

2008 Financials & Audit Report

CONTENTS

Retired Ministers and Missionaries Offering (RMMO)	16
Selected Data.....	17
Investment Review.....	18
Investments Under Management.....	22
Report of Independent Accountants....	23
American Baptist Churches Retirement Plans.....	24
The Ministers and Missionaries Benefit Board of American Baptist Churches.....	25
Notes to Financial Statements	27

RETIRED MINISTERS AND MISSIONARIES OFFERING

Since 1935 American Baptists have contributed to special offerings received in their churches for retired American Baptist ministers and missionaries or their widowed spouses. The Retired Ministers and Missionaries Offering (RMMO) was established in 1977.

The ongoing theme of the RMMO is *Remember with Love, Give with Gratitude*. Receipts for the 2008 offering totaled \$1,383,537, a decrease of \$185,140, or 11.80%, when compared with the 2007 receipts of \$1,568,678. Of this amount, \$545,885 was made available to meet immediate emergency and special financial needs. The balance of the receipts was distributed by MMBB on behalf of American Baptists in the form of Thank You checks: 3,238 checks were distributed in 2008, ranging from \$50 to \$374. The average check was \$258.69.

Since 1980, eligible retired ABC lay employees have received comparable Thank You checks from MMBB funds. In 2008 a total of \$115,229 was distributed to 639 recipients for this purpose.

RMMO CONTRIBUTORS

MMBB gratefully acknowledges the following persons who contributed \$500 or more to the 2008 Retired Ministers and Missionaries Offering:

Herald R. Baughman
Leland M. Brimhall
Anita Culp
Walter G. and Norma J. Griffith
Anne E. Hardy
Louise W. and William D. Scott
Timothy J. Short (given in memory of Eunice J. Short)

SELECTED DATA

SELECTED DATA

The table below highlights the important aspects of MMBB's operations. For comparison purposes, data have been provided for the last year and for 1998. **Dollar amounts in thousands** except for accumulation unit value* and average compensation.

	2008	2007	1998	Percent Change 2007-2008	Percent Change 1998-2008
Managing the Resources					
Market Value of Total Net Assets	\$1,905,895	\$2,732,904	\$2,157,506	(30.26%)	(11.66%)
Meeting the Obligations:					
ABC Retirement Plan					
Assets	\$1,489,312	\$2,141,441	\$1,731,248	(30.45%)	(13.97%)
Benefits Paid	\$132,784	\$114,856	\$92,118	15.61%	44.15%
Accounts Receiving Deposits**	5,745	5,960	5,260	(3.61%)	9.22%
Annuities**	5,425	5,380	3,687	.84%	47.14%
Accumulation Unit Value*	\$28.1023	\$39.6484	\$23.4065	(29.12%)	20.06%
Tax-Deferred Annuity					
Assets	\$16,886	\$23,523	N/A	(28.21%)	N/A
Benefits Paid	\$4,736	\$869	N/A	444.99%	N/A
Accounts Receiving Deposits**	1,466	1,712	N/A	(14.37%)	N/A
Annuities**	48	42	N/A	14.29%	N/A
The Annuity Supplement					
Assets	\$166,030	\$231,635	\$117,048	(28.32%)	41.85%
Benefits Paid	\$18,815	\$11,317	\$7,243	66.25%	159.77%
Accounts Receiving Deposits**	1,825	2,007	1,379	(9.07%)	32.34%
Annuities**	1,075	1,077	1,075	(.19%)	0%
Deductible Employee Contribution Account					
Assets	\$1,572	\$2,533	\$3,361	(37.94%)	(53.23%)
Benefits Paid	\$256	\$295	\$255	(13.22%)	.39%
Accounts**	75	78	118	(3.85%)	(36.44%)
MMBB Death Benefit Plan					
Reserve	\$24,670	\$33,477	\$22,520	(26.31%)	9.55%
Benefits Paid	\$2,014	\$1,932	\$1,734	4.24%	16.15%
Assisting Ministers, Missionaries and Lay Employees					
Assistance to Ministers and Missionaries	\$4,544	\$5,073	\$5,516	(10.43%)	(17.62%)
Benefits Paid to Lay Employees	\$404	\$403	\$725	.25%	(44.28%)
FUND BALANCE OF PERMANENT FUNDS	\$127,125	\$182,361	\$204,668	(30.29%)	(37.89%)
AVERAGE COMPENSATION/MINISTERS	\$48,986	\$46,777	\$37,766	4.72%	29.71%
AVERAGE COMPENSATION/LAY	\$39,751	\$39,825	\$30,456	(.19%)	30.52%

Parentheses indicate decrease. N/A indicates not applicable.

* *Balanced Fund. On October 1, 2005, the Balanced Fund was split 10-to-1. The per share values for prior years has been revised to reflect this change.*

** *Restated using revised definitions.*

INVESTMENT REVIEW

In a reversal of five years of very strong returns, MMBB's investments were hit with the same storm that pounded all market participants in 2008. Only the Money Market Fund and the U.S. Bond Fund posted positive returns, as all other investment options had some degree of equity exposure. The U.S. Blended Equity Fund, the Social Awareness Fund, the U.S. Equity Index Fund and the International Blended Equity Fund, each of which is virtually all invested in equities, suffered deep losses, in line with their respective benchmarks. The Balanced Fund and the New Horizons Fund, which span equity, fixed income and alternative investments, also lost ground, but not as much as the equity-only options.

With the oversight of MMBB's Finance Committee, the Investment Department continued its disciplined approach to investing assets, including diversification across asset classes, styles within asset classes and among various external managers

MMBB INVESTMENT FUNDS PERFORMANCE JANUARY 1-DECEMBER 31, 2008

MMBB Funds		Benchmarks	
Money Market Fund	2.46%	Lipper Money Market	2.41%
U.S. Bond Fund	5.31%	Barclay Aggregate	5.24%
New Horizons Fund	-24.70%	Hybrid Index*	-21.29%
Balanced Fund	-29.12%	Hybrid Index**	-27.34%
U.S. Blended Equity Fund	-36.68%	Dow Jones Wilshire 5000 Free Float Index	-37.23%
Social Awareness Fund	-36.25%	Standard & Poor's 500 Index	-37.00%
U.S. Equity Index Fund	-37.22%	Dow Jones Wilshire 5000 Free Float Index	-37.23%
International Blended Equity Fund	-43.44%	MSCI EAFE Index	-43.38%

* Beginning with the New Horizons Funds' inception on July 1, 2006, the benchmark is a combination of unmanaged benchmarks: 60% MMBB Balanced Fund custom benchmark, 23% Hedge Fund Research (HFR) Fund of Funds Strategic Index, 15% Merrill Lynch 1-to-3 Year U.S. Treasury Index and 2% National Council of Real Estate Investment Fiduciaries (NCREIF) Timber Index..

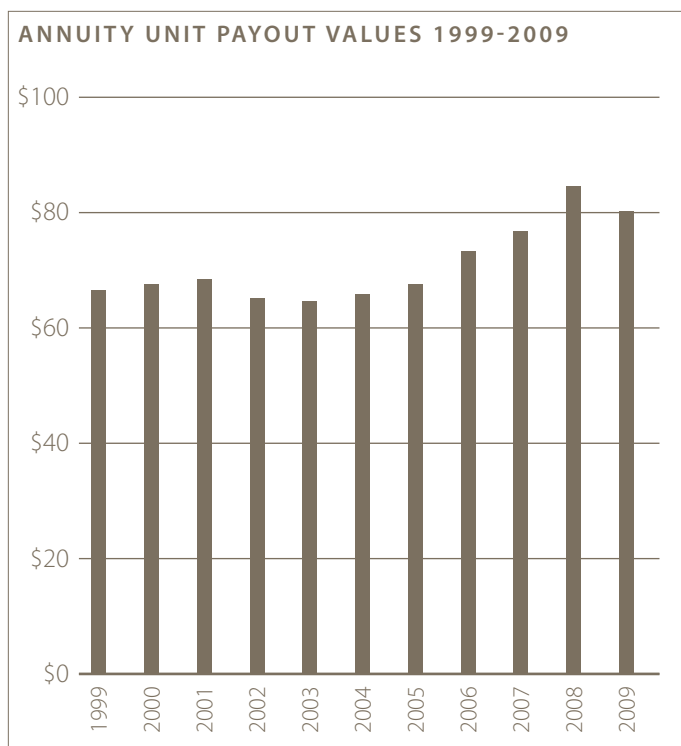
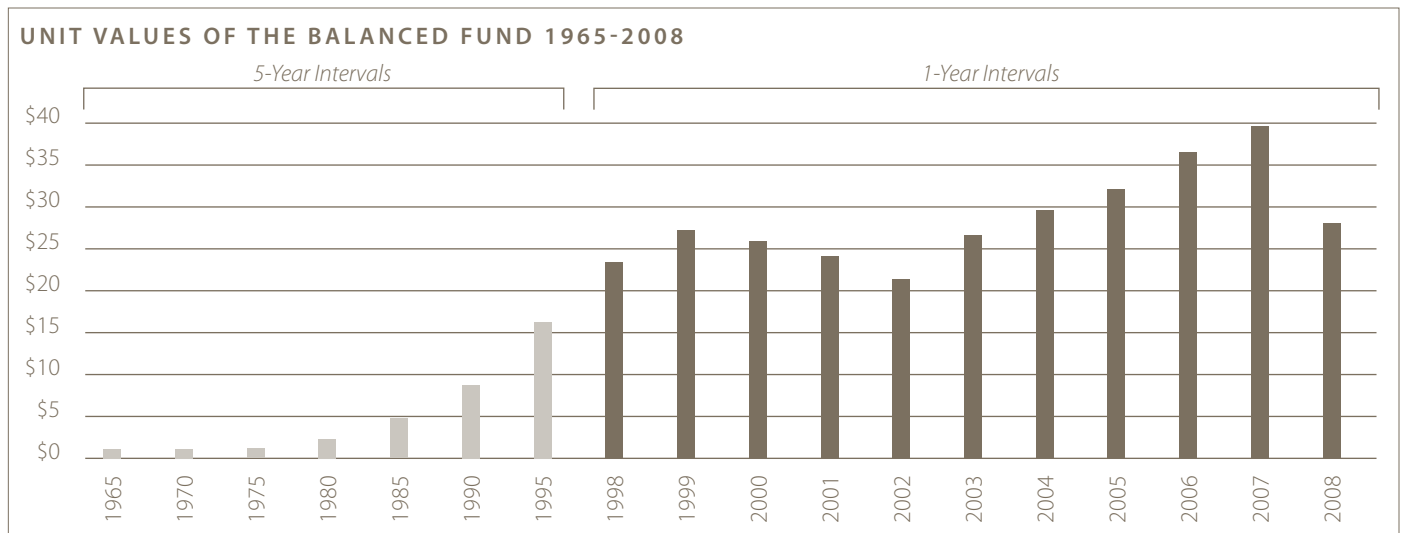
** At the end of 2008, the Hybrid Index was comprised of 44% Dow Jones Wilshire 5000 Free Float Index, 18% MSCI EAFE, 17.5% Lehman Brothers Aggregate, 11.5% Merrill Lynch 1-3 Year U.S. Treasury Index and 9% Russell 2000.

MMBB funds performance is shown net of all fees.

THE BALANCED FUND'S UNIT VALUE

Of MMBB's eight investment options, the Balanced Fund is the most popular. It is the default option for new members joining MMBB. Many members elect to remain in the Balanced Fund even though they are free to switch in and out of any of the array of choices offered by MMBB. The Balanced Fund is well diversified across equity, fixed income and hedge funds, and it includes both domestic and international investments.

The Balanced Fund's unit value is the price at which members buy or sell units. As of December 31, 2008, the Balanced Fund's unit value was \$28.10. Over the 20-year period ending December 31, 2008, the Balanced Fund's unit value has increased from \$7.62, or 269%. During that same time the CPI-U (Consumer Price Index for All Urban Consumers) increased by 75%. Thus, the Balanced Fund may be said to have increased buying power by four times the rate of inflation.



ANNUITY UNIT PAYOUT VALUE

When a member retires, the value of his or her retirement account(s) is transferred to the Annuity Fund. The annuity unit price on the date of this transfer is the price at which the member purchases units and determines the number of units that the member is able to buy with his or her accumulated assets. Each year, the member's number of annuity units and the annuity payout value determine the member's annual annuity. The annuity unit payout value for 2009 is \$80.24, a 5% decrease from the 2008 value.

The annuity unit payout values for the last ten years are shown on the graph to the left. Retired members experienced increases in their annuities in seven of the last 10 years.

INVESTMENT REVIEW

PERMANENT FUNDS (THE ENDOWMENT)

On December 31, 2008, the value of MMBB's permanent funds (the endowment) was \$127,125,000.

Income generated by the endowment is used to fund services to American Baptist plan members. Those services include benefits seminars, retirement and financial planning workshops, ABC member publications and annual visits with eligible retired members. Endowment resources also support other costs of administrating the plans.

Resources from the endowment also provide benefits for American Baptist plan members over and above contractual plan benefits. These include strategic premium assistance, educational grants, emergency financial assistance and a subsidy to help eligible annuitants purchase medical coverage.

PERMANENT FUNDS			
<i>Dollar amounts in thousands</i>			
	2008	2007	1998
Balance, December 31	\$127,125	\$182,361	\$204,668
Number of Beneficiaries			
Annual Grants	55	53	73
Emergency Assistance	268	300	313
Gift	5	8	482
Lay Employees Retirement Allowance	23	31	66
Premium Aid, including Strategic Premium Assistance	42	48	114
Lay Thank You Checks	639	572	413
Medicare Supplement	1,591	1,743	3,566

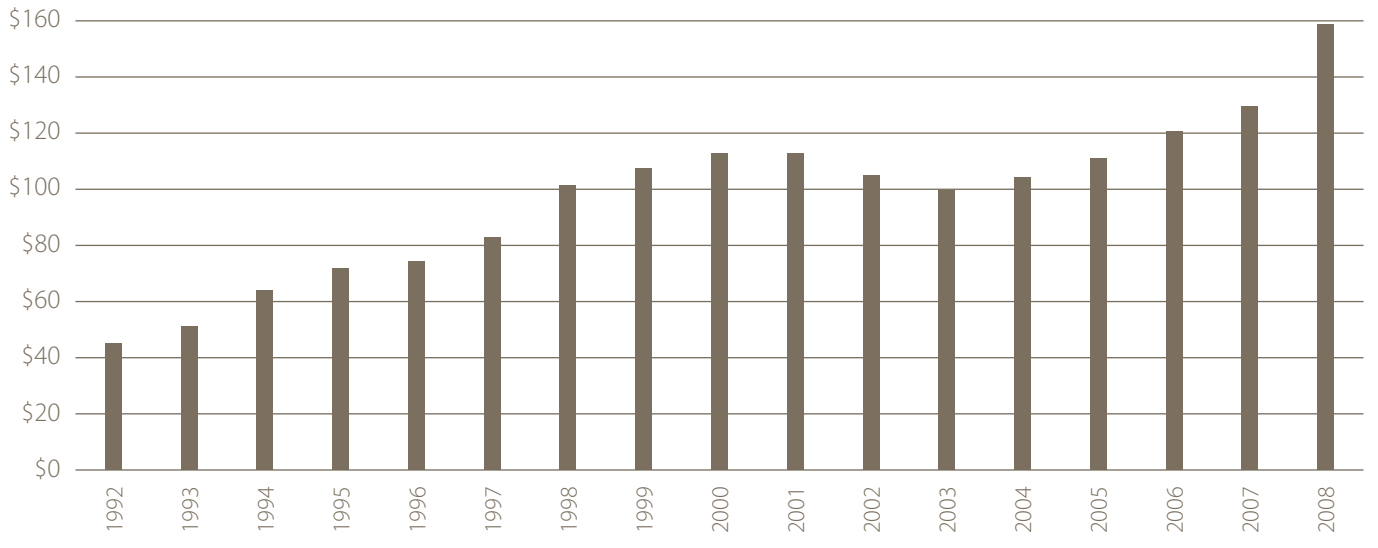
INVESTMENT REVIEW

CONTRACTUAL BENEFITS PAID

*Under Provisions of Retirement & Death Benefit Plans 1992-2008**

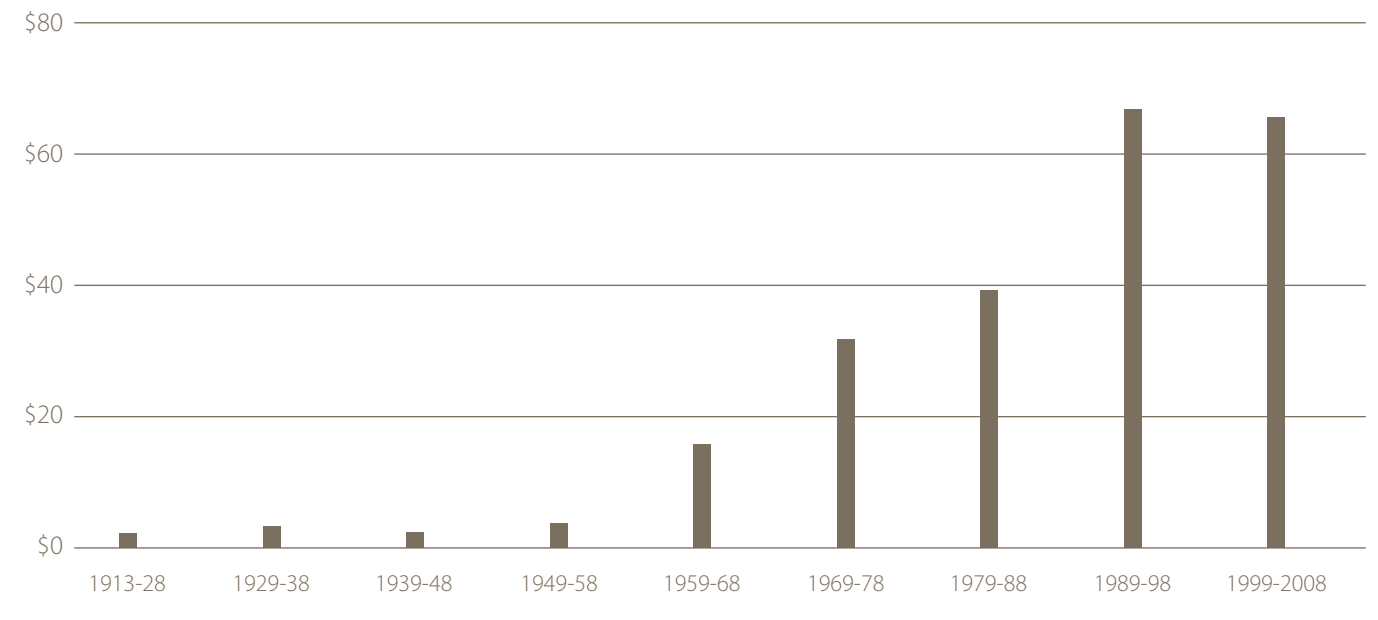
Dollar amounts in millions

** From 1921 to 1991, \$308,000,000 in contractual benefits were paid.*



NONCONTRACTUAL BENEFITS PAID BY MMBB 1913-2008

Dollar amounts in millions



INVESTMENTS UNDER MANAGEMENT

MARKET VALUE OF ASSETS FOR THE YEAR ENDED DECEMBER 31

Dollar amounts in thousands

	2008	Percentage of Market Value	2007	Percentage of Market Value	1998	Percentage of Market Value
Assets						
Cash & Cash Equivalents						
U.S. Cash & Cash Equivalents	\$ 175,477	9.3%	\$ 227,339	8.4%	\$ 415,142	19%
Non-U.S. Cash & Cash Equivalents	128	0.0%	102	0.0%	124,698	6%
TOTAL CASH & CASH EQUIVALENTS	175,605	9.3%	227,441	8.4%	539,840	25%
Debt Obligations						
U.S. Treasury Obligations	81,577	4.3%	69,257	2.6%	88,669	4%
U.S. Corporate Bonds	39,572	2.1%	37,747	1.4%	71,071	3%
Non-U.S. Sovereign Bonds	-	0.0%	-	0.0%	100,437	5%
Non-U.S. Corporate Bonds	-	0.0%	-	0.0%	150	0%
TOTAL DEBT OBLIGATIONS	121,149	6.4%	107,004	4.0%	260,327	12%
Equities						
U.S. Common Stock	332,440	17.7%	595,534	22.0%	622,017	29%
Non-U.S. Common Stock	94,413	5.0%	282,896	10.4%	303,332	14%
U.S. Preferred Stock	-	0.0%	970	0.0%	-	0%
Non-U.S. Preferred Stock	757	0.0%	214	0.0%	1,967	0%
TOTAL EQUITIES	427,610	22.7%	879,614	32.5%	927,316	43%
Interest/Dividends Receivable	1,847	0.1%	2,642	0.1%	5,669	0%
Mutual and Pooled Funds	1,201,698	63.9%	1,610,954	59.4%	809,533	38%
Forward Currency Contracts	42,939	2.3%	1,914	0.1%	528,262	25%
Receivables for Securities Transactions	30,768	1.6%	1,565	0.1%	18,503	1%
Investment Choices Receivables to be added back	82	0.0%	248	0.0%	-	0%
Variation Margin	5,124	0.3%	265	0.0%	-	0%
Receivable on Securities Lending Collateral	28,561	1.5%	68,456	2.5%	-	0%
TOTAL ASSETS	2,035,383	108.1%	2,900,103	107.0%	3,089,450	145%
Liabilities						
Securities Sold, But Not Yet Purchased	47	0.0%	3,581	0.1%	356,733	17%
Short Sales	77,349	4.1%	109,517	4.0%	-	0%
Forward Currency Contracts	42,608	2.3%	1,913	0.1%	537,955	25%
Swaps	-	0.0%	-	0.0%	720	0%
Payables for Securities Transactions	808	0.0%	100	0.0%	61,633	3%
Foreign Tax Dividend	5	0.0%	9	0.0%	-	0%
Management and Advisory Fees	2,058	0.1%	2,586	0.1%	-	0%
Investment Choices Liabilities to be added back	2,096	0.1%	2,728	0.1%	-	0%
Variation Margin	-	0.0%	1,124	0.0%	-	0%
Securities Lending Liability	28,561	1.5%	68,456	2.5%	-	0%
TOTAL LIABILITES	153,532	8.1%	190,014	7.0%	957,041	45%
NET ASSETS	\$ 1,881,851	100.0%	\$ 2,710,089	100.0%	\$ 2,132,409	100.0%

**To The Ministers and Missionaries
Benefit Board of American Baptist Churches
New York, New York**

We have audited the accompanying statements of net assets of The Ministers and Missionaries Benefit Board of American Baptist Churches (MMBB) and of the American Baptist Churches Retirement Plans as of December 31, 2008, and the related statements of changes in net assets, and cash flows of MMBB for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ministers and Missionaries Benefit Board of American Baptist Churches and also of the American Baptist Churches Retirement Plans as of December 31, 2008, and the changes in their net assets and cash flows of MMBB for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

New York, New York
April 15, 2009

AMERICAN BAPTIST CHURCHES RETIREMENT PLANS

STATEMENT OF NET ASSETS
As of December 31, 2008 (in thousands)

Assets	
Cash & Cash Equivalents	\$ 1,002
Receivables	9,407
Investments Under Management	1,656,111
Due from MMBB	7,377
TOTAL ASSETS	1,673,897
Liabilities	
Accounts Payable and Accrued Expenses	97
	97
Net Assets	
Retirement Plans	1,489,312
Tax-Deferred Annuity	16,886
The Annuity Supplement	166,030
Deductible Employee Contribution Account	1,572
TOTAL NET ASSETS	\$ 1,673,800
TOTAL LIABILITIES AND NET ASSETS	\$ 1,673,897

See Notes to Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2008 (in thousands)

	Retirement Plans	Tax Deferred Annuity	The Annuity Supplement	Deductible Employee Contribution Account	Total
Additions (Reductions)					
Premiums	\$ 30,234	\$ 5,280	\$ 14,515	\$ -	\$ 50,029
Income from Investments	634	5	173	2	814
Net Unrealized Losses on Investments	(581,419)	(7,859)	(63,266)	(750)	(653,294)
Net Realized Gains on Investments	44,309	843	3,315	61	48,528
Received from MMBB	1,356	-	-	-	1,356
TOTAL REDUCTIONS	(504,886)	(1,731)	(45,263)	(687)	(552,567)
Deductions					
Benefits	132,784	4,736	18,815	256	156,591
Investment Management Fees	14,459	170	1,527	18	16,174
TOTAL DEDUCTIONS	147,243	4,906	20,342	274	172,765
Change in Net Assets	(652,129)	(6,637)	(65,605)	(961)	(725,332)
Net Assets, Beginning of Year	2,141,441	23,523	231,635	2,533	2,399,132
NET ASSETS, END OF YEAR	\$ 1,489,312	\$ 16,886	\$ 166,030	\$ 1,572	\$ 1,673,800

See Notes to Financial Statements.

THE MINISTERS AND MISSIONARIES BENEFIT BOARD
OF AMERICAN BAPTIST CHURCHES

STATEMENT OF NET ASSETS

As of December 31, 2008 (in thousands)

Assets

Cash & Cash Equivalents	\$ 8,419
Receivables	3,359
Investments Under Management	225,740
Other Assets	1,235
Mortgages Receivable	7,824
Securities Lending Collateral	28,561
Fixed Assets, Net	5,678

TOTAL ASSETS **280,816**

Liabilities

Accounts Payable and Accrued Expenses	4,112
Due to Retirement Plans	7,377
Retired Ministers and Missionaries Offering	531
Securities Lending Payable	28,561
Accrued Postretirement Benefits	8,140

TOTAL LIABILITIES **48,721**

Net Assets (Deficit)

Unrestricted:	
Permanent Funds	124,584
General Fund	-
Death Benefit Plan	24,670
Special Benefits Fund	85,045
Medical Plan	(4,745)

Total Unrestricted Net Assets **229,554**

Temporarily Restricted Net Assets **2,353**

Permanently Restricted Net Assets **188**

TOTAL NET ASSETS **\$ 232,095**

TOTAL LIABILITIES AND NET ASSETS **\$ 280,816**

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS

Year ended December 31, 2008 (in thousands)

Cash Flows from Operating Activities

Change in net assets	\$ (101,677)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and Amortization	940
Net Unrealized Losses on Investments	91,160
Net Realized Gains on Investments	(1,986)
Decrease in Additional Postretirement Benefits Obligation	(859)
(Increase) decrease in assets:	
Receivables	1,078
Other Assets	(413)
Mortgages Receivable	(802)
Increase (decrease) in liabilities:	
Accounts Payable and Accrued Expenses	(1,708)
Due to Retirement Plans	(314)
Retired Ministers and Missionaries Offering	(81)
Accrued Postretirement Benefits	562
NET CASH USED IN OPERATING ACTIVITIES	(14,100)

Cash Flows from Investing Activities

Purchases of Fixed Assets	(538)
Proceeds from Sale of Investments	90,423
Purchases of Investments	(76,651)
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,234
Net decrease in cash and cash equivalents	(866)
Cash and cash equivalents, beginning of year	9,285
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,419

See Notes to Financial Statements.

THE MINISTERS AND MISSIONARIES BENEFIT BOARD
OF AMERICAN BAPTIST CHURCHES

STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2008 (in thousands)

	Permanent Funds	General Fund	Death Benefit Plan	Special Benefits Fund	Medical Plan	Total
Additions (Reductions)						
Premiums	\$ -	\$ 2,395	\$ 1,874	\$ 3,124	\$ 20,514	\$ 27,907
Contributions	640	1,314	-	-	-	1,954
Kewa Rental	1,361	-	-	-	-	1,361
Income from Investments	918	118	1	4	114	1,155
Net Unrealized Losses on Investments	(46,967)	(81)	(9,092)	(35,020)	-	(91,160)
Net Realized Gains (Losses) on Investments	1,873	(1,601)	631	1,083	-	1,986
TOTAL (REDUCTIONS) ADDITIONS	(42,175)	2,145	(6,586)	(30,809)	20,628	(56,797)
Deductions						
Assistance for Ministers, Preretired	-	1,625	-	-	-	1,625
Assistance for Ministers, Retired	-	2,919	-	-	-	2,919
Assistance for Lay Employees	-	404	-	-	-	404
Professional Fees, Medical Plan	-	-	-	-	2,449	2,449
Claims Expenses, Medical Plan Benefits	621	-	2,014	4,101	-	6,736
Investment Management Fees	569	19	207	823	-	1,618
Administrative Expenses	1,000	7,950	-	184	79	9,213
Depreciation and Amortization	940	-	-	-	-	940
Payments to the Retirement Plans	-	-	-	1,356	-	1,356
Legacies and Annuity Agreements	18	-	-	-	-	18
TOTAL DEDUCTIONS	3,148	12,917	2,221	6,464	20,989	45,739
Change in Net Assets Before						
Decrease in Additional Postretirement Benefits Obligation	(45,323)	(10,772)	(8,807)	(37,273)	(361)	(102,536)
Decrease in Additional Postretirement Benefits Obligation	859	-	-	-	-	859
Change in Net Assets	(44,464)	(10,772)	(8,807)	(37,273)	(361)	(101,677)
Net Assets (Deficit), Beginning of Year	182,361	-	33,477	122,318	(4,384)	333,772
Transfers, Net	(10,772)	10,772	-	-	-	-
NET ASSETS (DEFICIT), END OF YEAR	\$ 127,125	\$ -	\$ 24,670	\$ 85,045	\$ (4,745)	\$ 232,095 *

* Total net assets at year end consist of Unrestricted \$229,554.
Temporarily Restricted \$2,353, and Permanently Restricted \$188.

See Notes to Financial Statements.

1. GENERAL

Organization

The Ministers and Missionaries Benefit Board of American Baptist Churches and the American Baptist Churches Retirement Plans (collectively, the “Board”) provide retirement, death, disability and other benefits for ordained ministers, commissioned missionaries and lay employees of churches and organizations related to the American Baptist Churches through the administration of retirement and other benefit plans.

Retirement Plans

The American Baptist Churches Retirement Plans (the “Retirement Plans”) are a qualified pension trust exempt from federal income tax. The Retirement Plans include the 1965, 1976 and 1980 Retirement Plans, Tax-Deferred Annuity, The Annuity Supplement and the Deductible Employee Contribution Account. The plans are composed of accumulation and annuity units. Premiums are used to purchase accumulation units based on the unit value as of the day on which premiums are received. A premium equal to a percentage of the member’s compensation is paid by employers into the Retirement Plan Accumulation Fund. Employers and plan members may contribute additional premiums to the Tax-Deferred Annuity and The Annuity Supplement, subject to certain limitations, to increase these retirement benefits.

At retirement, accumulation units held are converted to annuity units using actuarial tables. Annuitants receive payments based upon the number of annuity units held and the annuity unit payout value as determined annually.

The American Baptist Churches Retirement Plans, Tax-Deferred Annuity, The Annuity Supplement and the Deductible Employee Contribution Account (together, the “Plans”) are Internal Revenue Code 403(b)(9) exempt retirement programs maintained by The Ministers and Missionaries Benefit Board of American Baptist Churches.

The Plans and/or any account maintained by the Board to manage or hold assets of the Plans, and any interest in such Plans or account (including any funds maintained by the Board) are not subject to the registrations, regulation or reporting provisions of the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code or state securities laws. Therefore, participants and beneficiaries under the Plans will not be afforded the protections of those provisions.

The Board’s employees also participate in the Retirement Plan. MMBB makes contributions on behalf of employees equal to 13% of each individual employee’s compensation. In 2008 MMBB’s contribution was approximately \$1,047,000.

MMBB

The Ministers and Missionaries Benefit Board of American Baptist Churches (“MMBB”), a not-for-profit religious organization exempt from federal income tax under Section 501(c)(3)

of the Internal Revenue Code, is composed of the Permanent Funds, General Fund, Death Benefit Plan, Special Benefits Fund and the Medical Plan.

The Permanent Funds are administered in accordance with the terms of the donors. Contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the Board are classified as permanently restricted. Restrictions that either expire by passage of time or can be fulfilled by actions of the Board are classified as temporarily restricted. All other contributions are deemed unrestricted, which are available for general use.

Disbursements for operating costs as well as assistance to ministers and lay employees are paid out of the General Fund. A premium equal to 1% of the member’s compensation is received by the General Fund for assistance to American Baptist ministers, missionaries and lay employees.

The Death Benefit Plan provides group term life insurance for preretired members during their working careers and for retired members. Premiums of 3/4 of 1% of compensation are paid by the employers on behalf of the members.

The Special Benefits Fund provides disability and other benefits to qualifying Plan members. Premiums equal to 1 1/4% of compensation are paid by the employers on behalf of the members.

The associated investment income earned on these contributions is available for services provided by the Board as well as benefit payments. Income is also available for operating expenses of the Retirement Plans, the Death Benefit Plan and the Special Benefits Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available, the accounts of the Board are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified into funds according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from these estimates.

Investments Under Management

The Finance Committee of the Board of Managers (the “Committee”) has general supervision of the Board’s investments. The investment objective of the Board is to achieve a maximum total rate of return for its investments, taking into consideration the safety of principal, potential for market appreciation and income. The Committee has selected professional managers to select and monitor the assets comprising Investments Under Management. Pursuant to management agreements, the Board pays each of its investment managers a management fee based on the net assets under their management. The Board also pays certain managers an incentive fee based on the performance of the assets under management.

MMBB charges an administrative fee of up to an annualized 50 basis points (0.5%). The fee applies to all funds under Board management other than the Permanent Funds. This fee is charged in addition to the investment management fee that applies to each MMBB fund. Currently, the Board has implemented a 40-basis-point fee that is assessed pro rata daily across all MMBB funds, which means that for every \$100 under management, the administrative fee equals \$0.40 each year. For the year ended December 31, 2008, MMBB charged an administrative fee to the funds of approximately \$8.7 million.

Subject to investment policies and guidelines prescribed by the Committee, the investment managers are given authority to invest in a broad range of securities, including, but not limited to, equity securities of U.S. and foreign companies, debt securities of the U.S. Government and its agencies, debt securities of other U.S. and non-U.S. issuers, investment funds, commercial paper and other types of investments. The Committee has amended these investment policies and guidelines to allow certain investment managers to have the flexibility of directing a portion of Investments Under Management in financial forwards, futures and option contracts and similar investments for the purpose of adjusting the degree of risk in the Board’s portfolio. The Board pays unrelated business income tax on income arising from its debt-financed investments.

The Board has requested and received from the Commodity Futures Trading Commission a “no-action” letter, which effectively exempts the Board from certain “commodity pool operator” registration requirements of the Commodity Exchange Act and the regulations promulgated thereunder. The “no-action” letter also relieves the Board from the operation criteria of Regulation 4.5 thereby permitting investment of a portion of its assets in financial futures, options and similar investments without complying with such operation criteria. The use of such investments must be consistent with the Committee’s investment policies and guidelines.

Securities and Portfolio Valuation

Financial instruments are carried at fair value. On January 1, 2008, the Board adopted FASB Statement No. 157, “Fair Value Measurements” (“SFAS No. 157”). This Statement defines fair

value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable.

SFAS No. 157 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Board classifies fair value balances based on the fair value hierarchy defined by SFAS No. 157 as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.
- Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Equities: For its investments with asset managers that hold public common and preferred stocks, the Board has position-level transparency into individual holdings. These investments are priced by the Board’s custodian using nationally recognized pricing services based on observable market data and are classified as Level 1.

Fixed Income: The Board also has investments with several fixed income managers. The Board’s custodian prices these investments using nationally recognized pricing services. The Board’s fixed income investments include U.S. Treasury securities, corporate bonds, high-yield bonds, municipal bonds, asset-backed securities and collateralized securities. Since fixed income securities other than U.S. Treasury securities generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. These investments are classified as Level 2.

Hedge Funds: The Board invests with several funds of hedge funds managers. For these investments, the Board has access to underlying managers but not to the individual positions of each manager. A significant amount of the Board's investments consists of long/short equity managers, which invest in liquid, publicly traded securities. The fair value of these investments is determined by each manager using either an in-house valuation team or a third-party administrative service. As part of its due diligence process, the Board has surveyed each manager and reviewed their valuation policies and the controls surrounding the valuation process in accordance with SFAS No. 157. The financial statements of the investees are audited annually by independent auditors. These assets are classified as Level 3 because the Board does not have position-level transparency into the underlying managers.

Private Equity: Private equity comprises approximately 2% of the Board's investments and consists of investments in infrastructure, timber and commingled funds. These investments are long-term investments, which require a commitment of capital for several years and do not have readily observable fair values. The fair value of these investments is determined by each manager using either an in-house valuation team or a third-party administrative service. As part of its due diligence process, the Board surveyed each manager and reviewed their valuation policies and controls surrounding the valuation process in accordance with SFAS No. 157. The financial statements of the investees are audited annually by independent auditors. These assets are classified as Level 3 because the Board does not have either quoted prices or readily observable market comparable prices as of the valuation date.

Forward Currency Contracts: Forward currency contracts comprise approximately 2% of the Board's investments. These contracts are derivative instruments and do not have readily observable fair values. The fair value of these instruments is determined by the manager's in-house valuation team. As part of its due diligence process, MMBB surveyed each manager and reviewed their valuation policies and controls surrounding the valuation process in accordance with SFAS 157. These assets are classified as Level 3 because the Board does not have either quoted prices or readily observable market comparable prices as of the valuation date.

Purchases and sales of securities are reflected on a trade date basis. Gains or losses on sales of securities are based on the average cost of each individual security sold. Unrealized gains and losses are determined by comparison of cost determined by the average cost method with the fair value and are included in the Statement of Changes in Net Assets. Dividend income is recorded on the ex-dividend date. Interest from other investments is recorded as earned.

The fair value of derivative financial instruments such as forward currency contracts generally reflects the estimated amounts that the Board would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains and losses of open contracts. The Board does not hold or issue derivative financial instruments for trading purposes. The Board, through its investment managers, enters into forward

and futures contracts to minimize the effect of foreign exchange rate fluctuations on its investments in debt and equity securities, which are denominated in foreign currencies. The Board also enters into interest rate futures contracts to manage its interest rate risk exposure. The contracts do not qualify as hedges for financial reporting purposes and, accordingly, are carried in the financial statements at the fair value, with the changes in such value reflected directly in income. At December 31, 2008, the Board determined that the unrealized loss positions on all of the securities were temporary in nature. Positive evidence considered by the Board in reaching the conclusion that the unrealized loss is not other-than temporary consisted of: (a) the ability and intent to retain the investment for a sufficient amount of time to allow an anticipated recovery in value, and (b) determining that the changes in market value were reasonable in relation to overall fluctuations in market conditions.

Net gain resulting from foreign investment transactions and the translation of foreign denominated investments amounted to approximately \$12.95 million for MMBB and for the Retirement Plans for the year ended December 31, 2008.

Foreign Currency

Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities, and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Board does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Securities Sold, Not Yet Purchased

Investments Under Management and securities sold, not yet purchased, are carried at fair value. Securities that are not readily marketable are carried at estimated fair value as determined by the individual investment manager. Fair value is based on the recorded sales price on the last business day of the year or, in the absence of a reported sale, on the bid price for investments and the ask price for securities sold, not yet purchased.

The fair value of investments traded in foreign currencies is determined at the exchange rate on the last business day of the year. The Board's investments in investment funds and limited partnerships are valued at fair value by reference to the net asset value of those funds as provided by the investment manager.

It is possible that the estimated value may differ significantly from the amount that might ultimately be realized in the near term, and the difference could be material.

Futures Contracts

Futures contracts are purchased or sold for the purpose of acquiring a position in a security or group of securities that

the Board intends to purchase or sell at a later date, or for cash management purposes to remain highly invested in the equity markets while minimizing transaction costs. Upon entering into a contract, the Board deposits and maintains as collateral an initial margin balance as may be required. During the period the futures contract is open, changes in the value of the contract are recognized on a daily basis to reflect the fair value at the end of each day's trading. Variation margin payments are received or made, depending upon whether unrealized gains or losses are incurred. When the contracts are closed, the Board realizes a gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the basis in the contracts.

Total Return Allocation

Effective June 1, 1986, a "total return allocation" was adopted for spending from the Permanent Funds. The transfer of investment yield from the Permanent Funds to the General Funds is based on the average fair value of the Permanent Funds' pro rata share of Investments Under Management. For the year ended December 31, 2008, the target spending rate for the General Fund was set at 5% pursuant to this policy. The actual spending rate for this time period was 5.83%.

Cash Equivalents

The Board considers all investments with an original maturity of three months or less to be cash equivalents. The Board maintains most of its cash balances at one major financial institution. At times, the amounts on deposit at this institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation ("FDIC"). Effective October 3, 2008, the basic limit on federal deposit insurance coverage was temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. On January 1, 2010, FDIC deposit insurance for all accounts—except for certain retirement accounts—will return to at least \$100,000 per depositor. The funds maintained with brokers are insured up to \$100,000 by the Securities Investment Protection Corporation ("SIPC").

Brokerage Agreements

The individual investment managers employed by the Board have prime brokerage agreements with various brokerage firms to carry their accounts as customers. The brokers or individual managers have custody of the Board's individual securities and, from time to time, cash balances, which may be due to these brokers. These securities and/or cash positions serve as collateral for any amounts due to the brokers. The securities and/or cash positions also serve as collateral for potential defaults of the Board.

Mortgages Receivable

Mortgages represent receivables from employees for the purchase of their personal residences and are secured by the related properties. Mortgages are carried at amortized cost, which approximates fair value due to the relative stability of the underlying collateral.

Kewa, Inc.

The Board's financial statements include the net assets and results of operations of Kewa, Inc., a wholly owned subsidiary that owns an apartment building in New York City.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. The Board calculates depreciation and amortization on fixed assets on a straight-line basis over the estimated lives of the assets.

Estimated Useful Lives (in years)	
Leasehold Improvements	10-20
Furnishings	10
Equipment and Computer Software	3-5
Buildings	25-30
At December 31, 2008, fixed assets, net comprised (in thousands)	
Leasehold Improvements	\$ 5,380
Furnishings	1,537
Equipment and Computer Software	11,064
Buildings	5,157
	23,138
Less: Accumulated Depreciation and Amortization	(17,460)
	\$ 5,678

Payment of Benefits

Benefits are recorded when paid.

Recently Issued Accounting Pronouncements

(i) FASB Staff Position No. FIN 48-3 ("Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises") issued on December 30, 2008, defers the effective date of FASB Interpretation No. 48 ("Accounting for Uncertainty in Income Taxes") for certain not-for-profit organizations until fiscal years beginning after December 15, 2008. The Board does not expect the implementation of FASB Interpretation No. 48 to have a material impact on its financial results.

(ii) On August 6, 2008, the FASB issued FSP FAS No. 117-1 ("Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds") ("FSP"). The FSP provides guidance on the net asset classification of donor-restricted endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The FSP also requires enhanced disclosures by all not-for-profit organizations that have endowments (whether donor restricted or not). These disclosure requirements apply regardless of whether the organization is currently subject to UPMIFA, a model act that has not yet been adopted by all States. The provisions of this FSP are effective for fiscal years ending after December 15, 2008. MMBB does not expect the implementation of this FSP to have a material impact on its financial results.

NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS UNDER MANAGEMENT

At December 31, 2008, the Investments Under Management consisted of the investments listed in the table to the right with a cost basis of \$1,820,919,044.

The following table presents the level within the fair value hierarchy at which the Board's financial assets and financial liabilities are measured on a recurring basis at December 31, 2008.

<i>\$ in Millions</i>	Level 1	Level 2	Level 3	Total
Assets				
Money Market	\$ 66	\$ -	\$ -	\$ 66
Equity	1,096	-	-	1,096
Fixed Income	82	391	-	473
Hedge Funds	-	-	330	330
Private Equity	-	-	42	42
Securities Received as Collateral	29	-	-	29
TOTAL ASSETS	\$ 1,273	\$ 391	\$ 372	\$ 2,036
Liabilities				
Short Sales	\$ 78	\$ -	\$ -	\$ 78
Forward Currency Contracts	-	-	42	42
Obligation to Return Securities Received as Collateral	29	-	-	29
Payable for Securities Transactions and Advisory Fees	5	-	-	5
TOTAL LIABILITIES	\$ 112	\$ -	\$ 42	\$ 154

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value and classified as Level 3 in the fair value hierarchy:

<i>\$ in Millions</i>	Assets		Liabilities
	Hedge Funds	Private Equity	Forward Currency Contracts
BEGINNING BALANCE	\$ 434	\$ 42	\$ (44)
Total gains or losses:			
- Realized gain/(loss)	2	-	-
- Unrealized gain/(loss)	(94)	2	(2)
Purchases and sales	(12)	(2)	-
Transfers in/(out) of Level 3	-	-	-
ENDING BALANCE	\$ 330	\$ 42	\$ (42)

INVESTMENTS UNDER MANAGEMENT

Statement of Net Assets, December 31, 2008 (in thousands)

	Fair Value
Assets	
Cash & Cash Equivalents	
U.S. Cash & Cash Equivalents	\$ 175,477
Non-U.S. Cash & Cash Equivalents	128
Debt Obligations	
U.S. Treasury Obligations	81,577
U.S. Corporate Bonds	39,572
Equities	
U.S. Common Stock	332,440
Non-U.S. Common Stock	94,413
Non-U.S. Preferred Stock	757
Other	
Morgan Stanley International Equity Fund	72,752
International Value	16,864
Barlow Partners	96,021
K2 Advisors	42,807
Grantham, Mayo, Van Otterloo & Co.	183,176
Wellington Hedge Management, Inc.	78,878
Trust Company of the West Limited Partnership	2,395
Federal Street Offshore Fund	32,453
ABS Offshore LTD	32,381
Western Asset Management	307,961
OFI Institutional Emerging Market Equity Fund	11,521
Alinda Capital Partners	22,052
Vanguard Institutional Asset Management	279,405
Commonfund Capital, Inc.	510
The Investment Fund for Foundations	115
Varde Partners, Inc.	3,563
Blackstone Alternative Asset Management	16,235
Oak Hill Advisors, LP	2,609
Interest/Dividends Receivable	1,847
Forward Currency Contracts	42,939
Receivables for Securities Transactions	30,768
Variation Margin	5,124
Investment Choices Receivables to be added back	82
TOTAL ASSETS	\$ 2,006,822
Liabilities	
Securities Sold, But Not Yet Purchased	47
Short Sales	77,349
Forward Currency Contracts	42,608
Payables for Securities Transactions	808
Foreign Taxes Dividend	5
Management & Advisory Fees	2,058
Investment Choices Liabilities to be added back	2,096
TOTAL LIABILITIES	124,971
TOTAL INVESTMENTS UNDER MANAGEMENT	\$ 1,881,851

	Fair Value
ABC Retirement Plans	1,656,111
MMBB	225,740
TOTAL INVESTMENTS UNDER MANAGEMENT	\$ 1,881,851

The Board had no financial assets or financial liabilities that were measured at fair value on a nonrecurring basis for the period ended December 31, 2008.

4. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Board invests in global financial markets through the use of various financial instruments such as futures contracts and forward foreign currency contracts.

The Board may enter into forward foreign currency contracts to manage foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. A forward contract obligates one party to purchase and the other party to sell a specific currency at a set price on a future date and entails the risk that the counterparty may not have credit to perform. The contracts are valued daily at current exchange rates and an unrealized gain or loss is recorded.

Market Risk—Market risk represents an adverse change in value that can be caused by a change in the market value of a financial instrument.

Liquidity Risk—Liquidity risk represents the possibility that the Board may not be able to rapidly adjust the size of its positions in times of high volatility and financial stress at a reasonable price. If the Board was forced to dispose of an illiquid investment at an inopportune time, it might be forced to do so at a substantial discount to market value, resulting in a loss to the Board.

The credit risk for forward contracts is limited to the unrealized gains recorded. Market risk is dependent upon the value of underlying currencies and is affected by market forces such as changes in foreign exchange rates. The Board realizes a gain or loss on settlement of contracts.

At December 31, 2008, cash aggregating \$69.87 million was deposited with broker-dealers. Of this amount, \$25.22 million was to satisfy margin requirements. These balances, which are included in the Investments Under Management, earn interest. All deposits and securities owned by the Board are held by its custodian or by custodians engaged by certain investment managers. The Board is subject to credit risk should broker-dealers be unable to repay amounts owed, or if the custodians are unable to fulfill their obligations to the Board. This risk is mitigated by the fact that the Board's accounts are carried by the broker-dealers as customer-accounts, as defined, and are therefore subject to Securities and Exchange Commission rules with regard thereto, and under the Securities Investor Protection Corporation's insurance program and supplemental insurance programs maintained by such brokers. Debt obligations are subject to interest rate risk. Interest rate risk is the risk that the Board may incur losses due to adverse changes in interest rates. Fluctuations in interest rates have a direct impact on the market valuation of debt obligations.

Securities sold, not yet purchased by the Board, may give rise to off-balance sheet risk. The Board may sell a security it does not own in anticipation of a decline in the fair value of

that security. When the Board sells a security short, it must borrow the security sold short. A gain, limited to the price at which the Board sold the security short, or a loss, unlimited in amount, will be recognized upon the termination of a short sale. The Board has recorded this obligation in the financial statements at the December 31, 2008, fair value of these securities. There is an element of market risk in that, if the securities increase in value, it will be necessary to purchase the securities at a cost in excess of the price reflected in the statement of net assets.

The Board participates in a securities lending program whereby its Custodian may lend its securities to certain borrowers based on, among other things, their creditworthiness in exchange for collateral initially equal to at least 102% of the value of the securities on loan and is thereafter maintained at a minimum of at least 102% of the fair value of the securities loaned. The fair value of the securities on loan to each borrower is monitored daily and the borrower is required to deliver additional collateral if the fair value of the collateral falls below 100% of the fair value of the securities on loan. The fair value of the collateral amounted to approximately \$28.6 million, which represents 105% of the carrying value at December 31, 2008. Under the guidance provided in SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," the Board recognizes the collateral as an asset and a corresponding liability, which is reported in Investments Under Management in the statement of net assets. The Board receives compensation, which is net investment earnings on the collateral, and these earnings are divided between the Board and the Custodian. The Board's portion of this income is included in the statement of changes in net assets.

5. EMPLOYEE BENEFITS

The Board accrues the expected cost of its employees' postretirement benefits during the years that the employees render the necessary service. The plan is funded on a pay-as-you-go basis. The following sets forth the plan's funded status reconciled with amounts reported in MMBB's statement of net assets at December 31, 2008.

A 9% health care cost trend rate in the Pre-65 and Post-65 health care benefits was assumed for 2008. Increasing the assumed health care cost trend rates by one percentage point would increase the postretirement benefit obligation as of December 31, 2008, by \$1,396,000 and increase the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for 2008 by \$181,000. Decreasing the assumed health care cost trend rates by one percentage point would decrease the postretirement benefit obligation as of December 31, 2008, by \$1,117,000 and decrease the aggregate of the service cost and interest cost components of net periodic postretirement benefit cost for 2008 by \$139,000. A weighted-average discount rate of 6% was used to determine the postretirement benefit obligation and net periodic postretirement benefit cost. The assumed health

NOTES TO FINANCIAL STATEMENTS

care cost trend rate for the year ending December 31, 2009, is 9%, and will gradually decline to 5% (the ultimate trend rate) in the year 2015. The postretirement benefit obligation presented in the financial statements at December 31, 2008, reflect the impact of the Retiree Drug Subsidy expected to be received on the account of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 as required by Financial Accounting Standards Board Staff Position (FSP) No. 106-2 (Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003). The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period was \$102,611. Included in decrease in additional postretirement benefit obligation is a net gain of \$859,000, which is not reflected in net periodic postretirement benefit cost at December 31, 2008. The net periodic postretirement benefit cost recognized in the financial statements was \$796,423 for the year ended December 31, 2008.

Change in benefit obligation (amounts in thousands)	
Benefit obligation at beginning of year	\$ 8,437
Service cost	352
Interest cost	442
Actuarial gain	(856)
Retiree drug subsidy received	18
Benefits paid	(253)
BENEFIT OBLIGATION AT END OF YEAR	\$ 8,140
Postretirement benefit obligation (PBO) breakout	
Retirees and surviving spouses	\$ 3,131
Preretired fully eligible	1,977
Other pre-retired	3,032
TOTAL PBO	\$ 8,140
Change in plan assets	
Fair value of plan assets at beginning of year	\$ -
Actual return on plan assets	-
Employer contribution	253
Benefits paid	(253)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	\$ -
Reconciliation of funded status at end of year	
Unfunded status	\$ 8,140
AMOUNT RECOGNIZED	\$ 8,140
Amounts recognized in the statement of net assets consist of	
Current liabilities	\$ (251)
Noncurrent liabilities	(7,889)
ACCRUED POSTRETIREMENT BENEFITS	\$ (8,140)
Amounts recognized in other changes in net assets consist of	
Net actuarial gain	\$ 856
Recognized prior service cost	3
TOTAL AMOUNT RECOGNIZED	\$ 859

6. COMMITMENTS AND CONTINGENCIES

The Board has entered into several noncancelable operating leases for office space and equipment. At December 31, 2008, the aggregate future minimum payments for these commitments were as follows:

Year ending December 31 (in thousands)	
2009	\$ 663
2010	572
2011	498
2012	498
2013	492
Years thereafter	\$ 2,805

Rent expense under these leases for 2008, which is recognized as a portion of administrative expenses to MMBB, amounted to approximately \$677,000.

Components of net periodic postretirement benefit cost for the year (amounts in thousands)	
Service cost	\$ 352
Interest cost	442
Recognition of prior service cost	2
Recognition of gains and losses	-
NET PERIODIC EXPENSE	\$ 796
Amounts expected to be recognized in net periodic cost in the coming year	
Prior service cost recognition	\$ 2
Gross estimated future benefit payments without subsidy are as follows (year ending December 31)	
2009	\$ 288
2010	310
2011	339
2012	366
2013	397
2014–2018	2,473
TOTAL FOR THE NEXT 10 YEARS	\$ 4,173
Estimated future subsidy payments are as follows (year ending December 31)	
2009	\$ 29
2010	34
2011	38
2012	43
2013	45
2014–2018	269
TOTAL FOR THE NEXT 10 YEARS	\$ 458

7. SUBSEQUENT EVENTS

On March 1, 2009, The Ministers and Missionaries Benefit Board entered into an agreement with American Baptist Churches USA (ABCUSA), to purchase a 25% ownership interest in the Valley Forge Mission Center for \$5,000,000. ABCUSA has agreed to hold a 10-year mortgage at 7% to fund the purchase of the aforementioned property.

OFFICERS AND BOARD OF MANAGERS

OFFICERS

George H. Tooze, Jr.
President

Gwynn L. Perlich
Vice President

Sumner M. Grant
Executive Director

Louis P. Barbarin
Treasurer

Holly Vincent Bean
Corporate Secretary

Candace Cox
Chief Investment Officer

BOARD OF MANAGERS

Morris F. Anderson
Battle Creek, Michigan
Senior Minister, Lakeview
Baptist Church.
*Representative from Board of
International Ministries*

Herald R. Baughman
Winston-Salem, North Carolina
Senior Vice President, Executive
Banking, One Valley Bancorp of
West Virginia, Retired.
Manager-at-Large

William L. Cobb, Jr.
New York, New York
Executive Vice President and
Chief Investment Officer,
The Church Pension Fund.
Public Manager

Kathleen A. Condon
New York, New York
Consultant, Northern
Trust Global Investors.
Public Manager

Brenda A. Fluker
Mattapan, Massachusetts
Principal, Law Office of
Brenda Fluker.
*Representative from
General Board*

Josué D. Gómez
San Juan, Puerto Rico
Administrative Director and Board
President, Primera Iglesia Bautista
Puerto Nuevo and Academia
Bautista de Puerto Nuevo.
*Representative from
General Board*

Dene T. Hurley
Scarsdale, New York
Assistant Professor, Department
of Economics, Accounting and
Business at Lehman College–
CUNY.
Manager-at-Large

Debbie R. Jackson
Seattle, Washington
Vice President/Controller,
Quadrant Corporation, Retired.
Manager-at-Large

Clifford I. Johnson
Wilmington, Delaware
Pastor, Shiloh Baptist Church.
*Representative from
General Board*

Stephen D. King
Saratoga, California
Former Vice President,
North American Business
Transformation, Avon Products.
Manager-at-Large

Patricia H. Lawrence
Herkimer, New York
Pastor, First Baptist Church.
*Representative from
General Board*

Annie Marie LeBarbour
Hilton, New York
Organizational Development
Consultant, LeBarbour
Associates.
Manager-at-Large

Edward A. Libby
Rockford, Illinois
Minister of Pastoral Care
for ABC of the Great Rivers
Region, Retired.
Manager-at-Large

Maurice E. Maertens
New York, New York
Chief Investment Officer, New
York University, New York City.
Public Manager

Darrel A. Morf
Cedar Rapids, Iowa
Senior Partner, Law Firm of
Simmons, Perrine, Albright &
Ellwood.
Manager-at-Large

James T. Napolitan
Chicago, Illinois
Commodities Trader, Chicago
Mercantile Exchange.
Public Manager

Gwynn L. Perlich
Zionsville, Indiana
Chief Nurse Executive and
Director of Patient Care Services,
St. Vincent Carmel Hospital.
Manager-at-Large

James D. Peters, Jr.
Denver, Colorado
Pastor Emeritus, New Hope
Baptist Church, Retired.
*Representative from
General Board*

John W. Reed
Ann Arbor, Michigan
Professor of Law Emeritus,
University of Michigan.
Lifetime Honorary Manager

Victor J. Raskin
New York, New York
Chief Investment Officer,
YMCA Retirement Fund
Public Manager

Wallace Charles Smith
Washington, D.C.
President, Palmer Theological
Seminary, and Senior Minister,
Shiloh Baptist Church.
*Representative from Board of
National Ministries*

George H. Tooze, Jr.
Indianapolis, Indiana
Senior Minister, First Baptist
Church, Retired.
Public Manager

CONSULTANTS

Danny Cortés served the Board as an at-large manager for nine years. He concluded his service on December 31, 2007.

William S. Epps completed two four-year terms of service as an at-large manager on December 31, 2007.

R. Roosevelt Thomas, Jr., an at-large manager since 2000 and Board Vice President from 2004 through 2007, ended his service to the Board effective December 31, 2007.

TRANSITIONS

William B. Marsh, who served as chair of MMBB's Finance Committee from 2002 to May 2008, concluded his service to the Board at its May 6, 2008 meeting. Mr. Marsh was elected to the Board and appointed to the Finance Committee in 1996.

William L. Cobb, Jr., succeeded Mr. Marsh as chair of the Finance Committee in May 2008. His service on the Board of Managers and the Finance Committee began in 2000.

Victor J. Raskin was elected to the class of 2012 as a Public Manager.

MANAGEMENT TEAM, MEMBER SERVICE REPRESENTATIVES, REGIONAL REPRESENTATIVES AND AFFILIATE RELATIONSHIP MANAGERS

MANAGEMENT TEAM

Louis P. Barbarin
Chief Financial Officer and Treasurer

Holly Vincent Bean
Member Education Director and Corporate Secretary

Candace Cox
Chief Investment Officer

Sumner M. Grant
Executive Director

Winona A. Green
Relationship Manager and Diversity Officer

Perry J. Hopper
Associate Executive Director

William R. Hunnex
Human Resources and Operations Director

James F. Keegan
Marketing and Service Director

Judi A. Main
Communications Director for Marketing

Frank R. O'Brien
Compliance Director

MEMBER SERVICE REPRESENTATIVES

Melody S. Chartier
New York Office

Matthew D. Hoffman
New York Office

Maureen E. Hoyte
New York Office

Oscar R. Lanza
New York Office

Margaret E. Lewis
New York Office

Paqueta A. Moorhead
New York Office

REGIONAL REPRESENTATIVES

Z. Allen Abbott
Florida, Georgia, West Virginia

Jorge L. Aledo
New Jersey, Puerto Rico

Magda L. Amargos
Connecticut, New York

Augustine H. Bau
California, Hawaii

James R. Cook
Arkansas, Colorado, Kansas, Missouri, New Mexico, Oklahoma, Texas

Sara Day
Illinois, Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Wisconsin

Patricia L. Hunter
Alaska, Arizona, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming

William J. Key

Alabama, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee

Richard D. Reese

Indiana, Michigan, Ohio

Hazel A. Roper

Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Kenneth E. Stout

Pennsylvania

Betty Wright-Riggins

Delaware, District of Columbia, Kentucky, Maryland, Virginia

AFFILIATE RELATIONSHIP MANAGERS

Rose M. Harper

Baptist General Convention of Virginia and the National Missionary Baptist Convention of America, Inc.

Matthew D. Hoffman

Cooperative Baptist Fellowship

William J. Key

General Baptist Convention, USA, Inc. and the National Baptist Convention of America, Inc.

Margaret E. Lewis

International Council of Community Churches and the National Association of Congregational Christian Churches

Clifton Morgan

National Baptist Convention, USA, Inc.

Betty Wright-Riggins

The Progressive National Baptist Convention, Inc. and the Alliance of Baptists

STAFF TRANSITIONS

Miriam Chacon-Peralta began service to MMBB as a regional representative on February 4, 2008.

Paul R. Weers began service to MMBB as a regional representative, effective September 2, 2008.

ASSET MANAGERS, INVESTMENT CUSTODIAN AND COUNSEL

ASSET MANAGERS

ABS Investment Management
Greenwich, Connecticut

Alinda Capital Partners, LLC
New York, New York

Artisan Partners Limited Partnership
San Francisco, California

Barlow Partners
New York, New York

Blackrock
Boston, Massachusetts

Blackstone Alternative Asset Management
New York, New York

Capital Guardian Trust Company
New York, New York

The Clifton Group
Minneapolis, Minnesota

Commonfund Capital, Inc.
Wilton, Connecticut

Dodge & Cox
San Francisco, California

The Dreyfus Corporation
New York, New York

Federal Street Partners, LLC
Stamford, Connecticut

Grantham, Mayo, Van Otterloo & Co., LLC
Boston, Massachusetts

INVESCO, Inc.
New York, New York

The Investment Fund for Foundations
West Conshohocken, Pennsylvania

K2 Advisors
Stamford, Connecticut

Mellon Equity Associates
Pittsburgh, Pennsylvania

Mellon Capital Management
San Francisco, California

Morgan Stanley Investment Management
New York, New York

Oak Hill Advisors, LP
New York, New York

OFI Institutional Asset Management
New York, New York

Omega Advisors, Inc.
New York, New York

Trust Company of the West
Los Angeles, California;
New York, New York

The Vanguard Group
Valley Forge, Pennsylvania

Värde Partners, Inc.
Minneapolis, Minnesota

Wellington Hedge Management, Inc.
Boston, Massachusetts

Wellington Management Company, LLP
Boston, Massachusetts

Western Asset Management Company
Pasadena, California

Westfield Capital Management
Boston, Massachusetts

INVESTMENT CUSTODIAN

BNY Mellon
Boston, Massachusetts

ACTUARIAL COUNSEL

Buck Consultants
New York, New York

Towers Perrin
New York, New York

LEGAL COUNSEL

Patterson, Belknap, Webb & Tyler
New York, New York

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

BDO Seidman, LLP
New York, New York