Chairman
Ronald J. McCracken
President
Bes-Pac, Inc.

Vice Chairman
Donald F. Moorehead, Jr.
Chairman and CEO
Highland Holdings, Inc.

President
Michael J. Cagney
Environmental Research and Education Foundation

Secretary-Treasurer
Robert P. Stearns, P.E., DEE
Chairman
SCS Engineers

Directors:
Norm Aardema
President
Michigan Waste Services, LLC.

Robert C. Duncan
Director Emeritus
President and CEO
Duncan Holding Company

Ted Flood
President and CEO
International Baler Corporation

Thomas E. Graedel, Ph.D.
School of Forestry and Environmental Studies
Yale University

Deborah Hockman, Ph.D.
Senior Vice President of Operations
Silliker Laboratories, Inc.

Leonard E. Joyce, Jr. P.E.
President
Joyce Engineering, Inc.

Frederick E. Leach
President and CEO
Leach Company

Brenda M. Mathison
Vice President
Guardian, Inc.

Jacques Petry
Chairman and CEO
SITA

Lonnie C. Poole, Jr.
Chairman and CEO
Waste Industries, Inc.

William B. Terry
Chief Operating Officer
Rumpke Consolidated Companies

Charles E. Williams
Senior Vice President
Waste Management, Inc.

Pledges as of December 31, 2001

Chairman’s Circle Club
(donations of $250,000.00 or more)
Dean L. and Rosemarie Buntrock Foundation
Heil Environmental Inc. **
Leach Company **
Mack Trucks, Inc. **
McNeilus Truck and Manufacturing Company **
Donald F. Moorehead, Jr.
SITA
Volvo Truck North America **
Waste Management, Inc.

Platinum Club
(donations of $100,000.00 to $249,999.00)
Lawrence Beck
Tom Bowen
Andy Crawford
General Waste, Inc.
George W. Fennell
Harry W. Hudson
Marathon Equipment Company **
McClain E-Z Pack **
Dwight Schaubach
Waste Industries, Inc.

Gold Club
(donations of $50,000.00 to $99,999.00)
Norm Aardema
Allied Waste Industries
Joseph Anstett
Bes-Pac, Inc. **
Ave Maria Carite
Centres de Recherches et d’Essais
Charles Cattaneo*
EDCO Disposal Corporation
Groot Industries, Inc.
H. Wayne Huizenga
William Hulligan
David Hyman
International Baler, Inc. **
Joyce Engineering, Inc.
George Moorehead
Philadelphia Tramrail, Inc.
Bruce Ranck
Republic Services, Inc. **
Resource Management Companies
Harold Rubenstein
W. Tom Sawyer, Jr.
SP Industries, Inc. **
Robert Stearns

* deceased
** auction donor
Developing environmental solutions through research and education
The year 2001 was a modest one for the EREF relative to the previous five years due primarily to a $500,000 loss in investment income. Total revenue for the year was $1,172,546 against expenses of $1,158,961 for a net of only $13,585. At the close of the year, the foundation’s net assets were $7,954,817. This represents a very small gain over net assets of the foundation at December 31, 2000.

Benchmarks achieved during 2001 include:

- Seven grants totaling $1,449,211 were approved for funding
- A very successful auction at WasteExpo in Chicago grossed $662,750 – in the seven year run of this event, over $4 million has been raised
- The inaugural Environmentalist of the Year Award gala was held in Washington, DC in June to honor Earth Force of Alexandria, Virginia – in the future the proceeds from this event will fund additional projects
- The foundation awarded two scholarships and now funds four full scholarships for Ph.D. environmental scientists

Building the Legacy General Campaign Chairman Don Moorehead reports that we closed 2001 having raised $1.2 million in cash, equipment, and new pledges. We are on track to successfully culminate the $8 million campaign on schedule at June 30, 2003.
The following projects were approved in 2001:

$185,000 to URS Dames & Moore (UK) for research related to the regulatory, economic, and technical aspects of greenhouse gas emission reductions in the waste industry

$38,211 to Case Western Reserve University for development of electronic odor technology that will provide a fingerprint for and determine concentration of landfill odors

$100,000 to the Institute for Systems Biology for improvement of yeast strains to produce ethanol through fermentation of waste

$50,000 award for the Environmentalist of the Year – Earth Force

$25,000 to Drexel University for a study to characterize landfill microbiology using landfill gas

$215,000 to SCS Engineers for a study to use a biological landfill cap to reduce emissions from MSW landfills

$500,000 to Michigan State University for a bioreactor landfill project at Waste Management Inc.’s (WMI) Harrison Township Landfill (MI); WMI has donated the use of the site as well as other costs related to the construction of the bioreactor, the cash funding for this project was acquired through a congressional appropriation and EREF will pursue another appropriation of $1 million to complete the project in 2004

$56,330 to the Environmental Industry Associations (EIA) (in conjunction with the Occupational Safety and Health Administration’s (OSHA) Susan Hardwood Training Program) to extend development and training sessions on reducing ergonomic risks to the solid waste employee

EREF’s production of the video BURY, BURN, OR RETURN: WINNING THE WAR AGAINST WASTE was completed by Kurtis Productions (Chicago). In 2002, this film and an accompanying lesson plan will be offered free of charge to 42,230 middle school science teachers throughout the United States

Two Fiessinger Scholarships totaling $64,000 were awarded in 2001:

- the first to Alexander Orlov who is enrolled in the Ph.D. program at Cambridge University (UK). He is our first international scholar. He is researching the development of new photo-catalytic methods for groundwater clean up.

- the second to Richard Statom who is studying for his Ph.D. at the Colorado School of Mines on the effects of age, design, and operational practices on the evolution of leachate chemistry from MSW.

These two scientists join Molly Costanza at the University of Arizona and Rob Klee who has completed his Ph.D. in Industrial Ecology and is now studying environmental law at Yale University School of Law.
MISSION
The mission of the foundation is to develop environmental solutions for the future through research and education.

VALUES
The foundation values scientific discoveries and applied research that advances state-of-the-art waste service for the ages; we value relationships and diversity, we are a meeting ground for waste generating industries, environmental industries, and the general public; we value technological innovation to push forward our knowledge base and to promote safe working conditions for waste service employees and the protection of the general public; we value education as a tool to increase the public’s understanding of what we do and how we do it; we award scholarships for Ph.D. environmental scientists to advance our future by advancing their future.

VISION
Our vision for donors is that we are a new industry, and the foundation is a bridge to invest in technology and a knowledge base that will help companies to understand and anticipate changes. Our vision for grantees is that we are a large, dynamic industry with many research opportunities, and we want to solve important problems with large impacts.
The foundation’s refuse equipment auction conducted at WasteExpo in Chicago grossed $662,750. Over the course of seven years, the auction has raised more than $4 million for research and education projects and foundation operating expenses.

**Equipment and services for the 2001 charitable auction were donated by:**

- Bayne
- Bes-Pac, Inc.
- Galbreath, Inc.
- Heil Environmental Industries, Inc.
- International Baler Corporation
- Jim Johnston
- Leach Company
- Mack Trucks, Inc.
- Marathon Equipment Company, Inc.
- McClain/EZ-Pak
- McNeilus Truck Manufacturing Company
- Perkins Manufacturing Company
- Lonnie C. Poole, Jr.
- SP Industries, Inc.
- Volvo Trucks North America
- General Purpose Steel Company (Pittsburgh, Pa.) sponsored the pre-auction reception.
- Ritchie Brothers Auctioneers continued to donate their services for the auction.

The foundation held its inaugural “Environmentalist of the Year” Award gala on June 26 at the Ronald Reagan Building and International Trade Center in Washington, D.C. Earth Force, a national non-profit based in Alexandria, Virginia, was the first recipient of this prestigious award. The award was based on their achievements in public education related to resource recovery, processing, reuse or disposal.

Earth Force is committed to young people changing their communities while developing life-long habits of active citizenship and environmental stewardship. Since its founding just a decade ago, Earth Force has worked with over 100,000 youth from all over the United States.
The Honorable Spencer Abraham, Secretary of Energy, presented Tom Martin, president of Earth Force, with a faceted, engraved crystal award, and Tom Van Weelden, chairman and CEO of Allied Waste Industries (Scottsdale, Ariz.), in company with EREF Chairman Ron McCracken, gave Martin a check for $50,000.

Attendees included chief executive officers, spouses and guests from waste service companies, senior executives from corporations that support the activities of Earth Force, legislators, and representatives from the financial community. Grammy Award-winning artist Crystal Gayle, accompanied by her band, capped the evening’s celebration with a stunning performance. Allied Waste Industries sponsored the dinner.

Based on the success of the inaugural event, the “Environmentalist of the Year” Award is expected to become a coveted and sought after recognition, receiving international acclaim and bringing significant visibility to the vital work performed by the foundation.

Board News

The annual meeting of the Board of Directors was held in Alexandria, Virginia on November 2, 2001.

New board members elected are:

Robert J. Riethmiller, Jr.
President and Chief Executive Officer
Philadelphia Tramrail Company

Kevin Walbridge
Regional Vice President - Central Region
République Services, Inc.

Annual Meeting of the Board of Directors.

### SUMMARY OF INCOME AND EXPENSES FOR CALENDAR YEAR 2001

#### INCOME:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledges</td>
<td>$981,144</td>
</tr>
<tr>
<td>Auction (net)</td>
<td>337,200</td>
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<tr>
<td>Projects</td>
<td>204,050</td>
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<tr>
<td>Other</td>
<td>147,388</td>
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<tr>
<td>Investments</td>
<td>(497,236)</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,172,546</strong></td>
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#### EXPENSES:

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<td>Projects</td>
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<tr>
<td>Administration</td>
<td>309,738</td>
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<tr>
<td>Fundraising</td>
<td>70,307</td>
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<tr>
<td>Other</td>
<td>136,046</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,158,961</strong></td>
</tr>
</tbody>
</table>

A copy of our 2001 financial statements, audited by BDO Seidman, LLP, is available on request.

The Environmental Research and Education Foundation is a non-profit organization as defined by IRS code, Section 501(c)(3). Contributions are tax deductible to the full extent permitted by law.