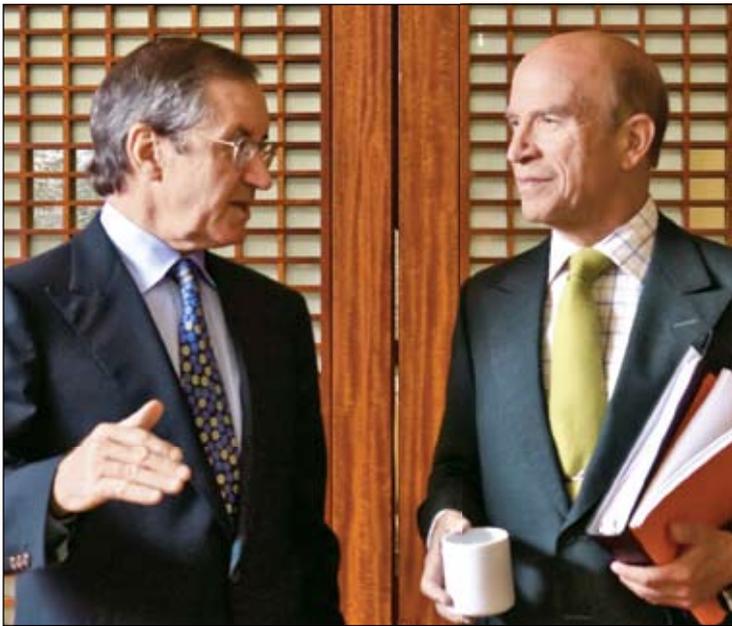


INVEST IN OUR WORLD



Chairman N. J. Nicholas, Jr. with chairman-elect Carl Ferenbach

I've made my living as a businessman and investor, and that's what got me interested in Environmental Defense Fund. As head of Time Warner, I served in 1991 with Fred Krupp on a presidential commission, where I witnessed firsthand the business-like approach EDF brings to the table in creating fair and equitable solutions to environmental problems. EDF wins lasting results thanks to a bipartisan approach, the use of economic incentives, and partnerships with diverse, often unexpected, allies from the private sector.

In these times, there is no better investment than a contribution to Environmental Defense Fund. We have shown how helping the environment and helping the economy can, in fact, be mutually beneficial. Our strategy of emphasizing clean and secure energy, job creation and a healthy environment is just the prescription our country and our world need today.

I am delighted to welcome my colleague and fellow trustee, Carl Ferenbach, who will become EDF's chairman in May 2009, and I congratulate the staff on their remarkable accomplishments during my seven years as chairman. My heartfelt thanks to all our members and friends who, despite a difficult economy, were more generous with their contributions this year than ever before, making possible the impressive results you'll read about in the following pages.

N. J. NICHOLAS, JR.
Chairman of the Board

WHAT OTHERS SAY ABOUT ENVIRONMENTAL DEFENSE FUND

"... America's most economically literate green campaigners" *The Economist*

"... the power broker rewarding good behavior" *Time*

"... one of the hottest environmental groups" *The Wall Street Journal*

“... arguably the most influential environmental group around”

The New Republic

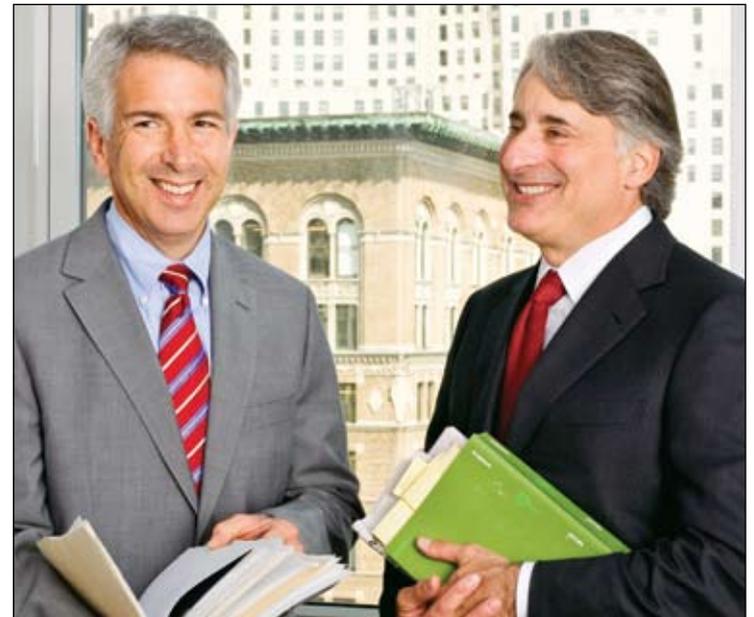
THE POWER OF INVENTION

People ask why I’m hopeful despite global warming and the deep recession. I’m hopeful because President-elect Obama has called for a cap-and-trade plan to kick-start economic renewal and achieve reductions in global warming pollution at low cost. His initiative will face a tough battle in Congress, and we’ll put our energies into getting it done.

I’m also hopeful because of people like Conrad Burke, Bernie Karl and Jack Newman. These and other inventors are finding new ways to tap energy from the Earth, the seas, the sun—even from yeast. New technologies give us power to solve global warming by cutting carbon dioxide emissions and helping countries like China and India do the same. Washington must unleash this new energy economy—and the jobs that come with it—by enacting a declining cap on carbon, a cap that will send companies knocking on inventors’ doors.

Environmental Defense Fund has achieved major gains this year in our four focus areas of climate, oceans, ecosystems and health, and executive director David Yarnold and staff have set out ambitious goals for the coming year. The new president and Congress will face daunting challenges in 2009. That’s why we are integrating our strategies for environmental protection into the need to revive the economy.

As Oberlin professor David Orr puts it, “Hope is a verb with its sleeves rolled up. Hopeful people are actively engaged in defying or changing the odds.” EDF has hope for the future and, with your help, we are on track to achieve major successes in the year ahead.



President Fred Krupp with David Yarnold, executive director of EDF and president of Environmental Defense Action Fund

FRED KRUPP
President



A BEST-SELLING MESSAGE

Fred Krupp and co-author Miriam Horn illustrated the abundance of new energy technologies like solar thermal power in their *New York Times* best-selling book *Earth: The Sequel*, soon available as a Norton paperback.

ONLINE: Meet energy entrepreneurs at edf.org/unleash08