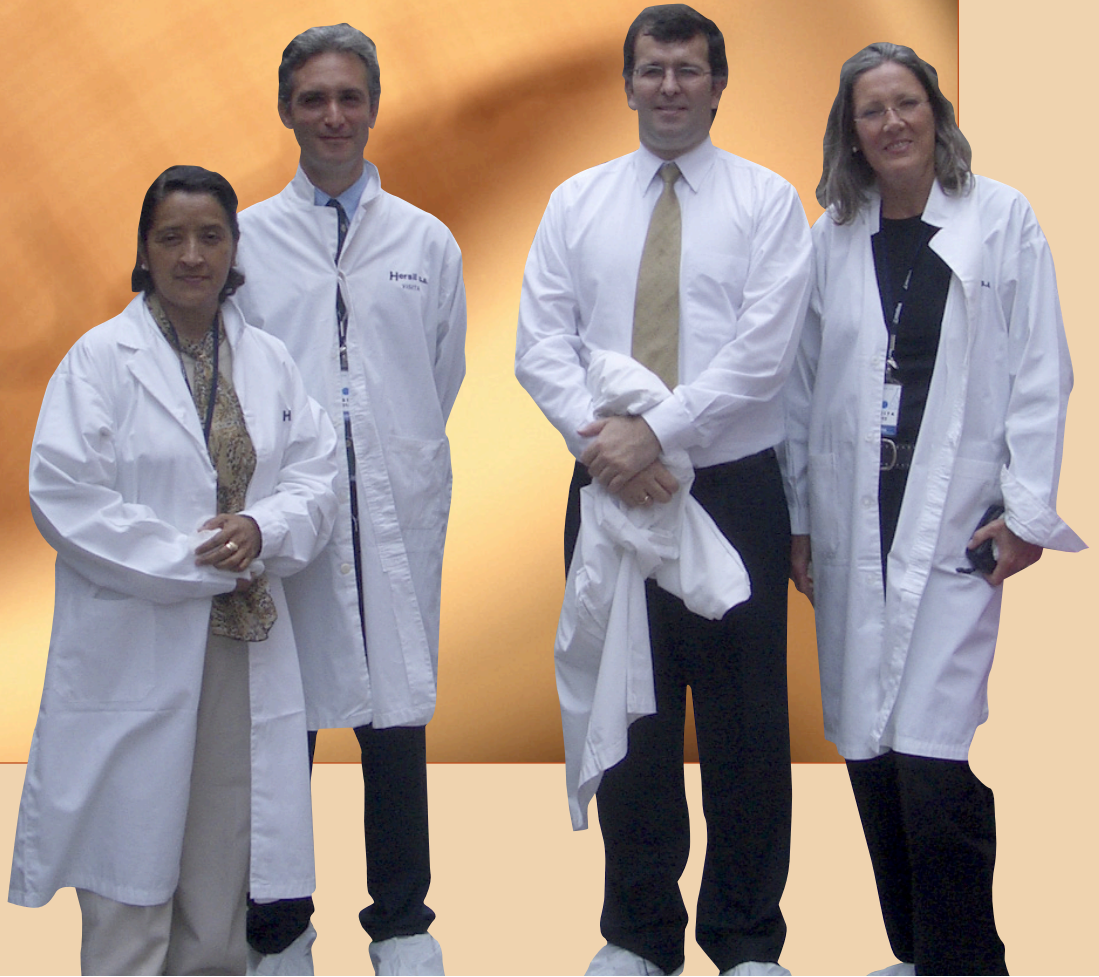


The National Foundation for
Alternative Medicine



LETTER FROM THE CHAIRMAN



I am proud to write these words at the beginning of the ninth year of the National Foundation for Alternative Medicine (NFAM).

When my wife, Elinor, and I founded NFAM, we did so in the profound belief that American medicine was in need of change. Potentially life-saving ideas and therapies were not receiving the attention they deserved, and my efforts to work through the medical establishment at the National Institutes of Health had not been as forthcoming as expected. NFAM was created in the hope that an independent organization would be able to look more openly at the wealth of novel, breakthrough treatments used around the world.

Since NFAM began in 1998, our staff has identified therapies worthy of investigation and applied scientific rigor to investigating their benefits. The Foundation will continue to work tirelessly to find treat-

ments that promise efficacy as well as cost effectiveness. The best medicine in the world is useless if the very people who need it cannot afford it.

Our first nine years have been marked by exploration and accomplishments. I hope the next ten years will be equally fruitful for NFAM.

A handwritten signature in red ink that reads "Berkley Bedell".

Berkley Bedell
Chairman, NFAM



HISTORY

Businessman and retired Congressman Berkley Bedell founded the National Foundation for Alternative Medicine in 1998.

At age fifteen Mr. Bedell devised a superior fishing fly and started Berkley & Company with money earned by selling newspapers. Berkley & Company's sales grew each year as the firm developed innovative products and production methods. In 1964, Berkley was the first recipient of the National Small Businessman of the Year Award. He received the award from President Johnson on the White House steps.

In 1974, Berkley successfully ran for Congress in Iowa as a Democrat and joined the incoming

"Watergate Class," the most reforming new class in the history of Congress. From

1974 through 1986, when Berkley retired from Congress, he established a reputation and record as someone who always looked out for "the least of these his brothers."

Personal experience drove his passion for alternative medicine as he was helped—not once, but twice—by therapies that had been overlooked by mainstream medicine. Berkley used his influence in Washington to bring attention to the need for investigating potential breakthrough treatments for public health. With Senator Tom Harkin (D-Iowa), he created the Office of Alternative Medicine within the National Institutes of Health (NIH) to investigate and validate promising alternative therapies. Despite this milestone, their efforts were frustrated by bureaucratic and scientific inertia.

After years of working with the scientific establishment through NIH to promote the scientific investigation of alternative and complementary medicine, Berkley

became convinced that the government was unable to pursue innovative field investigations of these treatments.

The National Foundation for Alternative Medicine (NFAM) was launched with a mission to identify breakthrough complementary and alternative therapies and to research and report on their effectiveness. NFAM's mis-

sion also places importance upon the affordability of treatments in the belief that the world needs cost-effective solutions to bring health to the greatest number of people.

NFAM is headquartered in Washington, DC. In its first nine years of existence, it has identified and evaluated more than 200 clinics from 20 countries offering complementary and alternative treatments. The information

NFAM collects is shared with the scientific community through an international network of contacts and conferences. It has as its mission nothing less than to create, step by step, a revolution in worldwide healthcare.



NFAM Staff Maria Salnik and Dr. Jie Li conducting a retrospective study for the MILCAM program at the Integrative Pain Relief Clinic in Portland Oregon, where a Frequency Specific Microcurrent device is used to treat chronic pain and other conditions.

THE NFAM MISSION AND APPROACH

NFAM provides a service to the field by assisting researchers and practitioners in collecting clinical outcomes data.



Martha Villar, MD (Director of EsSalud's CAM Program) and Dr. Mary Ann Richardson at one of 19 EsSalud CAM clinics. With a 2007 government mandate, the CAM clinics will be expanded to all EsSalud hospitals across Peru.

Progress in the field of complementary and alternative medicine is frustratingly slow. This is due, in part, to practitioners who are untrained in clinical research methods, or who lack preliminary data beyond patient testimonials. Slow progress may also be attributed to limited financial resources, inadequate research capacity, or inappropriate models to identify, screen, and evaluate novel therapies. Therefore, NFAM provides a service to the field by assisting researchers and practitioners in collecting clinical outcomes data.

Clinical research requires time and resources, but this method yields the most reliable and rigorous evidence. Prospective outcomes monitoring and pilot studies, with appropriate controls, are a valuable way to collect preliminary data on safety and efficacy. These data provide reliable information that can form the basis for designing and powering larger, more definitive, randomized clinical trials.

NFAM is committed to prospective clinical research to obtain the most valuable data. However, Phase II clinical research in the U.S. is extremely costly. Therefore, NFAM is developing collaborations with hospitals and clinical sites internationally where it can conduct research on treatments that meet the economic needs of the host country. These countries often have very limited access to pharmaceutical drugs. Unlike the United States, countries within Africa and South America often have much stronger traditions and legal structures for integrating complementary and alternative therapies into public health systems. Several governments have now committed to collaborating with NFAM on clinical research. This research could lead the way towards larger, more definitive trials leading to the release of real breakthroughs in world health.

NFAM is eager to collaborate with groups outside the U.S. who have the research capacity and interest in advancing investigations of non-toxic, innovative, and cost-effective therapies for conditions with a large public health impact.

NFAM'S SYSTEMATIC PROCESS

The National Foundation for Alternative Medicine uses a systematic and rigorous process to identify therapies and assess their effectiveness and potential benefits in clinical practices. To ensure that NFAM has the methodology to find therapies that work, the Investigative Strategy has three levels:

Site Visits

Site visits are used to screen clinical practices around the world to identify non-toxic, low-cost, innovative therapies for chronic conditions and to determine the feasibility of data collection.

Field Investigations

Once site visits have identified promising lines of inquiry, NFAM staff reviews medical records of the practice. If warranted, NFAM conducts retrospective studies and evaluates research data to determine if treatments merit further evaluation.

Clinical Outcomes and Pilot Studies

Treatments deemed worthy of further study following a retrospective field study are targeted for more rigorous studies. NFAM then conducts low-cost outcomes studies to collect preliminary data on the safety and efficacy of potential breakthrough treatments from around the world, and shares this information with members of the scientific community.

The National Foundation for Alternative Medicine uses a systematic process to identify effective alternative therapies.



NFAM's Ferdinando Pisani with physicist Guy Obelensky, PhD, Director, National Energy Institute in New York.



Biophysicist Photios Anninos, PhD (Laboratory of Medical Physics, University Hospital, Democritus University of Thrace, Greece) prepares for Superconductive Quantum Interference Device (SQUID) for testing.

NFAM 2006 ACCOMPLISHMENTS

In 2006, NFAM identified a variety of therapies, and the staff made numerous site visits of promising treatments. Three retrospective studies were completed, evaluating treatments for pain and experimental wound dressings. In addition, NFAM staff conducted one field investigation on microcurrent treatment for low back pain and finalized three separate research protocols for therapies to treat burn victims, acute sprains, and Parkinson's disease. Below are brief summaries of some of NFAM's most noteworthy projects in 2006.

Parkinson's Disease and External Magnetic Stimulation

In 2006 NFAM staff developed and finalized a protocol to conduct a randomized clinical trial testing the use of magnetic stimulation to improve symptoms of Parkinson's disease. This treatment has the potential to dramatically improve quality of life for patients suffering from the disease. As designed, this double blind, randomized trial will test the effectiveness of a picoTesla magnetic treatment versus a sham (fake) device on motor function for patients

with Parkinson's disease. Research will be conducted at the Veteran's Administration Parkinson Research Center in the Philadelphia Veterans' Administration Hospital Medical Center. This protocol is under scientific review with approval expected in the first half of 2007.

Electromagnetic Treatment of Patients with Congestive Heart Failure

In 2006 NFAM staff conducted a randomized pilot study to evaluate the effect of standard drug therapy plus active or sham electromagnetic (EM) therapy on symptoms and function in patients with advanced congestive heart disease. The study was conducted at the Instituto Nacional del Corazon (National Heart Institute) in Lima, Peru. The study findings for this novel EM treatment were promising enough to merit further investigation in a large, adequately powered clinical trial.

NFAM has obtained approval from the Instituto Nacional de Salud (Peruvian National Institute of Health) to conduct a larger, prospective Phase II trial evaluating



Busca Vida clinic (Brasilia, Brazil) where Quantum Vibrational Photon Therapy is being applied. The fiberglass device contains 84 crystals, positioned to deliver photons along three vertical lines at four focus points each.

EM therapy with 82 patients. The treatment is administered for two hours daily using a non-invasive, FDA-approved device. The primary aim is to assess the impact on left ventricular ejection fraction and function. Patients will be evaluated using a six-minute walk test and asked to evaluate their quality of life. The Phase II study began in the Spring of 2007.

MIL-CAM

In addition to its work in the sphere of world public health, NFAM is engaged in a rigorous parallel effort to find and evaluate treatments to benefit active personnel, veterans, and their families. The original goal of the Complementary and Alternative Medicine for the Military (MIL-CAM) program was to identify and evaluate easily administered, portable treatments with direct impact for soldiers in the battlefield. Areas for study included management of acute and chronic pain and wound healing. The MIL-CAM focus expanded in 2006 to include health concerns that confront active personnel and veterans. Conditions such as cancer, cardiovascular disease, neurological problems, and infectious diseases have been included in the scope of investigations for MIL-CAM.

Several valuable therapies are now being studied under the MIL-CAM effort, among them:

- Silver-coated bandages and microcurrent for faster wound healing
- Integrative pain relief using Frequency Specific Microcurrent (FSM)
- Electromagnetic treatment as an adjunct to traditional care for acute sprain

NFAM is engaged in a rigorous parallel effort to find and evaluate treatments to benefit soldiers, veterans, and their families.



NFAM's Dr. Mary Ann Richardson in Kumasi, Ghana, with Joseph Baah Obeng, MD, Department of AIDS and Infectious disease, Komfo Anokye Teaching Hospital, and virologist TB Kwofie, PhD, Department of Microbiology, School of Medical Sciences, Kwame Nkrumah University for Sciences and Technology.

Several studies are planned for 2007. In addition to continuing work on projects ongoing from 2006, NFAM is currently pursuing the following lines of research.

Use of Nutritional Supplements for Patients with AIDS Ghana, Africa

Millions of individuals worldwide continue to be newly infected with HIV every year. Due to the severity of this disease, nutritional supplementation for the symptomatic treatment of HIV infection has become a topic of interest for many around the world. Nutritional supplements may prove to be a safe, effective, inexpensive, and easily accessible adjunct to standard care. A clinical trial based on strong rationale from current laboratory and clinical research will help determine if nutritional supplements are significantly beneficial for individuals with HIV infection. Preliminary research indicates that antioxidants such as selenium, zinc, vitamin A, C, E, and other important vitamin precursors may improve the quality of life for HIV-positive patients by reducing symptoms such as diarrhea and fatigue. Supplements may also help strengthen the immune system and potentially reduce viral load in the body. Testing through a randomized controlled pilot study would be a monumental advance in determining the effectiveness of nutritional supplements.

Among other lines of inquiry into AIDS treatments are:

- Low Dose Naltrexone for HIV (Mali)
- Moringa herbal supplement (Ghana)
- Herbal therapies for HIV/AIDS (Ghana)



NFAM's Dr. Mary Ann Richardson and NFAM Board Member Fiona Eberts meet Professor Ivan Addae-Mensah, Senior Toxicologist at Ghana's Mampong Centre for Scientific Research into Plant Medicine, a WHO collaborating Centre for Research and Development of Traditional Medicine.



International Forum of Complementary Medicine Expo (San Paulo Brazil) where NFAM's Dr. Mary Ann Richardson receives a "live blood" analysis from Nova Ciencia Director, using dark field microscopy that evaluates live/unstained biological samples.



Dr. Emila Rippel, DDS (EmiDent biologic dental clinic in Budapest, Hungary) explains to NFAAM Board Member Fiona Eberts, her detoxification program that includes a device that delivers natural radiation via 'biotrodes' placed on the body to increase the cell's energy, natural function, and metabolism.

NFAM then conducts low-cost outcomes studies to collect preliminary data on the safety and efficacy of potential breakthrough treatments from around the world, and shares this information with members of the scientific community.

Faster Healing of Burns Using Silver-Coated Nylon Wound Dressing with Microcurrent

Fort Sam Houston Army Hospital, San Antonio, Texas

Burn injuries account for up to 20% of conventional combat casualties, and expose their victims to infection, organ dysfunction, and severe dehydration. In order to identify a more affective treatment for burn injuries and reduce the lost duty time of military personnel, a randomized, controlled, triple-blind study will be conducted in 2007 at the U.S. Army Institute of Surgical Research. The efficacy of active versus sham direct microcurrent in combination with an FDA-approved silver nylon dressing will be evaluated in the treatment of skin donor sites for partial thickness thermal injuries. The study will test for wound-closure time, pain and infection. This protocol has been approved and is pending military oversight approval. NFAM expects to begin the study in the second half of 2007.



LTC Richard P. Petri, Jr. MD, Director of the Center for Integrative Medicine, William Beaumont Army Medical Center at Ft Bliss Texas and the first Integrative Medicine Center established by the Military. Dr. Petri serves as an Advisory Board Member for our MILCAM program.

GOVERNANCE

The National Foundation for Alternative Medicine is governed by nine distinguished volunteer board members. Their achievements in the fields of public health and human services mean they often serve as an expert advisory panel to NFAM's staff.

Berkley Bedell, Founder and Chairman of NFAM, took \$50 earned on his newspaper route and began a business making fishing tackle. The small company he started is now an international enterprise. Mr. Bedell was elected to the United States Congress as a Democrat representing Iowa's Sixth District in 1975. Mr. Bedell retired from Congress in 1988, having contracted Lyme disease. Shortly thereafter, Mr. Bedell was diagnosed with prostate cancer. He became active in investigating complementary and alternative medical treatments as a result of being introduced to innovative remedies. Mr. Bedell no longer suffers from either cancer or Lyme disease, and he attributes his cures to the alternative therapies he used.



Ceremony in Lima Peru honoring NFAM Chairman Berkley Bedell with NFAM's Ferdinando Pisani and EsSalud's Dr. Martha Villar and International Relations Director Pierre Garrigue Miranda.

Fiona Eberts is Chair of CAMFED International (www.camfed.org), a charity based in Cambridge, U.K., that is dedicated to improving access to education for rural African girls. CAMFED currently works in Zimbabwe, Ghana, and Zambia. Mrs. Eberts spent her childhood in Singapore, Indonesia, Philippines, and Hong Kong. During this time she gained a deep awareness of the problems faced by people and particularly women in the third world. Aside from her experience in not-for-profit humanitarian work, she and her husband, Jake Eberts, an award-winning producer, are currently producing a documentary on men's prison choirs in South Africa.

Bob Edgar, PhD is general secretary of the National Council of the Churches of Christ in the USA. An ordained elder in the United Methodist Church, Dr. Edgar



NFAM's Ferdinando Pisani being evaluated on the Russian electropuncture diagnostic equipment ROFES, by Galina Pana, CEO Vivalife Inc.

came to the Council from Claremont School of Theology, Claremont, California, where he was president from 1990-2000. Dr. Edgar is well known for his service as a six-term member of the U.S. House of Representatives, where he was the first Democrat in more than 120 years to be elected from the Seventh District of Pennsylvania. Serving in Congress from 1974 to 1987, he led efforts to improve public transportation, authored the community Right to Know provisions of Super Fund legislation, co-authored the new GI bill for the all-volunteer service, fought wasteful water projects, and supported environmental goals.

Phil Holstein has had an active interest in complementary and alternative medicine for more than fifty years, beginning with his scientific studies at Cornell University in the 1950s. More recently, he was the lead investor and mentor to AlternativeMedicine.com and guided this publishing company to its successful acquisition by Inner Doorway, Inc. Mr. Holstein was also an

owner of Syroco, Inc., America's largest manufacturer of decorative molded products. He is a board member of the Given Institute, an educational organization owned by the University of Colorado Medical School, which presents speakers and hosts seminars on health-related issues. Mr. Holstein is also a prominent art collector, consultant, and dealer specializing in tribal and primitive arts. Through his trading company, The Thundercloud Corporation, he works with museums, corporations, and individuals on publication, long-range planning, and acquisition and identification of rare objects.

Wayne B. Jonas, MD is the President and CEO of the Samueli Institute for Information Biology™, and has had a long and distinguished career as a student, practitioner, and researcher of complementary and alternative medical practices. Dr. Jonas served as Director of the Office of Alternative Medicine at the National Institutes of Health from 1995 until 1998 and prior to that was Director of the Medical Research Fellowship at Walter Reed Army Institute of Research, Washington, D.C. He is a retired Lieutenant Colonel in the U.S. Army and was formerly Commander and Clinic Director of the 130th General Hospital in Dexheim, Germany. In addition to his conventional medical education, he is trained in a wide variety of complementary medical techniques. Dr. Jonas is certified by the American Board of Family Practice, the American Board of Homeotherapeutics, and the National Board of Medical Examiners.

Sidney A. Miller is Chairman of the Board of Delta Financial Corporation, a public company since 1996. Delta is a mortgage banking firm specializing in home equity lending. Among his many civic activities, Mr. Miller serves on the board of Hunter College Foundation, North Shore University Hospital, the Interfaith Nutrition Network for the Homeless, and the Boy Scouts of America. Mr. Miller was born and raised in New York and

is a graduate of Hunter College. He resides on Long Island with his wife, Rona, and has three sons and eight grandchildren.

■ **Joanne Quinn, PhD, RMA** is the Executive Director of the ELS Foundation and does private consulting on whole body nutrition based on urine/blood testing and applied kinesiology. Dr. Quinn holds a Doctorate of Philosophy in Holistic Nutrition from American Holistic College of Nutrition, Birmingham, Alabama. She resides in Loveland, Colorado with her husband, Michael, and has two sons.

■ **Hugh Sofy** is a Detroit native and the founder of HMS Company, an engineering firm with an unwavering commitment to deliver innovative upgrades for manufacturing equipment. For more than forty years, HMS has provided services to one of the big three auto manufacturers. Mr. Sofy attended the General Motors Institute and started his engineering career in 1944 when he joined the United States Army Ordinance Division. After his return to the states following his military service, he worked at the Atomic Energy Commission and later as Account Manager for a large engineering company in Michigan working on jet engines for Packard Motor Company. He is a past president of the National Association of Engineering Companies. Today, Mr. Sofy remains active in HMS and in his local community. He has 6 children and 18 grandchildren.

■ **George Zabrecky, MD, DC** is the founder and developer of the Americas Research and Treatment Center. This international medical treatment facility has physicians from several countries that provide treatments for cancer and other degenerative diseases with approved combination therapies from Germany, Canada, United States, France, Russia, China, Italy, and Spain. Dr. Zabrecky is certified in acupuncture, meridian therapy,

physiotherapeutics, radiology, clinical nutrition, proprietary pharmaceuticals, applied kinesiology, and homeopathy. He is a scientific advisor for the Marcus Foundation and serves on the board of the Cancer Treatment Research Foundation.

NFAM STAFF

Emory Oney, Executive Director

Mary Ann Richardson, DrPH, Research Director

Jie Li, PhD, Research Associate

Ferdinando Pisani Massamormile, MS, International Field Coordinator

Fatima Pace, MS, Research Assistant/Project Coordinator

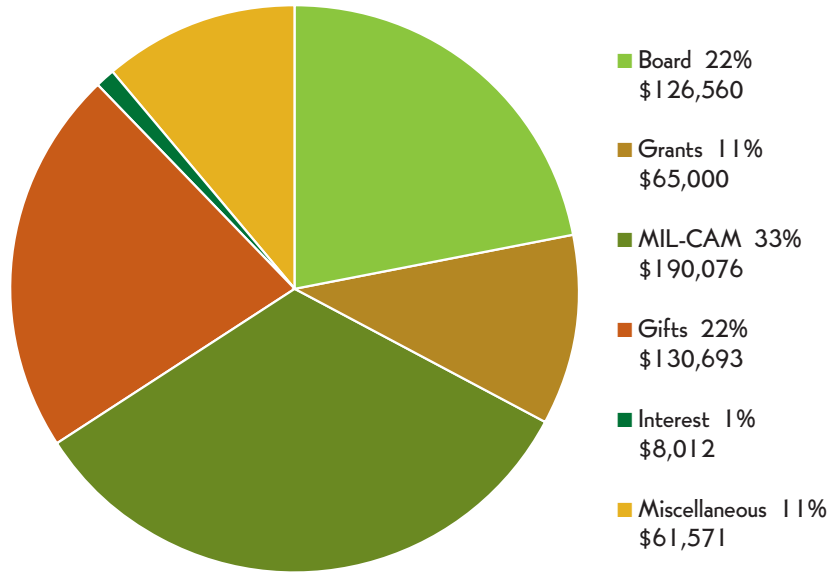
Milesh Patel, MS, Research Associate

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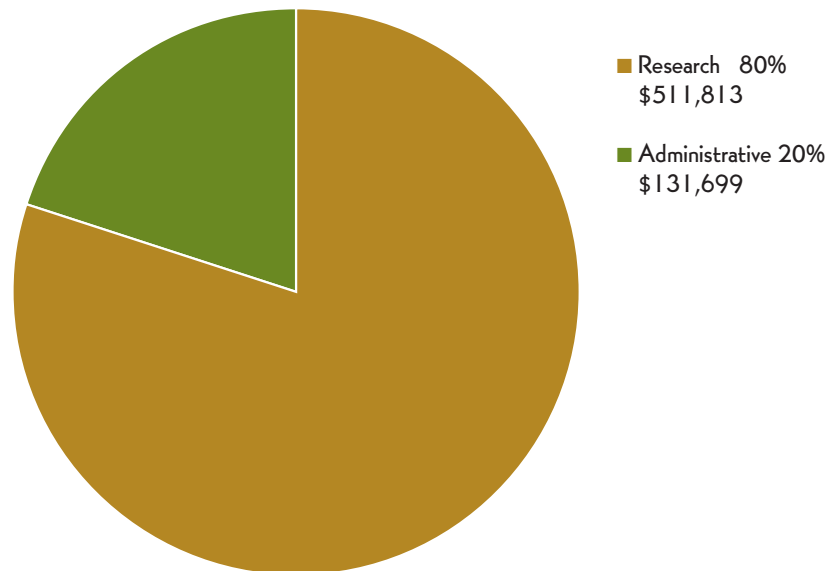
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THE NATIONAL FOUNDATION FOR ALTERNATIVE MEDICINE 2006 FISCAL SUMMARY

2006 Income



2006 Expense





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