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Values

Walden Asset Management * Investing for Social Change Since 1975

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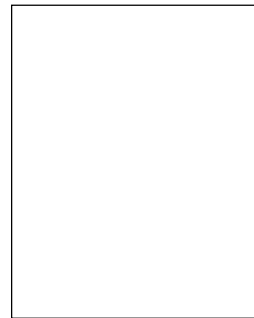
Walden has expanded its Shareholder Advocacy Program in 2001 in a dramatic way. Building on a quarter century tradition of interacting with companies on corporate social responsibility issues, we are working on more issues and with more companies than ever before. Walden filed and co-filed 32 resolutions this year and is the lead proponent involved in dialogue and negotiations with 15 of those companies (see box on page 4).

We see our Shareholder Advocacy Program as a central part of our commitment to our clients and the public, using our voice as investors to urge corporations to act in an environmentally and socially responsible manner. Global corporations are increasingly having a major impact on people's lives around the world. Whether it is their effect on the environment or employment patterns, corporations—individually and jointly—often have more power than many governments. This is not to suggest a conspiracy theory but a simple, sober assessment of new global economic realities. Refusing to recognize and address this reality would be to replicate the behavior of the proverbial ostrich with its head in the sand.

The 32 companies with which Walden has filed resolutions this year include some new companies and new issues for us,

but also companies where we have been knocking at the door for years.

For example, we had been urging **The Home Depot** to make full disclosure of its diversity programs and statistics



Timothy Smith is director of social investing at Walden. Tim is involved in a range of client services and shareholder advocacy work, including company dialogues and shareholder resolutions. Tim joins Walden after serving as the Executive Director of the Interfaith Center on Corporate Responsibility (ICCR) for 24 years. ICCR is comprised of 275 religious institutional investors who have assets of over \$100 billion.

even before the company settled a more than \$100 million gender discrimination suit in 1998. Since then, we have maintained a lead role in a coalition pressing the retailing giant to divulge fully its equal employment opportunity numbers. Just as we go to press, Home Depot has committed to comprehensive

disclosure—testimony to the strength of investor perseverance as well as substantial progress at Home Depot.

Walden continues to challenge several companies to ensure that their merchandise is not made under sweatshop conditions and that they effectively monitor the factories. We have joined 37 other investors in challenging **Wal-Mart** to eliminate sweatshop conditions in factories that produce its products. Although Wal-Mart has recently upgraded its internal monitoring policies and procedures, this past fall a *Business Week* investigation found serious labor abuses, including the beating of workers, at a supplier plant in China. The sweatshop debate has become a front and center public issue. Companies are being pressed by students, universities, consumers, unions, other companies, and shareholders to pay employees a living wage and end abuse in manufacturing facilities. We believe pressure from investors emphasizes to companies the importance of strong human rights protections.

Walden is also becoming more involved in corporate governance issues. Although we have historically had a strict set of corporate governance guidelines for voting company proxies, we have decided to step up our commitment to good governance
(continued on page 4)

About Walden Asset Management

Walden Asset Management is the socially responsive investment division of United States Trust Company of Boston. Walden began offering socially responsive investment services in 1975. We are among the largest and most experienced investment managers specializing in services for individual and institutional investors with social concerns.

For further information, contact Geeta Bhide Aijer at (617) 726-7250.

About This Newsletter

This newsletter is designed to share our thinking about trends and issues in socially responsive investing and to generate dialogue with our readers. We invite you to comment on any article in the newsletter by calling your portfolio manager (617-726-7250) or by writing Jane Chase or Heidi Soumerai, co-editors, at the following address: Walden Asset Management, 40 Court St., Boston, MA 02108. FAX: (617) 227-2690.

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Return to Judgment III

In July 2000, we wrote of the wide valuation disparity that had developed between the high growth technology stocks of the “new economy” and the rest of the market or the “old economy.” Our view was that the 25 to 30 percent growth required to justify the valuations of the large new economy stocks was not realistic in the context of an overall economy growing at a rate of only 6 or 7 percent. We predicted that prices of the large, expensive stocks of the new economy had to fall, perhaps painfully, in an adjustment to more realistic growth expectations. Conversely, we saw opportunity in the broader market where valuations of many companies were modest relative to reasonable estimates of future growth.

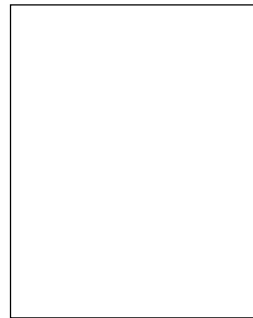
This forecast proved to be right on target in the last four months of 2000. Technology stocks fell by 45 percent while the overall market as measured by the Standard & Poor’s (S&P) 500 index declined by 13 percent. Technology accounted for more than 100 percent of the decline in the overall market. That is, the rest of the market actually increased by about 2 percent in the last four months.

Where does that leave us today? Although we have experienced significant valuation adjustment, there may be more to come, especially as we confront a potential economic recession for the first time in nearly a decade. But while the short run is indeed important, it may be less so than what is likely to happen in the long run.

Back to the Basics of Investing

In the 90s, stock prices ad-

vanced dramatically. For the ten years ending in 1999, the S&P 500 provided an annualized rate of return of 17.5 percent. Stocks were in high demand with many investors buying based on price momentum alone. In the recent case of most dot.com companies, there



Bob Lincoln is a senior portfolio manager and United States Trust Company’s chief strategist. Bob chairs our Investment Policy Committee and manages value, growth and core portfolios.

was little regard for the economic value of stock ownership—making for actions more akin to gambling than to investing.

In contrast, at Walden we have emphasized an approach to security selection that seeks to identify the economic value of a company. Assessed from this perspective, a stock’s value depends on the future cash flows the company can generate for investors.

How Fast Can Profits Grow?

Prices for any stock or for the market overall will depend on the extent to which earnings grow as well as changes in the value investors place on those earnings. In the last decade, earnings (profits) grew faster than the overall economy, by taking a larger share of total output. During this period, the economy (gross domestic product, or GDP) grew by 5.5 percent per year and profits by 9.6 percent per year. Profits as a percent of GDP went from 4.6 percent in 1990 to 7 percent in 2000, high relative to recent history. In the last 40 years profits have grown at the same average rate as GDP, at 7.5 percent per year, and profits’ share of GDP has ranged from 4 percent to 7.6 percent.

Expectations for the Next Decade

If, over the next 10 years, nominal GDP grows at 7 percent and profits’ share of GDP reaches 8 percent (a new high), then profits could grow at 8.5 percent per year. If on the other hand, profits’ share of GDP declines to 6 percent, then profit growth could only amount to about 5.5 percent per year.

Table 1

Average Annual Expected Stock Market Returns 10 Years to 2010

	Most Likely	Range
Dividend Return	1.5%	1.0% to 2.0%
Earnings Growth	7.0%	5.5% to 8.5%
Valuation: P/E of 23	0.0%	-2.5% to 1.5%
Future range of 18 to 27		
Total	8.5%	5.0% to 11.0%



CUTTING EDGE COMPANIES

AstroPower

This new column highlights companies in the business of providing solutions to social and environmental problems. Featured companies are typically held in the SmallCap Innovations portfolios offered to Walden's clients.

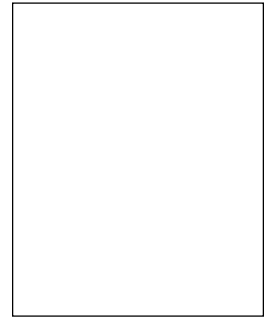
Consider these two facts: (1) about 100 million Americans live in counties that have unhealthy levels of air pollution. Most of this pollution is emitted by fossil fuel-burning electric power plants. (2) California power costs have... well, you've heard enough about that. It should be no surprise that the alternative energy industry has experienced renewed interest. The solar electric power segment has experienced 20 to 25 percent annual growth in recent years.

One such solar power company is **AstroPower**—the largest US-owned photovoltaic (PV) manufacturer. Delaware based

AstroPower makes PV solar cells, modules, and panels for generating solar electric power. AstroPower's (unaudited) sales and profits rose about 50 percent in year 2000, continuing its strong growth of the late 1990s. AstroPower uses a proprietary, continuous sheet manufacturing process to make silicon wafers. This generates less waste than the standard process, which requires slicing ingots into wafers and polishing the wafers. AstroPower also has technology to recycle discarded wafers from the semiconductor industry. To meet increased demand, AstroPower expanded its annual production of solar cells to 35 megawatts in 2000. One megawatt of generating capacity produces enough electricity for about 1,000 homes. In early 2001, AstroPower signed an agreement with a San Diego developer to install its solar systems in 100 new

homes.

Despite its growth, solar power currently represents just a fraction of one percent of the electric generating capacity and production of U.S. electric utilities. As states regulate the electric utility industry, there may be an increase in the relatively small amount of "green" power consumed in the United States. For example, the state of Arizona requires utilities to produce 0.1 percent of their electricity from solar sources in 2001, with higher hurdles each year thereafter. Solar power is used mostly off the electric utility grid in applications such as repeater stations for wireless communications. In addition, solar power offers an electricity alternative for developing countries without an extensive electricity infrastructure. Walden believes AstroPower will lead this solar surge.—KScott



Ken Scott is a research analyst and portfolio manager of Walden's Innovations portfolios.

(continued from previous page)

What about the valuation of those profits (earnings)? The price-to-earnings ratio (P/E), a yardstick for stock valuation, has ranged from 7 to 29 for the S&P 500 and currently is 23, with the lowest P/Es realized in times of high inflation and high interest rates. Given the low to moderate inflation and interest rates we anticipate, we believe that 23 is a reasonable future P/E within a range of 18 to 27 for ten years hence. If the market P/E increases to 27, it will add 1.5 percent to the average price return. A future P/E of 18 would subtract about 2.5 percent from the average rate of return.

In conjunction with a mod-

est dividend, the expected growth and valuation factors combine to produce average annual expected stock market returns of 8.5 percent over the next decade, ranging from 5 percent to 11 percent, as shown in the Table 1 on page 2.

The Big Picture

Significantly higher returns than these would require more rapid profit growth, potentially with negative implications. After all, profits are simply what is left after paying for labor, materials, power, and taxes. At 7 percent, profits are close to their highest share of our gross domestic prod-

uct. It is reasonable to question just how far this trend can, or should, continue. This is not just a question of economics. It is linked to the pressing issues of America's widening gap in income distribution and the appropriate share of the economic pie due to owners of capital, rather than to workers. There is little doubt that in the long run, economic growth that is not shared more equitably will prove to be unsustainable. Viewed in this light, a return to more modest stock market performance expectations would be a healthy change.—BLincoln



INVESTING FOR SOCIAL CHANGE

Ultimately, success is not and should not be measured by the quantity of corporate dialogues and shareholder resolutions. What really matters is our ability to have an impact on company behavior. How is Walden making a difference?

Walden is changing corporate practices. CVS and Longs Drug are phasing out the sale of mercury thermometers because of Walden's advocacy and technical assistance from *Healthcare Without Harm*. Mercury, a neurotoxin with extremely harmful effects on fetal and child brain development, is at dangerous levels in water bodies across our nation. While good alternatives to mercury thermometers exist, they are still a significant contributor to mercury pollution via municipal and medical waste.

On the international front, Walden helped focus public and media attention on unfair labor practices of a French building materials firm, **Imerys**, by having a union delegate represent our concerns at its annual meeting. Subsequent increased scrutiny of Imerys led the firm to back down from an aggressive posture against union organizing at an Alabama plant, and ultimately aided the union in winning certification.

Walden is changing company policies. When companies commit themselves publicly to new goals and policies, improved practices will often ensue. After leading a large coalition of institutional investors in a multi-year dialogue with **Coca Cola** about its lack of commit-

ment to use recycled plastic in its plastic beverage containers, the company pledged to incorporate 2.5 percent recycled plastic content in its bottles. While indeed a modest step, this is an important starting point and Walden, the *Grass Roots Recycling Network*, and others continue to urge Coca-Cola to raise the standard. Walden also works with the Equality Project to target companies for dialogue on including sexual orientation in their non-discrimination policies. American International Group (AIG) agreed to amend its policy as requested, prompting Walden to withdraw its resolution.

Walden is promoting greater corporate transparency. Walden believes that information is powerful. If meaningful, reliable, and comparable information is available and accessible—regardless of the issue—then companies will be accountable to the public and consequently will strive for continuous improvement. **MBNA** agreed to release comprehensive equal employment opportunity (EEO) data for the first time and took the extra step of posting it on its web site. **Bank of America** also has pledged to provide EEO data to investors beginning this year. **Lehman Brothers** shared with us its internal standards for ensuring that it does not securitize predatory loans. We have urged Lehman to make their standards more widely known, which would serve as a basis to encourage others in the business to follow suit.—HSoumerai

Advocacy

(continued from page 1)

and are co-filing a resolution with numerous **IBM** employees asking IBM to adopt a fair policy for employee retirement benefits.

Our shareholder advocacy doesn't stop at the water's edge. For example, we are active shareholders with companies headquartered in the Netherlands, Japan, and the United Kingdom, just as we are with those in the United States. This year, Walden has joined with environmental organizations and other social investment leaders to file with U.K.-based **BP Amoco** a resolution to protect the Arctic

National Wildlife Refuge. (See boxes on pages 5 and 7 for more information on these issues.)

Our dialogues and resolutions not only send a message to management that these issues are important to our clients, they become the basis for further dialogue and agreements leading to change. This year Walden has withdrawn resolutions from several companies when management pledged to disclose information or change policies or procedures.

Among the companies responding positively is **CVS**. The pharmacy chain has pledged to phase out the sale of mercury thermometers because of the

Walden's 2001 Shareholder Advocacy Program

The Environment

Recycling: Coca-Cola, PepsiCo

Climate Change: Chevron, Exxon-Mobil

Arctic National Wildlife Refuge: BP Amoco

Mercury Pollution: CVS*, Longs Drug Stores*

Genetically Modified Foods: Albertson's, Kroger, Tricon Global Restaurants

Environmental Disclosure: Georgia-Pacific*

Diversity and Discrimination Issues

Report on Diversity: Home Depot*, Bank of America*, EMC, WorldCom*

Sexual Orientation in Non-Discrimination Policy: AIG*

Predatory Lending: Citicorp*, Associates First*, Conseco, Lehman Brothers*

Sweatshops/ Human Rights Overseas

Sweatshop/Vendor Standards: Jones Apparel Group*, Nordstrom, Sears, Wal-Mart

Fair Employment in Northern Ireland: TJX

Indigenous Rights: Occidental Petroleum

Lending Standards in Developing Countries: Chase Manhattan

Corporate Governance

Tie Executive Compensation to Social Performance:

AT&T, Unocal, Kohl's

Fair Policy for Employee Retirement Benefits: IBM

Health

Health Risk Caused by Cigarette Filters: Eastman Chemical

*Resolution was withdrawn because company complied substantially with request.



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toxic pollution caused by their disposal. After a thoughtful dialogue between investors and **Bank of America**, led by Walden, the company agreed to prepare a diversity report including hard data on where women and people of color are on the Bank of America job ladder. Our resolution to **Lehman Brothers** on predatory lending was withdrawn after a positive meeting regarding their active opposition to these practices. And **AIG**, in response to a resolution urging a new policy prohibiting discrimination based on sexual orientation, agreed to amend their personnel policies to include this stipulation. (See *Investing for Social Change* box on page 4 for more on Walden's win-win strategies.)

Walden is filing these resolutions as part of a much larger coalition of concerned investors who are dedicated to pushing corporations to conduct business responsibly. The lion's share of the leadership comes from religious investors through the Interfaith Center on Corporate Responsibility (ICCR) who have been involved in shareholder advocacy for the past 30 years. We are pleased to be in partnership with numerous religious investors, as well as with foundations, unions, New York City Pension Funds, IBM employees, and United for a Fair Economy, among others.

Leadership in social investing is no longer simply a matter of avoiding investing in companies conflicting with our social values. While social screening is an integral part, we believe this leadership is increasingly defined by the effective use of shareholder advocacy. Clearly, social investors can and are making a definitive difference in corporate board rooms.—TSmith

Ramping Up Advocacy Across Shores

Engaging in a meaningful exchange with companies on social and environmental concerns is indeed an accomplishment when it comes to international shareholder advocacy. At Walden, the increasing rate and depth of response to our inquiries provides ample encouragement that our voice is being heard. Using well-honed domestic shareholder advocacy tools of proxy voting, dialogue, and shareholder resolutions, U.S. investors can help raise the corporate responsibility bar internationally. Below are examples of this work.

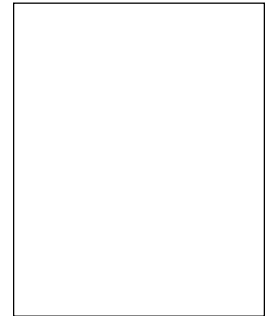
Indigenous Rights and the Environment

Walden wrote recently to **Repsol YPF SA**, a major Spanish oil company, to express concern about the company's oil exploration and production in Ecuador. Concerned that Repsol's Amazon operations are harmful to the environment and to the Huaorani, an indigenous people, we asked the company about its policies vis-a-vis relationships with the Huaorani and other indigenous peoples and its commitment to preserving environmentally fragile ecosystems. The company responded that it works closely with the Huaorani, meeting with groups monthly, and has provided employment opportunities and a community development program, as well as funding and resources under a plan for emergencies. Repsol said its environmental protection measures include 1) obtaining ISO 14001 certification, which commits them to random verification checks, and 2) developing an environmental management plan for each project.

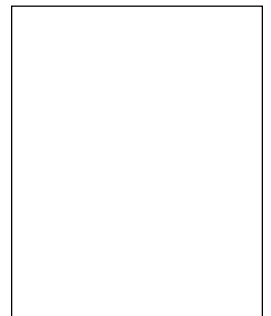
Labor Relations and Corporate Governance

Rio Tinto Plc, one of the world's largest mining companies, has been a target since 1998 of a global corporate campaign led by the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) regarding its labor and environmental practices. Last May, over 20% of Rio Tinto's shareholders voted in favor of resolutions asking it to adopt a corporate code of conduct for labor issues and to improve its board independence. Rio Tinto is in few Walden portfolios due to the large negative impact mining has on the environment. However, Walden has written to the company, encouraging management to make an agreement with the ICEM regarding its labor practices code and to resolve all outstanding labor disputes. Walden also asked the company to continue to expand the number of non-executive directors on its board. Rio Tinto responded that due to its progress on labor relations, the ICEM has agreed to not initiate another shareholder resolution with the company for 2001. Rio Tinto also responded meaningfully to our concerns about its board independence.

Walden will continue to monitor each company.—SHeim



Heidi Soumerai is director of Walden's social research group. She also chairs our Social Planning & Policy Committee.



Steven Heim is a social research analyst. Since 1994, he has also worked closely with Rural Vermont, a family farm and environmental advocacy group.



Extending Our Mission

A Family Foundation Describes Its Evolution into the Realm of Social Investing.

By Molly Stranahan

At the Needmor Fund, we believe that foundations live out our missions and values not only by the organizations we give our money to, but also how we behave as an organization, and how we use our assets. What we invest in expresses our values.

As stockholders, we are the owners of corporations. Granted, we own miniscule amounts of each company in our portfolio, but it is to increase the value of our shares that corporations downsize and lay off people, that they choose to make products in the least expensive way which may be more polluting or may harm employees. They pay their executives millions of dollars in our names, perhaps at the same time turning employees into independent contractors or part-time wage earners. I believe we, as investors, and especially as foundation managers interested in making the world a better place, have an obligation to take our responsibility as owners of stock seriously.

We first became aware of the conflict between our mission and our investments in the 1980s. We were reviewing a grant proposal seeking to get petroleum and chemicals manufacturer Kerr-McGee to disclose what it was making in its plant and the risks to the surrounding communities and the employees. This was the plant that employed Karen Silkwood, whose story as a

whistle-blower and whose mysterious death were portrayed in the movie *Silkwood*. As we reviewed our investment portfolio in the same meeting, we discovered we held Kerr-McGee common stock. Around the same time Champion Spark Plug (the company founded by my great-grandfather and his brother and held in the Needmor portfolio) had a proxy resolution asking it to adopt the Sullivan Principles, a code of conduct for companies operating in South Africa under Apartheid. These events, and the efforts of a couple of activist family members, led us to investigate ways to address the disconnection between our grantmaking, values, and our portfolio.

We recognize that there are very few, if any, corporations that are perfectly clean, that don't offend at least one of our values. But it makes sense to us to eliminate the worst offenders of our values from our portfolio, and to attempt to make the companies we do hold aware of our values. As an owner, we can try to influence corporate behavior through shareholder advocacy, either directly or through instructions to portfolio managers. Walden has been very active in filing shareholder resolutions and initiating dialogues with corporations, and they votes our proxies in accordance with our stated values. Recently we have asked Walden to let us know when our co-filing on resolutions might be helpful and we have taken a more active role. At Needmor, we look for

portfolio managers who are committed to social investing so that when they are interviewing corporate managers on financial issues, they will also raise the issues we care about. We believe that knowing there are shareholders who want them to be responsible and ethical, and not just to increase earnings without regard to the social costs, will have an effect on some corporate managers.

Most recently we have committed to making community investments. Through below-market lending instruments we can provide support to disadvantaged communities that generally do not have access to capital. We are investigating loan funds and community development credit unions, which provide low-interest loans and technical assistance to help low income people start their own businesses, or buy or rehabilitate a home. If all investors put 1 percent of their assets into community investments, our poorer communities would have the capital available to rise out of poverty.



We want the managers of the companies we own to know that we are concerned about more than how much money they will earn in the next quarter. We don't want profits at the cost of a poisoned earth full of the working poor. And our investment managers help us get that message through to corporations.

Molly Stranahan chairs the finance committee for the Needmor Fund, a foundation which supports organizing in communities where people's basic rights to justice and opportunity are systematically ignored or denied. Needmor has used social screens on their portfolio for the last decade and are currently setting up a community investment program. They also are interested in linking the concerns of their grantees to shareholder activism. Molly has used screens on her personal investments for more than a decade.



Walden's Community Development Investment Service Hits Its 5th Year

Walden believes the ultimate measure of our success as social investors is the support we can provide in creating economic activity that fosters healthy communities. Community development investing plays a direct role in this process. In 1996, Walden formalized a service to assist clients who wish to invest directly in community development banks, credit unions and loan funds. Since then, we are pleased to report that Walden clients have invested over \$6.5 million in over 25 community development financial institutions.

Below is a partial list of community development financial institutions that Walden has offered through this service. As financial intermediaries, these organizations have been successful catalysts for the creation of new enterprise and housing in primarily lower income communities. We expect to repeat offering many of them as an investment opportunity, as well as continue to augment the list.

If you are a Walden client and would like to learn more about this service, please contact Linda Berkel at (617) 726-7251 or Jane Chase at (617) 726-7276.

Market Rate Investments

Alternatives Federal Credit Union, Ithaca, NY
 Borrego Springs Bank, CA's San Diego and Imperial Counties
 Central Appalachian Peoples Federal Credit Union, Appalachia
 Community Bank of the Bay, CA Bay area
 Community Capital Bank, New York City
 Elk Horn Bank, Arkansas Delta
 First American Credit Union, AZ and NM
 Self-Help Credit Union, NC
 Shore Bank Pacific, Pacific Northwest
 South Shore Bank, Chicago, Cleveland, and Detroit
 Vermont Development Credit Union, VT

Below-Market Rate Investments

Regional and Local Community Development Funds

Boston Community Loan Fund, Eastern MA
 Chicago Community Loan Fund, Chicago metropolitan area
 Coastal Enterprises, Inc., ME

Cooperative Fund of New England, New England
 Delaware Valley Community Reinvestment Fund, Philadelphia
 Federation of Appalachian Housing Enterprises, Inc., Appalachia
 New Hampshire Community Loan Fund, NH
 New Mexico Community Loan Fund, NM
 Northcountry Cooperative Development Fund, Upper Midwest
 Northern California Community Loan Fund, Northern CA
 Vermont Community Loan Fund, VT
 Washington Area Community Investment Fund, Inc., D.C.

National Community Loan Funds

Institute for Community Economics
 Low Income Housing Fund
 McCauley Housing Fund
 Mercy Loan Fund

International

Acción International, Latin America
 Themban International Loan Guarantee Fund, South Africa

Walden's Community Development Investment Service provides clients once or twice a year with the choice of market rate and/or below-market rate instruments. Management fees are waived for investments up to 5% of portfolios. We offer these options to lower client risk and to accommodate client preferences for products in a variety of locales, addressing different issues. Our intention is to present clients with better quality funds and financial institutions. However, there are always investment risks and the choice of investment remains with the client.

The Arctic National Wildlife Refuge Keep It Off Limits!

With nearly 50 Walden clients co-filing a shareholder proposal urging BP Amoco to assess thoroughly the social and environmental implications of drilling in the Arctic National Wildlife Refuge, Walden is a lead partner in an international shareholder effort to protect this environmentally sensitive national treasure.

In November 2000, BP Amoco CEO John Browne stated that BP would be open to drilling in the Arctic Refuge if George W. Bush, who supports drilling for the Arctic Refuge, were elected President. Since then, we've seen every indication that the Bush administration will try to open the area to exploration and drilling. We know from the company that BP is currently looking at this issue from all angles, including how drilling might endanger the environment and its reputation. But the company refuses to set the Arctic Refuge off limits to future exploration and development.

With nearly 150 co-filers signing on to the resolution, the coalition well exceeded the requirement under British law that a proposal must have at least 100 proponents. However, BP has since challenged the rights of shareowners of American Depository Receipts (ADRs) to file resolutions with the company and has declared the resolution in-

valid (the majority of the resolution's co-filers hold ADRs as opposed to ordinary shares). We believe this is in effect creating a tier of second class investors. Walden and other members of the shareholder coalition are launching a major campaign urging BP to put ADR holders on the same level as owners of ordinary shares and to allow us the right to petition management through a shareholder resolution. As we go to press, it is unclear if the resolution will go to ballot. We'll keep you posted.

Thank you to all those who are participating in this important effort!

The resolution, which asks that BP publish a report answering several specific questions regarding the Arctic Refuge, was co-drafted by USPIRG, Walden, and Trillium Asset Management. It asks BP to assess the potential damage to the ecosystem of the coastal plain, to the Porcupine River Caribou herd, and to the human rights of the Gwich'in Indians, that would result from the company's drilling for oil and gas in the Arctic National Wildlife Refuge. Further, the resolution asks the company to include a summary of the research and positions taken by major environmental organizations in the United States and the United Kingdom on these issues.—JChase



About Our Clients

In April, **Haymarket People's Fund** is presenting *A Weekend Training on Undoing Racism*. This special training session will be facilitated by the People's Institute for Survival and Beyond, a New Orleans-based multi-racial group of community organizers. Since 1980, the People's Institute has conducted intensive training, consultation and technical assistance to hundreds of community-based groups, religious organizations, peace groups and issue oriented organizations that focus on such concerns as housing, jobs, and welfare rights. The workshop weekend will take place in southern Rhode Island from Friday evening, April 27 to Sunday, April 29, 2001. For more information, contact Malkah B. Feldman,

Haymarket People's Fund, (617)522-7676 x107. Arrangements must be made by April 2, 2001.

About Us

The family of mutual funds for which Walden serves as advisor is off to a strong start in its first, full calendar year. According to Morningstar, for the 1-year period ending 12/31/00 the **Walden Social Balanced Fund** (WSBFX) ranked among the top 29 percent out of 727 funds in the Morningstar category of Domestic Hybrid Funds, and **Walden Social Equity Fund** (WSEFX) ranked among the top 11 percent out of 980 funds in the Morningstar category of Large Blend Funds. Performance of the **Walden/BBT Domestic Social Index Fund** (WDSIX) and **Walden/BBT International Social Index**

Fund (WISIX) were in line with the performance of the broad, domestic and international markets, respectively.

WSBFX and WSEFX were not ranked by Morningstar for the five- and ten-year period. Past performance is not a guarantee of future performance. International investing involves increased risk and volatility. For more complete information including charges, expenses, and ongoing fees, please call 1-800-282-8782 x4050 to receive a prospectus. Read the prospectus carefully before investing or sending money. Distributed by Bisy Fund Services.



Walden team member **Ken Scott** worked with Cambridge, Massachusetts City Councilor Marjorie Decker to introduce an order to phase out sales of mercury thermometers in Cambridge. Decker's proposed order passed the Council unanimously. The Cambridge Public Health Department is working on plans to implement the or-

der by April.



Tim Smith, director of social investing, will be speaking at the Bottom Line 2000 conference to be held in San Francisco, April 18 - 20, 2001. This conference will bring together fiduciaries from different institutional sectors, including state and city pension funds, foundations, academic institutions, religious investors, and money managers. The conference will provide an opportunity to explore and debate the inclusion of social and environmental factors within the context of fiduciary responsibility. Tim will be moderating a plenary on legal, financial, and ethical fiduciary responsibilities and will also be speaking on shareholder advocacy, proxy voting and tobacco divestiture.

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