

February 19, 2009

Because you have been a long-time friend of GlobalGiving, we wanted to give you an advance update on our 2008 results and latest developments prior to beginning work on our 2008 Annual Report.

At the end of January, the Board of the GlobalGiving Foundation had its first meeting of 2009, and we were able to report that despite the troubled economic climate, 2008 was by far our most successful year since our founding. The volume of donations mobilized through the GlobalGiving marketplace has on average doubled each year since our launch, and in 2008, donations tripled over 2007. Through the generosity of our donors, and the success of the marketplace structure, GlobalGiving was able to provide more than \$8.7 million to fund 800 projects in 90 countries. We have now mobilized more than \$17.5 million in donations to world-changing initiatives since our inception.

We're also very pleased to tell you that on December 31, 2008, the GlobalGiving Foundation (GGF) acquired over 98% of the outstanding shares of common stock in ManyFutures, Inc. (MFI), and as a result, MFI has become a formal subsidiary of GGF. For us, this is an important step in the evolution of GlobalGiving, and we thought we should tell you about it in some detail.

You may know that in 2000, even before the GlobalGiving Foundation was created, we formed ManyFutures, Inc. with our own funds, some help from angel investors, and a small grant from the Mott Foundation. We created MFI as a socially oriented for-profit startup in the belief that private capital was the best means of building the infrastructure to support the global marketplace for philanthropy we envisioned. During the start-up pilot phase, MFI built the website for what we originally called DevelopmentSpace, and donor contributions to projects around the world were distributed by an existing third party foundation. The Development Space Foundation received its 501(c)3 status in May 2003, and in June 2003, changed its name to the GlobalGiving Foundation.

MFI and GGF have been separate entities with separate boards of directors, and have always had a clear division of responsibilities. The GlobalGiving Foundation was in charge of sourcing and doing due diligence on projects, providing training and other assistance to project leaders around the world, and handling donations. MFI was in charge of developing, expanding, and marketing the web-based marketplace platform through which GlobalGiving operates.

The results of this collaboration have fulfilled our hopes for how a global marketplace could attract online donations from tens of thousands of contributors to support projects around the world. The technology platform and partnerships developed by MFI have been very important ingredients in the success of the GlobalGiving marketplace. While structured as a for-profit, MFI was initially funded through loans from us personally, and from loans and investments from a few other investors. In the summer of 2003, these initial loans were restructured as equity in MFI. With the encouragement of major foundations, and through grants made by them specifically for this purpose, the GlobalGiving Foundation began investing in MFI through a series of convertible notes – that is, loans that would, at a future time, be converted into equity in MFI.

GlobalGiving could have simply paid MFI for its services, as it might have with another vendor. The GGF Board, however, decided that, given the start-up nature of the whole initiative, as well as its charitable mission, it was more appropriate (and more advantageous to the Foundation), if GGF invested in the company, via funding its activities through these convertible notes. In this way, if MFI were ever worth anything on the commercial market – either by generating profits from related services provided to others or through a full or partial sale – GGF would share in the profits and/or the equity value created. Rather than pay money to a vendor for building the platform that GlobalGiving uses to do what it does, it invested in the company that built the platform.

As originally envisioned, and after careful deliberation by the Boards of both the GlobalGiving Foundation and MFI, Inc., and with advice from both organizations' outside law firms and financial advisors, in December 2008, GGF exercised its right to convert notes held by GGF into equity in MFI. As a result of that conversion, GGF became the majority shareholder of MFI, and MFI became a formal subsidiary of GGF. This gives GGF direct ownership control over the technology platform that makes GlobalGiving tick.

In conjunction with this, the GGF Board has decided to consolidate the operations of the two separate entities under the umbrella of GGF. We want to emphasize that this consolidation involves no reduction in staff or in services provided to users of the marketplace. In fact, our team is stronger than ever, and we have an exciting slate of new features due for release in 2009 that will keep us at the forefront of innovation in the sector.

For us personally, our loans of approximately \$1.4 million to MFI were converted in 2003 into approximately 1.4 million shares in MFI. In December 2008, we sold all of our shares back to MFI for a total price of about \$12,000, a value set by the boards after an independent appraisal by the firm RSM McGladrey & Company. Because we feel that initiatives in developing countries are particularly vulnerable during the current economic crisis, we are now pleased to contribute the full proceeds from the sale of our stock to projects listed on the GlobalGiving marketplace.

We could not be more proud that GlobalGiving has grown into a strong institution that not only works but is helping improve access, transparency, and efficiency in the philanthropy marketplace. The original vision we had nearly eight years ago has come to fruition. If hard work on behalf of a cause you believe in can be referred to as a "labor of love," then we can view our investment in MFI in similar terms. Put simply, MFI helped GlobalGiving grow into the institution that it is today. Putting as much of our personal resources into the realization of the vision has been worth it, and the success of GlobalGiving speaks for itself.

As we go forward, the consolidation allows us to realize some operational efficiencies, and the streamlined structure positions us well for future growth. GlobalGiving will continue to innovate as it has in the past, and because the Foundation now controls the online platform, we believe GlobalGiving will be an even stronger institution.

Perhaps it is because in Washington this winter it feels like positive change is in the air, we view 2009 very optimistically. We look forward to updating you on progress we're making, and we looking forward to working with you throughout this year, so filled with change and hope.

Sincerely,

Dennis Whittle and Mari Kuraishi
Co-founders