ROCKEFELLER BROTHERS FUND, INC.

Financial Statements and Supplemental Schedule

December 31, 2008 and 2007

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Rockefeller Brothers Fund, Inc.:

We have audited the accompanying statements of financial position of the Rockefeller Brothers Fund, Inc. (the Fund) as of December 31, 2008 and 2007 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fund'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 audit 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 Fund'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 Rockefeller Brothers Fund, Inc. as of December 31, 2008 and 2007 and the changes in its net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2008 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2008 basic financial statements taken as a whole.

KPMG LLP

July 10, 2009

ROCKEFELLER BROTHERS FUND, INC.

Statements of Financial Position

December 31, 2008 and 2007

Assets		Principal Fund	Pocantico Fund	Pocantico II Fund	Ramon Magsaysay Award Foundation Fund	2008 RBF Funds	2007 RBF Funds
Cash and cash equivalents	$	160,532	1,051	—	—	161,583	262,299
Accounts receivable		2,096,216	—	—	—	2,096,216	819,291
Contributions receivable		—	—	13,539,872	—	13,539,872	13,539,872
Interest and dividends receivable		340,863	77,545	—	6,277	424,685	1,075,778
Due from (to) brokers and dealers, net		17,759,381	1,612,727	113,185	93,873	19,579,166	30,108,917
Investments, at fair value		563,066,804	54,007,147	(514,400)	3,620,357	620,179,908	927,950,181
Program-related investments:							
Program mortgage loans		1,485,000	—	—	—	1,485,000	1,485,000
Real estate		510,000	—	—	—	510,000	510,000
Prepaid expenses		40,562	—	—	—	40,562	1,065,516
Fixed assets, net		1,706,686	4,057,747	—	—	5,764,433	5,724,798
Interfund		(1,103,082)	(1,991,294)	3,825,662	(731,286)	—	—
Total assets	$	586,062,962	57,764,923	16,964,319	2,989,221	663,781,425	982,541,652
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued liabilities	$	3,960,869	1,068,068	562	21,146	5,050,645	3,862,749
Grants payable		16,907,498	—	—	—	16,907,498	19,207,939
Deferred taxes payable		—	—	—	—	—	3,995,770
Total liabilities		20,868,367	1,068,068	562	21,146	21,958,143	27,066,458
Commitments							
Net assets:							
Unrestricted		565,194,595	56,696,855	—	2,968,075	624,859,525	937,003,793
Temporarily restricted		—	—	9,068,757	—	9,068,757	10,576,401
Permanently restricted		—	—	7,895,000	—	7,895,000	7,895,000
Total net assets		565,194,595	56,696,855	16,963,757	2,968,075	641,823,282	955,475,194
Total liabilities and net assets	$	586,062,962	57,764,923	16,964,319	2,989,221	663,781,425	982,541,652

See accompanying notes to financial statements.

ROCKEFELLER BROTHERS FUND, INC.

Statements of Activities

Years ended December 31, 2008 and 2007

	Principal Fund	Pocantico Fund	Pocantico II Fund	Ramon Magsaysay Award Foundation Fund	2008 RBF Funds	2007 RBF Funds
Changes in unrestricted net assets:						
Operating revenues:						
Dividend income	$ 2,704,164	254,422	—	14,051	2,972,637	8,908,693
Interest income	1,536,271	139,281	—	7,692	1,683,244	4,204,721
Other income	597,958	1,877	—	104	599,939	337,174
Contributions	183,823	—	—	—	183,823	160,500
Net assets released from restrictions	—	—	6,058	—	6,058	37,325
	5,022,216	395,580	6,058	21,847	5,445,701	13,648,413
Operating expenses:						
Direct charitable activities	1,379,403	4,081,068	—	—	5,460,471	4,669,518
Program and grant management	36,352,300	—	—	209,531	36,561,831	31,770,521
Investment management	3,966,845	391,104	23,071	19,024	4,400,044	5,405,665
General management	4,490,425	554,481	—	20,841	5,065,747	3,801,235
Federal excise and other taxes	(2,699,752)	(210,013)	(17,013)	(14,029)	(2,940,807)	2,369,733
	43,489,221	4,816,640	6,058	235,367	48,547,286	48,016,672
Deficiency of operating revenues over operating expenses	(38,467,005)	(4,421,060)	—	(213,520)	(43,101,585)	(34,368,259)
Nonoperating activities:						
Net realized gain from securities sales	51,677,840	4,862,119	—	268,530	56,808,489	98,969,047
Unrealized gain (loss) on investments	(294,160,381)	(27,676,119)	—	(1,528,525)	(323,365,025)	1,658,752
Amounts not yet recognized as a component of net periodic benefit cost	(2,140,086)	(346,061)	—	—	(2,486,147)	—
	(244,622,627)	(23,160,061)	—	(1,259,995)	(269,042,683)	100,627,799
(Decrease) increase in unrestricted net assets prior to effect of adoption of SFAS No. 158	(283,089,632)	(27,581,121)	—	(1,473,515)	(312,144,268)	66,259,540
Effect of adoption of SFAS No. 158	—	—	—	—	—	(170,671)
(Decrease) increase in unrestricted net assets	(283,089,632)	(27,581,121)	—	(1,473,515)	(312,144,268)	66,088,869
Changes in temporarily restricted net assets:						
Dividend income	—	—	17,041	—	17,041	47,468
Interest income	—	—	9,329	—	9,329	21,862
Other income	—	—	126	—	126	86
Net realized and unrealized gain (loss) on investments	—	—	(1,528,082)	—	(1,528,082)	536,169
Net assets released from restrictions	—	—	(6,058)	—	(6,058)	(37,325)
(Decrease) increase in temporarily restricted net assets	—	—	(1,507,644)	—	(1,507,644)	568,260
(Decrease) increase in net assets	(283,089,632)	(27,581,121)	(1,507,644)	(1,473,515)	(313,651,912)	66,657,129
Net assets:						
Beginning of year	848,284,227	84,277,976	18,471,401	4,441,590	955,475,194	888,818,065
End of year	$ 565,194,595	56,696,855	16,963,757	2,968,075	641,823,282	955,475,194

See accompanying notes to financial statements.

ROCKEFELLER BROTHERS FUND, INC.

Statements of Cash Flows

Years ended December 31, 2008 and 2007

		2008	2007
Cash flows from operating activities:			
(Decrease) increase in net assets	$	(313,651,912)	66,657,129
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:			
Net realized and unrealized loss (gain) on investments		268,084,618	(101,163,968)
Amount not yet recognized as a component of net periodic benefit cost		2,486,147	—
Effect of adoption of SFAS No. 158		—	170,671
Depreciation and amortization		1,706,666	1,421,007
Changes in operating assets and liabilities:			
Accounts receivable		(1,276,925)	66,210
Interest and dividends receivable		651,093	289,834
Prepaid expenses		1,024,954	(710,288)
Grants payable		(2,300,441)	(1,690,659)
Accounts payable and accrued liabilities		(1,298,251)	(96,363)
Deferred taxes payable		(3,995,770)	41,147
Net cash used in operating activities		(48,569,821)	(35,015,280)
Cash flows from investing activities:			
Proceeds from sales of investments		907,000,510	998,464,845
Purchases of investments		(867,314,855)	(932,623,272)
Decrease (increase) in due from (to) brokers and dealers, net		10,529,751	(30,379,394)
Reductions of program-related investment		—	120,000
Purchases of fixed assets		(1,746,301)	(625,492)
Net cash provided by investing activities		48,469,105	34,956,687
Net decrease in cash and cash equivalents		(100,716)	(58,593)
Cash and cash equivalents at beginning of year		262,299	320,892
Cash and cash equivalents at end of year	$	161,583	262,299
Supplemental disclosure of cash flow information:			
Cash paid for taxes	$	1,950,000	2,190,000

See accompanying notes to financial statements.

(1) Organizations and Purpose

Rockefeller Brothers Fund, Inc. (the Fund) is a not-for-profit, charitable corporation existing under the New York State not-for-profit corporation law and is classified as a private foundation as defined in the Internal Revenue Code (the Code). In 1999, the Fund merged with the Charles E. Culpeper Foundation (Culpeper), a private, grantmaking corporation founded in New York. Under the terms of the merger, the Fund received all of the assets of Culpeper with a fair value of approximately $212,000,000, consisting principally of investments, cash, and cash equivalents. In addition, four members of Culpeper's board of trustees were elected to the Fund's board of trustees. The Fund's principal purpose is to make grants to local, national, and overseas philanthropic organizations. The Fund also provides fellowships for aspiring teachers of color and scholarships for medical science and biomedical research. Late 2007, it was decided that as the Fund's program architecture has evolved, it has become difficult to find collaborative opportunities between these fellowships and scholarships, and the Fund's other thematic programs and pivotal places. During 2008, the board of trustees approved the phase-out of both the Program for Fellowships for Aspiring Teachers of Color, and the Culpeper Human Advancement Program.

The board of trustees has established the following special-purpose funds. Funding of these special-purpose funds has come from transfers from the Principal Fund, as well as donor contributions.

Pocantico Fund – For the preservation, maintenance, and operation of the Pocantico Historic Area at Pocantico Hills, New York, as a conference center and a historic park benefiting the public.

Pocantico II Fund – For the perpetual maintenance of the Playhouse parcel at the Pocantico Historic Area when ownership of that parcel passes to a charitable organization.

Ramon Magsaysay Award Foundation Fund – To support the Ramon Magsaysay Awards and other activities of the Ramon Magsaysay Award Foundation, Inc.

Asian Projects Fund – Income to be used for a period of 20 years from inception in 1987 for special projects that exemplify the spirit of the Ramon Magsaysay Awards and Asian program concerns of the Fund. Effective December 31, 2007, this fund was terminated, and its remaining assets transferred to the Principal Fund.

(2) Summary of Significant Accounting Policies

The financial statements of the Fund have been prepared on the accrual basis. The significant accounting policies followed are described below:

(a) Principles of Combination

The statements of financial position and statements of activities separately break out the special-purpose funds. All significant interfund and interorganizational balances and transactions are eliminated in combination.

The Fund considers net realized gains and losses from securities sales, unrealized gains and losses on investments, and other nonrecurring activities to be nonoperating activities.

(b) Basis of Presentation

Net assets and revenues, expenses, gains, losses, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein are classified and reported as follows:

Unrestricted net assets represent resources over which the board of trustees has full discretion with respect to use.

Temporarily restricted net assets represent expendable resources that have been time or purpose restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets represent contributions and other gifts that require that the corpus be maintained intact and that only the income be used as designated by the donor. Depending upon the donor's designation, such income is reflected in the statements of activities as either temporarily restricted or unrestricted income.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are recorded as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

(c) Investments

Investments in marketable securities are carried at quoted market prices. Unrealized gains or losses are determined using quoted market prices at the respective balance sheet dates. Security costs are determined on a first-in, first-out basis.

Investments in alternative investments are reported at fair value on the basis of the Fund's equity in the net assets of such partnerships as determined by the general partners. In certain instances, portions of the underlying investment portfolios of the alternative investments contain nonmarketable or thinly traded investments, which have been recorded at fair value as determined by management of the alternative investments. As of December 31, 2008 and 2007, approximately $324,000,000 and $271,000,000, respectively, of the Fund's underlying investments in alternative investments as discussed were recorded at fair value as determined by the alternative investment's management or their designee, which might differ significantly from the market value that would have been used had a readily available market for the investment existed. The Fund reviews and evaluates the values provided by the investment managers and general partners and agrees with the valuation methods used in determining the fair value of these alternative investments.

Investments of the Principal Fund, Pocantico Fund, Pocantico II Fund, and Ramon Magsaysay Award Foundation Fund are pooled; interest and dividend income and realized and unrealized gains or losses are allocated to each fund using the unitized investment method.

(Continued)

(d) New Accounting Pronouncements

Adoption of Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*

Effective January 1, 2008, the Fund adopted SFAS No. 157. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This pronouncement does not require any new fair value measurements. In February 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which defers the effective date of SFAS No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are not disclosed at fair value in the financial statements on a recurring basis. The FSP did not defer the recognition and disclosure requirements for financial or nonfinancial assets and liabilities that are measured at least annually. In February 2008, the Fund adopted FSP No. FAS 157-2. In October 2008, the FASB issued FSP No. FAS 157-3, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active*. FSP No. FAS 157-3 was effective upon issuance, and applies to periods for which financial statements have not been issued. The FSP's guidance clarifies various application issues with respect to the objective of a fair value measurement, distressed transactions, relevance of observable data, and the use of management's assumptions. The effect of the adoption of SFAS No. 157, and FAS 157-2, and 157-3 did not have a material effect on the changes in net assets or financial position of the Fund.

Adoption of FASB Staff Position No. FAS 117-1 (FAS 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 (UPMIFA) and Enhanced Disclosures for all Endowment Funds*

In August 2008, FAS 117-1 was issued, and its guidance is effective for fiscal years ended after December 15, 2008. A key component of FAS 117-1 is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. FAS 117-1 also improves the disclosures about an organization's endowment funds (both donor restricted endowment funds and board-designated endowment funds). New York State has not yet adopted UPMIFA, however, for the year ended December 31, 2008, the Fund has adopted the disclosure requirements of FAS 117-1.

(e) Fair Value Hierarchy

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities and certain alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and certain alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

(f) Grants Payable

Grants are recorded at the time of approval by the trustees and notification to the recipient (note 8).

(g) Tax Status

The Fund is exempt from federal income tax under Section 501(c)(3) of the Code and has been classified as a "private foundation." Provision has been made for the federal excise tax on investment income.

(h) Fixed Assets

The Fund capitalizes fixed assets, which include leasehold improvements, office equipment, and computer equipment and software. Depreciation and amortization of fixed assets are provided over the following estimated useful service lives: leasehold improvements: shorter of useful life or life of lease; office equipment: seven years; computer equipment: four years; and computer software: three years. Fixed assets are presented net of accumulated depreciation and amortization of approximately $18,358,000 and $16,651,000 at December 31, 2008 and 2007, respectively.

(i) Contributions

Contributions, including unconditional promises to give, are recognized in the period received.

(j) Cash and Cash Equivalents

The Fund considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents, except for those short-term investments managed by the investment managers as part of its long-term investment strategy.

(k) Functional Expenses

The Fund reports expenses on a functional basis, with all expenses charged either to a particular program or supporting service. Direct charitable activities and program and grant management comprise the Fund's program-related expenses and investment management and general management comprise the supporting activity expenses. Direct charitable activities include technical assistance provided to other charitable organizations, service of Fund staff on boards and committees of such organizations, and the costs of certain program-related projects undertaken directly by the Fund rather than through grants, including stewardship of the Pocantico Historic Area and conference activity at the Pocantico Conference Center. Overhead expenses, including occupancy, telephone, and insurance, are allocated to functional areas based upon space used or actual usage, if specifically identifiable. The allocation of salary and related expenses for management and supervision of program service functions are made by management based on the estimated time spent by executives in the various program service functions.

(l) Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles 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 during the reporting period. Actual results could differ from those estimates.

(3) Investments

The fair value of investments at December 31, 2008 and 2007 is summarized as follows:

	2008	2007
Short-term investments	$ 12,055,542	66,878,998
Stocks and equity funds	167,018,119	429,155,839
Bonds and fixed income funds	30,658,810	46,773,426
Alternative investments	410,447,437	385,141,918
	$ 620,179,908	927,950,181

The following table presents the Fund's fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2008. At December 31, 2008, Level 3 assets comprised approximately 83% of the Fund's total investment portfolio fair value.

	Fair value	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Short-term investments	$ 12,055,542	12,055,542	—	—
Stocks and equity funds	167,018,119	76,015,918	209,840	90,792,361
Bonds and fixed income funds	30,658,810	18,153,691	221,100	12,284,019
Alternative investments	410,447,437	—	—	410,447,437
	$ 620,179,908	106,225,151	430,940	513,523,817

The following table presents reconciliation for all Level 3 assets measured at fair value for the period January 1, 2008 to December 31, 2008.

	Level 3
Financial assets:	
Beginning balance, January 1, 2008	$ 585,747,454
Total net unrealized losses	(252,278,071)
Purchases and settlements, net	180,054,434
Ending balance, December 31, 2008	$ 513,523,817

Through a certain investment manager, the Fund purchases and sells warrants, exchange-traded options, and financial futures contracts. This investment was sold in 2008. The Fund's exposure at December 31, 2007 to these instruments at fair value was approximately $6,800,000 with a notional amount of $6,300,000.

As a result of its investing strategies, the Fund is a party to a variety of financial instruments. These financial instruments may include fixed income, and foreign currency futures and options contracts, foreign currency forwards, and interest rate cap and floor contracts. Much of the Fund's off-balance-sheet exposure represents strategies that are designed to reduce the interest rate and market risk inherent in portions of the Fund's investment program. Changes in the market values of these financial instruments are recognized currently in the statements of activities.

Financial instruments such as those described above involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded on the statements of financial position. Market risk represents the potential loss the Fund faces due to the decrease in the value of financial instruments. Credit risk represents the maximum potential loss the Fund faces due to possible nonperformance by obligors and counterparties of the terms of their contracts.

(4) Endowment Funds

The Fund has a board-designated endowment fund and permanently restricted funds.

The board of trustees of the Fund has established special-purpose funds (note 1), which constitute the Fund's board-designated endowment. Of these special-purpose funds, the net assets of the Principal Fund, Pocantico Fund, and Ramon Magsaysay Award Foundation Fund constitute unrestricted funds, which amounted to $624,859,525 and $937,003,793 in 2008 and 2007, respectively. The Pocantico II Fund, which was established in 1999 through a pledge by one donor in the amount of $8 million, for purposes of perpetual maintenance of the Playhouse Parcel at the Pocantico Historic Area, includes both permanently restricted and temporarily restricted endowment funds. The permanently restricted portion reflects matching grants of Rockefeller family members to the original pledge, and includes net assets of $7,895,000 in 2008 and 2007. The temporarily restricted portion reflects the original pledge, as well as income and appreciation earned on both the permanently restricted and temporarily restricted portions, and includes net assets of $9,068,757 and $10,576,401 in 2008 and 2007, respectively.

The Fund sets its annual spending policy by considering the Fund's long-term financial objectives, determining a rate of annual spending that would align with those long-term objectives, and choosing a formula that could be used consistently over a period of years to set the annual spending amount. Each year, the board of trustees establishes an annual budget using a spending model derived from a three-year average market value base, and considering the expected annual payout requirements as mandated by federal regulations and monitoring the impact of actual market trends during the year to make adjustments to spending as necessary.

In the year 2008, the Fund had the following endowment-related activities:

		Board-designated endowment funds	Temporarily restricted	Permanently restricted	Total
Endowment net assets at January 1, 2009	$	937,003,793	10,576,401	7,895,000	955,475,194
Investment return:					
Net investment income		5,255,820	26,496	—	5,282,316
Net depreciation		(266,556,536)	(1,528,082)	—	(268,084,618)
Contributions to endowment		183,823	—	—	183,823
Amounts appropriated for expenditure		(51,027,375)	(6,058)	—	(51,033,433)
Endowment net assets at December 31, 2008	$	624,859,525	9,068,757	7,895,000	641,823,282

(5) Program-Related Investments

The Fund's program-related investments have limited or no marketability. These investments and real estate are stated at the lower of cost or estimated fair value. The Fund's real estate has been leased rent-free to a not-for-profit organization under the terms of an agreement, which expires in the year 2056.

In February 1994, the Fund entered into a loan agreement with the Ramon Magsaysay Award Foundation (RMAF), which authorized RMAF to borrow up to three million dollars during the period the loan commenced through December 31, 1995. The underlying promissory note initially charged interest on the unpaid principal at the rate of 6% per year; such interest accrued beginning January 1, 1995. The interest rate was reduced in 1999 to 3% for the remaining term of the loan. In 2004, the interest rate was further reduced to 1%. Payment of principal of $120,000 and related interest are to be made annually over the term of the loan and on December 31, 2019, the outstanding balance will be payable in full. The Fund had loaned RMAF the full amount authorized as of December 31, 1995 and received the appropriate repayments of principal and interest in the years ended December 31, 1995 through 2007. The loan receivable balance from RMAF was $1,485,000 at December 31, 2008 and 2007. There was no repayment of principal made during 2008, as a due diligence audit was currently being conducted to determine the feasibility for the Fund to forgive the outstanding loan balance in its entirety. These investments are considered to be Level 3 assets under the fair value hierarchy.

(6) Pension Plan

The Fund participates in the Retirement Income Plan for Employees of Rockefeller Brothers Fund, Inc., et al. (the Plan), a noncontributory defined benefit plan covering substantially all its employees. Effective December 31, 2003, the Plan was frozen.

In 2007, the Fund adopted the recognition and disclosure provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plan*. SFAS No. 158 requires organizations to recognize the funded status of defined benefit pension and other postretirement plans as a net asset or liability and to recognize changes in that funded status in the year in which the changes occur through a separate line within the change in unrestricted net assets, apart from expenses, to the extent those changes are not included in the net periodic cost. The funded status reported on the statement of financial position under SFAS No. 158 was measured as the difference between the fair value of plan assets and the benefit obligations as of December 31, 2008 and 2007.

The following table sets forth the Plan's funded status and amounts recognized in the financial statements at December 31, 2008 (accounts payable and accrued liabilities) and 2007 (prepaid expenses):

	2008	2007
Actuarial present value of benefit obligations:		
Accumulated benefit obligation	$ 5,397,248	5,456,105
Projected benefit obligation for services rendered to date	5,397,248	5,456,105
Plan assets at fair value	4,523,955	6,378,403
Funded status	(873,293)	922,298
Pension asset (liability)	$ (873,293)	922,298

		2008	2007
Net pension cost included the following components:			
Interest cost on projected benefit obligation	$	337,366	326,203
Actual return on plan assets		(498,856)	(471,972)
Net amortization and deferral		16,197	(8,957)
Net periodic pension benefit	$	(145,293)	(154,726)

The weighted average discount rates used in determining the actuarial present value of the projected benefit obligation were 6.25% in 2008 and 6.35% in 2007. The weighted average discount rates used in determining the period's benefit costs were 6.35% in 2008 and 5.75% in 2007. The expected long-term rate of return on assets was 8.00% in 2008 and 2007. Because the plan assets at fair value exceeded the accumulated benefit obligation at December 31, 2007, an additional minimum pension liability adjustment (credit) of $(897,567) was recorded in 2007. Amortization of unrecognized prior service cost was $16,197 in 2008 and $16,191 in 2007.

The plan assets are currently invested in mutual funds, with an allocation of 65% equity and 35% debt securities. The Fund's investment goal is to obtain a competitive risk adjusted return on the pension plan assets commensurate with prudent investment practices and the Plan's responsibility to provide retirement benefits for its participants, retirees, and their beneficiaries. The Plan's asset allocation targets are strategic and long term in nature and are designed to take advantage of the risk reducing impacts of asset class diversification. Investments within each asset category are further diversified with regard to investment style and concentration of holdings.

The amount not yet recognized as a component of net periodic benefit cost was $1,940,884 for the year ended December 31, 2008. The amounts recognized as the effect of adoption of SFAS No. 158 were $149,927 of net actuarial gain and $198,899 of prior service cost for the year ended December 31, 2007. The net actuarial loss and prior service cost that will be amortized into net periodic benefit cost in 2009 is approximately $111,000.

The anticipated benefit payments cash flow for the next ten years is as follows:

Year ending December 31:		
2009	$	341,000
2010		341,000
2011		342,000
2012		348,000
2013		353,000
2014 – 2018		2,014,000

(7) Postretirement Healthcare Benefits

In addition to providing pension benefits, the Fund provides certain healthcare benefits for retired employees. Substantially, all of the Fund's employees may become eligible for these benefits if they reach age 55 while employed by the Fund and have accumulated at least five years of service. Such benefits are provided through an insurance company.

The following table sets forth the plan's status as of December 31, 2008 and 2007:

		2008	2007
Accumulated postretirement benefit obligations (APBO) included in accounts payable and accrued liabilities	$	3,362,032	2,652,761

The net periodic postretirement benefit cost included the following components as of December 31, 2008 and 2007:

		2008	2007
Service cost	$	141,961	144,192
Interest cost		192,926	161,070
Amortization of unrecognized loss		6,701	4,336
Net periodic postretirement benefit cost	$	341,588	309,598

Actual retiree premiums paid by the Fund during 2008 and 2007 amounted to $177,580 and $104,731, respectively.

The discount rate assumed in determining the APBO was 6.00% in 2008 and 6.45% in 2007. The weighted average discount rates used in determining the period's benefit costs were 6.45% in 2008 and 5.75% in 2007. The medical cost trend rates assumed were 8% and 9% and declining to 5%, and 6%, respectively, over a five-year period for 2008 and 2007. Increasing the assumed medical cost trend rate by 1% each year would result in increases in both the APBO and the net periodic postretirement cost of approximately $566,000 and $72,000 in 2008 and $479,000 and $75,000 in 2007, respectively.

The anticipated benefit payments cash flow for the next ten years is as follows:

Year ending December 31:		
2009	$	132,000
2010		143,000
2011		149,000
2012		153,000
2013		163,000
2014 – 2018		1,033,000

The amount not yet recognized as a component of net periodic benefit cost was $545,263 for the year ended December 31, 2008. The amounts recognized as the effect of adoption of SFAS No. 158 was $121,699 of net actuarial loss for the year ended December 31, 2007. The net actuarial loss that will be amortized into net periodic benefit cost in 2009 is approximately $22,000.

(8) Reconciliation of Grants Awarded

The following table reconciles grants awarded and grants paid during 2008 and 2007:

Grants payable, December 31, 2006	$	20,898,598
Grants awarded 2007		28,460,930
Grants paid 2007		(30,151,589)
Grants payable, December 31, 2007		19,207,939
Grants awarded 2008		31,793,970
Grants paid 2008		(34,094,411)
Grants payable, December 31, 2008	$	16,907,498

The Fund estimates that the grants payable balance as of December 31, 2008 will be paid as follows:

Year ending December 31:		
2009	$	11,728,498
2010		4,754,000
2011		425,000
Total	$	16,907,498

The net present value of grants payable is not materially different from amounts committed to be paid.

(9) Related-Party Transactions

In December 2007, the Fund made a grant appropriation in the amount of $1,000,000 to 1 Sky, a project of the Rockefeller Family Fund, for which the Rockefeller Family Fund provides fiscal and legal oversight. The Fund paid $100,000 in 2007 and the remaining commitment of $900,000 in 2008.

The Fund was reimbursed approximately $526,000 and $405,000 in 2008 and 2007, respectively, for the fair value of certain expenses, including accounting, occupancy, capital expenditures, and employee benefits, by the Rockefeller Family Fund, Inc. The Fund was also reimbursed $258,000 and $40,000 in 2008 and $431,000 and $34,000 in 2007 for the fair value of certain expenses, including accounting, occupancy, capital expenditures, and employee benefits, by ACC and the David Rockefeller Fund, respectively. The Fund received reimbursement for the fair value of certain expenses, including accounting, occupancy, capital expenditures, and employee benefits, in 2008 and 2007 in the amounts of $1,123,000 and $1,563,000, respectively, from Rockefeller Philanthropy Advisors.

The Fund paid fees of approximately $1,228,000 and $1,055,000 in 2008 and 2007, respectively, for maintenance of the Pocantico properties to Greenrock Corporation, which is wholly owned by Rockefeller family members.

(10) Federal Taxes

As a private foundation, the Fund is assessed an excise tax under the Code. The provision for federal excise tax consists of a current provision on realized net investment income and a deferred provision on unrealized appreciation of investments. This tax is generally equal to 2%; however, it is reduced to 1% if a foundation meets certain distribution requirements under Section 4940(e) of the Code. The Fund provided for excise taxes at the rate of 1% and 2% in 2008 and 2007, respectively. The Fund paid estimated federal excise taxes of $1,950,000 in 2008 and $2,190,000 in 2007. The federal excise tax expenses were approximately $583,000 and $2,200,000 in 2008 and 2007, respectively. An excise tax receivable of $1,367,000 has been recorded during 2008 in the accompanying financial statements. Due to recognition of unrealized depreciation in 2008, the deferred tax liability was reduced to zero, and a deferred tax benefit of $3,996,000 is included in federal excise and other taxes in the accompanying financial statements.

(11) Commitments

The Fund, together with its affiliates, occupies office facilities that provide for annual minimum rental commitments excluding escalation as follows:

2009	$	2,296,000
2010		2,296,000
2011		2,296,000
2012		2,296,000
2013 – 2023		531,000

On January 1, 1998, the Fund entered into a new lease agreement and relocated its offices in June 1998. The terms of the lease for the Fund’s offices expire in December 2012. Portions of this additional space have been subleased through 2012. Approximately $927,000 is expected to be received each year through the end of the sublease agreement (2012). The Fund is seeking a subtenant for the remainder of its current space for occupancy from mid 2009 through 2012. On January 1, 2009, the Fund entered into a new lease agreement and expects to relocate its offices in June 2009. The terms of the lease for this location expire on December 31, 2023, with one five-year renewal option.

In 2004, the Fund received notice of a demand that it return amounts claimed as overpayments to the Fund in 1995 and 1996 as part of its liquidation of an investment in a certain partnership. The amount of the claim approximates $2.3 million. Since legal issues underlying this claim are complex and a fair estimate of the potential liability can not be presently determined, no amount for the claim has been included in these financial statements.

On January 1, 1992, the Fund entered into a formal arrangement with the National Trust for Historic Preservation in the United States, whereby the Fund assumes the costs associated with maintenance and operations of the Pocantico Historic Area, including all utilities, real estate and other taxes, and impositions assessed against the property. In 2008 and 2007, these costs aggregated approximately $1,783,000 and $1,810,000, respectively. Under the same agreement, the Fund agreed to conduct a program of public visitation of the Pocantico Historic Area. Historic Hudson Valley was engaged by the Fund to operate this program on its behalf. The public visitation program commenced in April 1994.

Pursuant to its limited partnership agreements, the Fund is committed to invest approximately $168,545,000 as of December 31, 2008. On January 1, 2009, the Investure Evergreen Fund reduced the Fund's commitment by approximately $14,854,000, causing a reduction in the unfunded commitment to approximately $153,814,000.

Schedule

ROCKEFELLER BROTHERS FUND, INC.

Supplemental Schedule of Functional Expenses

Year ended December 31, 2008
(with summarized financial information for the year ended December 31, 2007)

	Direct charitable activities: General programs	Direct charitable activities: Pocantico Fund	Subtotal	Program and grant management	Investment management	General management and federal excise and other taxes	2008 RBF Funds	2007 RBF Funds
Salaries and employee benefits:								
Salaries	$ 396,923	660,443	1,057,366	1,709,274	122,324	1,522,926	4,411,890	3,782,920
Employee benefits	156,401	309,186	465,587	671,849	48,840	616,113	1,802,389	737,001
	553,324	969,629	1,522,953	2,381,123	171,164	2,139,039	6,214,279	4,519,921
Other expenses:								
Grants awarded	—	—	—	31,793,970	—	—	31,793,970	28,460,930
Fellowship and leadership – program expenses	337,177	—	337,177	—	—	—	337,177	259,092
Federal excise and other taxes	—	—	—	—	—	(2,940,807)	(2,940,807)	2,369,733
Consultants' fees	—	—	—	412,829	13,000	543,929	969,758	458,935
Investment services	—	—	—	—	4,061,434	—	4,061,434	4,784,666
Legal, audit, and professional fees	—	52,084	52,084	38,852	19,756	382,130	492,822	545,572
Travel	23,326	33,807	57,133	482,581	5,086	19,562	564,362	600,929
Rent and electricity	121,981	—	121,981	899,429	65,749	859,195	1,946,354	1,184,365
Program conferences and events	239,836	—	239,836	—	—	—	239,836	267,524
Facilities maintenance and operations	—	1,783,221	1,783,221	—	—	—	1,783,221	1,810,385
Telephone, facsimile, and internet	4,691	19,106	23,797	34,575	2,889	37,533	98,794	93,218
General office expenses	75,704	159,998	235,702	346,278	28,360	385,183	995,523	928,101
Publications	—	—	—	—	—	283,896	283,896	312,294
Depreciation and amortization	23,364	1,063,223	1,086,587	172,194	32,606	415,280	1,706,667	1,421,007
	$ 1,379,403	4,081,068	5,460,471	36,561,831	4,400,044	2,124,940	48,547,286	48,016,672

See accompanying independent auditors' report.