

INNOVATION AND IMPACT: LIFTING PEOPLE OUT OF POVERTY





**GRAMEEN FOUNDATION IS PROVIDING MILLIONS
IN FUNDING FOR MICROFINANCE, INNOVATING
FOR THE POOR AND STRENGTHENING OUR
PARTNERS. TODAY, OUR NETWORK OF PARTNERS
IS HELPING MORE THAN 3.6 MILLION WOMEN
IMPROVE THE LIVES OF THEIR FAMILIES
THROUGH MICROFINANCE.**

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Let us join hands to give **every human being**
a fair chance to unleash their energy and creativity.

—Professor Muhammad Yunus,
Founder and Managing Director of Grameen Bank,
Founding Board Member of Grameen Foundation,
and Nobel Peace Prize Laureate



GRAMEEN FOUNDATION: A PROUD HERITAGE

Inspired by the work of Grameen Bank in Bangladesh, Grameen Foundation was created to help share the Grameen philosophy and accelerate the impact of microfinance on the world's poorest people. Although they are independent organizations, Grameen Foundation and Grameen Bank maintain an enduring relationship. Grameen Foundation replicates the success of Grameen Bank internationally by supporting microfinance institutions that embody its vision and values. Professor Yunus is a founding and current member of Grameen Foundation's board of directors. We congratulate Professor Yunus and Grameen Bank for winning the 2006 Nobel Peace Prize.

Grameen Foundation's mission is to empower the world's poorest people to lift themselves out of poverty with dignity through access to financial services and information.

MESSAGE FROM CHAIR



WHEN PROFESSOR MUHAMMED YUNUS AND THE GRAMEEN BANK WERE AWARDED THE 2006 NOBEL PEACE PRIZE, IT THRUST MICROFINANCE INTO A GLOBAL SPOTLIGHT.

This well-deserved recognition has opened doors for all of us working to assist the world's poorest people. Microfinance has improved women's social status, given children the chance to attend school, and brought greater income to households that have survived far too long on less than \$1 a day.

In 2006, your generous support and the work of our dedicated board of directors, staff, and volunteers propelled our efforts to give more industrious women a chance to defeat absolute poverty. Through creative partnerships, services, and products, we are grateful to be able to support 46 strong microfinance institutions capable of providing loans and financial services to help 5 million poor families by 2008. Moreover, our breakthrough innovations in financing, technology, and social performance measurement are gaining recognition as much needed solutions throughout the microfinance industry.

Behind all of our achievements is the inspiration flowing from the 7 million members of Grameen Bank. I had the honor of attending the Nobel Peace Prize ceremony where I was reminded of microfinance's unique ability to empower women with confidence and dignity. When Taslima Begum, a Grameen Bank borrower and a member of its Board of Directors, spoke before the world to accept the Peace Prize on behalf of Grameen Bank, I couldn't hold back the tears. On behalf of poor women everywhere, she pledged to continue to work until the day that every person lives in dignity and justice. Your continued support is helping women like Taslima to dream bigger and realize a greater future for their families and ours.

Thank you,

A handwritten signature in dark ink that reads "Susan M. Davis". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Susan Davis
Chair



MESSAGE FROM PRESIDENT

YOUR SUPPORT HELPED US BRING MICROFINANCE TO MORE PEOPLE IN 2006 THAN EVER BEFORE.

Your combined generosity and commitment meant our partners could expand to serve 3.6 million families across Asia, Africa, the Americas, and the Middle East. That's an increase from one year ago of over 1 million families who have gained a chance to escape poverty. Thanks to you, millions of women are establishing small businesses and earning higher incomes, which they are using to provide better nutrition and more schooling for their children.

This year our annual report covers a 15 month period from January 1, 2006 to March 31, 2007. This was done to reflect a change in our fiscal year, which will improve our ability to project revenue flows and better plan for future initiatives.

Over the last 15 months, historic grants from the Bill & Melinda Gates Foundation, Omidyar Network, and John and Ann Doerr, were mirrored by our largest outpouring of grassroots support from over 3,000 individuals. You have put Grameen Foundation in its strongest position ever to help millions of people worldwide, strengthen our global network of microfinance institutions, and impact the microfinance industry.

The 2006 Nobel Peace Prize given to Professor Muhammad Yunus and Grameen Bank brought both microfinance and Professor Yunus' work heightened international acclaim. Through this increased awareness, we have an opportunity to bring this powerful solution to even more people in need. In 2007, our goal is to reach 1 million microfinance clients as we continue to provide breakthrough financing, innovation, and critical assistance to poverty-focused microfinance institutions.

Thank you for all you have helped us accomplish. We would be delighted to have your continued support in reaching new achievements.

Thank you for caring,

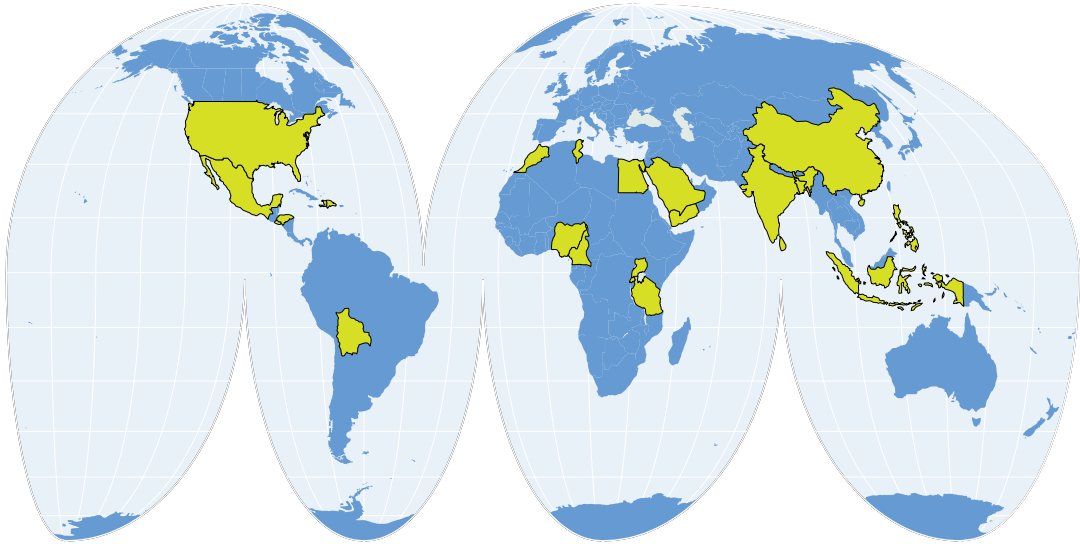
Alex Counts

Founder,

President and CEO



OUR GLOBAL FOOTPRINT

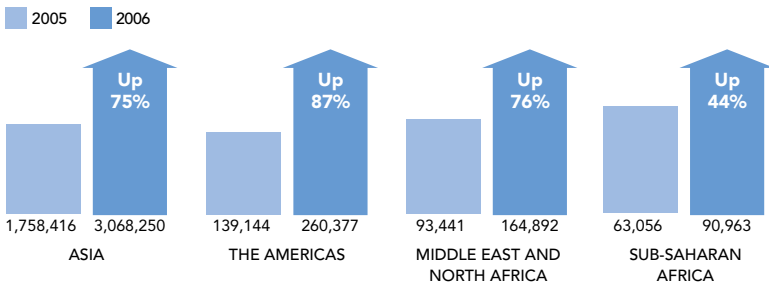


Grameen Foundation supports local microfinance institutions (MFIs) to help them expand their reach in their communities. These microfinance institutions are our partners. GF introduces tools and innovations to our partners and the entire microfinance industry to help them grow, creating a far-reaching global footprint.

REGION/COUNTRY	GF PARTNERS' CLIENT OUTREACH	FINANCING DELIVERED*	COUNTRIES WE WORK IN	INNOVATIONS IN ACTION
ASIA	3,068,250	\$12,112,434	Bangladesh, China, East Timor, India, Indonesia, Pakistan, Philippines	Mifos in India and the Philippines; Village Phone Direct in the Philippines
THE AMERICAS	260,377	\$5,036,000	Bolivia, Dominican Republic, El Salvador, Haiti, Honduras, Mexico, Nicaragua, Peru, United States	PPI in Mexico, Haiti, and Bolivia
MIDDLE EAST AND NORTH AFRICA	164,892	\$18,099,000	Egypt, Morocco, Saudi Arabia, Tunisia, Yemen	Mifos in Tunisia; PPI in Morocco
SUB-SAHARAN AFRICA	90,963	\$1,357,704	Cameroon, Kenya, Nigeria, Rwanda, and Uganda	Mifos in Kenya; Village Phone Cameroon, Rwanda, and Uganda

*Financing delivered includes all grants, loans and the leveraged value of guarantees.

PERCENT INCREASE IN CLIENTS FROM 2005



TO LEARN MORE ABOUT:	SEE PAGE:
Microfinance Open	
Source Initiative (Mifos)	15
Progress out of Poverty Index (PPI)	15
Village Phone	17

EMPOWERING 3.6 MILLION FAMILIES WORLDWIDE



Grameen Foundation supported its global network of microfinance organizations to help them bring microfinance to 3.6 million people living in poverty.

REGION/COUNTRY	PARTNER	NUMBER OF ACTIVE CLIENTS	
		BASELINE OUTREACH*	3/31/07
ASIA			
Bangladesh	Integrated Development Foundation (IDF)	43,586	62,792
China	Funding for the Poor Cooperative- Nanzhao Branch (FPC)	14,211	15,486
China	Association for Rural Development of Poor Areas in Sichuan (ARDPAS)	1,539	1,682
China	Chifeng Zhaowuda	3,166	2,856
East Timor	Moris Rasik	4,626	10,002
India	Activists for Social Alternatives (ASA)	68,781	191,224
India	CASHPOR/ Cashpor Financial and Technical Services	27,769	235,886
India	Evangelical Social Action Forum (ESAF)	1,064	178,000
India	Grameen Koota	9,083	109,251
India	SHARE	197,943	879,943
India	Swayam Krishi Sangam (SKS)	21,946	603,933
Indonesia	Mitra Karya East Java (MKEJ)	85	1,747
Indonesia	Yayasan Mirtra Dhuafa (Yamida)	789	3,517
Indonesia	Yayasan Kariya Bunda Sejahtera (YKBS)	445	2,008
Pakistan	Kashf Foundation	59,389	168,033
Pakistan	Urban Poverty Alleviation Program (UPAP)	36,020	49,117
Philippines	Ahon Sa Hirap Incorporated (ASHI)	10,701	15,635
Philippines	Center for Agricultural and Rural Development (CARD)	79,745	200,727
Philippines	Center for Community Transformation (CCT)	78,066	118,820
Philippines	Negros Women for Tomorrow Foundation (NWTF)	54,863	66,002
Philippines	Tulay Sa Pag-Unlad Incorporated (TSPI)	84,517	151,589
Subtotal Asia		798,334	3,068,250
MIDDLE EAST & NORTH AFRICA			
Egypt	Al-Tadamun	9,232	19,637
Egypt	Regional Association to Develop Enterprise (RADE)	6,115	11,348
Morocco	Fondation pour le Développement Local et le Partenariat – Micro-crédit (FONDEP)	20,485	79,819
Morocco	Al Karama	6,273	9,293
Tunisia	ENDA Inter-Arabe	25,018	44,795
Subtotal MENA		67,123	164,892
SUB-SAHARAN AFRICA			
Nigeria	Lift Above Poverty Organization (LAPO)	24,545	90,963
Subtotal Sub-Saharan Africa		24,545	90,963

Continued on next page

REGION/COUNTRY	PARTNER	NUMBER OF ACTIVE CLIENTS	
		BASELINE OUTREACH*	3/31/07
THE AMERICAS			
Bolivia	Fonde de Desarrollo Comunal (FONDECO)	8,120	8,420
Bolivia	ProMujer Bolivia	75,239	82,567
Dominican Republic	Esperanza International	195	10,721
Dominican Republic	Fundacion San Miguel Arcangel, Inc. (FSMA)	2,601	5,372
El Salvador	Las Méridas	1,300	1,730
Haiti	Fonkoze	24,990	128,253
Honduras	Fundación Adelante	1,956	4,968
Mexico	Alternativa Solidaria Chiapas (AISol)	3,224	13,155
Mexico	Centro de Desarrollo Comunitario (Centéotl)	895	2,272
Mexico	Grameen de la Frontera	1,308	2,517
USA	Project Enterprise	76	341
USA	The Plan Fund	144	61
Subtotal Americas		120,048	260,377
	Other**	NA	40,085
TOTAL ALL PARTNERS		1,010,050	3,624,567

*The Baseline Outreach is the outreach level at the start of GF's strategic plan on December 31, 2003 or the initial outreach level of partners that were added after.

**MFIs who have received the Growth Guarantee Product and no other services from GF. Growth Guarantee Partner's outreach is a one-time addition to GF's total outreach and is determined by dividing the total amount of the Growth Guarantee by the average initial loan size at the time the Growth Guarantee is provided.

PROFILE

NAME

COUNTRY

PRACTITIONER

KHALID KABEER

PAKISTAN

WORKING TOWARD AN END TO POVERTY

Kashf Foundation, a microfinance institution based in Lahore, Pakistan, was founded to bring economic empowerment to women and help reduce the poverty that is crippling the country's 50 million people who live on less than \$1 a day. Khalid Kabeer, the CFO of Kashf Foundation, is part of the outstanding leadership team that has guided the organization's rapid growth, from 60,000 clients at the end of 2003 to more than 170,000 today. Coming from a corporate accounting background, Khalid wanted to use his expertise to give back to society. In his day-to-day work focusing on everything from financial accounting to treasury management, Khalid is guided by the principal that every person has basic economic needs. He believes that "access to financial services...allows our clients to grow economically and helps them to position themselves better socially." When asked about his most memorable day on the job, Khalid remarks, "Every day is a memorable day. However, once there is no need for microfinance, that will be a memorable day!"

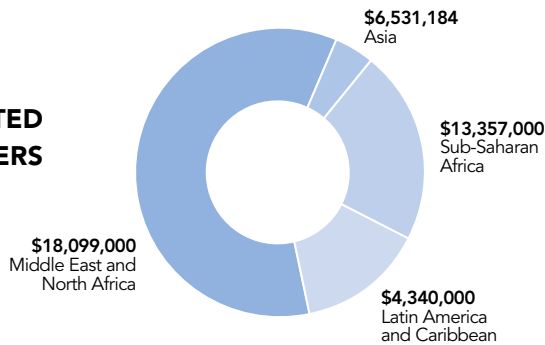


PROVIDING MILLIONS IN FUNDING FOR MICROFINANCE



Adequate financing is one of the largest barriers to growth for many microfinance institutions. Grameen Foundation is filling this gap by providing them with grants, loans, and loan guarantees. In 2006, Grameen Foundation leveraged more than \$30 million to MFIs that serve the world's poorest people. This financing is used by MFIs to expand operations and reach more poor clients. From being used to open branches in new areas to delivering new loans to people in need, increased financing is critical to bringing microfinance to its full potential.

FINANCING WE'VE FACILITATED FOR OUR PARTNERS



PROFILE

NAME

COUNTRY

BORROWER

FATIMA BILMUSTAFA

MOROCCO

CREATING A NEW PATH

After a divorce from her husband, Fatima was struggling to support herself and her son. She had inherited land from her father, but needed capital to buy livestock and produce to grow on the land. In 2004, Fatima turned to Al-Karama for a loan. Now on her third loan of 2,000 Dirham (US\$200), Fatima owns cows, chickens, and sheep and grows orange trees on her land. She has seen her profits steadily grow, and has used them to put her son through school.

Grameen-Jameel Pan-Arab Microfinance Limited is helping more than 164,000 women living in the Middle East and North Africa create better lives for their families.





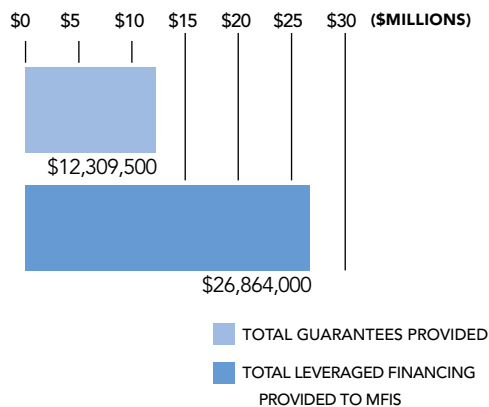
Borrowers in Nigeria meet to pay back loans and support each other.

BUILDING BRIDGES TO FINANCE GROWTH

To overcome the global poverty crisis, microfinance institutions need millions of dollars in financing to expand quickly and meet the demand for credit. The vast resources of local financial markets can provide this much-needed financing. The Growth Guarantee program provides a critical link between MFIs and local sources of capital by providing guarantees to MFIs. These guarantees enable MFIs to raise significant amounts of local financing to fuel growth. The program has leveraged \$26.9 million dollars in local financing for MFIs around the world. It is estimated that this tremendous influx of capital will enable loans to a combined 150,000 families worldwide. The Growth Guarantee program is made possible thanks to the exceptional generosity of nine high net worth individuals who have collectively provided a \$31 million pool of guarantees.

Grameen Foundation's partner Pro Mujer Bolivia is an example of the considerable benefits of the Growth Guarantee Program. It received two guarantees totaling \$750,000 that leveraged a combined \$1.5 million in local financing. These loans, negotiated on favorable terms for the MFI, will enable more than 10,000 additional entrepreneurs to receive loans.

GRAMEEN FOUNDATION GUARANTEES AND RESULTING LOANS*



*Includes guarantees provided by the Mohammed Jameel Guarantee Fund.

BRINGING TOGETHER BANKS AND MFIs

In the Middle East and North Africa, an estimated 75 million people live on less than \$2 a day. Arab microfinance institutions urgently need collaborations with commercial banks to provide the millions of dollars required to serve the poor there. The Grameen-Jameel Pan-Arab Microfinance Limited is helping bring the two parties together. The initiative is a partnership between the Abdul Latif Jameel Group and Grameen Foundation aimed to reduce poverty in the Arab world through microfinance. In November 2006, Grameen-Jameel cosponsored and organized the Sanabel Microfinance Investment Seminar, which brought together MFIs and commercial investors so they can understand each other's needs and challenges. One of the event's highlights was a competition in which MFIs vied for the title of "2006 Best Microfinance Investment in the Arab Region" by making mock investment pitches to a panel of commercial bankers and investors. Leticia Alonso, a financial advisor at FONDEP, a leading Moroccan MFI, says the seminar "...was one of those rare times when everything is just right: the themes and discussions were highly technical but very practical at the same time...[I]t was one of the few seminars where you go out longing to start applying all the new ideas you've got."

Financing and support to our partners in the MENA region in 2006 enabled an additional 71,451 clients to gain access to microfinance.

PROFILE

NAME

COUNTRY

BORROWER

MRS. YUSNAINI

INDONESIA

A VISIONARY ENTREPRENEUR

Before the tsunami hit Aceh, Indonesia in 2004, Mrs. Yusnaini had a small stand in front of her house where she sold traditional Indonesian meals. The tsunami claimed the lives of several of Mrs. Yusnaini's family members and destroyed her home. When she was left to rebuild from scratch, Mrs. Yusnaini turned to Grameen Foundation's local partner, YAMIDA, to receive a \$100 loan. She used the capital to purchase new pots, plates and other materials to rebuild her business. In a short amount of time Mrs. Yusnaini was producing and selling food, and making a profit of \$4 a day. Mrs. Yusnaini is proud of her business and says, "I don't want to only run this stall. I dream of someday owning my own restaurant."

Since the 2004 tsunami struck Indonesia, Grameen Foundation's local partners YKBS and YAMIDA have helped 4,291 families rebuild their lives.





"My loan from Al Karama changed my life..." Al Karama has helped more than 9,000 women in Morocco improve their lives through microfinance.



"I want a much better future for my children." Jerilyn Lucreza, a client with NWTF in the Philippines

INNOVATING FOR THE POOR

At the core of Grameen Foundation's mission is a commitment to developing innovative tools and sharing them with the microfinance industry. Our innovations seek to make the industry more efficient and effective at delivering microfinance and thereby accelerate the growth of microfinance to reach more of the poor.

MEASURING PERFORMANCE TO BETTER SERVE THE POOR

Microfinance institutions are continually challenged to provide financial services that reach the poorest and move clients out of poverty. Grameen Foundation's Progress out of Poverty Index (PPI) is a unique tool designed to measure the likely poverty level of clients. It is a generalized system based in part on Grameen Bank's 10 Point System of poverty assessment that produces information on clients' well being. This information helps MFIs design better products to meet the needs of the poor.

In July 2005, GF's partner AlSol, which is currently serving more than 13,000 families in Chiapas, Mexico integrated PPI into their operations and is beginning to see results. Initial data shows trends in poverty based on location and type of business, which can inform how loan officers target the poorest clients. Katia Corroy Castro, AlSol's executive director, points out that "the largest challenge that we have faced is how to know if we are reaching the poorest populations. The implementation of the PPI has allowed us to identify our clients' poverty levels." AlSol uses the tool to assess a client's poverty level when entering the program, every six months thereafter, and when clients leave. "With this information we want to...redefine our services to offer the most suitable program for our clients," Katia added.

MIFOS: TECHNOLOGY THAT EMPOWERS MICROFINANCE



Microfinance institutions lack access to affordable, flexible, and scalable management information systems (MIS). An effective MIS allows a microfinance institution to automate processes, make faster and more efficient decisions, and improve its capacity to report out to external stakeholders, including donors. Today, approximately 40 percent of all MFIs have manual or Excel based systems and another 40 percent build expensive custom-build systems. The Microfinance Open Source initiative (Mifos) delivers a world-class MIS and a shared platform for industry

innovation. Its open source framework allows free and open access to modify the software so that MFIs can engage local IT resources to implement Mifos and provide ongoing support at local affordable rates.



"With a \$250 loan I purchased this phone to operate out of my grocery store. People from my village pay to use it everyday."

VOLUNTEER

VAN MITTAL-HENKLY

GLOBAL

CONTRIBUTING TO TECHNOLOGY THAT MATTERS

A dedicated team of more than 20 volunteers were integral to GF's project called Microfinance Open Source (Mifos). They provided valuable support in nearly every phase of the project from software development to marketing and business development. Throughout the end of 2006, Van Mittal-Henkly, a former Amazon.com employee, led conversations around technical changes and provided support in improving the software's code. "I see Mifos as an opportunity to build software that really matters. It has been extremely satisfying contributing to the Mifos effort since it is a project that will have a positive impact on the lives of so many people."



In May 2006 GF began testing Mifos with its partner Grameen Koota, which currently serves more than 100,000 clients in Bangalore, India. Grameen Koota is in the process of implementing Mifos throughout its branch network in India. As of March 2007, Mifos was also being implemented at MFIs in Tunisia and Kenya.

VILLAGE PHONE: CHANGING LIVES, CONNECTING THE WORLD

Surrounded by the rhythm of dancers and the beating of drums, local leaders, reporters, GF staff and microfinance borrowers gathered last June to celebrate the launch of Village Phone Rwanda. In a country where daily life has been marked by conflict and extreme poverty, increased access to communication channels and new business opportunities are causes for much celebration. The launch marked a year of expansion for the Village Phone program, which is based on Grameen Bank's pioneering work in Bangladesh. Village Phone provides microfinance clients with cell phones and materials to start a pay phone business. Microfinance clients collect fees for calls made on the phone. An independent third party evaluation of Grameen Foundation's first Village Phone replication in Uganda found that the average Village Phone Operator earns three times the average national income in Uganda. The impact of this program goes far beyond the Village Phone operator and her family. Entire communities gain a valuable communication link that improves businesses, village infrastructure, and personal relationships.

Grameen Foundation is working to globalize this innovative tool by launching new pilot programs and establishing Village Phone Direct, a program by which organizations can independently establish Village Phone. In total, GF's Village Phone partners have collectively placed over 8,000 cell phone businesses into the hands of entrepreneurs.

STRENGTHENING OUR PARTNERS

Whether providing just microloans, or additional services like health education, microfinance institutions are in the business of empowering poor people. Microfinance institutions, like all organizations, face the daily challenges of running efficient operations, from human resources to financial management. The difficulties are compounded by the realities of working in extremely poor areas. Grameen Foundation's customized services for its partners cover their diverse needs with the goal of establishing robust microfinance institutions that operate at full potential. Once that goal is achieved, the microfinance clients reap the benefits of increased loan availability and targeted products that improve their likelihood of escaping poverty.

BUILDING UP HUMAN POTENTIAL

In Mexico, where more than 43 million people live below the national poverty line, GF's training and support to its three local partners is focused on transforming small institutions into MFIs capable of rapid growth. In April and May 2006, Grameen Foundation provided scholarships for 12 loan officers to be trained on keeping their microfinance clients on track with loan payments. This six-week interactive course provided an opportunity for partners to build their staffs' knowledge and exchange



GF invests in loan officers like José Gerardo Cruz Gómez (pictured here, in the field handling loans, savings and other microfinance services).

PROFILE

NAME

COUNTRY

BORROWER

BAOHUA ZHU

CHINA

BUILDING A BETTER FUTURE FOR HER FAMILY

Just four years ago, Baohua Zhu and her family struggled to live on her husband's income, which he made by traveling two hours each way to do odd jobs in Beijing. When Baohua heard about our partner microfinance institution Funding the Poor Cooperative (FPC) in 2004, she realized she could start her own business and provide a better life for her two children. Baohua joined a group with four other women to take out loans to sell produce. The first year Baohua used her loan of 1,000 Renminbi (US\$130) to build a greenhouse. Since then, she has seen her business flourish. She grows a variety of produce—tomatoes, squash, peanuts and eggplant—to ensure her business thrives year round. Last year, she earned 10,000 Renminbi (US\$1,300) in profit. Baohua is proud that she has earned enough from her business to repay her loan on time, expand her business so her husband no longer has to leave the village, and save for her son's upcoming college fees.

Grameen Foundation established a partnership with Funding the Poor Cooperative in 2001. Through financing and technical support, we have helped FPC expand to reach more than 15,000 clients like Baohua.



BORROWER

RAQUEL ARIAS

BOLIVIA

EXPANDING HER BUSINESS, GAINING NEW SKILLS

Three years ago, Raquel Arias realized her business needed help. Her traditional snacks were a local favorite around lunch time, but her profits were limited. Raquel turned to Pro Mujer Bolivia to take out a 1,200 Bolivianos (US\$150) loan to buy a refrigerator. With her expanded business, she now offers ice cream and other frozen items for her customers. Her average daily income nearly doubled compared to before the loan. Raquel also takes advantage of Pro Mujer Bolivia's social services to promote education. When asked what she likes most about being a member of Pro Mujer Bolivia, Raquel responds, "I like the training classes. I can share what I learn with my children." Raquel is proud of her investment and uses her increased income to support her five children.

Pro Mujer Bolivia has benefited from financial and technical support as a Grameen Foundation partner since 2005. Like Raquel, more than 13,000 additional clients benefited from Pro Mujer Bolivia's financial and social services since the beginning of 2006.



experiences with peer organizations. José Gerardo Cruz Gómez, a loan officer who participated from GF's partner, AISol, has seen his overdue loans decrease from \$12,000 pesos (US\$1,110) to \$2,000 pesos (US\$185). This type of cost reduction can provide more financing for new loans.



In October 2006, GF organized the High Growth Partner Forum, a conference that brought together executives from GF's partners with the most ambitious growth plans.

LAYING THE GROUNDWORK TO SERVE CHINA'S POOREST

As China's vast urban centers are experiencing economic growth, the rural poor are increasingly left behind. Across China's more than 220 million people are struggling to survive on less than \$1 per day. To curb this trend, Grameen Foundation launched its expansion in China in 2006. We held a three-day training with our partners, Funding the Poor Cooperative, Chifeng Zhaowuda, and ARDPAS, to create action plans to make their business processes more efficient. These types of cost savings can be passed on to the borrower. We also worked with our partners to identify their technology needs and develop a comprehensive IT strategy. Having a strong technology system is critical in transforming small micro-finance organizations with limited capacity into large institutions

capable of reaching millions of clients. These action plans are a major step in our partners' efforts to collectively double their outreach and extend microfinance to 35,000 poor families.

OUR FAMILY OF SUPPORTERS



Your contributions in 2006 broke new records in fundraising and enabled us to grow our reach to an additional one million families this year. We remain indebted to our loyal supporters and welcome the outpouring of new donors who joined our growing family. With each donation, Grameen Foundation is strengthening our partners and investing in innovations, so that poor people worldwide gain access to credit. On behalf of the 3.6 million clients whose lives are changed through our efforts, our global network of partners, our staff and board of directors, thank you for the invaluable role you play in lifting the poorest out of poverty through microfinance.

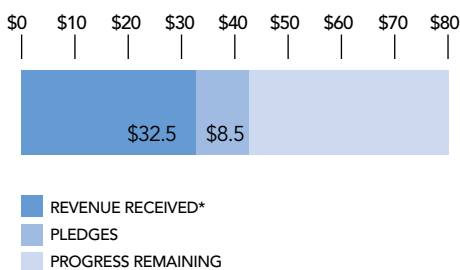
DONORS

LIFETIME \$1,000,000+

Abdul Latif Jameel Group
Citigroup Foundation
John and Ann Doerr
Fund for the Poor
Kleiner Perkins Caufield & Byers

Craig and Susan McCaw Foundation
Janet McKinley and George Miller
Omidyar Network
US Agency for International Development

PROGRESS TOWARDS \$80 MILLION GOAL



*Does not include \$31 million in guarantees raised for the Growth Guarantees program

This \$80 million dollar goal is in support of our strategic plan to:

- 1) Reach 5 million new borrowers by 2008.
- 2) Ensure half of them cross the line out of poverty.
- 3) Create three innovations that will benefit the microfinance industry.

“The reason I choose to support Grameen Foundation is because I’m sure that my small amount of dollars goes as far as it can possibly go in actually helping another person or family on this planet.”

—*Sharyn and Vince Cerniglia*
Jensen Beach, FL

\$1,000,000 (+)

John and Ann Doerr
Omidyar Network

\$500,000 to \$999,999

Bill & Melinda Gates Foundation
Blue Sky Foundation
The Chiapas Project
Fund for the Poor, Inc.
Janet McKinley and George Miller

\$250,000 to \$499,999

Anonymous (1)
Abdul Latif Jameel Group
Cisco Systems Foundation
Deutsche Bank Americas Foundation
Nokia

\$100,000 to \$249,999

Anonymous (1)
Lucy and Henry Billingsley
Citigroup Foundation
Craig and Susan McCaw Foundation
Goldman Sachs and Company
Kids Care for Planet Earth: The Mashhoon Family
Linked Foundation
The McGraw-Hill Companies
Wilbur and Jane Quint
Richard and Lois Gunther Family Foundation
Rockdale Foundation
Marshall and Pamela Saunders

\$50,000 to \$99,999

Anonymous (2)
Hunt Consolidated, Inc.
Rock Paper Scissors Foundation
Russell Investment Group
Pradeep and Rubi Singh
USAID
John C. Whitehead

\$25,000 to \$49,999

Anonymous (1)
Consultative Group to Assist the Poor (CGAP)
Alex Counts and Emily Wainwright
Craig Jenkins Charitable Foundation
eBay Foundation
Guerrant Foundation
The Kaphan Foundation
Ellen McNally
Yvette and Aryeh Neier
Jim and Betty Sams
Mark and Cindy Schoeppner
Stanley Family Foundation
Tides Foundation
United Nations Foundation
Henry and Holly Wendt

\$10,000 to \$24,999

Anonymous (5)
Anthony R. Abraham Foundation
Bochnowski Family Foundation
Bridgeway Charitable Foundation
Michael Chastain
Jonathan Chen
Dancing Tides Foundation
Evslin Family Foundation
Deborah Fink
Susan Freeman
Corydon and Kristin Gilchrist
Diana Gondon
Google Inc.
Jeremy Gordon
Joseph Higdon
James Hong
International Development Research Centre
Insurance Services Offices, Inc.
Issa Family Foundation
Charles and Roberta Katz
Angelique Knapp
Raja Malkani

Donald Mankoff and Neelam Patel
 The Oppenheimer Foundation
 Ellen and Leonard Polaner
 Qualcomm Inc.
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OMIDYAR NETWORK

UNITED STATES

LEADING INVESTMENT IN INNOVATIVE TECHNOLOGY

Grameen Foundation's Mifos open source initiative received a tremendous boost in 2006 with \$1.5 million in funding from Omidyar Network. This investment has been central to the development and launch of Mifos, which is a software solution that aims to overcome the microfinance industry's information management challenges. "Omidyar Network is committed to advancing technologies that will benefit and transform the entire microfinance industry," says Crystal Hutter, investment manager at Omidyar Network. "Since 2004, we have supported Grameen Foundation's efforts to promote the evolution of microfinance, and are particularly pleased to support the Mifos initiative. With its open source platform and strong focus on building local IT expertise, Mifos offers the industry a strong, sustainable technology platform, which is critical for the industry if it is to expand its reach." Beyond providing critical funding for the progress of Mifos, Omidyar Network's investment has spurred broad support from funders and volunteers, including Cisco Systems, Goldman Sachs, and the Rockdale Foundation.



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PROFILE

NAME

COUNTRY

DONOR

FARHANG MEHREGANI

ENGLAND

A NEW LOOK INSPIRES ACTION

When Farhang Mehregani, a Citigroup employee living in London, was challenged by a friend to shave his full head of hair on a bet, he didn't shy away. In fact, he was inspired to get other friends and colleagues involved in the challenge and he donated the proceeds to Grameen Foundation. "Many people want to be more active and make more charitable contributions, but sometimes need encouragement," Farhang says. After realizing how much people would be willing to pay, "I decided on a goal of \$150,000 and began my [fundraising] efforts over the course of two weeks." Farhang's creativity and passion helped raise thousands of dollars for GF and spread the word about microfinance to dozens of friends. "Grameen Foundation has the capacity to change thousands of lives in a sustainable way. I am honored to be associated with them."

To raise awareness and funds for GF, try out one of our event ideas available in our free, downloadable "Friendraising" toolkit at www.grameenfoundation.org/get_involved.



\$500 to \$999

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PROFILE

NAME

COUNTRY

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VIRGINIA MUNROE

UNITED STATES

SPREADING THE MESSAGE

"I do believe with all my heart that the concept of giving or even lending to people in deep poverty is a step in the right direction...And from what I have learned to date, this...idea which won...the Nobel Peace Prize for Professor Yunus and the Grameen Bank...is enough for me to 'plant a seed' to further it."

-Virginia Munroe, San Antonio, TX

So far Virginia, 81 years old, has sent over 500 letters and emails to friends asking that they send money to Grameen Foundation for 'the women who need small loans' to have a better life.



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"I now have opportunities."



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PROFILE

NAME

COUNTRY

VOLUNTEER

ROSANNA RAMOS-VELITA

UNITED STATES

TURNING EXPERTISE INTO IMPACT

Rosanna's contributions to Grameen Foundation go far beyond her position as treasurer on the Board of Directors. Rosanna fuses her passion for Latin America and expertise in capital markets into impact for the poorest in the region and beyond. She is doing just that as a member of our Latin America and the Caribbean Advisory Council and the Capital Markets Advisory Council. In 2006, Rosanna played a pivotal role in planning Grameen Foundation's Peru Roadshow, which took place in February of 2007 and established high-level relationships with prominent government and banking officials. Rosanna's volunteer support helped pave the way for \$600,000 in local financing to Pro Mujer Peru, through GF's Growth Guarantee Program. When asked what motivates Rosanna's enthusiasm towards advancing GF's mission, she responds, "I am impressed by microfinance and Grameen Foundation's strategic approach and vision. I get ten times more in return from being a volunteer than what I put in."



STAFF

Alex Counts, President and CEO
Peter Bladin, Vice President, Grameen Technology Center
Deborah Burand, Executive Vice President, Strategic Services
Patrick Meriweather, Acting Vice President of Development
Robert J. Knapp, Chief Financial Officer
Sal Pappalardo, Chief Operating Officer
Diane Smith, Vice President, Capital Management and Advisory Center
Julia Soyars, General Counsel and Assistant Corporate Secretary

Amrote Abdella	Ken Fox	Cheri Mitchell	Sheri Stephanson
Nurul Alam	Michael Gabriel	Jocelyn Moore	Dawn Draayer
Ximena Arteaga	Patricia Gates	Joe Mwangi-Kioi	Malini Tolat
Tania Ashraf	Mike Getubig	Camilla Nestor	Jeff Toohig
Tom Bell	Priscilla Glenwright	Chandni Ohri	Emily Tucker
Elizabeth Berthe	Tilahun Habtegiorgis	Jimmy Ossman	Marie Valdez
Nigel Biggar	Aisha Hassan	Julie Peachey	Aliya Walji
Jill Chen	Heather Henyon	Vlad Petrov	Steve Wardle
Sherita Coates	Kay (Karen) Hixson	Christine Roberts	Julia Wilson
George Conard	Beverly Jackson	Cameron Rosenthal	Tim Wood
Erin Connor	David Keogh	Viviana Salinas Lanao	Linda Yahr
Manon Cypher	James Kingdon	Sameer Sheikh	Liselle Yorke
Sean Dewitt	Emma Le Du	Shannjit Singh	Helen Yuen
Kate Druschel	Ken Liffiton	Radha Singla	Denise Ziegler
Michael Eber	Matt Mechenbier	Brain Slocum	
David Edelstein	Jennifer Meehan	Stuart Smith	

CONSULTING COUNTRY REPRESENTATIVES

Ahsan Habib
Girish Nair
Nonoy Tan

This list is current as of June 1, 2007

FINANCIAL HIGHLIGHTS



GRAMEEN FOUNDATION CONTINUES TO EXPERIENCE STRONG GROWTH, THANKS IN LARGE PART TO THE GENEROSITY OF OUR SUPPORTERS AND OUR PARTNERS.

We have changed the financial reporting period for the Foundation to a fiscal year which begins April 1 and concludes March 31. For this reason, our audit covers a 15 month period ending March 31, 2007. Our new fiscal year runs from April 1, 2007 to March 31, 2008. This change reflects our naturally occurring revenue cycle and will improve our annual planning process.*

Grameen Foundation's funding comes primarily from individuals and foundations and is efficiently procured with the use of less than 6 cents per dollar for fundraising. Over the past 15 months \$9 million in program services from Grameen helped our partners serve families in need. We made an additional \$34.3 million available to our partner MFIs through loans, Growth Guarantee Program and other credit facilities.

Pledges to the Growth Guarantee Program are retained by the guarantors even as they are put to work leveraging multiples of the value of the guarantees themselves for the benefit of our grassroots partners. For this reason, a standard accounting treatment does not allow us to include the guarantees deployed or the resources they leverage in our "programmatic activity" even though they are one of our highest impact programs. As a result, our overhead rate looks misleadingly high (though still comparable to our peers and in the range considered appropriate for non-profit institutions). If one considers the value of the guarantees alone, and includes this in our programmatic activity, our overhead rate would be 14.54%. If one adds not the cash value of the guarantees but the amount leveraged, our overhead rate drops further to 8.08%.

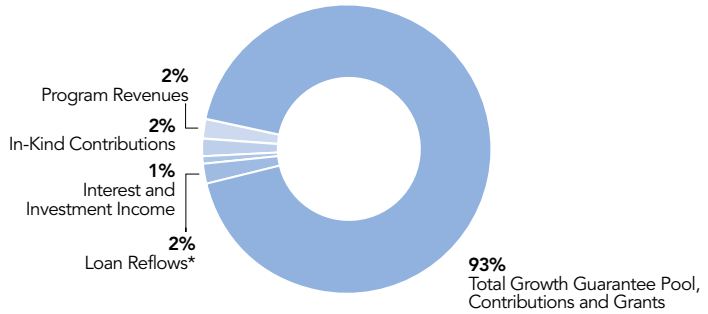
The CPA firm of GELMAN, ROSENBERG & FREEDMAN has audited the financial records and statements of Grameen Foundation for the period that ended March 31, 2007 and expressed their unqualified opinion thereon. Complete financial statements in accordance with Generally Accepted Accounting Principles (GAAP) can be found at www.grameenfoundation.org.

A handwritten signature in black ink that reads "Robert J. Knapp".

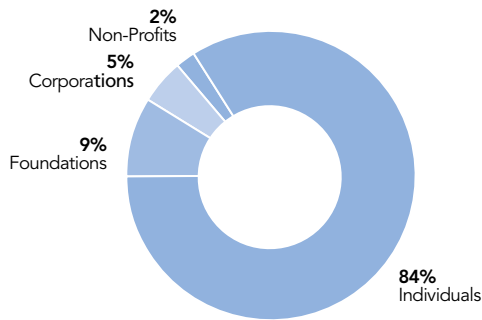
Robert Knapp
Chief Financial Officer

*The financial charts shown on the following pages cover the period January 1, 2006 through March 31, 2007.

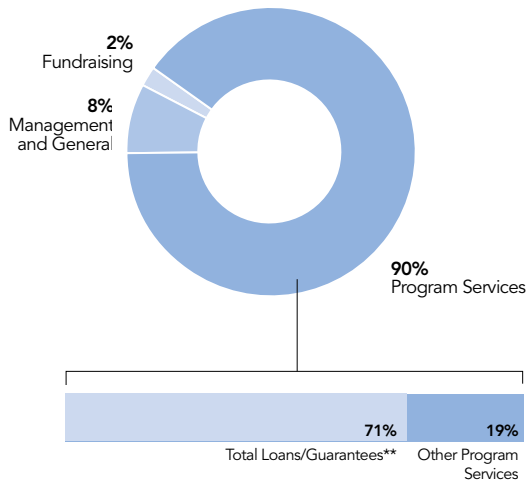
WHERE OUR MONEY COMES FROM



SOURCES OF CONTRIBUTIONS



WHERE OUR MONEY GOES



*Loan reflows and loan guarantees are not included on the Statement of Activities

**Includes the total value of loans and guarantees deployed, including cash backed guarantees, growth guarantees, and Jameel guarantees. Most of these guarantees are not included in our audited financials as programmatic services due to the accounting treatment they receive under GAAP. For more on GF's loan guarantee programs, visit www.grameenfoundation.org

STATEMENT OF FINANCIAL POSITION YEAR ENDED MARCH 31, 2007

ASSETS	
Cash and cash equivalents	6,356,450
Restricted deposits	1,490,044
Investments	1,284,500
Loans receivable	707,115
Grants and contributions receivable	1,761,953
Employee receivables and advances	229,732
Prepaid expenses	105,225
Property and Equipment	138,818
Loans receivable, net of current portion	4,512,029
Loans to program related investments	199,600
Program related investments	102,400
Grants and contributions receivable, net of current portion	1,898,784
Deposits	92,082
Total Assets	18,878,732

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	747,885
Note payable	384,000
Total Liabilities	1,131,885

NET ASSETS:

Unrestricted	8,959,111
Temporarily Restricted	8,787,736
Total Net Assets	17,746,847

Total Liabilities and Net Assets	18,878,732
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STATEMENT OF ACTIVITIES FOR THE PERIOD JANUARY 1, 2006 THROUGH MARCH 31, 2007

REVENUES	
Contributions and Grants	
Restricted	\$11,878,200
Unrestricted	\$4,347,521
Total Contributions and Grants	\$16,225,721
Program Revenues	\$777,492
Interest and Investment Income	\$704,138
In-Kind Contributions	\$1,121,560
Other Revenue	\$903
Total Support and Revenue	\$18,829,814

EXPENSES

PROGRAM SERVICES

Grameen Bank Replication	\$6,242,093
Grameen Technology Center	\$2,063,232
Public Education	\$657,670
Total Program Services	\$8,962,995

SUPPORT SERVICES

Management and General	\$3,708,369
Fundraising	\$1,132,425
Total Support Services	\$4,840,794

Total Expenses	\$13,803,789
Change in net assets before other items	\$5,026,025

OTHER ITEMS

Allowances for: uncollectible loans receivable	-\$236,485
Present value discount of loans receivable	-\$248,807

Change in Net Assets	\$4,540,733
Net Assets at Beginning of Year	\$13,206,114

Net Assets at End of Year	\$17,746,847
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What You Can Do

Support Us. Grameen Foundation carries out its work because of individuals like you who make it possible. You can help us address extreme poverty at its root with your gift today. Gifts are fully tax-deductible to the extent allowed by law.

Stay informed. Receive free e-updates on microfinance's transformation of communities, innovative projects we've launched, and more.

For more information on how to get involved, visit www.grameenfoundation.org/get_involved



The paper used for this report contains 30% postconsumer recycled content. The savings below are achieved when PC recycled fiber is used in place of virgin fiber from a manufacturing plant that uses emission-free windpower. This estimate was made using the Mohawk Environmental Calculator: www.mohawkpaper.com

Environmental Benefits Estimate:

6.51 trees preserved for the future
18.81 lbs waterborne waste not created
2,767 gallons wastewater flow saved
306 lbs solid waste not generated
603 lbs net greenhouse gases prevented
4,610,423 BTUs energy not consumed

Savings estimate from the use of emission-free wind-generated electricity:

1,044 lbs air emissions not generated
Displaces this amount of fossil fuel:
2,484 cubic feet natural gas unused
The savings from the use of windgenerated electricity is equivalent to planting 70 trees





With small loans, women around the world
have opened food stalls, raised
livestock, cultivated land and more.
**With your help, they are making inroads
against poverty and creating healthier,
brighter lives for their families.**

THANK YOU

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