

THREE DECADES OF EXCELLENCE

ONE YEAR OF PROGRESS

A FUTURE OF POSSIBILITIES

1977 – 2007



ALLIANCE TO
SAVE ENERGY

Creating an Energy-Efficient World

2006 ANNUAL REPORT



PROMOTING BETTER, BROADER ENERGY POLICIES

With the build-up to the mid-term elections throughout 2006, Alliance policy work primarily focused on implementing energy-efficiency provisions in EAct 2005, fighting to ensure adequate funding was secured for new and existing energy-efficiency programs, and setting the stage for the anticipated flurry of bills and activity from the newly convened 110th Congress.

POLICY

WORKING WITH UTILITIES

The Alliance also worked with more than 50 leading organizations to develop the National Action Plan for Energy Efficiency (NAPEE). The Action Plan seeks to create a sustainable, long-term national commitment to energy efficiency through gas and electric utilities, utility regulators, and partner organizations. As part of the Leadership Group, the Alliance is committed to communicating the benefits of, and opportunities for, energy efficiency, promoting stable program funding and utility investment in efficiency, and working to make energy efficiency a high-priority energy resource.

CONNECTING CLIMATE & EFFICIENCY

The Policy Team increasingly became involved in the arena of climate change during 2006. Members of the Alliance senior staff testified during the U.S. Senate Climate Change Conference and submitted comments to the Senate Energy Committee regarding the immediate, cost-effective benefits of energy efficiency for controlling greenhouse gas emissions. Secondly, the Alliance actively worked with regional groups and industry partners to ensure that the Regional Greenhouse Gas Initiative – the first mandatory U.S. cap-and-trade program for carbon dioxide – includes energy efficiency as a key strategy for reducing greenhouse gas emissions.

A LOOK BACK

1982 The Alliance to Save Energy designs the first methodology to evaluate efficiency as an energy resource for a public utility.

1984 Alliance chairman Senator John Heinz advocates for legislation (later enacted) that allows governors to shift fuel assistance funds to energy-efficiency upgrades for low-income homes.

“As a model of citizen and corporate cooperation, the Alliance shows the way this country really operates – government working with the private sector, labor, management, and consumers united to solve a national problem.”

Senator Charles H. Percy, Alliance Co-Chairman,
March 17, 1983



EXPORTING OUR MESSAGE AROUND THE WORLD

ENERGY CONSUMPTION IN MOST WATER SYSTEMS COULD BE REDUCED BY 25 PERCENT THROUGH COST-EFFECTIVE ENERGY-EFFICIENCY ACTIONS.

While the focus at home during 2006 was on record gasoline prices, the rising demand for energy and our vulnerability to supply and price fluctuations, the Alliance continued to be a 'net exporter' of energy efficiency overseas and around the world. The Alliance's international programs witnessed surprising growth and renewed financial strength, realizing energy savings in all four active Watergy countries — India, Sri Lanka, Mexico, and South Africa.

INTERNATIONAL

OVERSEAS EFFICIENCY CATCHES ON

Buoyed by six years of hard work and numerous success stories, the Alliance work overseas has reached a critical tipping point. A major shift in funding support away from donor dollars in 2006 encouraged international Watergy efforts to become more self-sufficient and to extend partnership opportunities to city and state-level government agencies, USAID field offices, and water utilities. The compelling savings in energy, water and money have led a record number of organizations, institutions and municipalities to embrace the efficiency message and apply their own resources to the effort.

In South Africa, the Watergy program led to tremendous savings in electricity, water, and CO₂ emissions. In Mexico, new partnerships on the state and local level led to Watergy programs that span virtually the entire Mexican border. In India, the Alliance played an instrumental role in persuading the Karnataka State Government to release two landmark policy directives promoting energy efficiency in cities. In Sri Lanka, the Alliance is helping the national water utility reduce the energy used to operate its water supply and sewage treatment systems. In total, Watergy projects saved over \$12 million in energy costs in 2006 and generated annual energy savings of more than 72 million kWh – or the equivalent of powering roughly 6,400 U.S. homes for a year.



A LOOK BACK

1988 | The Alliance, together with United Way of America, helps non-profit service agencies across the country finance energy-efficiency improvements to their buildings through innovative pooled performance contracting.

1990 | Energy-efficiency provisions crafted by the Alliance for the National Affordable Housing Act of 1990 help ensure that efficient and affordable housing is available to all Americans.

“The need for the Alliance to Save Energy is more important today than it has ever been...Not because there is a shortage today, but because we need to raise energy-efficiency awareness before there is a crisis.”

Senator J. Bennett Johnston
Chairman, Committee on Energy and Natural Resources
January 28, 1988





CAMPAIGNING FOR EFFICIENCY

The Alliance has a rich tradition of successfully communicating its core mission and vision to legislators, industry leaders and consumers. From high-profile public education and outreach campaigns, free online publications, unrivaled media relations, and a history of coalition building, the Alliance to Save Energy is the media resource for timely and up-to-date information on energy and energy efficiency.

COMMUNICATIONS

PROVING THE POWER IS IN YOUR HANDS

Building on last year's successes, the Alliance, the American Gas Association, The Dow Chemical Company, and 29 other campaign partners launched phase two of the Power is in Your Hands winter energy-efficiency campaign. The second phase of the five month effort included a new 6° of Energy Efficiency Challenge interactive website and three home efficiency makeovers for low income families in Washington, D.C.; Albuquerque, New Mexico; and Lakeville, Minnesota. The campaign generated over 140 million earned media impressions, double the number in phase one.

A SUPER YEAR

The Alliance also saw great success with its *Super Powers* campaign, generating more than \$27 million of donated media time and 3.6 billion audience impressions including appearances on an unprecedented nine national broadcast and cable TV networks and channels.

COMMUNICATING OUR MESSAGE THROUGH SPECIAL EVENTS

Each year, the Alliance hosts seminars, workshops, and special events. The 3rd Annual Great Energy Efficiency Day featured many of the leading voices in energy efficiency discussing a range of timely topics. Notable speakers included Senators Jeff Bingaman and Larry Craig, Congressman Zach Wamp, and Alliance Chairman Senator Mark Pryor among others. The 14th Annual *Evening with the Stars of Energy Efficiency Awards Dinner* was bigger and better than ever, honoring individuals and organizations demonstrating significant and tangible commitments to energy efficiency.

A LOOK BACK

1991 The Alliance establishes its new corporate partnership Associates program, committed to working with a diverse group of interests to promote the benefits of energy efficiency.

1992 Following years of legislative effort, congressional testimony and collaboration with industry partners by the Alliance, the Energy Policy Act of 1992 is signed into law and includes major energy-efficiency programs.

1993 Recognizing the need for global energy efficiency, the Alliance launches an international program resulting in projects in Russia, Ukraine, Central Europe, Mexico and China.

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BUILDING ENERGY EFFICIENCY INTO THE ECONOMY

In 2006, building and utility work gained significant traction as federal, state and regional groups looked to the Alliance for energy-efficiency measures and programs to address steadily rising energy prices coupled with increasingly tight supply options. The Alliance worked with Building Codes and Assistance Project (BCAP) staff to successfully push for a Washington, DC city council law mandating stronger energy efficiency and sustainability requirements for new construction as well as code adoptions and upgrade efforts in 12 other states.

BUILDINGS

Energy codes provide a basic way to build energy-efficiency measures into our building stock. A building designed and constructed for efficiency will provide lower energy bills and more comfort for consumers. If the latest codes were adopted in all states, cumulative savings through 2020 would be roughly \$7 billion.

GREATER FOCUS ON THE SOUTHEAST

The Alliance supports improved building energy codes through several efforts. One area of special interest during 2006 was the southeastern United States. While it is one of the nation's largest and fastest growing regions, the Southeast consistently and chronically lags behind the rest of the country in energy-efficiency programs and policies.

In 2006, the Southeast Energy Efficiency Alliance (SEEA) was officially incorporated as a 501(c)(3) nonprofit corporation in Georgia. SEEA also appointed its first board of directors. Chaired by Dr. Marilyn Brown of Georgia Tech, the board includes membership from leading industry, utility, government, university and NGO organizations in the region.

SHARE OF GLOBAL CO₂ EMISSIONS BY COUNTRY (2003)

| Country/Region | Share (%) |
|--------------------|-----------|
| U.S. Buildings | 9% |
| U.S. other sectors | 14% |
| China | 14% |
| Russia | 6% |
| Japan | 5% |
| India | 4% |
| Western Europe | 15% |
| Others | 33% |

The carbon dioxide emissions of the U.S. building sector are about equal to the total CO₂ emissions of India and Japan combined.

Photo Credit: Prakash Patel

LEED-CERTIFIED PHILLIP MERRILL ENVIRONMENTAL CENTER

A LOOK BACK

1995 Taking to the airwaves once again with the Campaign to Save Energy, the Alliance attempts to redefine the concept of energy efficiency in the minds of consumers. Ads air in 60 of the nation's largest markets.

1996 The Alliance opens its first overseas office in Kaliningrad, Russia; followed closely by offices in Ukraine and Hungary the following year.

1997 Leading up to the Kyoto Convention on Climate Change, the Alliance releases *Energy Innovations: A Prosperous Path to a Clean Environment*, a ground-breaking report outlining measures to guide the economy toward more secure, lower cost, less polluting means of producing energy.



EDUCATING THE NEXT GENERATION

Providing students, parents, teachers and schools with a fundamental understanding of energy-efficiency practices is a key component of the Alliance's efforts to achieve a healthier economy, a cleaner environment, and greater national security. Educating future leaders and consumers is the first step toward an energy secure and sustainable world. In addition, the Alliance is continuing to empower students to be ambassadors and advocates for energy efficiency in their schools and homes. Students at both the college and K-12 levels have achieved significant energy savings and promoted retrofits in schools and small businesses.

EDUCATION

EXPANDING OUR INFLUENCE

While many of our educational and outreach programs expanded in 2006, one of the most significant achievements was the successful completion of the \$4.5 million California Green Schools and Green Campus programs, and the beginning of new programs under the 2006-2008 round of California efficiency programs. In this new cycle, the Green Campus Program expanded to 12 campuses and the Green Schools Program is continuing in Southern California Edison's territory with 50 participating schools.

The Green Campus program initiated a new emphasis on achieving measurable energy savings by empowering students, working in close collaboration with energy managers and housing officials, to conduct research and help potential retrofits move forward.

STUDENTS SHINE IN 2006

Four northern California schools in the Green Schools program received the prestigious ENERGY STAR designation for ranking in the top 25 percent of public and private schools in improving energy building performance. In another example of student advocacy for energy efficiency, a group of middle school students in Howard County, Maryland presented their school board with a compelling argument that a school renovation that included energy-efficiency improvements should go forward.

||||| VALLECITO ELEMENTARY GREEN SCHOOLS CLASS |||||

A LOOK BACK

1998 Working with a coalition of states, efficiency and advocacy groups, the Alliance helps secure a \$45 million increase in funding for federal energy-efficiency programs.

1999 Spurred by the Alliance's report, *Leading By Example: Improving Energy Productivity in Federal Government Facilities*, President Clinton issues an executive order calling for the federal government to reduce its energy use 35 percent and cut its greenhouse gas emissions 30 percent by 2010.

2000 The Alliance helps negotiate a rule with the Department of Energy that will increase the efficiency of clothes washers 35 percent by 2007, saving more than four Quads of energy.

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KNOWLEDGE IS POWER

The ability to provide detailed, accurate, and up-to-date information to Alliance program areas, media outlets, consumers, industry, and congressional committees distinguishes the Alliance among all other energy-efficiency advocates and organizations. From its founding, the Alliance was keenly aware of the need to track, digest, measure and report on the energy activities across the country and around the world.

RESEARCH

In 2006 we worked closely with the National Petroleum Council providing insight, analysis and advice on a report examining the effects that cultural factors, income and prices have on demand for oil and natural gas.

The Alliance also published two important reports in 2006. *Comparing the Environmental Performance of Electric Utilities: Issues and Challenges* examined the possibility of creating a national utility environmental performance rating system. The second report, *Energy Efficiency in Data Centers: A New Policy Frontier*, outlined energy use and efficiency opportunities in computer data centers.

ANNUAL US PETROLEUM CONSUMPTION COMPARED TO ENERGY SAVINGS

| Year | Petroleum | Energy Efficiency Savings |
|------|-----------|---------------------------|
| 2003 | ~30 | ~35 |
| 2030 | ~45 | ~125 |

*Alliance to Save Energy
2007, Source: Annual Energy
Review (AER), Energy
Overview: Table 1.5 Energy
Consumption, Expenditures,
and Emissions Indicators /
AEO 2007*

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AMERICA'S GREATEST ENERGY RESOURCE
ENERGY EFFICIENCY AND CONSERVATION IMPROVEMENTS SINCE 1973 HAVE REDUCED ANNUAL CONSUMPTION BY 43 QUADS

| Category | Value (Quads) |
|----------------------------|---------------|
| Petroleum | 43.5 |
| Natural Gas | 23.1 |
| Coal | 22.5 |
| Nuclear Electric Power | 8.2 |
| Wood, Waste, Alcohol | 2.3 |
| Conventional Hydroelectric | 2.2 |
| Geothermal | 0.3 |
| Solar and Wind | 0 |
| Domestic Production | 10 |
| Net Imports | 40 |

Source: EIA Energy January 2005

A LOOK BACK

2002 Alliance-sponsored Static Electricity House TV public service ad is judged and voted the #2 greatest commercial in the world.

2004 The Alliance initiates its Green Campus program, working with California universities to introduce the concepts of energy efficiency and conservation into course curricula and campus life.



Working with a coalition of industry experts and congressional leaders, the Alliance ensures energy-efficiency provisions are a driving force in landmark federal energy legislation known as EPAAct 2005.

"As we embark upon the new Congress, I'm looking forward to working with the Alliance to build a comprehensive approach that encourages improved energy efficiency from farms to factories and homes to headquarters."

Senator Mark Pryor, Alliance Chairman,
November 17, 2006



1E

3M Company

Acuity Brands-Lighting Group
Advanced Micro Devices, Inc.
 Advanced Power Control, Inc.
 The Air-Conditioning and Refrigeration Institute
 American Chemistry Council
 American Council On Renewable Energy
 American Institute of Architects
 American Gas Association
 American Lighting Association
 American Public Power Association
Andersen Corporation
 Armstrong International, Inc.
 ARUP

The Dow Chemical Company

Duke Energy
 DuPont
 Edison Electric Institute
 Electric Power Research Institute
 Encelium Technologies, Inc.
 EPS Capital Corporation
Exelon Corporation
 Extruded Polystyrene Foam Association
ExxonMobil
Florida Power & Light
 GasNetworks®
 Greenbiz.com
 GridPoint
 Guardian Industries Corporation
 Hannon Armstrong

New York State Energy Research and Development Authority

Niagara Conservation
NORESO
North American Insulation Manufacturers Association
 Oak Ridge National Laboratory
 Optimum Energy
 Orion Energy Systems
OSRAM SYLVANIA
 Owens Corning
Pacific Gas and Electric Company
Panasonic
 Perseus, LLC
Philips Lighting Company
 Polyisocyanurate Insulation Manufacturers Association

ALLIANCE ASSOCIATES

Association of Energy Engineers®
 Association of Home Appliance Manufacturers
 Association of State Energy Research & Technology Transfer Institutions
Bank of America
 Barnstable County/Cape Light Compact
BC Hydro
 The Berkshire Gas Company
Bonneville Power Administration
BP America, Inc.
 Brookhaven National Laboratory
 California Climate Action Registry
 California Energy Commission
 Calmac Manufacturing Corporation
 Canadian Energy Efficiency Alliance
 Cardinal Glass Industries
 Carnegie Mellon University
 CertainTeed Corporation
City of Austin/Austin Energy
 ClimateMaster
 CMC Energy Services, Inc.
 Con Edison Solutions
 Consumer Electronics Association
 Copper Development Association
Conservation Services Group
 Constellation Energy
 CREE
 Current Energy LP
 DegreeC
Dell Inc.
 DFW International Airport

Hearth, Patio & Barbecue Association
The Home Depot
 Honeywell International
IBM
 ICF International
 International Copper Association
 Johanette Wallerstein Institute
Johns Manville
 Johnson Controls
 Jupiter Oxygen Corporation
 Kentucky Office of Energy Policy
 KeySpan Energy
 Kimberly-Clark Corporation
 Knauf Insulation
 The Large Public Power Council
 Lawrence Berkeley National Laboratory
 Lockheed Martin
 Maryland Energy Administration
 Michelin North America, Inc.
 MicroPlanet, Ltd.
 Midwest Energy Efficiency Alliance
 National Association of State Energy Officials
 National Electrical Manufacturers Association
 National Grid USA
 National Insulation Association
 National Renewable Energy Laboratory
 National Roofing Contractors Association
 National Rural Electric Cooperative Association

Procter & Gamble/Tide
 Rhodia
 Rinnai Tankless Water Heater Corporation
 Sacramento Municipal Utility District
 Sandia National Laboratory
 San Diego Regional Energy Office
Sempra Energy
 Sensor Switch, Inc.
 Shelton Group
Siemens Building Technologies, Inc.
 Southeast Energy Efficiency Alliance
Southern California Edison
Southern Company
 Spirax Sarco
 Tennessee Valley Authority
 Texas A&M University - Energy Systems Laboratory
 Texas State Energy Conservation Office
Trane
 The Trust Fund for Electric Energy Savings (FIDE)
 University of Illinois - Energy Resources Center
 U.S. Green Building Council
 Verdiem
Wal-Mart Stores, Inc.
Washington Gas
Whirlpool Corporation
White and Case, LLP

As of June 4, 2007
 Names in green denote Founder level Associates

2006 RESTRICTED CONTRIBUTIONS

\$500,000 or greater

U.S. Agency for International
Development
U.S. Department of Energy

California Public Utilities
Commission (CPUC)
The Dow Chemical Company

\$100,000 - \$499,999

American Gas Association
American Petroleum Institute
Building Media, Inc
Emfuleni Municipality
Lawrence Berkeley National
Laboratory
North American Insulation
Manufacturers Association

Pacific Northwest National
Laboratory
Renewable Energy and Energy
Efficiency Partnership
The Energy Foundation
U.S. Environmental Protection
Agency
Wendel Energy Services

CONTRIBUTIONS

\$50,001 - \$99,999

American Council on
Renewable Energy
City of Mogale

Coca Cola Company
Mega-Tech, Inc.

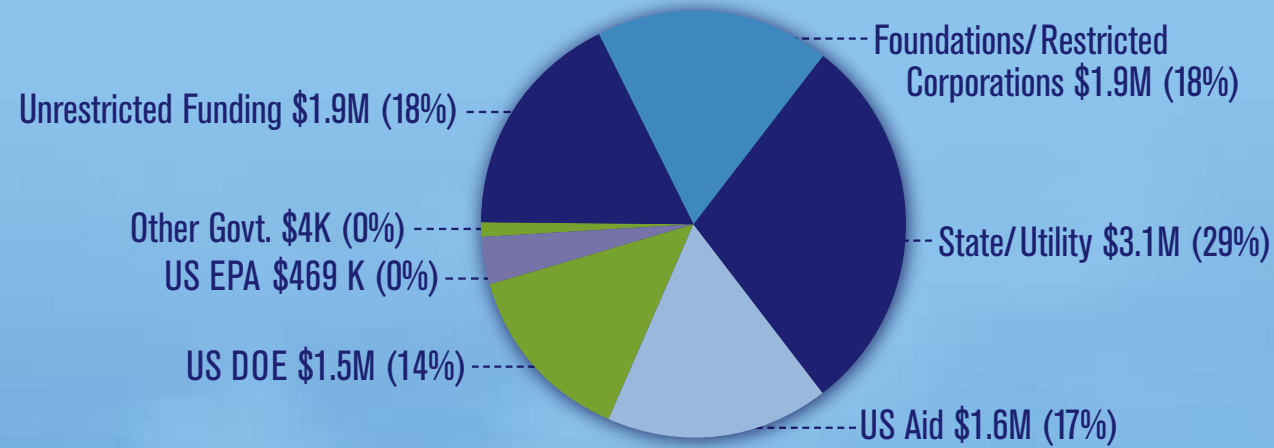
0 - \$50,000

Advanced Micro Devices
Air Barrier Association of America
Alaska Energy Authority
American Chemistry Council
American Council for an
Energy-Efficient Economy
Asia-Pacific Economic
Cooperation
Cardinal Glass
Chemonics International
CMC Energy Services
Constellation Energy
Duke Energy
Ecofys
Edison Electric Institute
Educational Foundation
of America
Hearth, Patio & Barbecue
Association
Honeywell
Howard County, Maryland Schools
ICF International
IRG Ltd.
Keyspan
Junta Municipal de Agua y
Saneamiento
Inter-American Development Bank
Interstate Natural Gas Association
of America

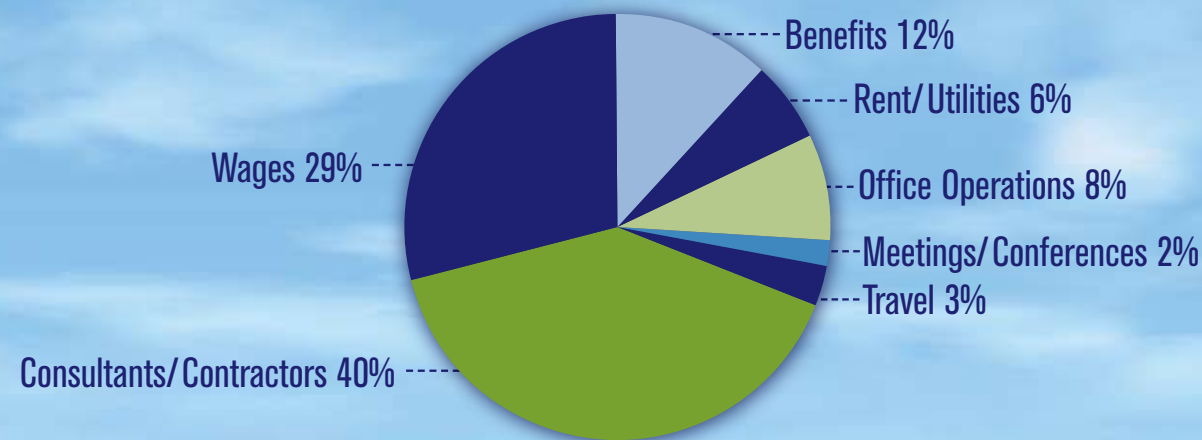
National Association of Regulatory
Utility Commissioners
National Fenestration Rating
Council
New Jersey Natural Gas Company
New York State Research and
Development Authority
OSRAM SYLVANIA
Pacific Gas & Electric Company
Pactiv Corporation
Polyisocyanurate Insulation
Manufacturers Association
San Diego Regional Energy Office
Sistemas Intermunicipales de
Aguas y Saneamiento
South Carolina Energy Office
State of Colorado
State of Idaho
State of Kansas
State of Louisiana
State of Nevada
State of Texas
The British Embassy
Unilever
United Nation Development
Program
University of Illinois
UT - Battelle



2006 TOTAL REVENUE 10.6M



2006 TOTAL EXPENSES 10.6M



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
ALLIANCE TO SAVE ENERGY,
WASHINGTON, DC

We have audited the accompanying balance sheet of the Alliance to Save Energy (the Alliance) as of December 31, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Alliance's 2005 financial statements and in our report dated March 17, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued

FINANCIAL OVERVIEW

by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of the Alliance to Save Energy as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated April 17, 2007, on our consideration of the Alliance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

McGladrey & Pullen, LLP

McGladrey & Pullen
Certified Public Accountants

Alexandria, Virginia, April 17, 2007

BALANCE SHEETDecember 31, 2006 *With Comparative Totals For 2005*

| ASSETS | 2006 | 2005 |
|------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 747,043 | \$ 1,041,058 |
| Investments | 405,126 | 677,962 |
| Grants Receivable, net | 1,990,492 | 2,402,991 |
| Other Receivables | 139,172 | 55,312 |
| Prepaid Expenses and Deposit | 2,325 | 35,030 |
| Property and Equipment, net | 1,038,606 | 186,225 |
| | \$ 4,322,764 | \$ 4,398,578 |

LIABILITIES AND NET ASSETS

| | | |
|--------------------------|---------------------|---------------------|
| Liabilities | | |
| Accounts payable | \$ 590,863 | \$ 946,845 |
| Accrued expenses | 276,836 | 232,176 |
| Refundable advances | 407,265 | 913,424 |
| Capital lease obligation | 14,129 | 23,845 |
| Deferred rent | 696,854 | 19,309 |
| | \$ 1,985,947 | \$ 2,135,599 |

Commitments and Contingencies

| | | |
|---------------------------|---------------------|---------------------|
| Net Assets - Unrestricted | 2,336,817 | 2,262,979 |
| | \$ 4,322,764 | \$ 4,398,578 |

STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2006*With Comparative Totals For 2005*

| | PROGRAM SERVICES | | | Total Program Services | General and Administrative | Fundraising | 2006 Total | 2005 Total |
|---|---------------------|-------------------|---------------------|------------------------|----------------------------|-------------------|----------------------|---------------------|
| | Demonstration | Policy | Communications | | | | | |
| Salaries | \$ 1,595,227 | \$ 168,200 | \$ 179,091 | \$ 1,942,518 | \$ 1,106,102 | \$ 67,289 | \$ 3,115,909 | \$ 3,180,599 |
| Employee benefits and payroll taxes | 633,213 | 71,942 | 76,615 | 781,770 | 464,809 | 28,688 | 1,275,267 | 1,352,515 |
| Professional fees and contract services | 2,256,817 | 12,680 | 1,490,956 | 3,760,453 | 327,827 | 8,138 | 4,096,418 | 3,109,345 |
| Occupancy and utilities | 32,218 | - | - | 32,218 | 527,113 | - | 559,331 | 368,683 |
| Supplies and miscellaneous | 112,461 | 2,766 | 22,048 | 137,275 | 227,015 | 10,265 | 374,555 | 418,915 |
| Travel | 247,221 | 7,847 | 16,981 | 272,049 | 73,776 | 13,161 | 358,986 | 509,818 |
| Meetings and conferences | 103,326 | 2,891 | 1,004 | 107,221 | 30,470 | 121,101 | 258,792 | 243,933 |
| Telephone | 52,416 | 23,203 | 2,413 | 78,032 | 104,106 | 5,375 | 187,513 | 177,146 |
| Printing and publication | 30,451 | 1,546 | 38,023 | 70,020 | 41,410 | 11,238 | 122,668 | 109,656 |
| Depreciation | - | - | - | - | 119,882 | - | 119,882 | 99,312 |
| Periodicals, dues, and subscriptions | 5,270 | 4,104 | 8,335 | 17,709 | 33,666 | 72 | 51,447 | 34,740 |
| Postage and shipping | 15,376 | 205 | 8,368 | 23,949 | 11,727 | 2,442 | 38,118 | 50,548 |
| Repairs and maintenance | - | - | - | - | 15,543 | - | 15,543 | 35,073 |
| Bad debt expense | - | - | - | - | 15,556 | - | 15,556 | 209,500 |
| Total direct costs | 5,083,996 | 295,384 | 1,843,834 | 7,223,214 | 3,099,002 | 267,769 | 10,589,985 | 9,899,783 |
| Indirect allocation | 2,064,936 | 352,351 | 343,659 | 2,760,946 | (2,892,474) | 131,528 | - | - |
| Total expenses | \$ 7,148,932 | \$ 647,735 | \$ 2,187,493 | \$ 9,984,160 | \$ 206,528 | \$ 399,297 | \$ 10,589,985 | \$ 9,899,783 |

STATEMENT OF ACTIVITIESYear Ended December 31, 2006 *With Comparative Totals For 2005*

| REVENUE AND SUPPORT | 2006 | 2005 |
|---|----------------------|------------------|
| Grants | | |
| Corporations and foundations | \$ 5,017,443 | \$ 4,355,409 |
| Government | 3,719,595 | 3,941,958 |
| Membership contributions | 1,002,250 | 998,500 |
| Special events, net of cost of direct benefit to donors | 673,047 | 523,571 |
| Donated services | 217,583 | 119,385 |
| Administrative and advisory fees | 5,521 | 3,015 |
| Other income | 28,384 | 36,468 |
| Total revenue and support | \$ 10,663,823 | 9,978,306 |

EXPENSES:

| | | |
|----------------------------|-------------------|------------------|
| Program services | \$ 7,223,214 | 6,641,819 |
| General and administrative | 3,099,002 | 2,979,742 |
| Fundraising | 267,769 | 278,222 |
| Total expenses | 10,589,985 | 9,899,783 |

| | | |
|-----------------------------|---------------|---------------|
| Change in net assets | 73,838 | 78,523 |
|-----------------------------|---------------|---------------|

NET ASSETS:

| | | |
|-----------|---------------------|---------------------|
| Beginning | 2,262,979 | 2,184,456 |
| Ending | \$ 2,336,817 | \$ 2,262,979 |

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

With Comparative Totals For 2005

| | 2006 | 2005 |
|---|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 73,838 | \$ 78,523 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| → Depreciation | 119,882 | 99,312 |
| → Bad debt expense | 15,556 | 209,500 |
| → Unrealized loss on investments | 16,093 | 664 |
| → Loss on disposal of property and equipment | 30,305 | - |
| → Deferred rent | 11,730 | (38,616) |
| → Changes in assets and liabilities: | | |
| → (Increase) decrease in: | | |
| → Grants receivable | 396,943 | (689,902) |
| → Other receivables | (83,860) | (1,275) |
| → Prepaid expenses and deposit | 32,705 | 17,187 |
| → Increase (decrease) in: | | |
| → Accounts payable | (355,982) | 458,134 |
| → Accrued expenses | 44,660 | (81,814) |
| → Refundable advances | (506,159) | 172,606 |
| Net cash (used in) provided by operating activities | (\$ 204,289) | \$ 224,319 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|-----------------|-------------|
| → Purchases of property and equipment | (336,753) | \$ (25,226) |
| → Purchases of investments | (33,783) | (31,711) |
| → Proceeds from sale of investments | 290,526 | 57,000 |
| Net cash (used in) provided by investing activities | (80,010) | 63 |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|----------------|----------------|
| → Principal payments on capital lease obligation | (9,716) | (6,607) |
| Net cash (used in) financing activities | (9,716) | (6,607) |

| | | |
|---|------------------|----------------|
| Net (decrease) increase in cash and cash equivalents | (294,015) | 217,775 |
|---|------------------|----------------|

CASH AND CASH EQUIVALENTS

| | | |
|-----------|-------------------|---------------------|
| Beginning | 1,041,058 | 823,283 |
| Ending | \$ 747,043 | \$ 1,041,058 |

Supplemental Schedule of Noncash Investing Activities. Equipment acquired as a part of leasehold improvements

| | |
|------------|------|
| \$ 665,815 | \$ - |
|------------|------|

Auditors notes to Financial Statements available upon request.



KATERI CALLAHAN, PRESIDENT, ALLIANCE TO SAVE ENERGY



THREE DECADES OF EXCELLENCE

2007 IS A YEAR FOR CELEBRATION AND A RENEWED COMMITMENT TO ENERGY EFFICIENCY AS THE ALLIANCE TO SAVE ENERGY MARKS ITS 30TH ANNIVERSARY.

When I look back at the history and founding of the Alliance, I see many parallels between the political and social climate of the late 1970s and the current state of energy efficiency.

When the Alliance was created in 1977, energy conservation and increased efficiency were firmly entrenched in the American consciousness and a significant priority on the national agenda. Price shocks caused by the Arab oil embargo led to the formation of many ambitious and innovative initiatives and programs including the Department of Energy, Corporate Average Fuel Economy standards and our country's first real attempt at comprehensive national energy legislation.

LETTER FROM THE PRESIDENT

Since that time, the Alliance has successfully advocated for strong energy-efficiency provisions in two comprehensive federal energy bills, executed multiple national consumer education and outreach campaigns, founded educational training and curricula programs on both the secondary and collegiate levels, worked internationally in over 30 developing and transitional countries, and built on its reputation as a bipartisan organization bringing together diverse public and private interests in a unified effort to promote cost-effective energy practices.

As a hallmark of the Alliance's success, energy efficiency and conservation measures implemented over the last 30 years we are now displacing the need for approximately 43 Quads of energy each year (equivalent to roughly 40% of today's energy use). Thus, energy efficiency is contributing more than coal, nuclear, and oil to meeting our country's energy needs.

2006 witnessed an increased sense of urgency in the collective, national effort to reduce energy use in light of an increased focus on global climate change. Government, industry, consumers and advocates all are keenly aware of the imperative need to develop commercially and politically viable solutions to the energy challenges of the future.

As we celebrate our 30th Anniversary in 2007, our primary goal to promote energy efficiency for a healthier economy, a cleaner environment, and greater energy security remains unchanged. And, we are entering a political and business climate that will support using energy efficiency in the next three decades as our most important energy resource.

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THE ALLIANCE TO SAVE ENERGY
PROMOTES ENERGY EFFICIENCY
WORLDWIDE TO ACHIEVE
A HEALTHIER ECONOMY, A
CLEANER ENVIRONMENT, AND
GREATER ENERGY SECURITY.

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THE ALLIANCE TO SAVE ENERGY STRIVES TO BE THE WORLD'S PREMIER ORGANIZATION PROMOTING ENERGY EFFICIENCY TO ACHIEVE A HEALTHIER ECONOMY, A CLEANER ENVIRONMENT, AND GREATER ENERGY SECURITY. TO ACHIEVE THIS GOAL, **THE ALLIANCE TO SAVE ENERGY:**

LEADS worldwide energy-efficiency initiatives in research, policy advocacy, education, technology deployment, and communications that impact all sectors of the economy;

PROVIDES vision and activism through its board of directors, which includes leaders from business, government, the public interest sector, and academia;

INITIATES and participates in public-private partnerships, collaborative efforts, and strategic alliances to optimize resources and expand its sphere of influence; and

EXECUTES its mission through a team of recognized energy-efficiency experts and professionals.



ALLIANCE TO
SAVE ENERGY
Creating an Energy-Efficient World

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