

We had landmark successes on farm animal issues, with the conviction of two California slaughter plant workers on cruelty charges, the closure of a legal loophole to halt the killing of downed cattle for human consumption, and a string of court victories against opponents of California's Proposition 2 factory farm reforms.

Our litigation team also initiated and won more than two dozen other legal actions. These helped to protect endangered whales from ship strikes and fishing gear, protect sea lions, remove animal-fighting paraphernalia from Amazon.com, halt major water pollution caused by an egg factory farm, and block the slaughter of endangered wolves in the Rocky Mountain and Great Lakes regions. Visit humanesociety.org/litigation to learn more.





Free the Chimps

Chimpanzees have been used in biomedical experiments since the 1930s, but only the U.S and the tiny West African country of Gabon continue the practice. Some chimps have been confined in U.S. laboratories for more than 50 years, most of them warehoused

Other nations have ended invasive chimp research and retired the animals to sanctuaries because they have proven to be poor research models for humans. Ethical concerns have also intensified after studies demonstrated that a lifetime of lab confinement is traumatic for these highly social and intelligent primates.

This fact was clearly documented in 2008 when an HSUS investigator spent nine months undercover at the federally funded New Iberia Research Center in Louisiana, which holds 325 chimps and some 6,000 monkeys. The investigator documented inhumane treatment and neglect of primates forced to spend decades in abject boredom and psychological stress, punctuated by periods of sheer terror when they are used for experiments. Some of the chimps and monkeys had been driven to self-mutilation and psychotic, repetitive behaviors.

Our complaint filed with the U.S. Department of Agriculture alleged more than 300 violations of the federal Animal Welfare Act. The findings also graphically demonstrated how practices that fully petus to our Chimps Deserve Better campaign to retire these animals to sanctuaries as the rest of the world has done.

The investigation laid the groundwork for the Great Ape Protection Act—introduced in the 111th Congress—to end invasive research and testing on all chimpanzees, retire all government-owned chimps to sanctuaries, and codify a National Institutes of Health moratorium on breeding these animals for research.



On the Ice: Saving Seals

Canada's commercial seal hunt is the world's largest slaughter of

ing the 27-nation European Union to ban imports of Canadian seal the EU Parliament voted on May 5, 2009, to prohibit trade in the ning of the end for Canada's seal hunt. The Canadian government estimates that losing access to the EU could cost the sealing industry Canadian slaughter exported to the EU, the closing of this market is a significant blow to sealers.

The victory was the culmination of our multipronged attack on the seal hunt. In 2008, our Protect Seals teams traveled to the ice once

photographer and television celebrity Nigel Barker, who produced stunning photographs and a documentary film to increase public awareness of the hunt.

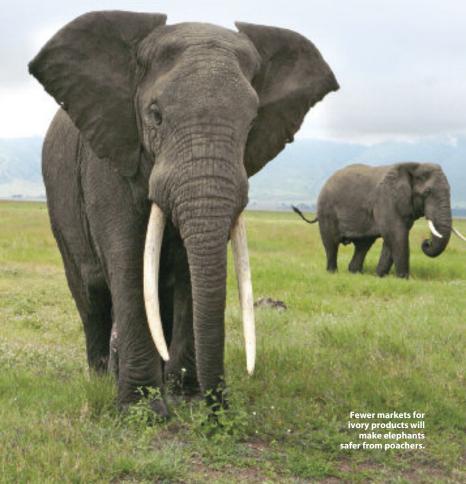
In this same period, the value of Newfoundland fishing and seafood preparation industry exports to the U.S. have dropped by 51 percent.

With government subsidies still in hand, the sealing industry will the global boycott of Canadian seafood products. In Canada, we'll

Protecting Wildlife Worldwide

From deep oceans to tropical rainforests, Humane Society International worked around the globe to protect wildlife. After an investigation revealed that the U.S. is the world's second biggest ivory market after China, eBay Inc. announced that it would no longer sell the commodity on its global websites. This should help reduce the number of elephants slaughtered for their tusks.

In partnership with the World Bank and other nongovernmental organizations, we helped launch the Global Tiger Initiative, which will use the bank's considerable influence and funding to save the world's fastdwindling population of wild tigers. HSI also contributed to the strengthening of Peru's wildlife laws and regulations by cosponsoring a comprehensive study of the illegal wildlife trade in the northern part of the nation.





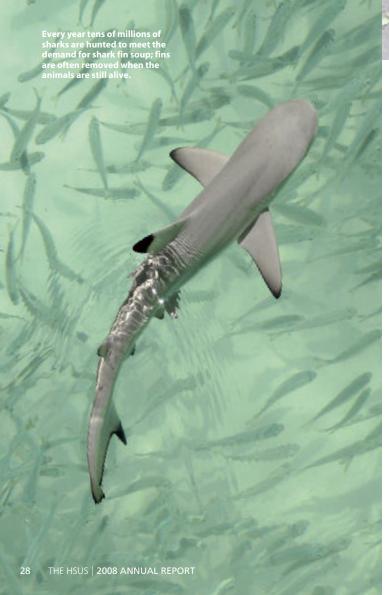
Our marine animal initiatives helped protect whales, dolphins, sharks, and sea turtles, and we worked to secure the listing of polar bears as threatened under the Endangered Species Act. With imports of polar bear trophies now prohibited, U.S. hunters will have less incentive to kill these magnificent animals.

In Central America, HSI held regionwide training sessions for law enforcement to aid in the fight against illegal trafficking of endangered wildlife, such as scarlet macaws and spider monkeys. Public awareness and education programs on the trade in illegal wildlife products and exotic pets reached an estimated 800,000 residents and tourists. We funded infrastructure improvements and gave technical assistance to four wildlife rescue centers, which provided direct care for nearly 1,000 animals.

HSI trained nearly 150 cacao producers to create wildlife inventories in order to receive eco-friendly certification. And we worked with local communities and NGOs to develop ecotourism initiatives, giving community members a nonharmful way to benefit from local wildlife and natural resources.

From Laboratories to **Natural Disasters**

Our campaign to end animal testing in the European Union progressed on several fronts, bringing the goal measurably closer. Thanks to HSI Europe's campaign to accelerate regulatory acceptance of proven alternative methods, the EU's 27 member countries have moved to adopt animal-free tests for skin irritation. This could spare tens of thousands of rabbits each year from use in outdated and inhumane tests of cosmetics, pesticides, and other chemicals.





HSI Europe is at the forefront of the campaign to update the EU's more than 20-year-old legislation governing animal experiments. We are pressing the EU to introduce a number of critical provisions that could end the suffering and death of more than 12 million rodents, rabbits, dogs, monkeys, and other animals each year in European research and testing laboratories.

While continuing to operate spay/neuter programs in Chile, Costa Rica, India, Kenya, and Venezuela, we launched additional sterilization and vaccination programs for street dogs and pets in Ecuador, Ethiopia, Jamaica, Peru, the Philippines, and Trinidad. We also trained more than 100 veterinarians in Asia, Latin America, and the Caribbean.

HSI netted important policy victories for the protection of sharks and received worldwide media attention when we convinced Taiwan's prestigious National Palace Museum to stop serving shark fin soup. Our campaign against factory farming in India picked up steam, with "cage-free" labels appearing in markets for the first time and at least one large egg producer transitioning away from battery cage confinement systems for egg-laying hens.

We helped provide care for the animal victims of international disasters, including a volcano eruption in Chile, two major floods in India, a cyclone in Myanmar, and a massive earthquake in China's Sichuan province.

Important First Steps in China

As the world's most populous nation continues to evolve rapidly into a modern industrial and technological power, HSI is working to bring new ideas and cultural standards to a nation with no humane laws and a long history of ignoring animal cruelty.

In 2008, when the Sichuan earthquake killed more than 70,000 people and millions of animals, HSI jointly initiated China's first-ever mission to rescue nonhuman quake victims, helping to spark Chinese interest in building a nationwide disaster animal rescue network

We educated and campaigned on shark finning, tiger farming, domestic cat eating, industrial animal agriculture, shelters, spay/neuter, and other issues. HSI launched an online farm animal welfare resource center in Chinese, and we sponsored a historic international farm animal conference, bringing together some 150 Chinese government officials, academics, journalists, and agricultural producers. Learn more at *hsi.org*.





Challenge & **Opportunity**

HSI policy director Teresa Telecky and consultant Peter Li visited China—the world's greatest consumer of animal products—to assess treatment of and attitudes toward animals. What they found surprised them.

Skinning animals for their fur while they are still alive; eating dogs; feeding live animals to tigers and lions in safari parks across the country; farming endangered tigers for their parts and bears for bile extraction; and smuggling live wildlife from nearby countries under horrendous conditions to supply China's exotic food markets.

On hearing the atrocities committed against animals in China, many feel hopeless. However, what we found is that awareness of the need to improve animal welfare is growing. Animal protection groups are springing up to find homes for street animals, rescue dogs from the meat trade, advocate against dog eating, and teach good pet care.

Officials are not only tolerant of the new concern for animals but in some cases have offered support. The Beijing government, already working with animal protection groups to help the city's strays, has expressed interest in cooperating with HSI on urban animal management.

In 2008, a Chinese government agency hosted a meeting, cosponsored by HSI, to discuss farm animal welfare. Some of China's influential government officials and scholars have argued that tiger farming harms China's tiger conservation efforts and its international image.

Today, more Chinese are expressing anger about animal cruelty, and businesses exploiting animals are on the defensive. The national press has intensively criticized bear farming and dog eating. Wildlife farming, once glamorized by the media, has lost its luster in the midst of public outcry.

In reality, no nation can claim to be free of animal cruelty. Instead of focusing on the negative, we should ride the wave of change that is beginning to surge through China and help emerging animal protection pioneers there to speed the changes they have set in motion.

We arrived in China with doubts and uncertainties. We left with hope for the future.

Financial Operations Report

For the Year Ending December 31, 2008

Consolidated Statement of Financial Position

| Assets | |
|-------------------------------------|---------------|
| Cash and cash equivalents | \$50,735,952 |
| Receivables | 23,241,704 |
| Prepaid expenses, deferred charges, | |
| and deposits | 1,383,144 |
| Investments, at market value | 102,276,811 |
| Fixed assets, net of depreciation | 19,021,129 |
| Total Assets | \$196,658,740 |

| Liabilities | \$25,758,133 |
|----------------------------------|---------------|
| Net Assets | |
| Unrestricted | \$104,343,738 |
| Temporarily restricted | 35,776,657 |
| Permanently restricted | 30,780,212 |
| Total Net Assets | \$170,900,607 |
| Total Liabilities and Net Assets | \$196,658,740 |

| Consolidated Statement of Activities | Unrestricted | Temporarily Restricted | Permanently Restricted | Year Ending Dec. 31, 2008 |
|--|----------------|------------------------|------------------------|---------------------------|
| Revenue, Other Additions, and Transfers | | | | |
| Contributions and grants | \$83,512,478 | \$19,742,666 | \$529,068 | \$103,784,212 |
| Bequests | 11,718,563 | 9,532,561 | _ | 21,251,124 |
| Investment income | 3,851,319 | 545,172 | 896,146 | 5,292,637 |
| Sale of literature and other income, net | 943,501 | 9,694 | - | 953,195 |
| Total Revenue and Other Additions | \$100,025,861 | \$29,830,093 | \$1,425,214 | \$131,281,168 |
| Transfers (net assets released from restrictions) | 22,865,995 | (22,865,995) | - | - |
| Total Revenue and Other Additions, and Transfers | \$122,891,856 | \$6,964,098 | \$1,425,214 | \$131,281,168 |
| Expenses and Other Deductions | | | | |
| Animal protection programs | | | | |
| Research and education | \$6,746,114 | _ | _ | \$6,746,114 |
| Field and disaster response programs | 13,173,670 | _ | _ | 13,173,670 |
| Domestic cruelty prevention programs | 8,417,882 | - | _ | 8,417,882 |
| Wildlife programs | 10,633,250 | - | - | 10,633,250 |
| Animal care facilities | 6,774,268 | - | _ | 6,774,268 |
| Campaigns, litigation, and investigations | 28,196,200 | - | _ | 28,196,200 |
| International animal programs | 6,903,299 | - | - | 6,903,299 |
| Strategic communications | 11,878,669 | - | _ | 11,878,669 |
| Supporting services | | | | |
| Management and general | 4,860,896 | _ | _ | 4,860,896 |
| Fundraising | 27,533,910 | - | _ | 27,533,910 |
| Total Expenses and Other Deductions | \$125,118,158 | - | - | \$125,118,158 |
| Change in net assets from operations | (\$2,226,302) | \$6,964,098 | \$1,425,214 | \$6,163,010 |
| Realized and unrealized gain on investments | (35,836,403) | (699,277) | - | (36,535,680) |
| Change in net assets before postretirement benefits adjustment | (\$38,062,705) | \$6,264,821 | \$1,425,214 | (\$30,372,670) |
| Postretirement benefits adjustment | (\$5,558,399) | _ | _ | (\$5,558,399) |
| Change in net assets | (\$43,621,104) | \$6,264,821 | \$1,425,214 | (\$35,931,069) |
| Net assets at January 1, 2008 | \$147,658,433 | \$29,511,836 | \$29,354,998 | \$206,525,267 |
| Net assets assumed in merger - AVAR | \$306,409 | <i>\$25,511,030</i> | φ <u>ε</u> 5,554,550 | \$306,409 |
| Net Assets, end of year | \$104,343,738 | \$35,776,657 | \$30,780,212 | \$170,900,607 |
| | , , | , , , , | , , , | ,, |



Our Goals for 2009

Expand programs to help animals affected by the financial crisis, such as abandoned horses and pets surrendered to shelters because of home foreclosures.

End Canada's annual harp seal hunt, the largest slaughter of marine mammals in the world.

Pass federal legislation to crack down on puppy mills and enact state laws to do the same, especially in Missouri, the nation's top puppy mill state.

Work to advance animal protection through our 100point "Change Agenda for Animals" submitted to the Obama administration.

Launch a nationwide public service campaign to promote the adoption of dogs and cats from animal shelters and combat pet homelessness in the Gulf Coast region through low-cost spay/neuter services and a public awareness campaign.

Block the launch of wolf hunting programs in the lower 48 states.

Reduce the suffering of farm animals by banning tail docking and other mutilations, imposing more state bans on factory-style confinement systems, and convincing major food retailers like Wal-Mart and Costco to stop selling eggs from battery cages and other factory farm products.

Keep the heat on animal fighters through law enforcement training, tip lines, and reward programs.

End the use of chimpanzees in invasive research and retire all 500 federally owned chimps to sanctuaries.

Halt the export of U.S. horses for slaughter in Canada and Mexico and ban the transport of horses in double-decker trailers.

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