



**Biennial Report
2005-2006**

Doing **D**evelopment **D**ifferently

3



PSI's Measurable Health Impact

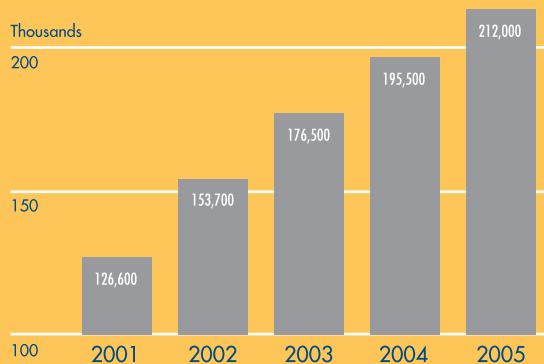
PSI is unusually focused on the bottom-line impact of its activities. Its philosophy is that although how interventions are done matters, the positive impact they have on the lives of the poor and the vulnerable is more important still. As a result, all interventions are measured and reported — often by a variety of means. At a global level for internal use, PSI measures the number of Disability Adjusted Life Years (DALYs) gained across interventions. DALYs

are an internationally accepted measure of health impact and allow disparate interventions to be measured against each other. At the same time, each intervention is assessed independently to estimate how many lives have been saved or improved. These graphs provide a few examples of PSI's estimated health impact over the last five years.

For more information on PSI's health impact: www.psi.org/health-impact

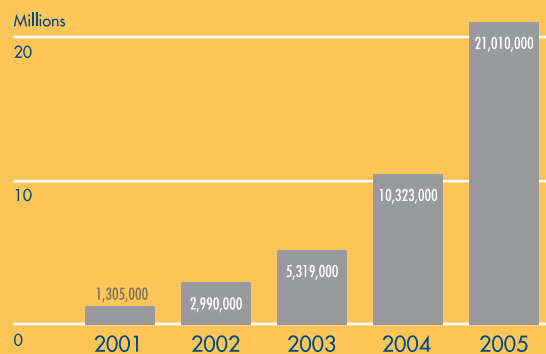
HIV

HIV Infections Averted



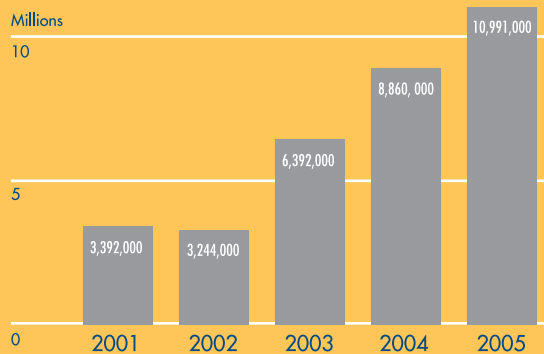
Malaria

Malaria Episodes Averted



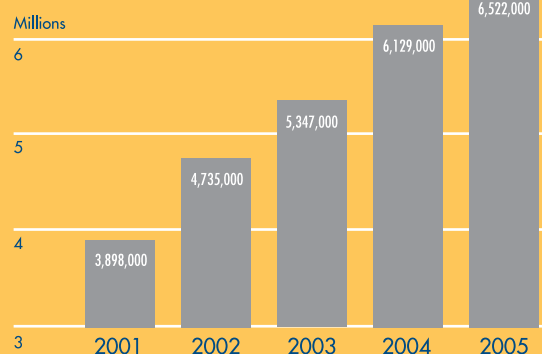
Child Survival

Diarrhea Episodes Averted



Reproductive Health

Unintended Pregnancies Averted



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NOTE: Starting on the next page, we present an image from every country where PSI serves, from Angola to Zimbabwe. All of these photos come from PSI or PSI-affiliated programs. They show the faces of our staff or the people we are reaching with health products, services and behavior change messages.



Nigeria



Democratic Republic of Congo



Dominican Republic



Thailand



Uganda

Doing Development Differently: D³



As the cover of this report indicates, PSI does development differently. A key element of this is using commercial markets to help low-income and vulnerable people meet their health needs.

Has It Worked?

In 2005, PSI, in more than 60 countries with more than 7,000 employees, prevented an estimated:

- 212,000 HIV infections
- 6.5 million unintended pregnancies
- 117,000 child deaths from malaria and diarrhea
- 21 million malaria episodes

And we gave many more low-income people the opportunity to avoid death and disability from other common diseases.

How Does PSI Do Development?

• PSI catalyzes the marketplace to help poor people meet their health needs. We provide health products and services by making them widely available through a variety of private sector outlets, packaging them attractively, making them affordable through a subsidy and promoting them through communication, education and advertising. We raise consumer awareness and demand for products and services where little or no market existed previously. Most poor people cannot afford commercially-priced health products but the private sector can play an important role in meeting their health needs, and PSI mobilizes market forces to that end.

• We train employees of the companies and organizations with whom we partner, enhancing capacities and helping them develop new health technologies, such as insecticide-treated nets and household water treatment. We franchise health providers and train them to perform better and provide additional services.

• We support national health programs of the countries in which we work, follow the policies and regulations of their governments and interact regularly with them. Increasingly, we sell health products and services, particularly insecticide-treated nets, through public health clinics as this can help us reach lower-income and rural people who do not have access to private sector outlets.

• PSI has a distinct bias toward action. We do our homework in the form of consumer

Members of PSI's Board of Directors, left to right: Malcolm Potts, Frank Carlucci, William Harrop, John Pepper, Frank Loy (chair), Gail Harmon, Sarah Epstein, M. Peter McPherson and Richard Frank.



ANGOLA



BELIZE



BENIN



BOLIVIA



BOTSWANA

research and then we act. Our research is a prelude to action, not an alternative to action.

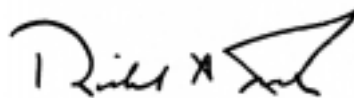
- We measure incessantly. Our measurement models, designed by health experts, are among the best available, and we work constantly to refine and improve them. They help us answer the important questions: what measurable impact was a direct result of PSI's work, what is our efficiency, what is our rate of improvement and which interventions have the greatest health impact? Recent efforts by others to judge the cost-effectiveness of health interventions show clearly that PSI's health interventions are among the most cost-effective in the world.
- Efficiency is another element of doing development differently. More than 93 cents of every dollar of PSI revenue goes directly to programs. Efficiency also means we focus on what can be replicated at significant scale, thereby reaching the largest numbers of people possible at the lowest cost.
- PSI gives its overseas staff a great deal of latitude. That attracts and retains the best talent available. These managers know that good intentions alone do not translate into results. Their job satisfaction comes from knowing that PSI's products, services and communication campaigns have significant results. For example, the insecticide-treated nets we market actually reach poor children and pregnant women and protect them from malaria.
- We pride ourselves on innovating and experimenting, yet these innovations must

eventually deliver tangible results. Two examples of that innovation are that we now market more insecticide-treated nets than any organization and are a global leader in household water treatment.

- PSI benefits from a variety of strategic partnerships (described in more detail on Page 12). For example, we have joined forces with Procter & Gamble to distribute one of its health products, PUR Purifier of Water. Another example is our YouthAIDS program that not only stimulates charitable contributions to support HIV prevention, but also attracts celebrities, most notably our YouthAIDS Global Ambassador Ashley Judd, who has promoted good health and HIV/AIDS awareness on visits to PSI programs in Cambodia, Central America, Kenya, Madagascar, South Africa and Thailand.

D³ Works for Us

We do not claim that our approach is the only or best way to do development, or that every organization should do it. But we have found that it has worked for us in virtually every country where we have tried it. Whether we are preventing malaria, HIV, unintended pregnancy, diarrhea or anemia, our private sector approach allows us to serve the health needs of low-income and vulnerable people effectively, efficiently and successfully.



Richard A. Frank
President



Photo by Tom Williams

PSI Board Member Ashley Judd and Dr. Anthony Fauci both testified on HIV/AIDS issues before the Senate Foreign Relations Committee in 2005.



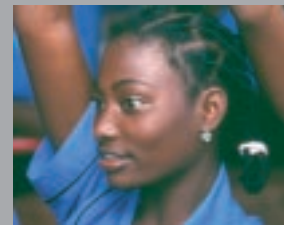
BURKINA FASO



BURUNDI



CAMBODIA



CAMEROON



CENTRAL AFRICAN REPUBLIC



CHINA



COSTA RICA



CÔTE D'IVOIRE



DEM. REP. OF CONGO



DOMINICAN REPUBLIC

Malaria

Between 350 and 500 million episodes of malaria occur each year, resulting in between one and two million deaths. Most deaths occur among rural African children under five who do not sleep under insecticide-treated nets (ITNs) and whose parents can't obtain treatment in a timely manner.

In addition to distributing ITNs to *prevent* the illness, which accounts for the majority of the 21 million malaria episodes that PSI estimates its programs averted in 2005, PSI also makes accessible effective products that *treat* the most vulnerable. PSI is scaling up its malaria treatment efforts in 2006 and 2007 and expects an increasing amount of its malaria health impact to come from the treatment side. However, several issues must be dealt with in order to ensure that the most vulnerable have access to effective treatment:

- Typically, most people obtain treatment outside the public health sector, such as pharmacies and drug stores. Therefore, in order for home-based management of malaria — recommended by the World Health Organization — to be successful, treatment must also be made available through the commercial sector.
- The treatment itself must be upgraded from less effective monotherapies, such as chloroquine, to the more effective artemisinin-based combination therapy (ACT).
- And, since ACTs are about 10 times more expensive than the monotherapies they replace, a heavy subsidy is essential.

PSI is addressing each of these issues in Africa by developing multi-dose, pre-packaged ACT products for children under five to be

delivered at heavily subsidized prices through the commercial sector. In Asia, doses for older children and adults are also subsidized as they too are at risk of malaria death. Product packaging in both markets is developed in local languages and includes low-literacy instructions. Private sector drug providers are trained using locally developed curricula adapted from national malaria guidelines. Product delivery is supported by intensive behavior change campaigns to improve treatment-seeking behavior (e.g. symptom recognition and prompt response) and adherence to the treatment regimen.

In 2005, PSI distributed over 3.6 million malaria treatments in Africa and Asia and is rapidly expanding home-based malaria management programs in Africa in 2006 and 2007.

On the prevention side, PSI works in partnership with ministries of health, Roll Back Malaria partners and donors. In 2005, PSI delivered over 8.4 million ITNs, most of which were long-lasting nets like PermaNet in Nigeria (photo, left). These nets, which have been shown to reduce mortality by 18% in children under five years, were delivered through public sector clinics, commercial outlets and other appropriate channels. In particular, PSI's ITN programs in Malawi and Kenya will ensure that those governments achieve the Abuja ITN coverage target by 2010. In addition, PSI delivered 10.5 million net retreatment kits in 2005 to ensure that non-permanently treated nets already in use remain effective.

PSI's 2005 Estimated Health Impact

84,000
Child Deaths Averted

For more information
on Malaria:
www.psi.org/malaria



EL SALVADOR



ETHIOPIA



GHANA



GUATEMALA



GUINEA



HAITI

Photo by Greg Alpbou, P&G



HONDURAS



INDIA



KAZAKHSTAN



KENYA

Reproductive Health

Every year, there are 66 million unintended pregnancies and more than 500,000 women die from pregnancy-related causes. Almost all of these deaths take place in developing countries, where the lifetime risk of pregnancy-related death averages one in every 65 women. PSI's reproductive health programs focus on improving the lives of families in the developing world through family planning and maternal health products and services.

Family Planning

Healthy timing and spacing of pregnancies is recognized as a significant health-improving and life-saving measure for mothers and children. PSI's programs in reproductive health increase knowledge of birth spacing and access to a range of affordable, quality reproductive health products and services, including natural methods.

In the coming decade, rising demand for contraceptives is expected to surpass donor funding. Contraceptive social marketing represents one promising and cost-effective approach that can help fill this gap, acting as a bridge between free or highly subsidized public sector programs and commercial approaches. Products and services are sold rather than given away. When those who are able move away from public sector subsidies by assuming a small share of the cost, limited public sector funds can be channeled to help individuals with other needs.

PSI is maximizing scarce family planning resources through greater integration of family planning with other health programs, such as HIV prevention or voluntary HIV counseling and testing. In addition to increasing cost-effectiveness, this allows PSI to reach audiences that might otherwise be overlooked by traditional family planning programs, such as

men and young adults. Combining information and services is also more convenient to clients, reducing the need for visits to other health offices. For example, PSI/Myanmar's Sun Quality Health Clinics offer both family planning and HIV/AIDS services.

Since the launch of male condoms in Kenya in 1972, PSI's family planning portfolio has grown to include a range of oral and injectable contraceptives, IUDs, emergency contraceptives, vasectomy and natural family planning methods such as the Standard Days Method using CycleBeads. In 2005, PSI programs provided 11.4 million couple years of protection against pregnancy, averting an estimated 6.5 million unintended pregnancies and 12,000 maternal deaths.

Maternal Health

PSI also offers products to address specific aspects of maternal health. The WHO estimates that 43% of all women of reproductive age living in developing countries suffer from iron deficiency, so PSI markets multivitamins with iron and folic acid to women of reproductive age in the Dominican Republic, India, Pakistan, Paraguay, Togo and Zambia.

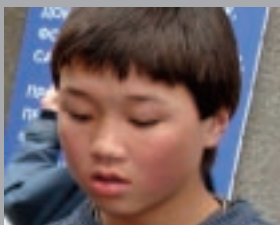
A significant portion of the four million worldwide neonatal deaths are caused by sepsis acquired during childbirth. In countries with the majority of births happening in homes, clean delivery kits provide a sterile razor to cut the umbilicus and a clean clamp or cord tie which prevent tetanus-causing spores and other infections. Additional contents include a clean plastic sheet, sterile gloves, soap and pictorial instructions on infection prevention.

PSI's 2005 Estimated Health Impact

6,500,000

*Unintended
Pregnancies Averted*

For more information on
Reproductive Health:
www.psi.org/reproductive-health



KYRGYZSTAN



LAOS



LESOTHO



MADAGASCAR



MALAWI



MALI



MEXICO



MOZAMBIQUE



MYANMAR



NAMIBIA

Child Survival

In the developing world, dehydration caused by diarrhea kills roughly 1.8 million children every year. Rampant micronutrient deficiencies among infants and young children can cause irreversible cognitive and physical impairment. And soil-transmitted parasitic worms cause wasting and other conditions. PSI's child survival programs offer knowledge and products that save lives and improve the health of children.

Safe Water Preventing Diarrhea through Household Water Treatment

Despite the billions of dollars spent on infrastructure each year, more than one billion people still lack access to clean water. PSI addresses this problem with three innovative, practical and cost-efficient water quality interventions: safe water solution, PUR and water treatment tablets.

Safe Water Solution: A dilute chlorine solution developed by the U.S. Centers for Disease Control and Prevention, safe water solution provides clean drinking water for a family of six for a penny or less per day. The product is manufactured entirely in the country where it is distributed. PSI conducts communication campaigns to encourage proper water treatment, storage and hygiene.

PUR Purifier of Water: Developed by Procter & Gamble, PUR is a powder that purifies water and extracts solid matter including parasites, worms and heavy metals. PUR uses the same technology as a water treatment facility in a developed country, but is individually packaged, allowing the user to treat water easily and affordably in the home. PUR is especially effective in areas where people take their water from surface or muddy sources.

Water Treatment Tablets: This solid form of safe water solution is easy to transport, has a long shelf life and can be sold in small quantities.

As of December 2005, these PSI products had treated over 23 billion liters of household drinking water, averting an estimated 36.2 million cases of diarrhea and more than 100,000 child deaths.

Treating Dehydration Caused by Diarrhea

Oral Rehydration Salts and Zinc Supplements: Since 1985, PSI has treated dehydration through oral rehydration salts (ORS). ORS rapidly restores lost body fluids and electrolytes. In Cambodia in 2006, PSI started marketing zinc supplements, which can reduce the severity and duration of diarrhea.

Child Nutrition

Sprinkles: Sprinkles flakes are mixed into children's porridge or milk to prevent iron deficiency that can lead to impairment of cognitive growth.

De-worming: An estimated 300 million people, 50% of them school-aged children, are severely ill or suffer from micronutrient deficiencies due to worm infections. A single-dose tablet taken twice per year is a highly cost-effective intervention.

PSI's 2005 Estimated Health Impact

11,000,000
Diarrhea Episodes Averted

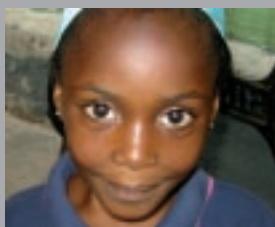
For more information
on Child Survival:
www.psi.org/child-survival



NEPAL



NICARAGUA



NIGERIA



PAKISTAN



PANAMA



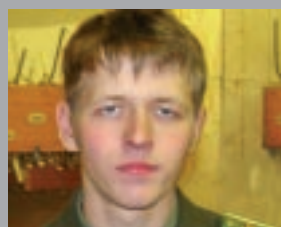
PARAGUAY



REPUBLIC OF CONGO



ROMANIA



RUSSIA



RWANDA

HIV

In 2005, almost five million people were newly-infected with HIV and 3.1 million died from AIDS. PSI's prevention programs in more than 60 countries increase knowledge and self-risk perception while promoting healthy social norms such as respect for women, sexual responsibility and compassion for those living with HIV.

PSI uses balanced strategies that are appropriate for different groups. **Abstinence** and delay of sexual relations are promoted to young people not yet sexually active. PSI programs promote **fidelity** for monogamous couples in which both partners have confirmed their HIV-negative status. **Condoms** are promoted to high-risk groups and members of the general population exhibiting high-risk behavior. **Voluntary HIV counseling and testing** is encouraged for the general population, and sometimes, as with truck drivers in India, for certain high-risk groups.

PSI focuses on changing destructive and unhealthy social norms that encourage transactional and violent sex. Sexual violence and sexual relationships between older men and younger women, dubbed "cross-generational sex," generally are driven by social norms which debase women. The impact of these deeply rooted norms results in HIV infection rates among young women which are up to six times higher than those of their same age male peers, as well as high levels of sexual violence and coercion among of women of all ages. To change these destructive norms, a regional

campaign developed by PSI and running in 17 African countries promotes the concept that "real men" do not coerce women into sex, that real men respect women.

Similarly, throughout Eastern Europe, where injecting drug use is driving the epidemic, PSI has developed social marketing programs that target the social norms that lead youth to experiment with injecting drug use.

Such programs involve traditional tools of marketing, including mass media, interpersonal communication and the use of billboards and printed materials.

Another key aspect of PSI's HIV behavior change programs is how they are targeted at specific audiences. For instance, in concentrated epidemics, where few in the general population are at risk of HIV infection, PSI targets high-risk groups such as commercial sex workers and their clients, injecting drug users and mobile populations. In high-prevalence settings, where everyone is at risk, PSI is likely to focus on both high-risk groups and the general public. Communication channels are carefully selected in order to ensure reception by the particular groups targeted.

PSI's 2005 Estimated Health Impact

212,000
HIV Infections Averted

For more information
on HIV:
www.psi.org/HIV

11



SÃO TOMÉ & PRÍNCIPE



SOUTH AFRICA



SOUTHEASTERN EUROPE



SUDAN



SWAZILAND

Strategic Partnerships

Strategic partnerships play a crucial role in PSI's success worldwide. The type and scope of these partnerships vary greatly — public and private, national and international — and the possibilities are almost endless. Two examples of international partnerships — one with Procter & Gamble, the other through PSI's YouthAIDS cause-related marketing initiative — have added greatly to PSI's impact around the globe.

Procter & Gamble

PSI's partnership with Procter & Gamble joins the respective talents and strengths of the world's largest consumer products company with those of the world's largest social marketing organization to bring PUR Purifier of Water, a life-saving household water treatment product, to lower-income people in the developing world. This is the first time in its corporate history that P&G has permitted an outside entity to handle its brand. The partnership leverages P&G's cutting edge technology with PSI's knowledge of markets in the developing world. P&G provides PUR to PSI at cost, which is then sold by PSI, at the cost of the

product plus various packaging and delivery costs, in six countries (as of July 2006). It is called the "miracle product" because it transforms even the dirtiest water into clear and potable water in just 25 minutes.

But the partnership is about much more than a product:

- Many of P&G's 140,000 employees have learned about PSI through a corporate blog and lent their personal support to PSI for disaster relief after the Asian tsunami and the Pakistan earthquake.
- The alliance has brought John Pepper, the former chairman and CEO of P&G, onto PSI's Board of Directors.
- A group of retired P&G senior officers has spearheaded a fund-raising drive that has provided more than \$600,000 to support PSI's water programs.
- The alliance has attracted support from the United States Agency for International Development, the British Department for International Development and UNICEF.
- Through a cause-related marketing plan, 50 million American households will have the opportunity to buy a PUR water filter at a local retail outlet and, as a result, provide PSI/Kenya the means to give children in Kenya a year's worth of safe drinking water.
- The P&G Fund has supported PSI hygiene education in the Democratic Republic of Congo, Ethiopia, Kenya and Uganda.

The Wall Street Journal and the Associated Press have written about the innovative collaboration. Top business schools like Harvard and INSEAD are writing case studies on it.

In addition to P&G, PSI is proud to be partnering with other leading corporations in HIV/AIDS and malaria prevention including Alcoa, British Petroleum, Coca-Cola, ExxonMobil, Merck and Pfizer.



Photo by Greg Allgood, P&G

Ugandan youth use Procter & Gamble's PUR product to quickly and easily cleanse contaminated water.



TAJIKISTAN



TANZANIA



THAILAND



TOGO



TRINIDAD & TOBAGO/CARIBBEAN

YouthAIDS

YouthAIDS, an education and prevention initiative of PSI, uses media, pop culture, music, theatre and sport to prevent HIV infection among youth by providing a global platform for corporations, the entertainment industry and individuals to contribute to the fight against HIV.

Since the inception of YouthAIDS in 2001, it has forged strategic partnerships with corporations and the media industry that create inspiring and informative vehicles for messages of hope and protection from HIV infection. Consumer activism is a rising trend: according to the 2004 Cone Corporate Citizenship Study, eight out of ten Americans say that corporate support of causes inspires their trust in that company, a 21% increase since 1997, and 86% say they will switch from one brand to another if the other brand is associated with a cause.

YouthAIDS develops cause-related marketing campaigns, proprietary program initiatives and event sponsorships to raise awareness and critical funding for PSI programs targeting youth. The benefits of these strategic partnerships for the corporations include access to target markets such as women and youth ages 15-24, improved brand recognition and public image, celebrity endorsements and enhanced employee satisfaction. Successful cause-related marketing campaigns have been developed with corporations including Roberto Coin, Kiehl's Since 1851, Levis, Anthropologie and the ALDO Group Inc.

In 2005, YouthAIDS achieved massive success with global fashion footwear and accessories brand ALDO. "Hear No Evil, See No Evil, Speak No Evil" was a global cause marketing campaign seen by millions in major markets including Johannesburg, London, Los Angeles, Montreal, New York, San Francisco, Singapore, Sydney and Toronto.

The campaign, to which Hollywood elite and the music industry's leading talent donated their time, sought to educate and empower young people regarding HIV. The centerpiece of the campaign was a series of

black-and-white images shot by world-renowned photographer Peter Lindbergh that portrayed the celebrities and "Empowerment Tags" in unexpected and provocative ways.

The Empowerment Tags were engraved with "Hear," "See" or "Speak" on one tag, and the AIDS ribbon on the other. The tags were sold at ALDO stores and on www.youthaids-aldos.org with 100% of the net proceeds benefiting YouthAIDS. The result: over \$1,000,000 raised and over one billion media impressions.

Following on that success, ALDO and YouthAIDS collaborated again in 2006. Within the first two months, over \$800,000 had been raised and millions of media impressions reported.

In addition to corporate marketing, YouthAIDS rallies support from leading celebrities to participate in their mission. Actress and PSI Board Member Ashley Judd serves as the YouthAIDS Global Ambassador, promoting PSI's youth-targeted HIV programs through media interviews, appearances, fundraising and celebrity endorsements. She was joined by other YouthAIDS celebrity supporters such as Wynonna Judd, Josh Lucas, Emmy Rossum, Juanes, Avril Lavigne, Christina Aguilera, Cindy Crawford and Salma Hayek (above, in a poster from the ALDO campaign).



For more information
on YouthAIDS:
www.youthaids.org



UGANDA



UZBEKISTAN



VIETNAM



ZAMBIA



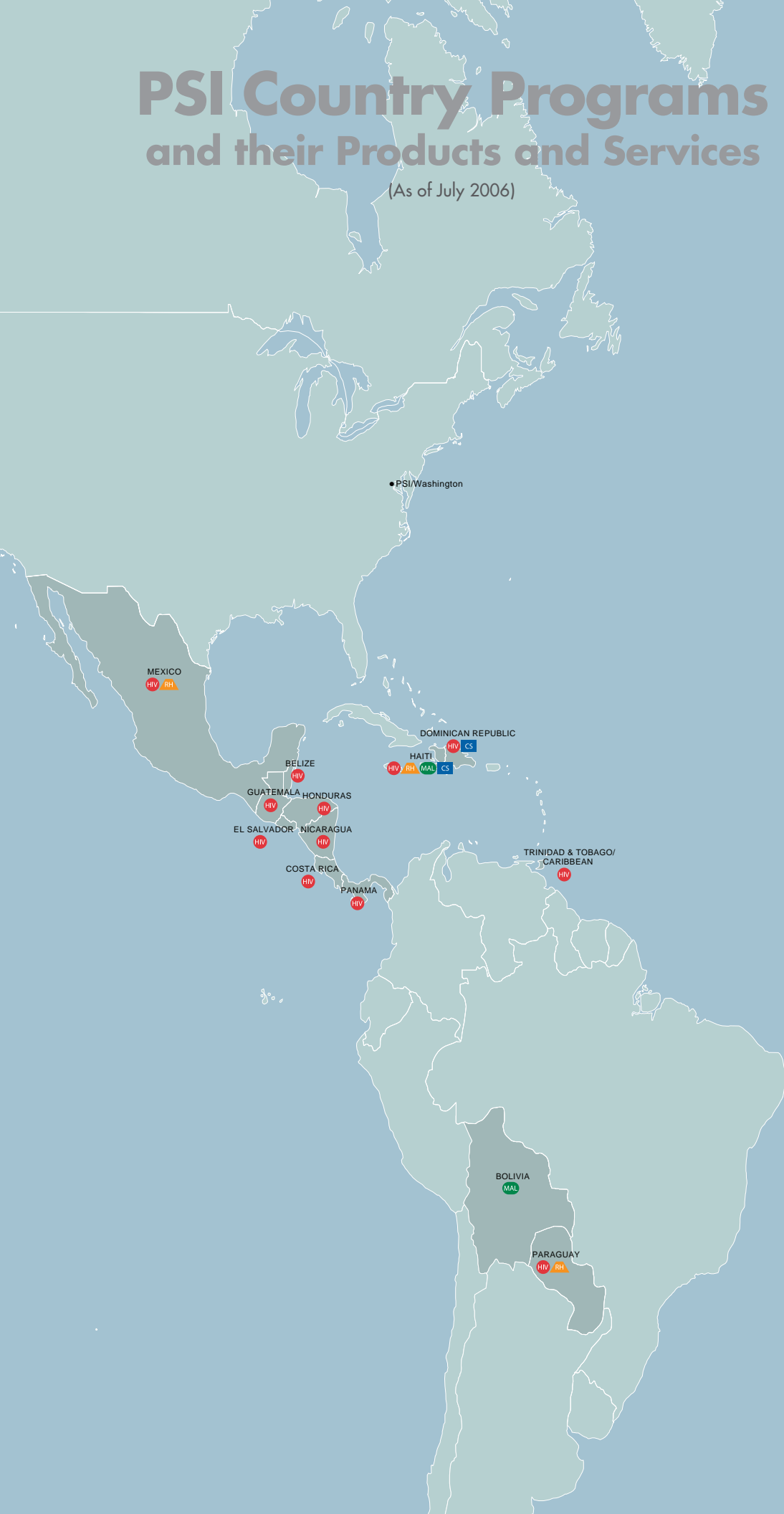
ZIMBABWE

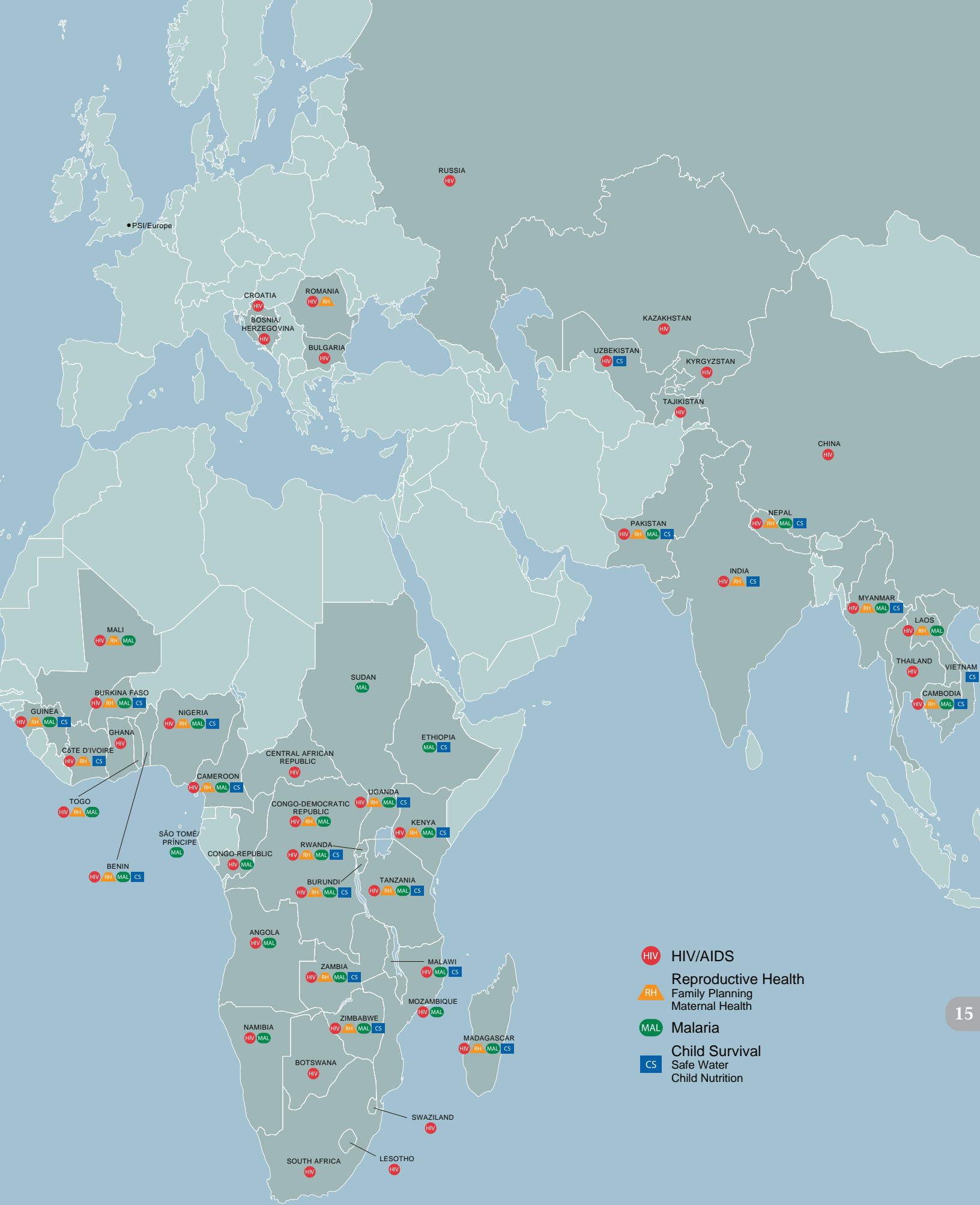
PSI Country Programs and their Products and Services

(As of July 2006)

PSI Countries

Angola	HIV MAL
Belize	HIV
Benin	HIV RH MAL CS
Bolivia	MAL
Bosnia/Herzegovina	HIV
Botswana	HIV
Bulgaria	HIV
Burkina Faso	HIV RH MAL CS
Burundi	HIV RH MAL CS
Cambodia	HIV RH MAL CS
Cameroon	HIV RH MAL CS
Central African Republic	HIV
China	HIV
Congo-Democratic Republic	HIV RH MAL
Congo-Republic	HIV MAL
Costa Rica	HIV
Côte d'Ivoire	HIV RH CS
Croatia	HIV
Dominican Republic	HIV CS
El Salvador	HIV
Ethiopia	MAL CS
Ghana	HIV
Guatemala	HIV
Guinea	HIV RH MAL CS
Haiti	HIV RH MAL CS
Honduras	HIV
India	HIV RH CS
Kazakhstan	HIV
Kenya	HIV RH MAL CS
Kyrgyzstan	HIV
Laos	HIV RH MAL
Lesotho	HIV
Madagascar	HIV RH MAL CS
Malawi	HIV MAL CS
Mali	HIV RH MAL
Mexico	HIV RH
Mozambique	HIV MAL
Myanmar	HIV RH MAL CS
Namibia	HIV MAL
Nepal	HIV RH MAL CS
Nicaragua	HIV
Nigeria	HIV RH MAL CS
Pakistan	HIV RH MAL CS
Panama	HIV
Paraguay	HIV RH
Romania	HIV RH
Russia	HIV
Rwanda	HIV RH MAL CS
São Tomé and Príncipe	MAL
South Africa	HIV
Sudan	MAL
Swaziland	HIV
Tajikistan	HIV
Tanzania	HIV RH MAL CS
Thailand	HIV
Togo	HIV RH MAL
Trinidad & Tobago/Caribbean	HIV
Uganda	HIV RH MAL CS
Uzbekistan	HIV CS
Vietnam	CS
Zambia	HIV RH MAL CS
Zimbabwe	HIV RH MAL CS





- HIV/AIDS
- Reproductive Health
- Family Planning
- Maternal Health
- Malaria
- Child Survival
- Safe Water
- Child Nutrition

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Washington, DC

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University of California, Berkeley
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Regional Director, Nigeria

William Warshauer
Executive Vice President, Resources and
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Regional Director, Eastern Europe,
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David Reene
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John Berman
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Françoise Armand
Director

Desmond Chavasse
Director, Malaria Control

Donna Diane
Controller

Chastain Fitzgerald
Director, New Business

Jeff Govert
Director, Information Services
and Facilities

Brad Lucas
Director, New Product Development

David McAfee
Regional Director, Southern Africa

David Negus
Director, Overseas Financial Operations

David J. Olson
Director, Public Affairs

Grace Roache
Director, People

Lisa Simutami
Director, Procurement and Logistics

Barry Whittle
Regional Director, East Africa

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Benin: Brian Dotson

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Manager)

Burundi: Isabelle Walhin

Cambodia: Andrew Boner

Cameroon/Central African Republic:

Theresa Gruber-Tapsoba

Caribbean: Pamela Faura

Central America: Michael Holscher

Central Asia: Marty Bell

China: Grace Hafner

Côte d'Ivoire: Didier Adjoua

Dominican Republic: Elizabeth Beachy

**Democratic Republic of Congo/Republic
of Congo:** Sean Mayberry

Ethiopia: Daniel Crapper

Guinea: Angelika Kobilke

Haiti: Sam Nganga

India: Tim McLellan

Kenya: David Walker

Laos: John Deidrick

Lesotho: Daniella Fanarof

Madagascar: Doug Call

Malawi: John Justino

Mali: Steve Lutterbeck

Mexico: Olivier Le Touzé

Mozambique: Brian Smith

Myanmar: Guy Stallworthy

Namibia: Libet Maloney

Nepal: Steve Honeyman

Nigeria: Bright Ekweremadu

Pakistan: Victor Lara (acting)

RESULTS Initiative: Dhaval Patel

Romania: Clayton Davis

Russia: Anna Fedorova

Rwanda: Staci Leuschner

São Tomé and Príncipe: Brian Wagner

South Africa: Katie Schwarm

Sudan: Alison Malmqvist

Swaziland: Agai Jones

Tanzania: Nils Gade

Thailand: John Hetherington

Togo: Many Andrews

Uganda: Rodio Diallo

Vietnam: Chris Jones

Zambia: Cynde Robinson

Zimbabwe: Michael Chommie

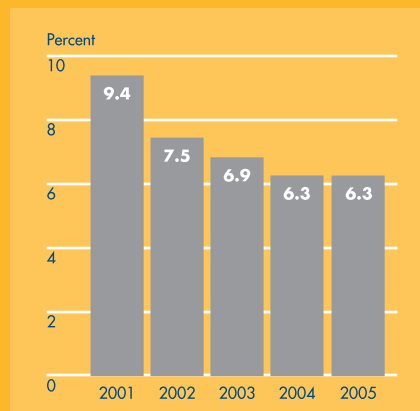
Bolivia: Ramiro Claire

Paraguay: Sonia Marchewka

Financial Report

PSI Administrative Costs As a percent of Revenue

Commodities included



Population Services International Statements of Activities

For the years ended December 31, 2005 and 2004

	2005 Totals	2004 Totals
Revenue, gains and other support:		
Grants, fees, program income and other support from:		
U.S. government	\$122,642,406	126,643,863
Non-U.S. governments	101,184,433	78,291,758
International organizations	35,871,637	21,157,293
Foundations and corporations	12,711,448	8,487,814
Other sources	13,353,581	8,922,972
Contributions	7,715,325	3,166,514
Total grants, fees, program income and other support	<u>293,478,830</u>	<u>246,670,214</u>
Investment and other income	875,168	307,900
Foreign currency translation gains (losses), net	<u>(2,442,010)</u>	<u>1,617,465</u>
Total support, other revenue and gains	<u>291,911,988</u>	<u>248,595,579</u>
Expenses:		
Program services expenses	262,536,329	220,921,656
Management and general expenses	17,241,299	14,740,956
Fundraising expenses	<u>1,138,661</u>	<u>847,585</u>
Total expenses	<u>280,916,289</u>	<u>236,510,197</u>
Change in net assets	10,995,699	12,085,382
Net assets, beginning of year	<u>35,809,569</u>	<u>23,724,187</u>
Net assets, end of year*	<u>\$ 46,805,268</u>	<u>35,809,569</u>

*Note: Approximately fifteen percent of PSI's 2005 net assets are restricted for program activities in future years. Of the remainder, approximately \$35 million is used as working capital, and the balance to launch new initiatives or sustain ongoing programs facing funding gaps.

The figures above have been excerpted from statements and schedules issued by PSI's external auditors. Copies of our audited statements are available upon request, from PSI in Washington, DC.

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