

2007 FINANCIAL REPORT

In 2007, The Kresge Foundation earned a 21.6% return on \$3.8 billion of assets under management. During that period, it awarded 283 grants totaling \$178,518,389 to nonprofit groups seeking to advance the foundation's values in six fields of interest—health, the environment, arts and culture, education, human services and community development.

The foundation was ranked number-one in return on investments among major U.S. foundations and endowments in 2007. This performance reflects the success of the foundation's recent efforts to increase its capital resources and the amount of money available for grant awards, and to expand the spectrum of financial support offered to nonprofit organizations.

Kresge's high returns, even in the face of a widespread economic downturn, validate its decision to restructure its investment committee and hire a dedicated, in-house team of financial management professionals to set and execute its investment strategy. In doing so, the foundation replaced its conservative investment philosophy with a more nimble approach applied to an increasingly diversified portfolio of holdings across all asset classes and markets. The table on the opposite page summarizes the growth in Kresge's investment assets over the past years.

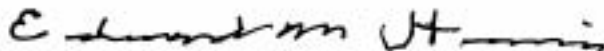
Deloitte & Touche LLP serves as the independent auditors for the foundation. The statements that follow are a condensed version

of the foundation's annual audited financial statements. A full set of audited financial statements is posted on our Web site at www.kresge.org.

The foundation's Audit Committee of the Board reviews the results of the independent auditors' examinations and recommends them to the full Board of Trustees for approval. The Audit Committee reviews the annual operating plan and interim financial reports. All foundation staffers are required to submit an annual conflict of interest statement and affirm adherence to the foundation's code of ethics.



Amy B. Coleman
Vice President of Finance



Edward M. Hunia
Senior Vice President and Chief Investment Officer