A Message from the Chairman

Dear People of the Commonwealth,

In compliance with Article XI, Section 6(e), of the Commonwealth Constitution, the Board of Trustees of the Marianas Public Land Trust makes this report on its investments and related activities for the year 2008.

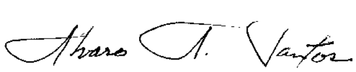
The Trust has continued to deal with the default of the loan made to NMHC for mortgage financing. Once the loan portfolio was return to MPLT, we had the task of dealing with the large number of delinquent loans plus a number of loans in foreclosure. It was the goal of the Trustees to limit the number of foreclosures by instituting a loan modification program whereby the borrowers would have their delinquent accrued interest forgiven, their interest rate reduced to 2% and the monthly payment reduced accordingly. The Trustees are continuing to work with the borrowers in order that they may remain in their homes. But this has resulted in a significant reduction to the interest earnings for this investment. This is the sacrifice the Trust had to make in order to revitalize the program.

On August 4, 2008, the Trust made a $3.5 million loan to CUC. While this loan may be seen as a controversial investment, the Trustees viewed this loan as benefitting the whole community as the power generating capacity for CUC was in a state of collapse. Our action allowed for the power generation situation to be stabilized. Additionally, the crisis did allow the Trust to receive a $3.5 million distribution from the Department of Public Lands, which may have not been forthcoming otherwise. There was also an appropriation from the Legislature to allow for an offset to the Trust's distribution to the General Fund to be withheld to payoff this loan in 2009 and 2010. This investment has proven to be very worthwhile for the Trust as the interest earnings have helped to meet the NMHC interest shortfall.

But a negative note, our managed portfolio suffered due to the severe economic conditions that commenced at the beginning of this fiscal year, which resulted in a -6.2% return for the portfolio as a whole. The Trust was able to avoid the full impact of this recession as the asset allocation favors current income as opposed to long term capital growth. This has been the investment policy of the Trustees for the past several years as only 35% of the total portfolio was devoted to equities with the balance in fixed income. Thus we were spared the full impact of the collapsing stock market. It is our intention to continue with this policy in the foreseeable future in order to provide full support to the Commonwealth General Fund.

We hope this report provides an insight into the operations of the Trust and provides useful information to all our beneficiaries. The Trustees take their fiduciary duty very seriously, and welcome any questions or suggestions regarding the operation of the Marianas Public Land Trust.

Respectfully Submitted,



Alvaro A. Santos
Chairman, Board of Trustees

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OVERVIEW

The Marianas Public Land Trust (MPLT) was established to preserve and enhance the net revenues received from the lease of public lands for the benefit of future generations. MPLT functions, therefore, as the money or financial manager for the net revenues distributed to it by the Marianas Public Land Corporation (MPLC) or its successor organization, the Marianas Public Land Authority (MPLA) or the Department of Public Lands (DPL).

The following are the distributions from MPLC & Successor Entities to MPLT and recorded as principal in the General & Park Trust Funds:

July 19, 1983	$ 5,000,000
January 20, 1984	100,000
February 17, 1984	14,080,046
April 13, 1984	5,958,700
August 27, 1984	803,856
May 22, 1991	500,000
December 20, 1991	500,000
September 19, 2007	1,250,000
August 4, 2008	3,500,000
Total	$ 31,692,602

DPL=s primary duty is to manage the public lands for the benefit of the people of the Commonwealth. In this regard, they function as the Commonwealth=s public land managers. In addition, they also have the responsibility to facilitate and manage a homestead development program. The revenues from the lease of public lands, less DPL=s reasonable expenses of administration, are distributable to the Trust on an annual basis.

MPLT invests the funds it receives from DPL within clearly established guidelines. The net distributable income received from its investments is distributed to the Commonwealth Government=s General Fund and to the American Memorial Park. Monies distributed to the

General Fund are general revenues subject to appropriation by the CNMI Legislature. Funds distributed to the American Memorial Park are dedicated to the maintenance and development of the Park.

It should be noted that most of the historical principal contributions made to the Trust were derived from the Tinian land lease as provided for in Article VIII, Section 803, of the Covenant. This portion of the single-payment rent has been preserved in the Trust=s general fund and constitutes the payment from the United States for up to one hundred years usage of the prescribed land area.

IMPLEMENTING AUTHORITY

The origins of the Trust are found both in the ***Constitution of the Northern Mariana Islands*** and Public Law 94-241, ***Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America***. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the ***Constitution*** provides for the establishment of the Trust upon the effective date of the ***Constitution.*** Some excerpts pertaining to the operating requirements for the Trust are:

! A... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ...[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered.@

! A... The trustees shall make reasonable, careful and prudent investments.@

! A... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ... [except] that the trustees may retain the amount necessary to meet reasonable expenses of administration.@

! A... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees.@

! A... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law.@

A lease agreement was signed on January 6, 1983 between the Commonwealth and the United States, for the designated premises, for an initial lease term of fifty (50) years.

The CPI adjustment yielded a total price of $33 million for the entire term of the lease, including the fifty (50) year additional option period. From this total amount $6,565,800 was withheld and placed in a joint escrow account pending the Commonwealth=s acquisition of private land holdings within the leasehold area. This escrow fund was later transferred to the Commonwealth Superior Court (named the Tinian Land Acquisition Fund) to be used for funding of the condemnation and land acquisition costs. The final balance of this fund was ordered by the Superior Court to be distributed to MPLC on November 25, 1994.

The ***Covenant*** contains key provisions which are fundamental to the Trust=s development. Article VIII, Section 802 requires that certain lands be made available to the United States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

Article VIII, Section 803 of the ***Covenant*** describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of $19,520,600 determined as follows:

! Tinian Island property - $17.5 million;
! Saipan Island property located at Tanapag Harbor - $2 million;
! Farallon de Medinilla Island - $20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the ***Covenant***. Additional terms and conditions of this lease are found in the ***Technical Agreement Regarding Use of Land To Be Leased by the United States,*** which was executed simultaneously with the ***Covenant.***

Furthermore, Section 803 provides for 54 hectares of the leased property at Tanapag Harbor to be made available by the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Marianas dead in the World War II Marianas Campaign. The $2 million received from the United States for the lease of this property would be placed into a trust fund with the Aincome@ to be used for the development and maintenance of the park.

PERFORMANCE ANALYSIS

The performance for FY 2008 was down from the resurgence of yields beginning in 2003. An all time high in the stock market was achieved in October 2007 but these values were not sustained as the full weight of the collapsing credit markets ensued for the rest of the fiscal year. The losses were unprecedented as the World financial markets reeled from its effects. The causes for this event were many but in the forefront were the many years of low interest rates and overextension of credit as typified in the subprime market. There were no safe havens as all investment classes were affected. Lucky for the Trust was its investment policy of maximizing its distribution to the Commonwealth General Fund. This policy favors fixed income as opposed to equity and cushioned the Trust's losses.

The result of these economic events caused the Trust to have an investment return of loss of -6.2%. The loss of value from realized and unrealized capital losses was $8,058,525. This is a substantial setback to the Trust's growth progress and will take many years to regain.

MPLT=s principal fund decreased to $69.7 million due to the 2008 economic crisis but even with this, this balance is 2.2 times more than the original principal contributions received from MPLC, etc. This principal growth has occurred while making cumulative distributions of $44.5 million since inception.

While the 2008 economic crash was unprecedented, it does illustrate why the Trust invests in fixed income. It is to cushion or offset the volatility of the equity markets and provide a safety net of guaranteed earnings.

With this backdrop in place, why does MPLT invest in equities? The reason is long-term equities outperform all other types or classes of investments. MPLT is a long-term investor who does not allow short-term market declines to

MPLT Trustees invest for the long term by analyzing income needs, acceptable risk levels and investment time horizons. This forms the basis for asset allocations.

Market cycle timing is more important than trying to peg annual market fluctuations caused by changing interest rates.

influence its long-term time horizon. MPLT has grown its principal through the investment in equities. To do otherwise, would be irresponsible and in contradiction to ***modern portfolio theory***.

A review of the Trust=s annual returns for the last five years (see Table 1 below) indicates a five year annualized average rate of return of 6.05% on the total portfolio. This five-year average shows a good performance trend even with the write-down of the NMHC loan in 2006 and this year's economic crises. By comparison the five-year average for managed portfolio is 7.19% and when compared to the Weighted Average of Target Allocation of 5.89% for the same period, it indicates the Trust has been meeting our targeted return for the asset allocation per the Investment Policy Statement. By being able to meet our target, it demonstrates a sound asset allocation strategy.

Annual rates of return taken alone do not present an accurate picture of investment performance. Investment performance must be analyzed consecutively for a range of three to five years. This is because money managers do not try to time market fluctuations caused by short-term interest rate changes and other economic factors. Their goal is to analyze market cycles in order to be fully invested when markets are in an up-swing pattern. Trying to outguess the market in the short term will not yield continuous portfolio growth over the years. Instead added risk and volatility will mark performance negatively resulting in average yields below the historical trends.

The investment revenues (interest & dividends) for 2008 were $3,422,126 as compared to $3,145,308 for 2007. But the capital gains for the year resulted in a loss of $8,058,525 due to the U.S. recession and crises causing huge losses of value.

In summary, MPLT showed that it can maintain its principal even when the stock market has big losses. This defensive or conservative nature of investment style has been able to provide a reliable distributions to its beneficiaries for this year as well as for the preceding years. We are predicting a 2009 rate of return will be in the 8 to 9% range. This is a substantial improvement over this year's loss, but there are still uncertainties as the U.S. as well as the World recovers from the recession. We anticipate being able to continue adding value to the portfolio in accordance with our long-term investment strategy as well as meet the needs of our income beneficiaries.

MARIANAS PUBLIC LAND TRUST

ANALYSIS OF INVESTMENT RETURNS - Table 1

	2008	2007	2006	2005	2004	Five Year Average
Investment Returns:						
Interest	$ 3,041,931	2,729,975	$ 2,018,976	$ 1,801,232	$ 1,895,376	$ 2,297,498
Dividends	680,195	415,333	459,581	466,919	524,402	509,286
Realized Capital Gains	-1,832,256	3,644,123	2,035,408	980,519	1,745,306	1,314,620
Unrealized Capital Gains (Losses)	-6,226,269	1,612,852	-3,012,154	3,583,868	1,998,851	-408,570
Totals	$ -4,636,399	8,402,283	$ 1,501,811	$ 6,832,538	$ 6,163,935	$ 3,652,834
Average Cost of Investments	$ 69,483,856	64,360,902	$ 60,417,320	$ 58,910,592	$ 57,312,960	$ 62,097,126
MPLT Return on Total Investment	-6.19%	12.42%	2.23%	11.36%	10.41%	6.05%
MPLT Return on Managed Investments	-8.69%	12.60%	8.28%	12.37%	11.37%	7.19%
Performance Benchmarks:						
S&P 500	-21.98%	16.44%	5.66%	12.25%	13.87%	5.25%

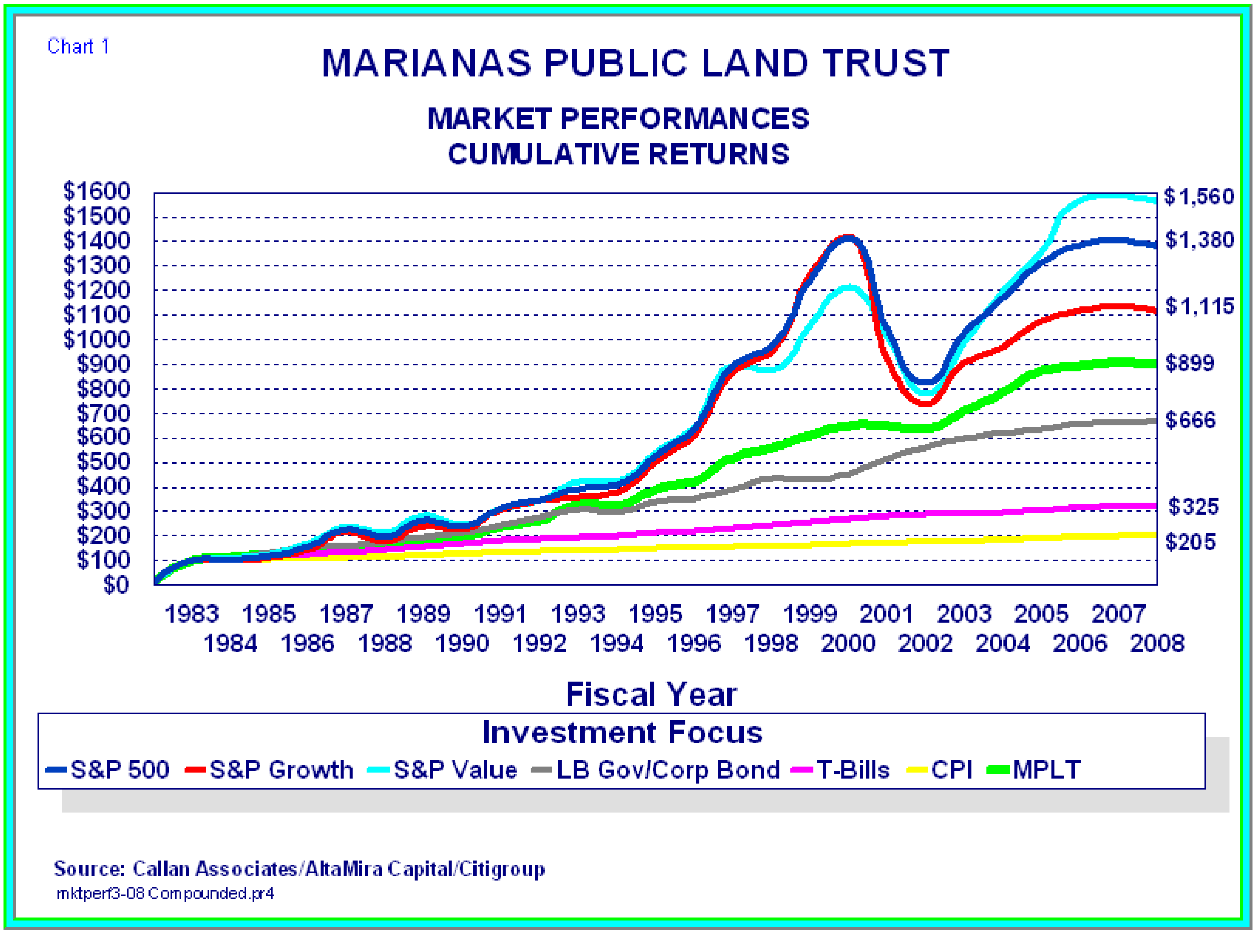
MARIANAS PUBLIC LAND TRUST

ANALYSIS OF INVESTMENT RETURNS - Table 1

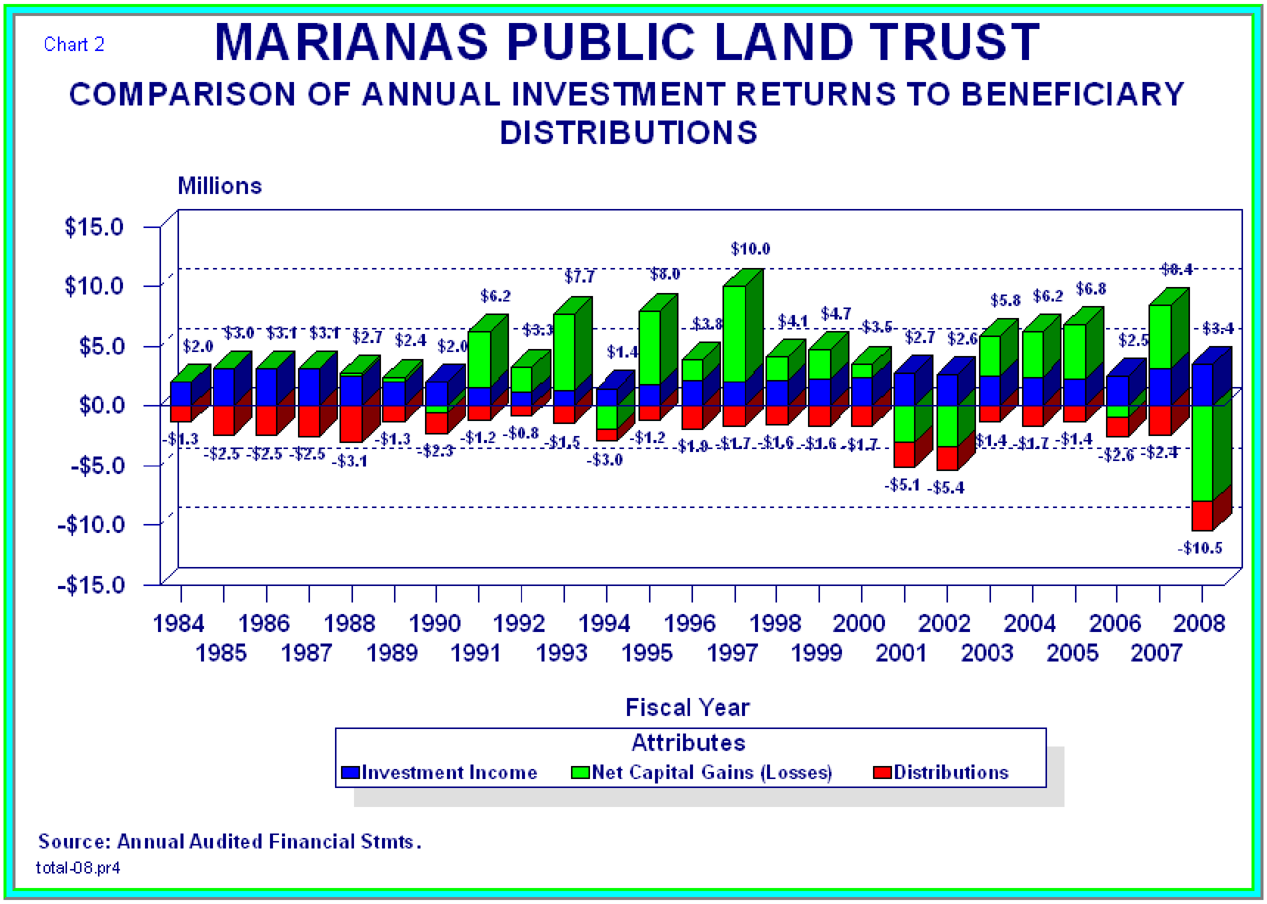
	2008	**2007**	**2006**	**2005**	**2004**	**Five Year Average**
S&P Barra Growth	-19.44%	16.78%	3.95%	10.66%	7.52%	3.89%
S&P Barra Value	-24.50%	16.11%	15.44%	13.82%	20.47%	8.27%
Lehman Govt/Corp Bond	3.66%	5.10%	3.32%	2.56%	3.35%	3.64%
91 Day T-Bills	2.05%	5.02%	4.41%	2.81%	1.78%	2.41%
Consumer Price Index	5.26%	2.76%	2.10%	4.69%	2.48%	3.46%
Weighted Average per Target Allocation	-6.85%	9.83%	9.03%	10.32%	7.10%	5.89%

Another means to review MPLT=s historical return performance is to chart the Trust=s annual rate of return since inception as compared to various indices. Chart 1 is an example of this type of analysis. It assumes an original investment of $100 made in 1983 with annual investment returns reinvested. MPLT=s annual rate of return is charted along with the annual returns for the following indices:

1. S&P 500 Index
2. S&P BARRA Growth Index
3. S&P BARRA Value Index
4. Lehman Bros. Govt/Corp Bond Index
5. 91-Day T-Bills Index
6. Consumers Price Index



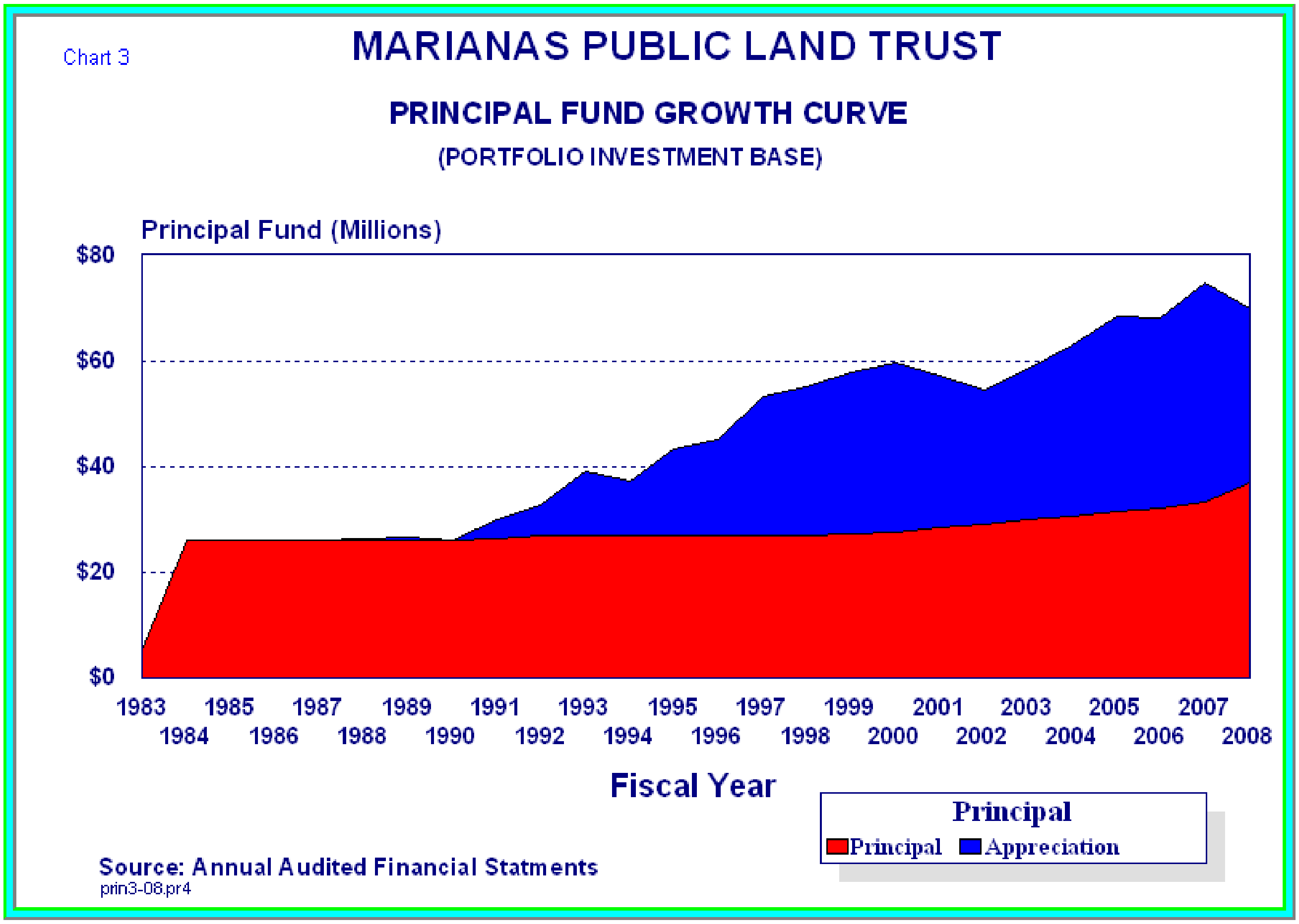
This chart reveals that MPLT has performed very well since inception, earning a cumulative return to grow our original investment of $100 to $899 as compared to the S&P 500, S&P 500 Growth and S&P 500 Value all of which grew to a range of $1,115 to $1,560 (note the chart reveals the downward trend of equities for the 2001 and 2002). The fixed income benchmark, Lehman Bros. Gov/Credit Bond index, cumulatively grew to $666. Based upon our targeted asset allocation of approximately 65% to equities and 35% to fixed-income (effective July 2006), we compare very favorably to the market performances. We can never perform up to the level of the S&P 500 as this index is based upon 100% investment in equities. Our income distribution target to the Commonwealth General Fund and American Memorial Park do not permit us to invest solely in equities.



The accompanying Chart 2 provides an overview of the Trust=s historical returns on investment since its inception. For each year, the positive and negative rates of annual rate of return are shown. For years 1984 through 1987 (and portion of 1988), the returns were for interest only as we were not permitted to invest in anything other than U. S. Treasury obligations. The average annual rate of return for these years was 11.6%; the average annual return rate for the years 1988 through 2008 was 9.3%; a rate which is slightly above the average of the Median Total Balanced Database return for the same period. This is indicative of our money managers performing to the level expected in our Investment Policy Statement that states our expected nominal return shall be 7.1%.

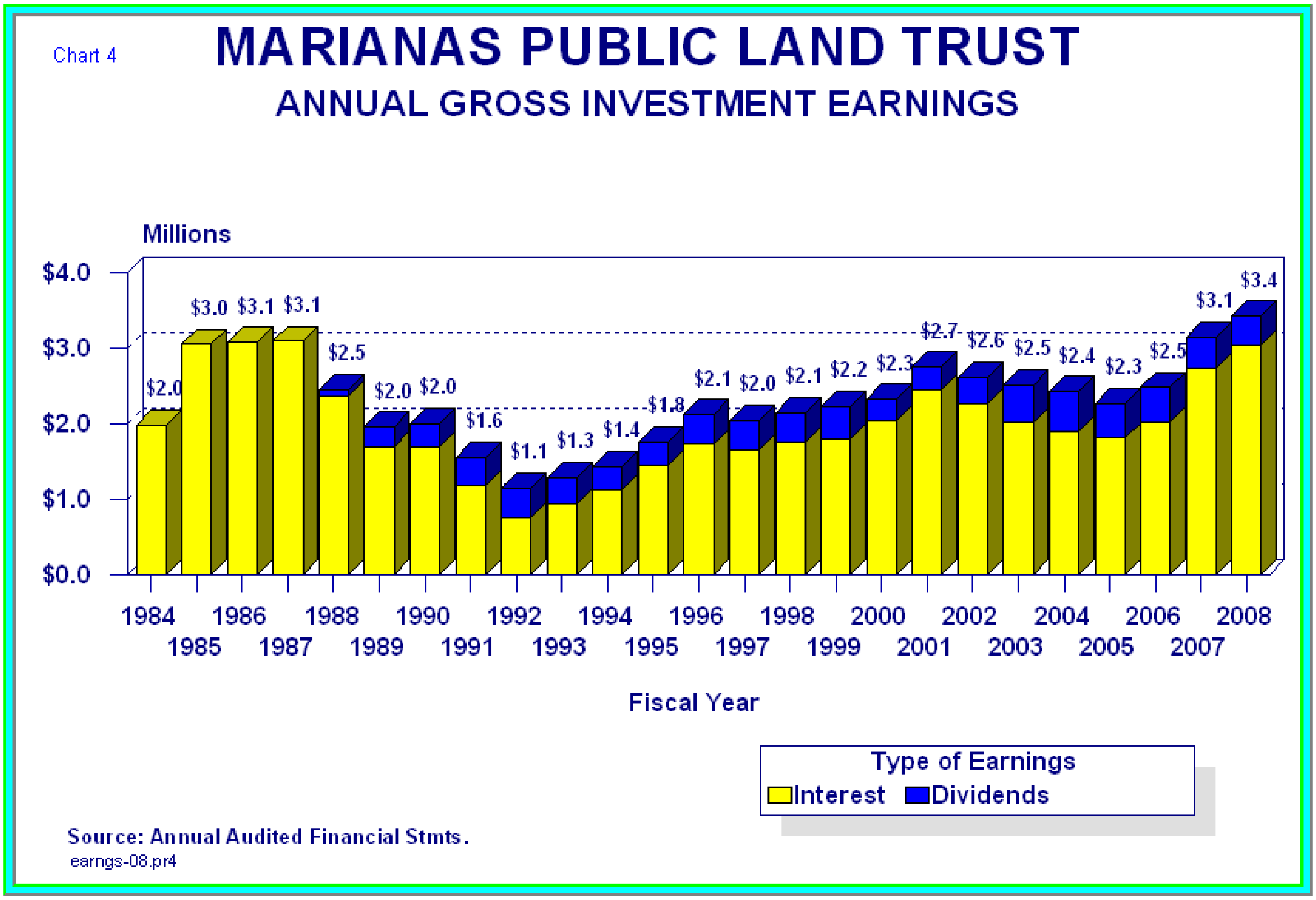
While our money managers have been successful in meeting the returns of the Median Total Balanced Database, they have also been able through the equity portfolio to add value and increase the principal fund since 1988. During the intervening years, we have added $44.5 million to the principal contributions received from MPLC for a 220% gain. This is more than doubling of the principal fund has been accomplished during the last twenty-one years. This net gain of principal has occurred even with the sharp loss of investment value occurring in years 2001 and 2002.

Chart 3 illustrates the increasing investment base derived from capital gains, which are allocable to principal and are not subject to distribution. The red portion of the chart represents the original principal contributions received from MPLC while the blue portion is the value added (appreciation) to the portfolio due to the investment policy instituted in 1988 and the resulting active money management. A further review of this chart reveals the dramatic loss of value occurring in years 2001, 2002 and 2008. It also demonstrates the recovery occurring in years 2003 through 2005 where the losses have been fully recovered. This is a testament to our



investment policy and asset allocation to equities. Without an equity allocation, the Trust would not have been able to achieve this growth. It also shows that by reducing the equity allocation in favor of current income we will not be able to sustain this rate of growth.

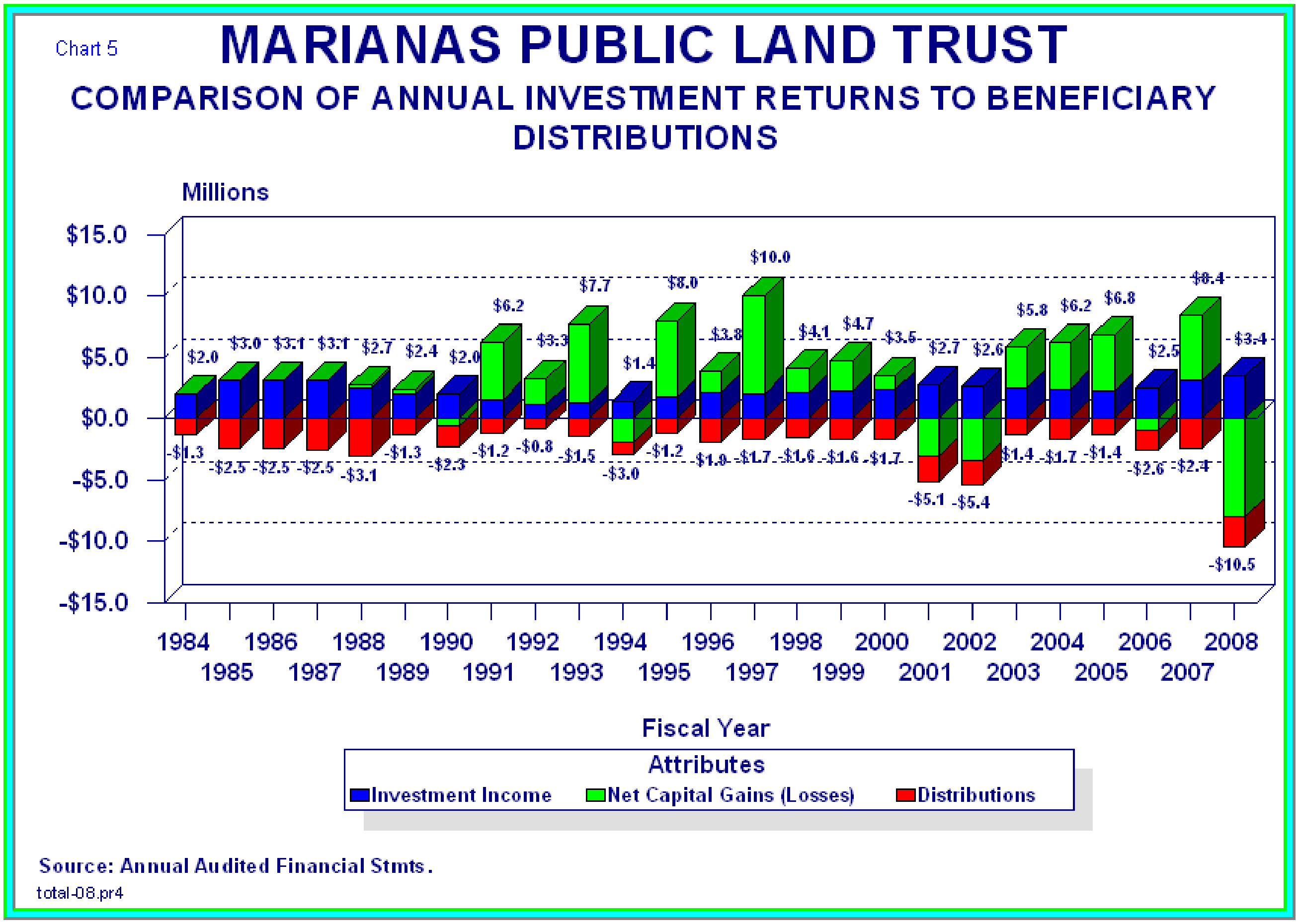
There are trade-offs between capital appreciation and investment earnings. As Chart 4 indicates when we started to enjoy larger annual rates of return and increased capital growth,



our investment earnings declined. This is to be expected and to properly analyze performance all the components of annual return must be considered (investment earnings, i.e., interest and dividends, as well as realized capital gains (losses) and investment appreciation).

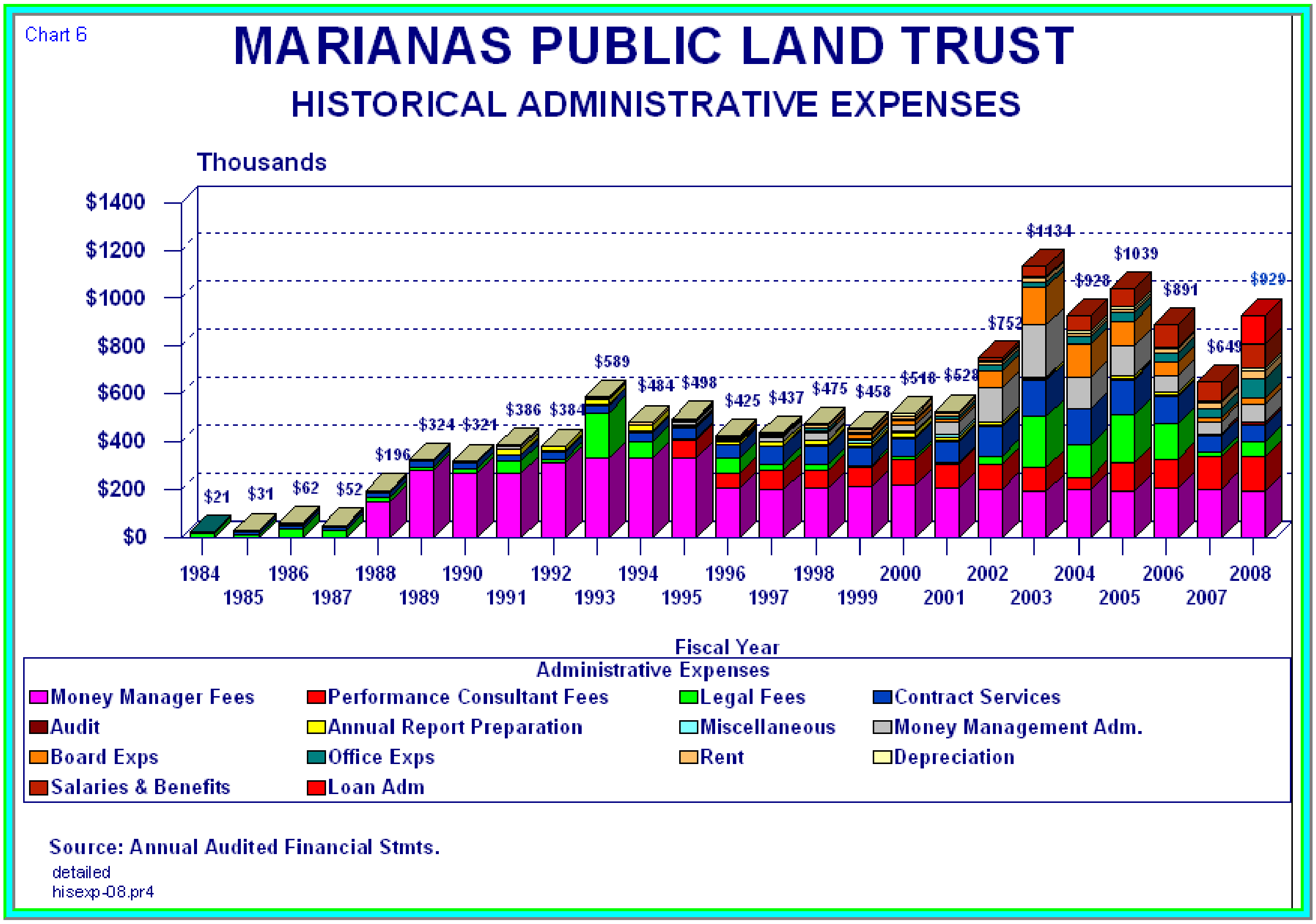
Accordingly, Chart 5 illustrates the total annual investment receipts as compared to the annual distributions to beneficiaries (includes the capital losses for years 1990, 1994, 2001, 2002, 2006 and 2008). Overall, investment returns for the period of active money management has performed at substantial multiples more than the annual average earnings for the years when the portfolio was not actively managed. This illustrates the value of professional active money management over the twenty-five years the Trust has been in existence. Even in down years such as years 1990, 1994, 2001, 2002, 2006 and 2008, the active management approach, given a long time horizon, will provide more income and capital growth than an investment of solely U.S. obligations.

In order to achieve high rates of return and meet the ***Auniform prudent investor@*** standards, the Trust employs money managers who are experts in their fields of investment



focus. Money managers are typically specialists in equities (core, growth, value, small cap., international, etc.) or fixed income. Currently, we have three equity money managers who are characterized as large cap. core and international value and growth managers and a fixed income core manager.

An analysis of Chart 6 reveals our historical administrative expenses since inception. The increase in expenses in 1988 corresponds to the hiring of professional money managers. FY 1993 administrative expenses were unusually high due to very complicated legal expenses which spilled-over into FY 1994. The money management expenses for the years 1992 through 1995 were at the same approximate level, but commencing in 1995 we hired a professional investment performance consultant to study, among other matters, how we could reduce money management expenses. Starting in 1996 his efforts began to be realized as money management expenses were reduced significantly even when including his fees. Overall money



management fees have been relatively stable since 1996 and are not expected to decrease in future years and may increase proportionately as the value of our investments rise. Our expenses for legal and board consultant=s contract have also remained fairly stable since 1994, except for 2003, 2004 and 2005 when our legal fees rose due to litigation issues with MPLA. Since many legal issues have been resolved and the consultant's contract amount fixed, the legal and contract fees declined in 2006 by 26% from the amount in 2005. This trend continued for 2007 as there were no major legal issues. Performance consultant fee increased in 2007 as the value of the portfolio increased. This fee is also based upon a percentage of the value of the managed portfolio and will increase as the value of the portfolio increases. The remaining expenses of board expenses, salaries, office, and rent decreased in 2007 and remained about the same for 2008. The major increase to administration expenses for 2008 was due to additional costs of managing the NMHC loan portfolio.

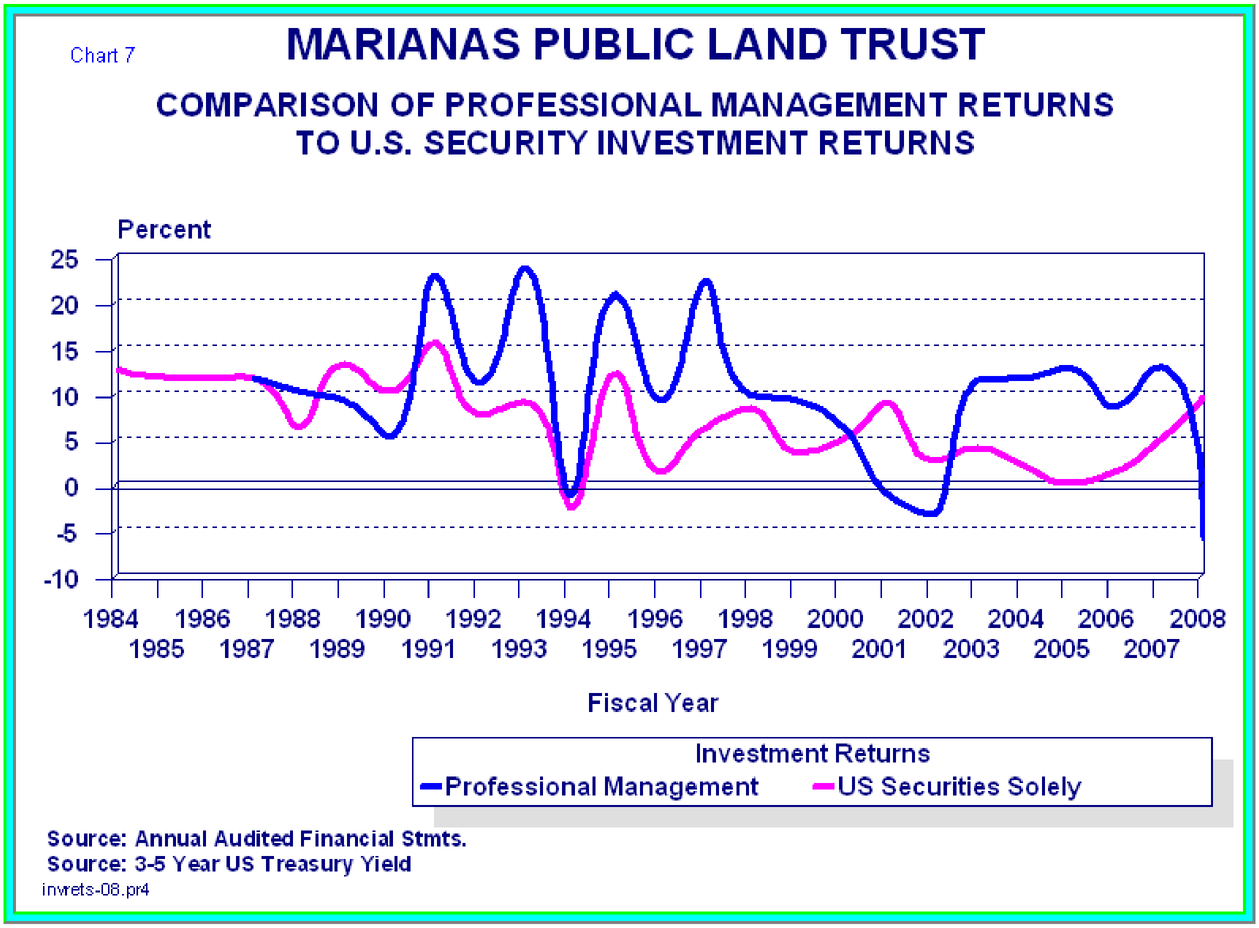
Due to the technical nature of professional investing, the Board of Trustees' and staff must maintain a level of proficiency in the technical concepts of investing and money management.

The following are the money management activities and seminars attended in 2008:

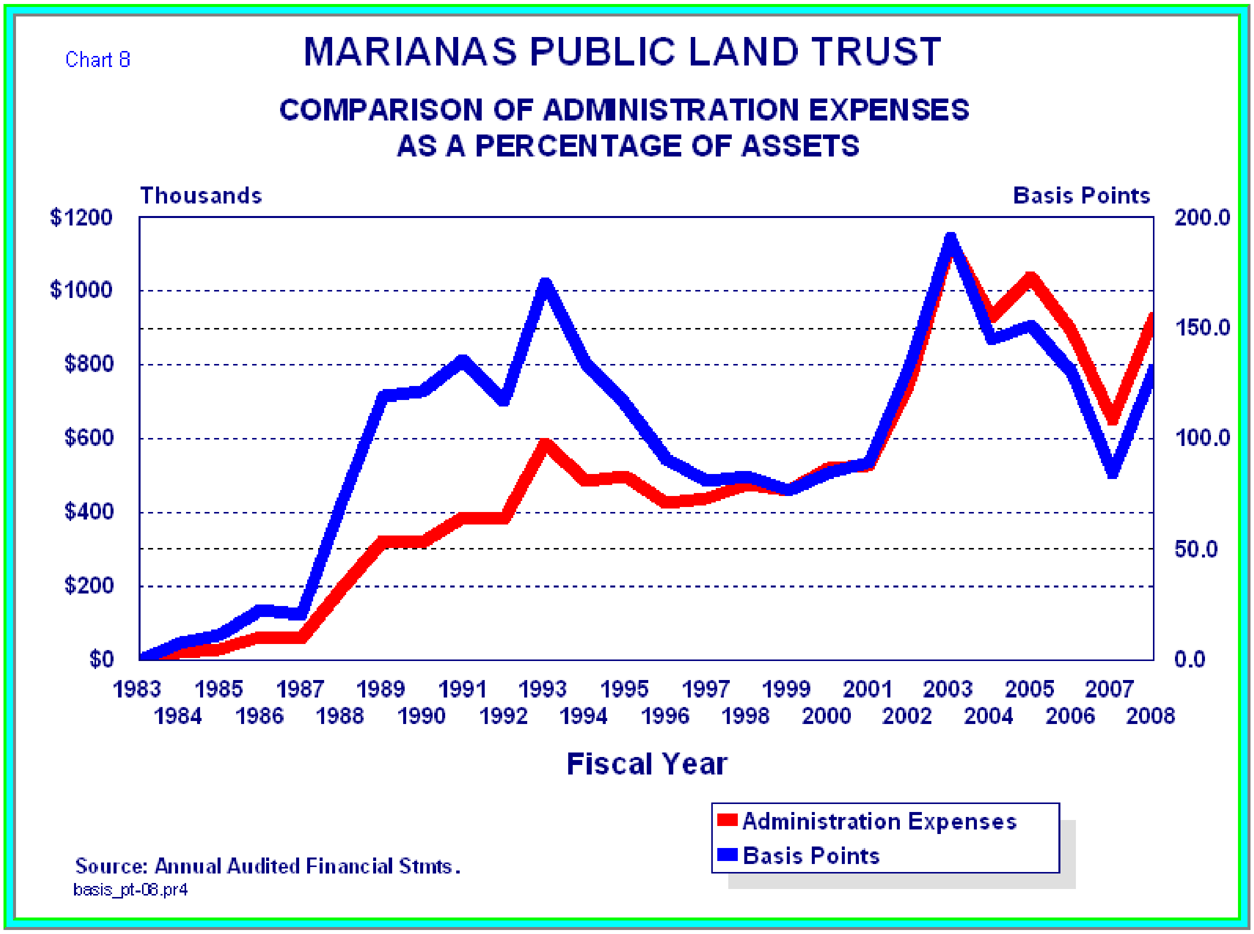
Dates	**Conference**	**Location**
Aug. 25-27, 2008	IFEBP International Investment & Emerging Markets	San Francisco, CA
July 28, 2008	AIF Capstone Program	San Francisco, CA
April 14-16, 2008	IFEBP Investment Institute	San Francisco, CA
Jan. 8-10, 2007	Laserfiche Institute Conference	Los Angeles, CA
October 18-19, 2007	APAFS Annual Investment Conference	Makati, PI
October 8-9, 2007	DOI Island Business Opportunities Conference	Guam

Overall the administrative expenses for the Trust increased by 43% over the amount in 2007. It is expected that the administrative expenses in 2009 will decrease slightly. It is estimated that administrative expenses for 2009 will be in the range of $830,000. The Board of Trustees is cognizant of these costs and will continue to be vigilant in order to control administrative expenses in order to maximize the annual distribution to the Commonwealth General Fund.

To further illustrate the value and necessity of professional money management as compared to managing the money ourselves, as we did from 1983 until 1988, a graph of the rates of return has been prepared showing the returns of investing solely in U. S.



Securities (3 to 5 year U. S. Treasury bonds) compared to MPLT=s actual returns during the period of professional management (1988 through 2008). Chart 7 reveals that, except for 1989, 1990, 2001, 2002 and 2008, the yields returned by professional money managers have consistently outperformed those of our prior investment policy when we were limited to investing solely in U. S. Obligations. An average of the annual returns for each of these two options or approaches reveals that the professional money managers yielded 2.2 times more than an investment plan limited to U. S. Obligations solely. Since we pay our money managers annually from 25 to 50 basis points (100 basis points equals 1%) of the value of the monies they manage, the incremental annual gain is more than justified. To do otherwise would be a breach of our fiduciary duty and would be contradictory to ***modern portfolio theory.***



Another way of looking at the effectiveness of our investment policies is to compare our administrative expenses each year since inception to the total Trust=s assets (using fair market valuation). Chart 8 illustrates the progression and growth of our administrative expenses (red line) over the years, which reached its highest level in 2003. Since this time, administrative expenses have been trending down. The blue line of the chart depicts the annual administrative expenses as a percentage of the Trust=s total assets. This percentage is expressed in basis points (100 bp equals 1%). This line shows that the costs of running the Trust as compared to the growth of our investment program. Currently, this relationship of asset growth and administrative expenses shows that the Trust's total administrative expenses continue to decline at a faster rate than the dollar amounts expended. This is due to the investments performing well and adding value to the portfolio. It is the goal of the Trust to continue this trend to lower the ***rate***

of administrative expenses over the coming years. Over the past nineteen years, the Trust has spent $12,143,075 for administrative expenses to create $39,167,778 of new assets.

INVESTMENT POLICY

The MPLT trustees are collectively referred to as ***fiduciaries***, but what does this mean and what is their role in the investment process? The answer is as follows:

To provide the essential management of the investment process, without which the other components of the investment plan cannot be defined, implemented or evaluated.

The emphasis is on the fiduciary as the ***manager*** of the investment process - a role that does not require discretionary money management expertise. They are responsible for the ***general management*** of the assets.

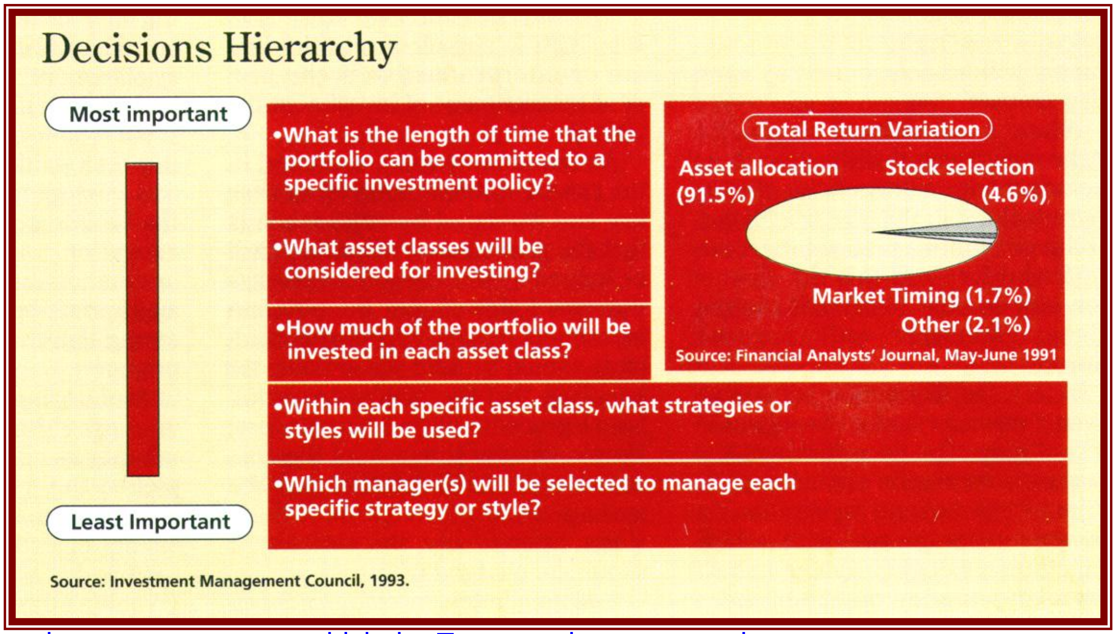
To accomplish these key tasks, the Trustees have worked with their staff and consultants to prepare an Investment Policy Statement (IPS); the purpose for which is to assist the Trustees in effectively supervising, monitoring and evaluating the Trust=s investment assets. The investment program is defined in the various sections of the IPS by:

- Stating in a written document the Trustees= attitudes, expectations, objectives and guidelines for the investment of all Trust=s assets.
- Setting forth an investment structure for managing all Trust assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.
- Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so that all Trust assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Trustees, the investment consultant and the money managers.
- Establishing formalization criteria to monitor, evaluate, and compare the performance results achieved by the money managers on a regular basis.
- Complying with all applicable fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact trust assets.

FIDUCIARIES' KEY TASKS

- **Determining the portfolio=s mission and objectives;**
- **Choosing an appropriate asset allocation strategy;**
- **Establishing explicit written investment policies consistent with the objectives;**
- **Selecting investment managers to implement the investment policy; and**
- **Monitoring investment results.**

The IPS was prepared based upon considerations by the Trustees of the financial implications of a wide range of policies and



describes the prudent investment process which the Trustees deem appropriate.

Studies have been made of the factors or elements of the investment process which affect total return variation. Of these elements, the investment portfolio time horizon and the asset allocation are the most important and have the greatest affect on portfolio returns. The selection of money managers and their stock selections typically have the least impact on return variations. The following graphic illustrates this reality very well.

INDUSTRY BEST PRACTICE

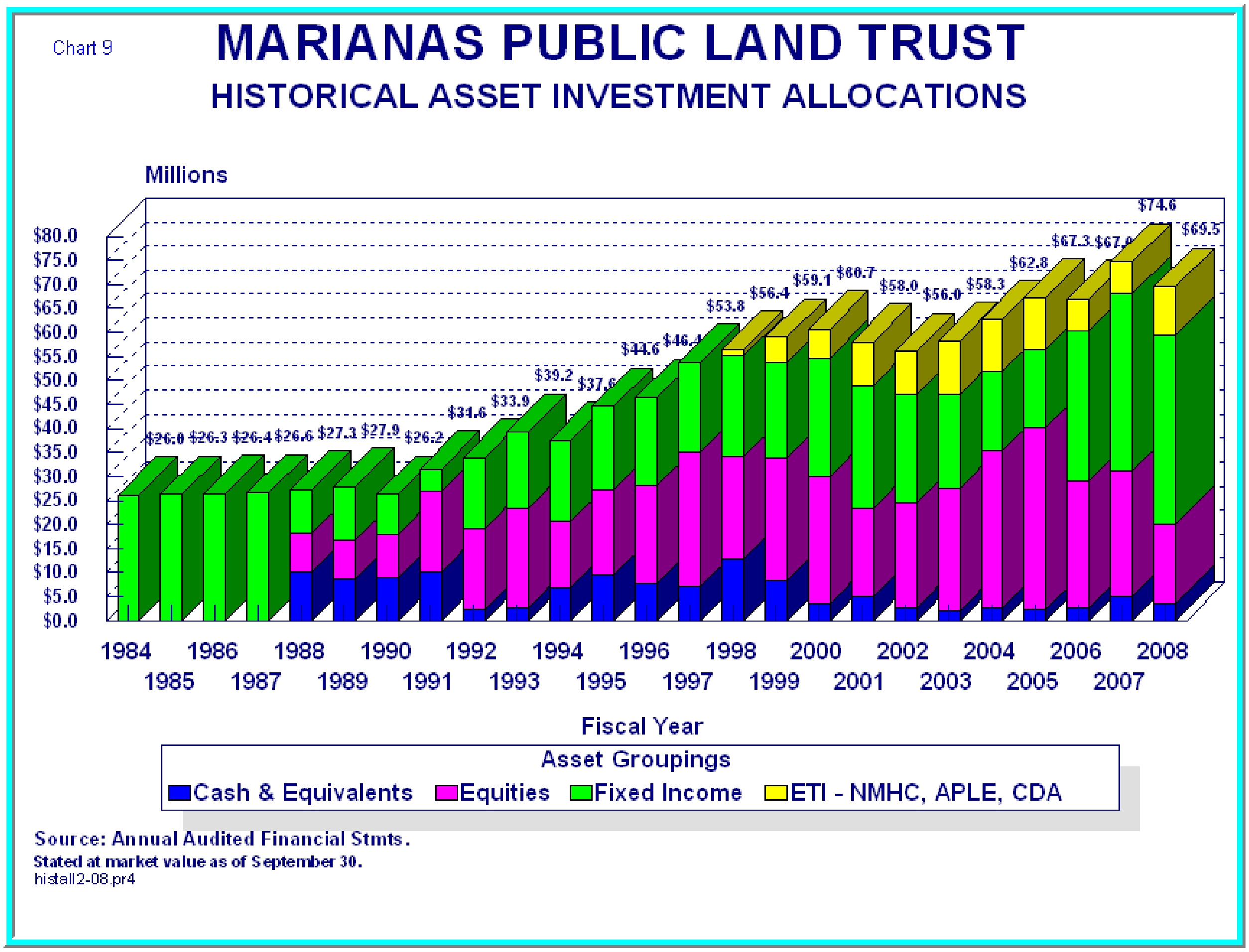
One of the most important decisions the fiduciary has to manage is the determination of the time horizon. Based on the time horizon, the fiduciary then can determine which asset classes can be appropriately considered; what the allocation should be between the selected asset classes; whether there should be an allocation made among sub-asset classes; and, finally, which money managers or mutual funds should be retained to manage each asset class.

Since 1988, the asset allocation strategy has changed slightly, but can best be described as a Abalanced@ investment focus.

During 2006 the asset allocation was amended slightly to shift from equities to fixed income. This was done by eliminating the 10% small/mid cap “core” allocation and decreasing the lg/cap domestic equities by 10%. Also, changed was the elimination of the lg/cap “value” and “growth” specialty managers, which were replaced with a single lg/cap “core” manager. This reduced the percentage allocation for this portion to 25%. The international equities remained at 10%. This made the overall equity allocation to be 35%. This overall 20% reduction in equities was added to fixed income allocation for a total of 65%, which is divided between “core” marketable securities of 50% and ETI’s or local investments of 15%.

The asset allocation for both the General Fund and Park Fund are the same. The General Fund is currently over-weighted by 6.7% in fixed-income with equities being under-weighted by the same amount. Basically, the General Fund is in-balance as of the end of 2008. Any new principal contributions will be put into fixed-income to maximize the annual income distribution to the Commonwealth General Fund. In the Park Fund, the fixed-income is over-weighted by 3.3%, but since the CDA/AMP loan debt service is being adequately met, there is no need to perform “rebalancing” at this time as it will take care of itself over time.

The following Chart 9 illustrates the asset allocation as reflected in the IPS. It also shows how the value of the investments has improved since 2002. This trend of increasing values was short-circuited in 2008 as a result of the credit failures and resulting loss of security values. But recovering of values did occur n 2009



In addition to the above discretionary money manager allocations, the Trust has setaside $10,000,000 as Economically Targeted Investments (ETI) for the local community. This investment program commenced in 1998 wherein $5,000,000 was loaned to the Northern Marianas Housing Corporation (NMHC) to provide short-term construction housing loans to persons of Northern Marianas descent. Upon completion of the homes, permanent mortgage financing would be obtained from local banks in order to finance and payoff the construction loan. In this manner, the loan fund could be revolving to provide new financing to applicants wishing to build homes.

CHANGES IN PRINCIPAL FUND BALANCES

Trust Principal	General Fund	Park Fund
MPLC distributions to MPLT	$ 26,192,602	$ 2,000,000
NMHC interest appropriated to principal	5,209,055	-
Net Increase (Decrease) in the Fair Value of Investments:		
FY 1988	145,026	(30,599)
FY 1989	(791,186)	256,014
FY 1990	(659,379)	66,172
FY 1991	1,099,866	193,433
FY 1992	3,323,619	564,709
FY 1993	2,036,236	245,330
FY 1994	1,422,710	427,715
FY 1995	4,729,962	1,040,133
FY 1996	3,583,364	514,162
FY 1997	7,008,118	996,123
FY 1998	1,764,253	219,979
FY 1999	2,155,083	339,314
FY 2000	1,054,744	143,615
FY 2001	(2,677,203)	(387,025)
FY 2002	(3,055,198)	(405,301)
FY 2003	2,955,539	357,106
FY 2004	3,396,385	347,774
FY 2005	4,156,017	408,370
FY 2006	(1,221,013)	244,267
FY 2007	4,742,997	513,978
FY 2008	(3,682,246)	(876,280)
Totals	$ 62,889,351	$ 7,178,988

Unfortunately, NMHC did not obtain the necessary loan commitments from local banks and as a result NMHC had to make the long-term mortgage loans themselves. This resulted in MPLT having to amend the short-term loan to a term loan of fifteen years at an annual interest rate of 82%.

Subsequently on October 19, 2000, P. L. 12-27 was enacted which gave to NMHC a ten year moratorium for repayment of this loan and appropriated the annual net income distribution, which MPLT makes to the Commonwealth General Fund, back to MPLT to pay-off this NMHC obligation. This legislation effectively will transfer NMHC=s debt obligation to the Commonwealth General Fund. As a part of this legislation, MPLT agreed to loan an additional $3.9 million to NMHC bringing the total loan to $10 million. These additional loan proceeds were aimed at benefiting Alow-income@ applicants. On March 13, 2007, the Governor signed into law the repeal of the provision relating to the NMHC moratorium. This resulted in NMHC being required to resume the loan payments per the original loan agreement commencing on April 1, 2007. NMHC defaulted on making such payments and MPLT negotiated a settlement of the note and obtained the collateralized NMHC loan portfolio plus enough cash to pay-off the accrued interest due. It is anticipated that MPLT will have a loss of an estimated $4 million due to the NMHC default. As such, a write-down of the value of this investment for this amount was made as of September 30, 2006 resulting in a net value for this investment of $4,996,623 plus $1,162,317 of accrued interest. The actual future loss from this investment is unknown at this time.

Additionally, the Trust has implemented a pilot program to test the concept of investing in a parent-student scholarship loan program. The initial program commenced on Rota with a loan being made to a local non-profit corporation, APLE 501, Inc. Under this program, APLE would receive a loan from MPLT to be secured by their loan portfolio. It is APLE’s responsibility to establish the lending criteria, award the loans and prepare the appropriate loan documentation, e.g., loan agreement, promissory note, guaranty first mortgage, etc., copies of which were to be provided to MPLT. MPLT’s loan agreement with APLE requires them to only make loans that are secured by a first mortgage on real estate having at least two times the appraised value of the loan amount. The terms of the loan to APLE require them to repay MPLT over a term of fifteen years at an interest rate of five percent (5%). The first advance on this loan arrangement was made on October 18, 2002 in the amount of $154,924. This loan is currently in default resulting in MPLT receiving a default judgment. The final loss from this loan is not known at this time.

The following is an overview of the Trust=s current investment policies and the respective money managers assigned to carry out the investment activity. There are no limitations on the amount of A*cash & equivalents*@ which may be held.

MONEY MANAGER	ASSET ALLOCATION (of principal resources)	
	GENERAL FUND	**PARK FUND**
Atalanta Sosnoff – large cap equity Acore@ money manager; objective is to manage domestic equity assets consistent with the Standard & Poors 500 Index and **Domestic Large Cap Manager Core Equity** peer group.	15% to 35%	15% to 35%
J.P. Morgan Asset Management – international equity (ADR) money manager; objective is to manage international equity assets consistent with the MSCI EAFE Index and **Foreign Large Cap Core Equity Manager** peer group.	5% to 15%	5% to 15%
Richmond Capital Management, Inc. – domestic fixed income Acore@ money manager; objective is to manage fixed income assets consistent with the Lehman Aggregate Bond Index.	40% to 60%	25% to 55%
Economically Targeted Investments.	10% to 20%	0% to 25%

FIDUCIARY DUTY and PRUDENT PROCESS

In recent years the question of what is ***fiduciary duty*** has become a topic of discussion; especially in regard to the Trust=s responsibilities for investment of their assets. While the Constitution expressly requires the Trustees to ***A...make reasonable, careful and prudent investments@*** **and holds them to *A...strict standards of fiduciary care@***, it does not state how the they will be measured in meeting these legal concepts. Accordingly, the Trustees rely on their attorneys, professional consultants and fiduciary training to provide guidance in such matters. As a fiduciary the Trustees have personal liability for their acts if they do not meet the concepts of the ***Prudent Process***. Fiduciary liability is not determined by investment performance, but rather by the failure to apply ***"prudent investment practices"***.

Safe Harbor Rules

1. Use prudent experts to make the investment decisions.
2. Demonstrate that the prudent expert was selected by following a due diligence process.
3. Give the prudent expert discretion over the assets.
4. Have the prudent expert acknowledge their co-fiduciary status.
5. Monitor the activities of the prudent expert to ensure that the expert is performing the agreed upon tasks.

Uniform Fiduciary Standards of Care

1. Know standards, laws, and trust provisions.
2. Diversify assets to specific risk/return profile.
3. Prepare investment policy statement.
4. Use "prudent experts" (money managers) and document due diligence.
5. Control and account for investment expenses.
6. Monitor the activities of "prudent experts".
7. Avoid conflicts of interest and prohibited transactions.

PRIMARY DUTY of the FIDUCIARY

To *manage* a prudent investment process, without which the components of an investment plan cannot be defined, implemented, or evaluated. Statutes, case law, and regulatory opinion letters dealing with investment fiduciary responsibility further reinforce this important concept.

Understanding and applying prudent investment practices will establish a disciplined process for making and managing investment decisions. It is through the study and application of these ***Practices*** that the MPLT Board of Trustees manages the investment decision-making for the Trust. Many of these ***"industry best practices"*** as identified in the ***Practices*** are also included in legislation dealing with the fiduciary aspects of investing. The following are the important legislative authorities, which overlap the ***"prudent investment practices"***:

INDUSTRY BEST PRACTICE

If a fiduciary even thinks he or she may have a conflict of interest – they probably do. The best advice is end it, or avoid it. It's that simple. An excellent question every fiduciary should ask before deciding or voting on an investment issue is: ***Who benefits from this decision?*** If the answer is any party other than the client, participant, and/or the beneficiary, the likelihood is the fiduciary is about to breach his or her duties.

- **ERISA** – Employee Retirement Income Security Act (impacts qualified retirement plans).
- **UPIA** – Uniform Prudent Investor Act (impacts private trusts, and may impact foundations and endowments).
- **MPERS** – Uniform Management of Public Employee Retirement Systems Act (impacts state, county, and municipal retirement plans).

INDUSTRY BEST PRACTICE

Simply stated, an investment strategy can fail by being too conservative or too aggressive. A fiduciary could adopt a very safe investment strategy by keeping a portfolio in cash, but then see the portfolio's purchasing power whither under inflation. Or, a fiduciary could implement a long-term growth strategy that overexposes a portfolio to equities, when a more conservative fixed-income strategy would have been sufficient to cover the identified goals and objectives.

What essentially is the ***Prudent Process***? This process can best be described through the ***Five Step Investment Management Process*** as shown in Chart 10. The ***Uniform Fiduciary Standards of Care*** are legislated standards (see preceding text box) that when applied with the Five Step Investment Management Process frames the ***Prudent Investment Process***.

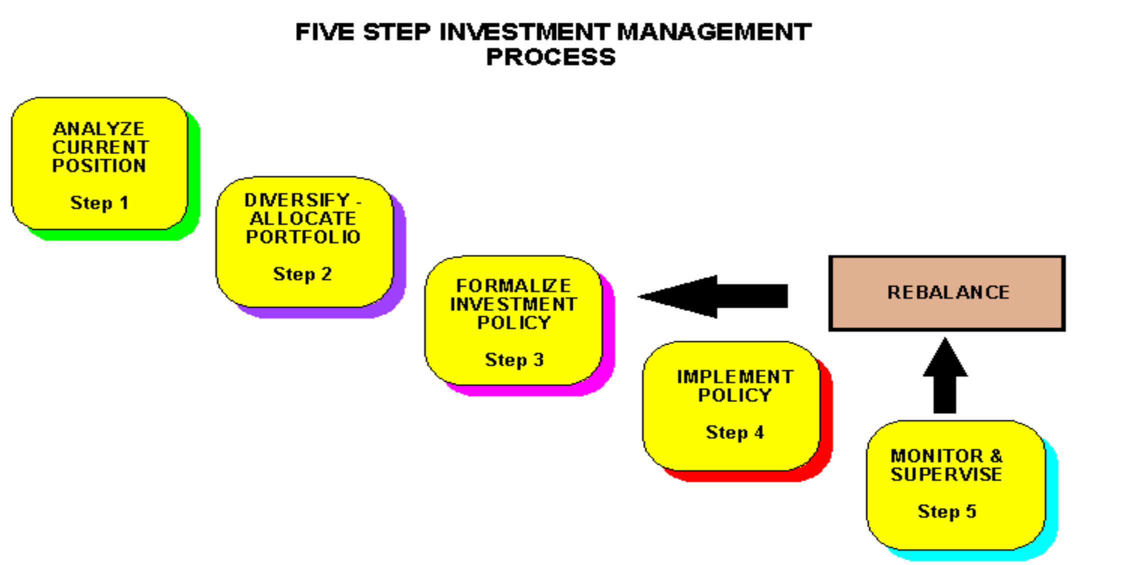


Chart 10

INDUSTRY BEST PRACTICE

The fiduciary is required to manage investment decisions with a reasonable level of detail. By reducing that detail to writing, preparing a written IPS, the fiduciary can: (1) avoid unnecessary differences of opinion and the resulting conflicts; (2) minimize the possibility of missteps due to a lack of clear guidelines; (3) establish a reasoned basis for measuring their compliance; and, (4) establish and communicate reasonable and clear expectations with participants, beneficiaries, and investors.

A further discussion of the ***Practices*** is as follows:

Step 1 - Analyze Current Position

- Investments are managed in accordance with applicable laws, trust documents, and written policy statements.
- Fiduciaries are aware of their duties and responsibilities.
- Fiduciaries and parties in interest are not involved in self-dealing.
- Service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards of care.
- There is documentation to show timing and distribution of cash flows and the payment of liabilities.
- Assets are within the jurisdiction of U.S. courts, and are protected from theft and embezzlement.

INDUSTRY BEST PRACTICE

The following documents, at a minimum, should be collected, reviewed, and analyzed:

- A copy of the Investment Policy Statement (IPS), written minutes, and/or files from investment committee meetings.
- Applicable trust documents.
- Custodial and brokerage agreements.
- Service agreements with investment management vendors.
- Information on retained money managers; specifically the ADV for each separate account manager and prospectus for each mutual fund.
- Investment performance reports from money managers, custodian, and/or consultant.

Step 2 – Diversity - Allocate Portfolio

- A risk level has been identified.
- An expected, modeled return to meet investment objectives has been identified.
- An investment time horizon has been identified.
- Selected asset classes are consistent with the identified risk, return, and time horizon.
- The number of asset classes is consistent with portfolio size.

Step 3 - Formalize Investment Policy

- There is detail to implement a specific investment strategy.
- The investment policy statement defines the duties and responsibilities of all parties involved.
- The investment policy statement defines diversification and rebalancing guidelines.
- The investment policy statement defines due diligence criteria for selecting investment options.
- The investment policy statement defines monitoring criteria for investment options and service vendors.
- The investment policy statement defines procedures for controlling and accounting for investment expenses.
- The investment policy statement defines appropriately

INDUSTRY BEST PRACTICE

The acronym **TREAT** helps define the key fiduciary inputs to the asset allocation strategy.

T Tax Status

R Risk Level

E Expected Return

A Asset Class Preference

T Time Horizon

structured, socially responsible investment strategies (when applicable).

Step 4 - Implement Policy

- The investment strategy is implemented in compliance with the required level of prudence.
- The fiduciary is following applicable "Safe Harbor" provisions (when elected).
- Investment vehicles are appropriate for the portfolio size.
- A due diligence process is followed in selecting service providers, including the custodian.

Step 5 - Monitor and Supervise

- Periodic reports compare investment performance against an appropriate index, peer group, and IPS objectives.
- Periodic reviews are made of qualitative and/or organizational changes of investment decision-makers.
- Control procedures are in place to periodically review policies for best execution, soft dollars, and proxy voting.
- Fees for investment management are consistent with agreements and with the law.
- "Finder's fees," 12b-1 fees, or other forms of compensation that have been paid for asset placements are appropriately applied, utilized, and documented.

INDUSTRY BEST PRACTICES

Rebalancing is inherent to the element of diversification, where the goal is to create a portfolio that balances appropriate levels of risk and return. That balance, once achieved, only can be maintained by periodically rebalancing the portfolio to maintain the appropriate diversification.

The rebalancing limits define the points when a portfolio should be reallocated to bring it back in line with the established asset allocation target. The discipline of rebalancing, in essence, controls risk and forces the portfolio to move along a predetermined course. It takes gains from stellar performers or favored asset classes, and reallocates them to lagging styles, without attempting to time the market.

We currently are performing step 5 of the investment process, and in particular, performing rebalancing. The process of rebalancing of the portfolio realigns it back to the strategic asset allocation formalized in the IPS. The asset mix will change as a result of rising values in the portfolio. Rebalancing controls risk and force the portfolio to move along a predetermined course. It is through this overall procedural process that the Trust maintains its financial integrity.

INDUSTRY BEST PRACTICE

The fiduciary should establish performance objectives for each investment decision-maker, and/or money manager, and record the same in the investment policy statement. Investment performance should be evaluated in terms of an appropriate market index, and the relevant peer group.

The investment policy statement also should describe the actions to be taken when an investment decision-maker fails to meet the established criteria. The fiduciary should acknowledge that fluctuating rates of return characterize the securities markets, and may cause variations in performance. The fiduciary should evaluate performance from a long-term perspective, ordinarily defined as two-to-three years.

There often will be times when a money manager is beginning to exhibit shortfalls in the defined performance objectives but, in the opinion of the fiduciary, does not warrant termination. In such situations, the fiduciary should establish in the investment policy statement specific ***Watch List*** procedures. The decision to retain or terminate a manager cannot be made by a formula. It is the fiduciary's confidence in the money manager's ability to perform in the future that ultimately determines the retention of a money manager.

Footnote

The References used in this section of the 2006 Annual Report were taken from Prudent Investment Practices, A Handbook for Investment Fiduciaries, written and published by the Foundation for Fiduciary Studies, www.cfstudies.com, © 2003 Foundation for Fiduciary Studies.

FINANCIAL BENEFITS

The financial benefits provided to the Commonwealth by the Trust generally consist of direct distributions of income and capital growth to its investment portfolio. The equity market for 2008 did not add value to the portfolio. Accordingly, the Trust lost $4,503,780 of its principal as a result.

MPLT=s 2008 General Fund distribution was in the amount of $2,219,596, which yields a total of $39,985,174 being given over to the Commonwealth General Fund since inception. Additionally, the Park Fund made distributions of $218,572 for the debt service on the CDA/AMP loan. This makes a total of $4,495,331, which has been distributed to fund projects.

American Memorial Park Development Projects	
1. Tennis Courts	**$242,770**
2. 400 Meter Track	**15,000**
3. Grandstand	**2,200**
4. Bike Path	**47,750**
5. American Memorial Pavilion	**603,362**
6. Park Maintenance	**1,289,154**
7. AMP World War II Memorial	**493,248**
8. Parking Lot and Paving	**165,601**
9. Concession Room and Other Facilities	**76,741**
10. AMP Underground Utilities	**142,927**
11. AMP Mall Landscaping	**139,068**
12. Engineering, Survey & Mapping Svcs.	**15,000**
13. Schematic Master Plan	**13,435**
14. Lighting Bike/Jogging Trail	**62,800**
15. A&E for the Cultural/Visitors Center & Memorial Gardens	**65,000**
16. Debt service on CDA/AMP loan for Cultural/Visitors Center & Memorial Gardens	**1,121,275**
Total	**$ 4,495,331**

GROSS PUBLIC LAND LEASE REVENUES FLOWCHART

LEASE REVENUES
(Received by MPLA; formerly MPLC)

LESS EXPENSES of AMINISTRATION
(general and administration, homestead program, and comprehensive master planning)

EQUALS NET DISTRIBUTIONS to MPLT from MPLC

$ 31,692,602

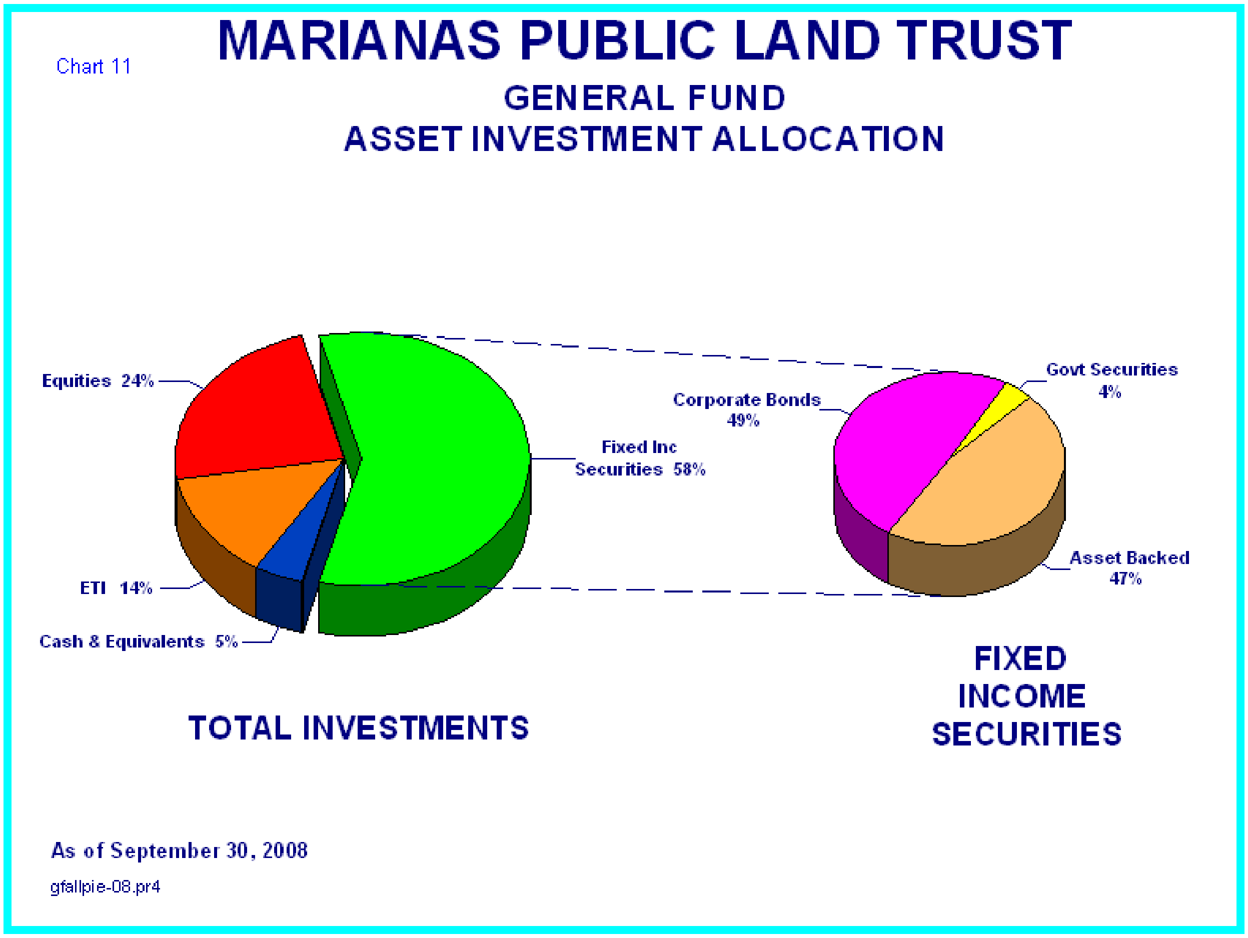
GENERAL FUND PRINCIPAL INVESTED	PARK FUND PRINCIPAL INVESTED
$29,692,602	$2,000,000

INVESTMENT INCOME

LESS EXPENSES OF ADMINISTRATION
(money management fees, professional fees, contractual services, etc.)

Income Distributed to CNMI General Fund		Distributable Net Income	
			$4,670,893
FY 1984	$ 1,348,293		
FY 1985	2,495,638		
FY 1986	2,507,825		
FY 1987	2,543,529		
FY 1988	3,098,924		
FY 1989	1,349,138		
FY 1990	1,721,670		
FY 1991	1,032,690	FY 1991	$ 171,248
FY 1992	707,863	FY 1992	140,160
FY 1993	534,953	FY 1993	973,825
FY 1994	763,298	FY 1994	294,410
FY 1995	1,191,602	FY 1995	28,853
FY 1996	1,560,522	FY 1996	376,219
FY 1997	1,461,200	FY 1997	201,437
FY 1998	1,420,000	FY 1998	164,868
FY 1999	1,566,931	FY 1999	82,110
FY 2000	1,600,594	FY 2000	148,335
FY 2001	1,982,714	FY 2001	95,321
FY 2002	1,690,569	FY 2002	269,855
FY 2003	1,206,139	FY 2003	165,294
FY 2004	1,308,788	FY 2004	387,119
FY 2005	1,064,661	FY 2005	294,713
FY 2006	1,379,989	FY 2006	274,075
FY 2007	2,228,048	FY 2007	208,917
FY 2008	2,219,596	FY 2008	218,572
TOTAL	$ 39,985,174		$ 4,495,331
		Total Income Available for Future Distributions	$ 175,562

The Investment Policy Statement asset allocation has not changed since June 2006. The shift at this time was directed at providing more current income as opposed to growing the principal investment base. The current asset allocation is reflected in the following Chart 11 and reflects the move to a larger allocation for fixed income. Accordingly, equities are at 28.3% with fixed income at 57.9%. The remaining ETI allocation is 13.7% and cash & equivalents allocation is .1%.



The allocation within the fixed income securities is corporate bonds at 49%, government securities at 4%, and asset-backed securities at 47%. This fixed income allocation, as compared to the Lehman Aggregate Index, is weighted more heavily toward corporate bonds. The benchmark allocates 18% to corporate bonds with 36.5% to governmental securities and 45.5% to asset-backed securities. This tilt toward corporate bonds is aimed at increasing the fixed income yield.

The overall asset investment base for 2008 was $63,482,534, decreasing by $5,357,689 over the amount from 2007. It is anticipated that there will be a reversal in 2009 as the investment climate improves.

The following is an overview of the current asset allocation:

Asset Allocation	**Strategic Allocation**	**Total Fund**	**Percentage Difference**
Domestic Equity – Large Cap Core	**25%**	**20.8%**	**-4.2%**
Non-U.S. Equities	**10%**	**7.5%**	**-2.5%**
Domestic Fixed Income	**65%**	**71.7%**	**6.7%**
Core	50%	57.9%	7.9%
ETI – Local Loans	15%	13.8%	-1.2%
Total Allocation	**100%**	**100%**	**0%**

An overview of the General Fund=s investment return is as follows:

Investment earnings	$ 3,073,216
Realized capital gains	(1,629,582)
Unrealized capital gains	(5,552,663)
Total return	$ (4,109,029)
Return on investment	(6.15%)

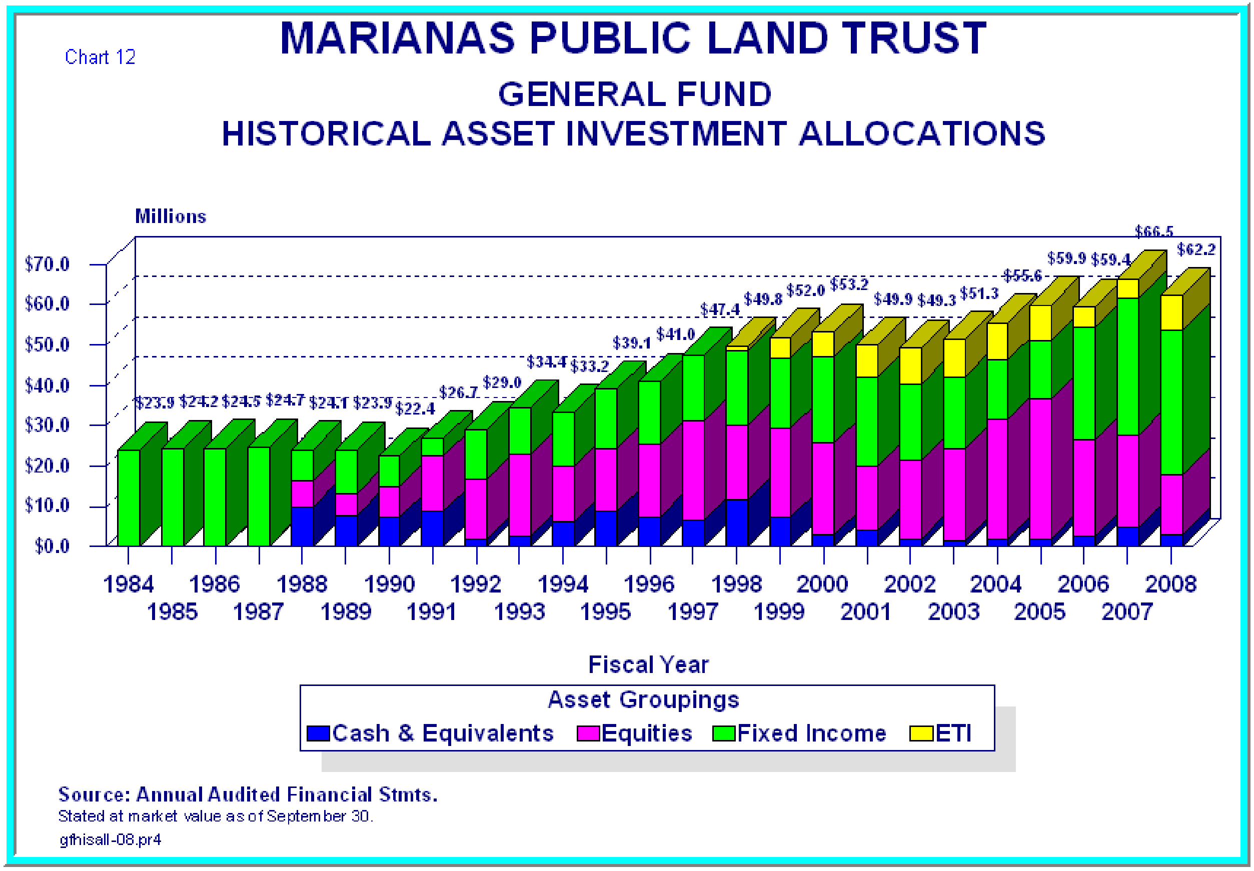
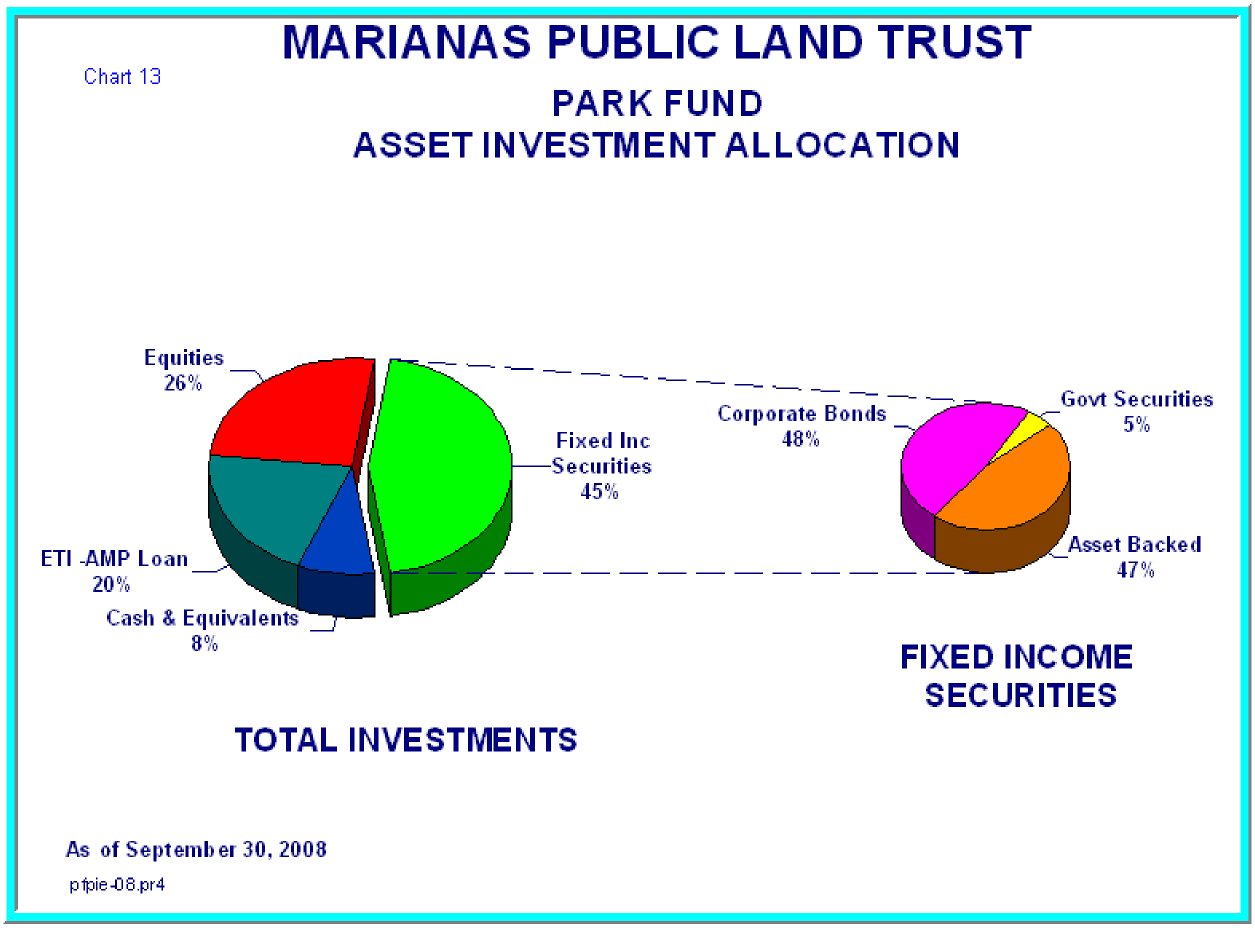


Chart 12
MARIANAS PUBLIC LAND TRUST
GENERAL FUND
HISTORICAL ASSET INVESTMENT ALLOCATIONS
Millions
$70.0
$60.0
$50.0
$40.0
$30.0
$20.0
$10.0
$0.0
$23.9 $24.2 $24.5 $24.7 $24.1 $23.9 $22.4 $26.7 $29.0 $34.4 $33.2 $39.1 $41.0 $47.4 $49.8 $52.0 $53.2 $49.9 $49.3 $51.3 $55.6 $59.9 $59.4 $66.5 $62.2
1984 1986 1988 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008
1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007
Fiscal Year
Asset Groupings
Cash & Equivalents
Equities
Fixed Income
ETI
Source: Annual Audited Financial Stmts.
Stated at market value as of September 30.
gfhisall-08.pr4

FY 2008 FINANCIAL SUMMARY

PARK FUND

The Investment Policy Statement asset allocation has not changed since June 2006. The shift at this time was directed at providing more current income as opposed to growing the principal investment base. The current asset allocation is reflected in the following Chart 13 and reflects the move to a larger allocation for fixed income. Accordingly, equities are at 267% with fixed income at 45%. The remaining ETI allocation is 20% and cash & equivalents allocation is 8%. The allocation within the fixed income securities is corporate bonds at 48%, government securities at 5%, and asset-backed securities at 47%. This fixed income allocation, as compared to the Lehman Aggregate Index, is weighted more heavily toward corporate bonds. The benchmark allocates 18% to corporate bonds with 36.5% to governmental securities and 45.5% to asset-backed securities. This tilt toward corporate bonds is aimed at increasing the fixed income yield.



The reasoning for this change for the Park Fund is not the same as for the General Fund. In the case of the Park Fund, it needed more current income to fund the CDA/AMP loan.

The historical income fund balance was being depleted by this shortfall. Since the Park Fund cannot distribute funds in excess of its net distributable income, the Board was forced to increase the investment base allocated to fixed-income in order to meet this deficiency. This CDA/AMP loan was made in order to be matched with federal CIP funds for the building of the Visitor/Cultural Center and Memorial Gardens at the American Memorial Park. The loan amount of $2,000,000 is to be repaid from future Park Fund investment revenues.

The overall asset investment base for 2008 was $7,424,681, decreasing by $758,257 over the amount from 2007. It is anticipated that there will be a reversal in 2009 as the investment climate improves.

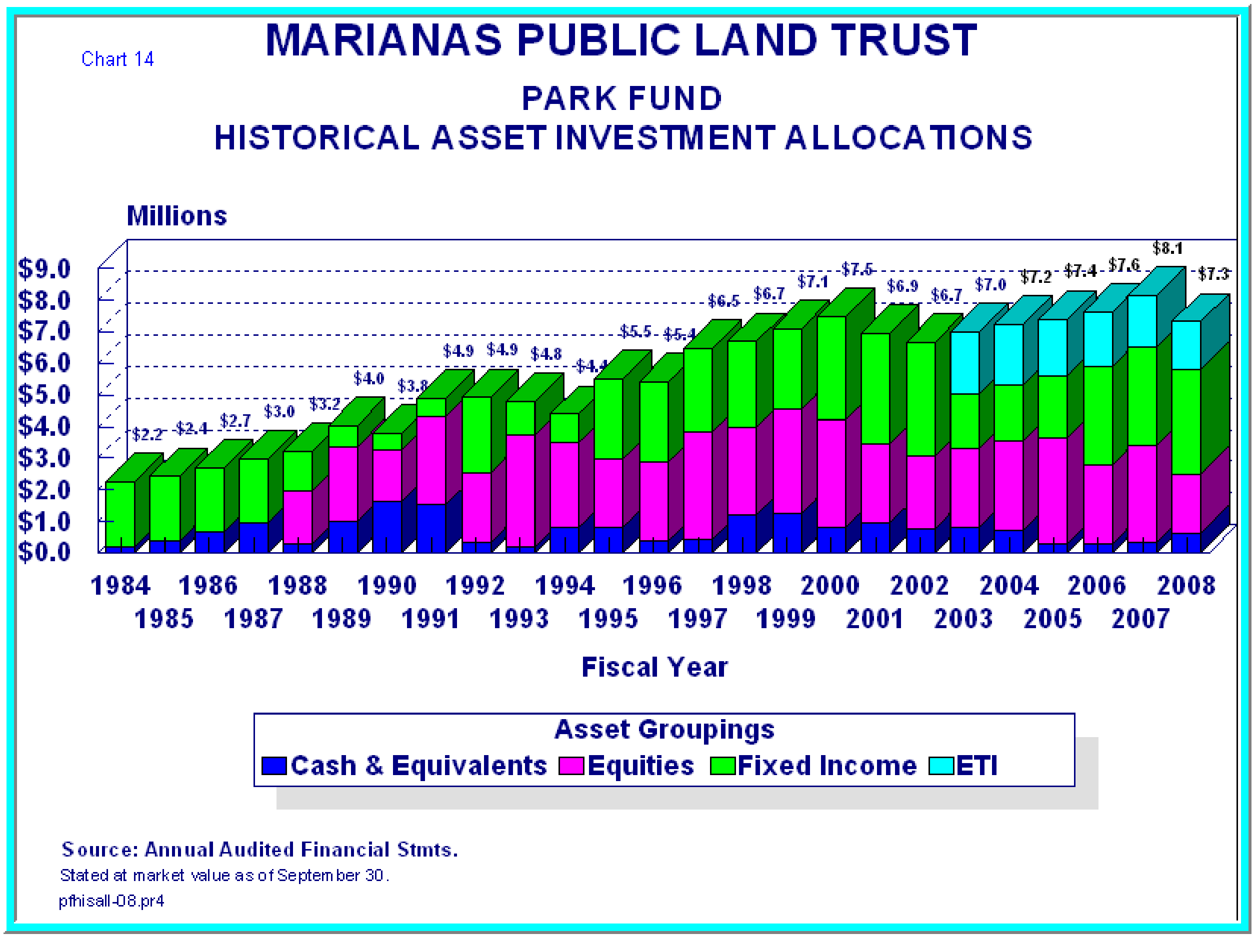
These changes in the asset allocation can be compared to our IPS strategic allocation as follows:

Asset Allocation	**Strategic Allocation**	**Total Fund**	**Percentage Difference**
Domestic Equity – Large Cap Core	**25%**	**25.6%**	**.6%**
Non U.S. Equities	**10%**	**6.1%**	**-3.9%**
Domestic Fixed Income	**65%**	**68.3%**	**3.3%**
Core	50%	46.5%	-3.5%
ETI – Loaned Funds	15%	21.7%	6.7%
Total Allocation	**100%**	**100%**	**0%**

The under-funding of the “core” fixed income is a result of the over-funding of the CDA/AMP loan in order to provide sufficient funds to make the improvements at the American Memorial Park, as previously described.

An overview of the Park Fund=s investment return is as follows:

Investment earnings	$ 348,910
Realized capital gains	(202,674)
Unrealized capital loss	(673,606)
Total return	$ (527,606)
Return on investment	(6.5%)



BOARD OF TRUSTEES

The following are the current trustees and their respective terms of office:

Alvaro A. Santos
Chairman
Saipan
Confirmed: 3/6/2006 Expires: 1/9/2012

John E. Untalan
Vice Chairman
Tinian
Confirmed: 3/6/2006 Expires: 1/9/2010

Norman T. Tenorio
Treasurer
Saipan
Confirmed: 4/4/2006 Expires: 1/9/2010

Gregoria Fitial-Omar
Carolinian/Women Representative
Saipan
Confirmed: 3/6/2006 Expired: 1/9/2012

Vianney B. Hocog
Trustee
Rota
Confirmed: 3/3/2004 Expires: 1/9/2010

STAFF

The following are the current staff of the Trust:

Bruce M. MacMillan
Board Consultant

Redie P. Aldan
Office Manager

Dayna C. Reyes
Administrative Assistant

The law stipulates that MPLT must maintain a five member board, which comprises of three people from Saipan, one from Tinian and one from Rota, and of the five, one must be of Carolinian descent and one must be a woman. The current board of trustees consists of the required five members who are, according to the Constitution, appointed by the Governor and confirmed by the Senate.

In addition to the Board of Trustees, MPLT employs Bruce M. MacMillan, C.P.A., on an independent contract basis, who functions as the Board Consultant.

MPLT also employs Redie Aldan who is the Office Manager and Dayna Reyes who is the Administrative Assistant.

PROFESSIONAL ASSISTANCE

The Trustees solicit professional services for the management of its assets, the development and maintenance of a dynamic investment policy, the supervision and evaluation of investment managers, as well as auditing and asset custodial services.

The Money Managers, selected by the Trustees, have sole responsibility for purchase and sale decisions for all investments under their control. Should any manager fail to meet the goals or stay within the guidelines of the Trust=s investment policy, the trustees may initiate proceedings to determine the desirability of retaining the manager.

The Consultant is responsible for providing ongoing assistance to the Trustees in the supervision, retention and termination of the investment managers; the maintenance and updating of the investment policy; asset allocation decisions; and other matters involving the investment of assets. From 1988 through 1994, Merrill Lynch acted as the Trust=s investment consultant. Commencing March 1, 1995, Altamira Capital Corporation was retained to replace Merrill Lynch as investment consultant. On February 18, 2004 the Trust hired Citigroup Global Markets Inc. to replace Altamira Capital. Citigroup is the current portfolio consultant.

The Custodian of the funds is responsible for safekeeping all securities and cash, accounting for all cash flow and providing monthly statements. Effective with the hiring of Citigroup Global Markets Inc. in February 2004, Smith Barney Citigroup became the custodian. Prior to this time, BNY Western Trust Company (a subsidiary of the Bank of New York) had been serving as custodian for all of the Trust=s funds. The Board of Trustees has

MONEY MANAGER	AMOUNT OF ASSETS UNDER MANAGEMENT	
	GENERAL FUND	PARK FUND
Atalanta Sosnoff – large cap equity Acore@ money manager; objective is to manage domestic equity assets consistent with the Standard & Poors 500 Index and **Domestic Large Cap Manager Core Equity** peer group.	$12,645,146	$1,847,920
J.P. Morgan Asset Management – international equity (ADR) money manager; objective is to manage international equity assets consistent with the MSCI EAFE Index and **Foreign Large Cap Core Equity Manager** peer group.	$4,728,315	$451,202
Richmond Capital Management, Inc. – domestic fixed income Acore@ money manager; objective is to manage fixed income assets consistent with the Lehman Aggregate Bond Index.	$35,984,951	$3,406,808
GRAND TOTALS	*$ 53,358,412*	*$ 5,705,930*

also retained four discretionary money management firms to manage the Trust's investment portfolios – see above (stated at fair market value).

Marianas Public Land Trust

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended September 30, 2008

MARIANAS PUBLIC LAND TRUST
(A COMPONENT UNIT OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2008 AND 2007

Deloitte.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Marianas Public Land Trust:

We have audited the accompanying statements of net assets of the Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), as of September 30, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MPLT'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 effectiveness of MPLT's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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, such financial statements present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2008 and 2007, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Marianas Public Land Trust's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Marianas Public Land Trust's basic financial statements. The accompanying combining information presented on pages 31 through 33 and schedules of investments and administrative expenses compared to budget presented on pages 34 through 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This combining information and schedules are the responsibility of the Marianas Public Land Trust's management. The combining information and schedules have been subjected to the auditing procedures applied by us in the audit of the 2008 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2009, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLC

June 15, 2009

Management's Discussion and Analysis
Year Ended September 30, 2008

As management of the Marianas Public Land Trust (MPLT), we offer readers of MPLT's financial statements this narrative overview and analysis of the financial activities of MPLT for the year ended September 30, 2008. This Management's Discussion and Analysis should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of MPLT are found in both the Constitution of the Northern Mariana Islands and Public Law (P.L.) 94-241, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the Constitution provides for the establishment of MPLT upon the effective date of the Constitution. Some excerpts pertaining to the operating requirements of MPLT are:

- "... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ...[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."
- "... The trustees shall make reasonable, careful and prudent investments."
- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ...[except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."
- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."
- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

The Covenant contains key provisions, which are fundamental to MPLT's development. Article VIII, Section 802 requires that certain lands be made available to the Untied States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

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Article VIII, Section 803 of the Covenant describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of $19,520,600 determined as follows:

- Tinian Island property - $17.5 million;
- Saipan Island property located at Tanapag Harbor - $2 million;
- Farallon de Medinilla Island - $20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the Covenant. Additional terms and conditions of this lease are found in the Technical Agreement Regarding Use of Land to Be Leased by the United States, which was executed simultaneously with the Covenant.

Furthermore, Section 803 provides for over 53 hectares of the leased property at Tanapag Harbor to be made available by the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Marianas dead in the World War II Marianas Campaign. The $2 million received from the United States for the lease of this property would be placed into a trust fund with the "income" to be used for the development and maintenance of the park.

This was the initial source of the funding for MPLT, i.e., $23,942,602 allocated to the MPLT General Fund and $2,000,000 allocated to the MPLT Park Fund. In 1991, 2007 and 2008, additional distributions were received of $1,000,000, $1,250,000 and $3,500,000, respectively, from the Marianas Public Land Corporation and its successor, the Department of Public Lands, respectively. These were treated as General Fund principal contributions.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2008, 2007 and 2006.

- The assets of MPLT decreased in 2008 by $6,157,585 over the amount at 2007. This decrease in assets was due primarily to the decreased value of the investments. Commencing in 2008, the World went into a severe recession causing valuations to suffer. Even so, the rate of return on investments for 2008 showed a minimal loss due to how the assets were allocated.

  The assets of MPLT increased in 2007 by $8,387,167 over the amount at 2006. This increase in assets was due primarily to the increased value of the investments. The rate of return on investment for 2007 showed a very good performance.

  The assets of MPLT declined in 2006 by $196,251 over the amount at 2005. While the marketable investments performed very well for the year, MPLT had to write-down the value of its loan to Northern Marianas Housing Corporation due to the passage of P.L. 15-48. This law repealed the moratorium allowing NMHC to defer making debt service payments and also repealed the appropriation allowing MPLT to apply its annual distribution to the CNMI General Fund. Since NMHC has indicated its inability to meet the current terms and conditions of the loan, it is being considered as high risk. Accordingly, MPLT has reduced the carrying value of the loan by $4,000,000 resulting in a reduction of assets and principal.

- Total liabilities for 2008 decreased by $1,653,805 over the amount from 2007 due to the net change in distribution payable to the CNMI General Fund of $1,807,977. There was a net increase in accounts payable and accrued expenses of $39,992. Payable to brokers increased by $114,180.

  Total liabilities for 2007 increased by $1,821,658 over the amount from 2006 due to increased distribution payable to the CNMI General Fund of $1,957,446. There was a net decrease in accounts payable and accrued expenses of $26,874. Payable to brokers decreased by $108,914.

  Total liabilities increased as of 2006 by $81,806 due to payable to brokers for year-end trades and an increase of due to CNMI government for interest earned on a restricted TCD. The accounts payable and accrued expenses declined by a total of $15,834 over the amount from 2005.

- The above changes resulted in a decrease of net assets of $4,503,780 for 2008, increase in net assets of $6,565,509 for 2007 and a decrease of $278,057 for 2006.

- Total revenues of MPLT are a combination of (1) gains (losses) attributable to the valuation of investments plus (2) income earned on such investments. Total operating revenues for 2008, 2007 and 2006 were ($4,636,399), $8,402,283 and $5,501,811, respectively.

- The total performance of MPLT for 2008 was -6.2% due to the recession, 2007 was 12.4% demonstrating a much improved market over the 2006 return of 8.3%, before the NMHC loss. But the actual rate of return after including the NMHC loss resulted in MPLT's performance being reduced to a rate of 2.2%.

- The overall administrative costs increased in 2008 by 43% or $279,772. This was due primarily to the new costs associated with the administration of the NMHC loans and increases in salaries, office supplies, legal fees and travel.

  The overall administrative costs decreased in 2007 by 27% or $241,076. This was due primarily to the Board of Trustees' continuing effort to focus on MPLT's primary mission to maximize distribution to beneficiaries and minimize expenses.

  The overall administrative costs for 2006 decreased by 14% or $148,065. This was due primarily to a new Board of Trustees reestablishing MPLT's primary mission to its traditional money management function. As a result significant cuts were made to legal fees, other professional services, travel, board expenses, and annual report preparation.

MPLT General Fund Operations

The Board of Trustees modified its Investment Policy Statement in 2006 to change the asset allocation in order to increase the portion to fixed income and correspondingly reduce the equity allocation. This was done for the purpose of benefiting its income beneficiary, the CNMI General Fund. Due to falling governmental revenues, the CNMI General Fund is suffering a severe cash flow problem and is experiencing difficulty meeting its financial obligations. In recognition of this situation, the MPLT Board made this reallocation decision in order to allow more investment income to be realized and thereby increase its annual distribution to the CNMI General Fund. As part of this plan, P.L.s 10-29 and 12-27 were repealed through the enactment of P.L. 15-48 on March 13, 2007, as more fully discussed in the review of the economically targeted investments (ETI) program. No changes have been made to the Investment Policy Statement in 2008.

The reallocation of the investment assets to favor fixed income has resulted in increased investment income of $276,818 in 2008, $607,726 in 2007 and $198,212 for 2006. This has allowed the distributable net income to increase each year since 2005. The distribution to the CNMI General Fund paid for 2008 and 2007 was $2,219,596 and $2,228,048, respectively. The distribution for 2006 was $1,379,989, which was appropriated back to MPLT per P.L.s 10-29 and 12-27. The cumulative amount distributed to the CNMI General Fund since inception in 1983 has been $39,985,174. This has occurred while growing the principal fund by $40,375,736 for the same time-period. The General Fund's annual return for 2008 was -6.15% as compared to 2007 return of 12.6% and 2006 return of 1.2%.

The Board of Trustees made one new "economically targeted investments" (ETI) in 2008 as a loan to the Commonwealth Utilities Corporation (CUC) in the amount of $3,500,000 for three years at an interest rate of 7%. CUC is paying the interest on a monthly basis; the principal will be paid in 2009 and 2010 from the annual distributions to the General Fund.

The remaining ETI is a loan made to the Northern Marianas Housing Corporation (NMHC). NMHC defaulted on this loan in 2007 when P. L. 10-29 and 12-27 was repealed per P.L. 15-48. MPLT negotiated a settlement agreement wherein $2,025,000 was paid and the related loan portfolio was transferred to MPLT. MPLT is currently managing these loans and attempting to recover its $8.9 million principal. Due to collection uncertainty for this investment, a write-down of value amounting to $4,000,000 was recognized by MPLT as of September 30, 2006. Interest on this investment is being recognized based upon collections.

General Fund Condensed Financial Statement Summaries:

STATEMENTS OF NET ASSETS

	2008	2007	2006
Assets			
Current assets	$ 3,993,000	$ 7,081,311	$ 2,615,647
Other assets, restricted	50,652,080	56,736,154	52,200,507
Notes receivable - noncurrent portion	8,486,883	4,996,623	4,996,623
Accrued income receivable - noncurrent portion	-	-	1,162,317
Capital assets	350,571	26,135	26,895
Total	$ 63,482,534	$ 68,840,223	$ 61,001,989
Liabilities and Net Assets			
Current liabilities	$ 593,184	$ 2,268,627	$ 423,390
Invested in capital assets	350,571	26,135	26,895
Restricted principal	62,538,779	66,545,461	60,551,704
Net assets	62,889,350	66,571,596	60,578,599
Total	$ 63,482,534	$ 68,840,223	$ 61,001,989

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2008	2007	2006
Operating revenues	$ (4,109,029)	$ 7,556,755	$ 4,985,020
Operating expenses	(853,621)	(585,342)	(826,043)
Nonoperating income (expenses), net	1,280,404	(978,416)	(4,615,276)
Change in assets	(3,682,246)	5,992,997	(456,299)
Beginning net assets	66,571,596	60,578,599	61,034,898
Ending net assets	$ 62,889,350	$ 66,571,596	$ 60,578,599

STATEMENTS OF CASH FLOWS

	2008	2007	2006
Cash flows from operating activities	$ 1,550,879	$ 1,102,742	$ 676,445
Cash flows from noncapital financing activities	1,700,000	1,250,000	-
Cash flows from capital and related financing activities	(339,089)	(8,583)	(1,207)
Cash flows from investing activities	(4,705,535)	207,350	(180,890)
Net increase (decrease) in cash and cash equivalents	(1,793,745)	2,551,509	494,348
Cash and cash equivalents at beginning of year	4,739,671	2,188,162	1,693,814
Cash and cash equivalents at end of year	$ 2,945,926	$ 4,739,671	$ 2,188,162

Capital Assets:

At September 30, 2008, 2007 and 2006, MPLT had $350,571, $26,135 and $26,895, respectively, in capital assets, net of accumulated depreciation where applicable, including furniture, fixtures and equipment, vehicles and land, which represent a net increase in 2008 of $324,436, decrease in 2007 of $760 over 2006 and a net decrease in 2006 of $6,772 over 2005. See note 4 to the financial statements for more information on MPLT's capital assets.

Goals and Objectives:

It is the intent of MPLT to continue to monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved. This is the phase of the Five-Step Investment Management Process that MPLT is currently performing. This involves periodic rebalancing of the portfolio to comply with its asset allocation investment policy. Occasionally, the Board may find it necessary or desirable to add additional asset classes, which require amendment of its Investment Policy Statement. It is MPLT's fiduciary duty to continue to follow the well-established prudent investment management practices.

MPLT Park Fund Operations

The MPLT Park Fund is part of the overall trust fund but is separately managed and accounted for due to its funding source and a different beneficiary as compared to the MPLT General Fund. The Park Fund's annual return for 2008 was -6.49%, 2007 was 11.2% and the 2006 return was 6.4%. The Park Fund has not suffered ETI losses as it only invests to benefit the American Memorial Park. As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The $2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of the American Memorial Park. The income on this principal contribution can only be used for the maintenance and development of the American Memorial Park (AMP). Accordingly, this initial principal contribution of $2,000,000 has been prudently managed since 1983 and has grown to $7,178,988. This has been accomplished while distributing $4,495,331 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of the AMP, MPLT entered into a loan arrangement with the Commonwealth Development Authority on November 30, 2001 to lend them $2,000,000 to be used with CIP funding grants in order to make the following additions and upgrades to the Park:

1.	American Memorial Park Visitor/Cultural Center	$ 1,305,200
2.	American Memorial Park Marianas Memorial Garden	514,000
3.	Remodel and Upgrade Amphitheater	1,310,800
4.	Exhibit Design and Construction of Visitor Center	870,000
	Total	$ 4,000,000

This loan is to be repaid from future income realized on the Park Fund investments. As income is received, the principal portion of the payment will be taken from the income stream and transferred to principal and re-invested. The term of the loan is fifteen years at an annual rate of 6.5%. The monthly principal and interest payment will be $17,422. It is through this mechanism that MPLT has been able to benefit the Park and sustain new development.

During 2006, the Board of Trustees also amended the Investment Policy Statement for the Park Fund in a manner similar to the General Fund by increasing the allocation to fixed income and reducing the allocation to equities. The reason for this change was also to grant more investment income and increase the annual available funds for maintenance and development of the American Memorial Park. Additional investment revenues were deemed necessary to support the debt service on the CDA/AMP loan as the income fund balance was getting low and MPLT is limited to distributing income only. No changes have been made to the Investment Policy Statement in 2008.

Park Fund Condensed Financial Statement Summaries:

STATEMENTS OF NET ASSETS

Assets	2008	2007	2006
Current assets	$ 843,165	$ 507,624	$ 437,890
Other assets, restricted	5,201,873	6,170,871	5,615,835
Notes receivable - noncurrent portion	1,379,643	1,504,443	1,611,843
Total	$ 7,424,681	$ 8,182,938	$ 7,665,568

STATEMENTS OF NET ASSETS, CONTINUED

Liabilities and Net Assets	2008	2007	2006
Current liabilities	$ 70,131	$ 6,854	$ 61,996
Restricted principal	7,178,988	8,055,268	7,541,290
Restricted income	175,562	120,816	62,282
Net assets	7,354,550	8,176,084	7,603,572
Total	$ 7,424,681	$ 8,182,938	$ 7,665,568

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2008	2007	2006
Operating revenues	$ (527,370)	$ 845,528	$ 516,791
Operating expenses	(75,592)	(64,098)	(64,474)
Nonoperating income (expenses), net	(218,572)	(208,917)	(274,075)
Change in assets	(821,534)	572,513	178,242
Beginning net assets	8,176,084	7,603,572	7,425,330
Ending net assets	$ 7,354,550	$ 8,176,085	$ 7,603,572

STATEMENTS OF CASH FLOWS

	2008	2007	2006
Cash flows from operating activities	$ 271,886	$ 216,765	$ 242,318
Cash flows from noncapital financing activities	(218,572)	(208,917)	(274,075)
Cash flows from investing activities	210,318	60,042	33,733
Net increase in cash and cash equivalents	263,632	67,890	1,976
Cash and cash equivalents at beginning of year	355,913	288,023	286,047
Cash and cash equivalents at end of year	$ 619,545	$ 355,913	$ 288,023

Goals and Objectives:

It is the intention of the Board of Trustees to continue to provide financial assistance to the American Memorial Park in accordance with the terms of the Constitution and Covenant. It has been through MPLT's stewardship of the Park Fund assets that the developments in the AMP have occurred. The Trustees plan to continue this past record of achievement and use it as a basis for further enhancements of a facility, which benefits the Commonwealth as a whole.

Economic Outlook

MPLT has suffered its largest loss of principal since 2002. This has been due to the World-wide credit collapse and resulting recession. It will likely take five years or more to recover this loss. But the Trust has a long term time horizon. Accordingly, the Trust is committed to its current investment allocation. Whereas, the Trust may add additional asset classes, the basic investment approach will remain the same

Contacting the MPLT's Financial Management

This report is designed to provide the branches of the Commonwealth Government and the public at large with a general overview of MPLT's finances and to show MPLT's accountability for the money it receives. The Management's Discussion and Analysis for the year ended September 30, 2007 is set forth in the report on the audit of MPLT's financial statements, which is dated May 15, 2008. That Discussion and Analysis explains the major factors impacting the 2007 financial statements. If you have questions about this report or the 2007 or 2006 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950 or phone at (670) 235-4401 or email mplt@pticom.com.

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets
September 30, 2008 and 2007

ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	$ 3,565,471	$ 5,095,584
Receivables:		
Notes, current portion	231,704	107,400
Accrued income	429,533	2,368,903
Other	2,011	549
Due from CNMI Government	6,868	6,868
Due from brokers	546,931	-
Prepaid expense	6,812	4,435
Total current assets	4,789,330	7,583,739
Other assets, restricted:		
Investments	55,853,953	62,907,025
Total other assets, restricted	55,853,953	62,907,025
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	9,866,526	6,501,066
Capital assets (net of accumulated depreciation)	350,571	26,135
Total noncurrent assets	10,217,097	6,527,201
	$ 70,860,380	$ 77,017,965
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 60,825	$ 24,071
Due to CNMI Government	433,521	2,241,498
Due to brokers	114,180	-
Accrued expenses	7,954	4,716
Total liabilities	616,480	2,270,285
Commitment and contingencies		
Net assets:		
Invested in capital assets	350,571	26,135
Restricted:		
Principal	69,717,767	74,600,729
Income	175,562	120,816
Total net assets	70,243,900	74,747,680
	$ 70,860,380	$ 77,017,965

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2008 and 2007

	2008	2007
Operating revenues:		
Net (decrease) increase in the fair value of investments	$ (8,058,525)	$ 5,256,975
Interest income	3,041,931	2,729,975
Dividend income	380,195	415,333
Operating revenues	(4,636,399)	8,402,283
Operating expenses:		
Money manager fees	192,943	202,526
Consultancy fees	142,205	133,984
Loan administration fee	121,645	-
Salaries and benefits	100,212	78,834
Office supplies	80,824	38,414
Money management administration	76,609	49,794
Contract services	67,000	67,000
Professional fees	66,774	21,059
Rent and utilities	29,000	21,376
Trustees' expenses	25,348	17,254
Depreciation	14,653	8,975
Audit	12,000	10,225
Total operating expenses	929,213	649,441
Operating (loss) income	(5,565,612)	7,752,842
Other nonoperating income (expenses):		
Transfer in from DPL	3,500,000	1,250,000
Loss on disposal of fixed assets	-	(368)
Net contribution to the CNMI General Fund/ American Memorial Park	(2,438,168)	(2,436,965)
Total nonoperating income (expenses), net	1,061,832	(1,187,333)
Change in net assets	(4,503,780)	6,565,509
Net assets at beginning of year	74,747,680	68,182,171
Net assets at end of year	$ 70,243,900	$ 74,747,680

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from operations	$ 4,771,465	$ 2,402,361
Cash payments to suppliers for goods and services	(2,948,700)	(1,082,854)
Net cash provided by operating activities	1,822,765	1,319,507
Cash flows from noncapital financing activities:		
Cash received from DPL	3,500,000	1,250,000
Net operating transfers out	(2,018,572)	(208,917)
Net cash provided by noncapital financing activities	1,481,428	1,041,083
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(339,089)	(8,583)
Net cash used for capital and related financing activities	(339,089)	(8,583)
Cash flows from investing activities:		
Net decrease in notes receivable	(3,489,764)	101,100
Net decrease (increase) in restricted assets	(1,005,453)	166,292
Net cash (used for) provided by investing activities	(4,495,217)	267,392
Net (decrease) increase in cash and cash equivalents	(1,530,113)	2,619,399
Cash and cash equivalents at beginning of year	5,095,584	2,476,185
Cash and cash equivalents at end of year	$ 3,565,471	$ 5,095,584
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	$ (5,565,612)	$ 7,752,842
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Net decrease (increase) in fair value of investments	8,058,525	(5,256,975)
Depreciation	14,653	8,975
(Increase) decrease in assets:		
Receivable - accrued income	1,939,370	(775,171)
Other receivable	(1,462)	661
Due from brokers	(546,931)	-
Prepaid expense	(2,377)	(4,435)
Increase (decrease) in liabilities:		
Accounts payable	36,754	(27,523)
Due to CNMI Government	(2,227,573)	(270,602)
Payable to brokers	114,180	(108,914)
Accrued expenses	3,238	649
Net cash provided by operating activities	$ 1,822,765	$ 1,319,507

Supplemental schedule of noncash operating, financing and investing activities:

During the years ended September 30, 2008 and 2007, MPLT recorded transfers out to the General Fund of the CNMI Government resulting in an increase in net contribution to the General Fund and due to CNMI Government of $-0- and $2,228,048, respectively.

See accompanying notes to financial statements.

(1) Organization and Purpose

The Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), was formed on January 9, 1978, pursuant to the ratification and adoption of the Constitution of the CNMI, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the Covenant), and Technical Agreement Regarding Use of Land to be Leased by the United States in the Northern Mariana Islands.

MPLT did not become operational until May 17, 1983, when its Trustees were appointed by the Governor with confirmation by the Senate.

The purpose of MPLT is to manage all monies received by it from the CNMI Department of Public Lands (DPL) for the use of public lands. DPL has the responsibility to manage the public lands and distribute to MPLT all revenues net of reasonable expenses of administration.

MPLT's responsibility, with respect to monies received by it from DPL, requires it to make reasonable, careful and prudent investments. The Trustees have taken the position that their duty to the beneficiaries is not only to provide income to the general fund of the CNMI but also to preserve the principal of MPLT. As such, MPLT is currently allocating capital gains and losses on equity investments to principal fund balance. These capital gains and losses are not considered to be available for distribution to the general fund of the CNMI. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are distributed to the general fund of the CNMI.

Additionally, MPLT is responsible for carrying out the intention of Article VIII, Section 803(e) of the Covenant, by establishing a separate trust fund for the development and maintenance of an American Memorial Park. The Trustees are allocating capital gains and losses on equity investments of this trust fund to the principal of the trust fund. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are to be used for the development and maintenance of the American Memorial Park.

(2) Summary of Significant Accounting Policies

The accounting policies of MPLT conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MPLT has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

(2) Summary of Significant Accounting Policies, Continued

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 and disclosure of contingent 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.

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statements of net assets. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net assets. The accrual basis of accounting is utilized for proprietary funds. Under this method, revenues are recorded when earned and expenses recorded at the time liabilities are incurred.

Concentrations of Credit Risk

Financial instruments which potentially subject MPLT to concentrations of credit risk consist principally of cash demand deposits and investments.

At September 30, 2008 and 2007, MPLT has cash deposits and investments in bank accounts that exceed federal depository insurance limits. MPLT has not experienced any losses in such accounts.

Cash and Cash Equivalents

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

Category 1 Deposits that are federally insured or collateralized with securities held by MPLT or its agent in MPLT's name;

Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in MPLT's name; or

Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in MPLT's name and non-collateralized deposits.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, MPLT's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. MPLT does not have a deposit policy for custodial credit risk.

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents, Continued

For purposes of the statements of net assets and cash flows, MPLT considers all cash held in demand accounts with initial maturities of ninety days or less, to be cash and cash equivalents. At September 30, 2008 and 2007, total cash and cash equivalents were $3,565,471 and $5,095,584, respectively, and the corresponding bank balances were $223,656 and $1,302,633, respectively. Of the bank balance amount, $223,656 and $1,302,633 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2008 and 2007, respectively. Bank deposits in the amount of $100,000 were FDIC insured as of September 30, 2008 and 2007.

At September 30, 2008 and 2007, unrestricted cash and cash equivalents consisted of the following:

	2008	2007
Custodian money market sweep deposits	$ 3,342,020	$ 3,795,062
Deposits with federally insured banks	223,451	1,300,522
	$ 3,565,471	$ 5,095,584

As of September 30, 2008 and 2007, custodian money market sweep deposits of $3,342,020 and $3,795,062, respectively, are held and administered by an investment manager subject to Securities Investor Protection Corporation insurance.

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. Accordingly, the deposits are exposed to custodial credit risk.

Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

Category 1 Investments that are insured or registered, or securities held by MPLT or its agent in MPLT's name;

Category 2 Investments that are uninsured or unregistered for which the securities are held by the counterparty's trust department or agent in MPLT's name; or

Category 3 Investments that are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in MPLT's name.

GASB Statement No. 40 amended GASB Statement No. 3 to eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks for investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial risk in GASB Statement No. 3.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, MPLT will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. MPLT's investments are held and administered by trustees in accordance with negotiated trust and custody agreements. Based on these agreements, all of these investments were held by the broker or dealer, or by its trust department or agent but not in MPLT's name at September 30, 2008 and 2007. The investment held and administered by the investment manager is subject to supplemental insurance on eligible assets over $500 million through certain underwriters, subject to an aggregate loss limit of $600 million.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for MPLT.

MPLT has selected a custodian for both funds who shall maintain custody of all cash, securities and other assets of MPLT and shall credit interest and dividends on said securities and credit principal paid on called or matured securities of MPLT. The custodian shall provide, on a timely basis, a monthly statement of all assets, to include an accounting of all activity during that month.

The Trustees may engage the services of an investment consultant after a competitive search process. The investment consultant chosen shall demonstrate professional experience of at least ten (10) years with exclusive focus on Institutional Management Consulting.

When evaluating potential Investment Management Consulting Firms, the Trustees will consider at a minimum the following criteria:

- Must be a Registered Investment Advisor with exclusive focus on providing objective investment management consulting at an institutional level, having the support of a staff and/or organization, focused and experienced in consulting only.

- The candidate should be objective, free of conflict of interest and free to secure services from leading third party providers that will best suit the interest of MPLT.

- Firms must demonstrate experience in the breadth and depth of its professional staff.

- Ability to provide unbiased fiduciary and financial advice to public trusts.

- Knowledge of legislative, operational and legal aspects of the local public trusts.

- Ownership or ready access to relevant and comprehensive performance databases with proven and verifiable process for the institutional client.

- Ability to provide quantitative analysis of manager and total fund performance. In particular, attribution analysis to maintain the interests of the management styles and strategic asset allocation.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

- Ability to provide on-going training.

- Firms must be recognized as having substantial experience in the institutional level investment management consulting field. Firms offering consulting as incidental to their securities business shall not be considered.

- Shall not be an investment manager with discretion over MPLT assets.

The Trustees have determined that the following investment policy will govern the investment of assets of MPLT.

(i) The Trustees, with the assistance of the investment consultant, will select appropriate investment managers to manage MPLT assets. Investment managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940, and not providing any other services, normally provided by separate vendors, to MPLT.

2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, reported gross of fees.

3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of comparable investment style.

4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.

5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

6. Selected firms shall have no outstanding legal judgments or past judgments which may reflect negatively upon the firm.

(ii) Every money manager selected to manage MPLT assets must adhere to the following guidelines.

1. The following securities and transactions are not authorized unless receiving prior Trustees approval:

   - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.

   - Securities lending; pledging or hypothecating securities.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

- Investments in the equity securities of any company with a record of less than three years of continuous operation (including the operation of any predecessor) and investments for the purpose of exercising control of management are all restricted.

2. Domestic Equities:

- Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio.
- Investments in any one sector should not be excessive.
- The manager shall emphasize quality in security selection and shall avoid risk of large loss through diversification.
- The manager shall emphasize quality in security selection of the specific style hired to manage and shall avoid risk of large loss through diversification within its mandated style.
- The managers shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.
- Holdings of individual securities shall be large enough (round lots) for easy liquidation.

3. Domestic Fixed Income:

- All fixed-income securities held in the portfolio shall have a nationally recognized credit quality rating of no less than "BBB" from Moody's, Standard & Poor's and/or Fitch's. U.S. Treasury and U.S. government agencies, which are unrated securities, are qualified for inclusion in the portfolio.
- No more than 20% of the market value of the fixed income portfolio shall be rated less than single "A" quality, unless the manager has specific written authorization.
- The exposure of the portfolio to any other issuer, other than securities of the U.S. government or agencies, shall not exceed 10% of the market value of the fixed income portfolio.

4. International Equities:

- Equity holdings in any one company shall not exceed more than 10% of the International Equity portfolio.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

4. International Equities, Continued:

- Investments in any one industry category should not be excessive.

- Allocations to any specific country shall not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% of its mandated style in any one country.

- The manager may enter into foreign exchange contracts on currency, provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There shall be no direct foreign currency speculation or any related investment activity.

5. Cash/Cash Equivalents:

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.

- Idle cash not invested by the investment managers shall be invested daily through an automatic interest-bearing sweep vehicle selected by the manager available and/or managed by the custodian.

6. Economically Targeted Investments (ETIs):

ETIs refer to investment vehicles that are structured to produce corollary benefits, e.g. job creation or affordable housing, in addition to the main objective of a competitive risk-adjusted rate of return. Although MPLT's main beneficiaries are CNMI descendants and future Marianas descendants, ETIs are a controversial area for the Trustees. Detractors may argue that seeking corollary benefits may violate fiduciary duty. The Board of Trustees is charged with the responsibility of fulfilling MPLT's mission, yet ETIs may be an area of great exposure for MPLT Trustees from a fiduciary liability standpoint. Therefore, full and proper due diligence in both program development and on an investment-by-investment basis is necessary. The following guidelines are recommended:

- An opinion of legal counsel knowledgeable in standards of fiduciary care should be secured.

- Trustees should guarantee that they are acting on economic grounds, rather than being influenced by political or emotional factors, as well as the purpose for which MPLT was established.

- Written investment guidelines are necessary and should specifically address the characteristics an ETI should have, including the parameters on how the program will be administered, as well as the social and economic impact the intended beneficiaries will have on the CNMI as a whole while implementing programs for which MPLT was established.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Economically Targeted Investments (ETIs), Continued:

- A thorough, written analysis of each proposed ETI should be undertaken, examining all economic, political and other factors, including potential conflicts of interest.

- Risk-adjusted, market rates of return should be the primary consideration; with special attention paid to whether the ETI involves significantly greater financial risk.

- Specific ETI proposals should be evaluated against investments of a similar asset class.

- An ETI should be an attractive investment on its own merits, and not be considered simply because MPLT has "available capital".

- A viable ETI should be able to attract external financing: a proposed ETI funded entirely by MPLT should be limited in size and scope and subjected to close scrutiny.

- One way to ensure that investment opportunities are viewed objectively and selection is based upon viable economic criteria is to have Oversight Managers acting in a fiduciary capacity for particular ETI asset classes or strategies.

- Consideration should be given as to whether future Trustees will find the ETIs being considered and/or enacted acceptable.

The Trustees recognize the importance of establishing a competitive risk-adjusted rate of return policy as part of their due diligence in identifying and documenting ETI projects. Having a clear policy is fundamental in documenting and completing the preceding recommended guidelines. Accordingly, as part of the investment analysis, the identification of the source of repayment of a fixed-income security, e.g., promissory note, municipal bond, etc., is of primary consideration. Evaluation of the credit rating for such repayment source is fundamental to establishment of the risk-adjusted rate of return. Once the credit rating has been determined, then an appropriate pricing index, using a comparable maturity schedule, can be identified to establish a base interest rate to be charged. Additionally, since such investments are not marketable, than an "illiquidity premium" should be recognized and added to the base risk-adjusted rate. Also, to be considered, given that such ETIs are long-term in nature, is whether or not to have a fixed or floating rate. It is the Trustees' opinion that the risk-adjusted rate should be floating to the appropriate pricing index and adjusted on at least a quarterly basis. Due to the fact that administration of an ETI program is much more time-consuming and costly than a managed portfolio, the assessment of a loan origination fee should be considered and applied in most situations. This would allow for the reimbursement of ongoing servicing costs, legal fees, consultancy, and travel costs.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Economically Targeted Investments (ETIs), Continued:

This ETI policy applies only to the MPLT General Fund and does not relate to the American Memorial Park Fund. In the case of the American Memorial Park Fund, any ETIs are limited to directly benefiting the beneficiary, the American Memorial Park, by funding development projects.

(iii) Asset allocation of the two funds is as follows:

	General Fund			Park Fund		
	Lower Limit	Strategic Allocation	Upper Limit	Lower Limit	Strategic Allocation	Upper Limit
Domestic Equities:						
Large Cap Core	15%	25%	35%	15%	25%	35%
Non U.S. Equities:						
Large Cap Core	5%	10%	15%	5%	10%	15%
Domestic Fixed Income:	50%	65%	80%	40%	65%	85%
Core	40%	50%	60%	40%	50%	60%
ETI - Local Loans	10%	15%	20%	0%	15%	25%

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as approximately 10% depending upon the market conditions.

When necessary and/or available, cash flows will be distributed following the strategic asset allocation of MPLT. If there are no cash flows, the allocation of MPLT will be reviewed quarterly.

If the Trustees judge cash flows to be insufficient to bring MPLT within the strategic allocation ranges, the Trustees shall decide whether to effect transactions so that MPLT would fall within the allocated threshold ranges.

Frequency

In two instances, portfolio rebalancing will be necessary to remain within the target asset allocation ranges:

1. Cash Flow Requirements
2. Significant Market Action

Positive cash flows should be directed to the under-weighted asset class, while negative cash flows (disbursements) should be directed away from the over-weighted asset class. This procedure is likely to be fairly routine and predictable.

Significant Market Action requires immediate action to restore asset allocation. This is neither predictable nor routine.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Liquidity

The MPLT Executive Director shall prepare anticipated expenditure requirements for each disbursement period and communicate these disbursement requirements to all affected managers with as much advance notice as possible. It is anticipated that MPLT's fixed income manager will be the initial and main conduit for contributions and disbursements. It is further anticipated that most of all such disbursements will be made from "income" generated from each account.

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2008 and 2007 (with combining information as of September 30, 2008) is as follows:

	General Fund	Park Fund	2008	2007
Equities:				
Common stock	$ 14,721,556	$ 1,892,860	$ 16,614,416	$ 26,003,091
Fixed Income Securities:				
Mortgage and asset backed securities	16,708,403	1,552,577	18,260,980	7,565,088
Corporate bonds	17,697,166	1,582,795	19,279,961	25,718,083
Government obligations	1,120,235	124,394	1,244,629	2,274,547
Government agencies	404,720	49,247	453,967	1,346,216
	$ 50,652,080	$ 5,201,873	$ 55,853,953	$ 62,907,025

GASB Statement No. 40 requires entities to provide information about the credit risk associated with their investments by disclosing the credit quality ratings. The following is a listing of MPLT's fixed income securities at September 30, 2008 and 2007:

		2008 Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Credit Rating
Mortgage and asset backed securities	$ 4,027,755	$ -	$ 1,910,454	$ -	$ 2,117,301	AAA
Mortgaged and asset backed securities	14,233,225	-	5,525	1,296,115	12,931,585	No rating
Government obligations	1,244,629	-	361,461	26,346	856,822	AAA
Government agencies	453,967	-	239,345	30,872	183,750	AAA
Corporate bonds	452,047	-	58,088	275,386	118,573	AAA
Corporate bonds	2,123,763	220,719	702,897	747,756	452,391	AA-
Corporate bonds	1,040,878	-	219,415	821,463	-	AA
Corporate bonds	3,065,863	-	1,151,118	1,125,094	789,651	A+
Corporate bonds	3,895,218	1,659,856	1,375,507	688,006	171,849	A-
Corporate bonds	6,856,433	544,439	1,740,279	3,454,907	1,116,808	A
Corporate bonds	856,804	-	212,609	385,842	258,353	BBB+
Corporate bonds	288,760	-	229,860	58,900	-	BBB-
Corporate bonds	700,195	-	595,261	-	104,934	BBB
	$ 39,239,537	$ 2,425,014	$ 8,801,819	$ 8,910,687	$ 19,102,017	

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

		2007 Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Credit Rating
Mortgage and asset backed securities	$ 6,232,664	$ -	$ 1,063,158	$ 1,854,974	$ 3,314,532	AAA
Mortgaged and asset backed securities	1,332,424	-	-	-	1,332,424	No rating
Government obligations	2,274,547	-	-	-	2,274,547	AAA
Government agencies	1,346,216	-	429,951	916,265	-	AAA
Corporate bonds	1,429,976	-	584,558	677,585	167,833	AAA
Corporate bonds	289,430	-	5,729	283,701	-	AA+
Corporate bonds	2,767,859	-	1,887,982	789,512	90,365	AA-
Corporate bonds	2,211,156	-	567,338	1,643,818	-	AA
Corporate bonds	6,670,304	350,929	2,578,629	2,308,589	1,432,157	A+
Corporate bonds	2,555,746	34,693	1,435,601	369,726	715,726	A-
Corporate bonds	8,031,454	143,614	2,081,249	3,612,245	2,194,346	A
Corporate bonds	1,120,771	-	812,439	267,022	41,310	BBB+
Corporate bonds	236,017	-	236,017	-	-	BBB-
Corporate bonds	405,370	-	293,576	-	111,794	BBB
	$ 36,903,934	$ 529,236	$ 11,976,227	$ 12,723,437	$ 11,675,034	

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for doubtful accounts charged to principal fund. Loans are charged against the allowance for loan losses when management believes that the collection of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may be uncollectible, based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay.

Management cannot currently determine the effects of the potential foreclosure of collateralized properties associated with the loans. Accordingly, the allowance for loan losses included in the accompanying financial statements excludes the value of the possible recovery of certain loans through foreclosure.

Capital Assets

Capital assets are stated at cost. Depreciation is provided over the estimated useful lives of the assets through use of the straight-line method and is charged as a reduction in the investment. Current policy is to capitalize items in excess of $250.

(2) Summary of Significant Accounting Policies, Continued

Retirement Plan

MPLT contributes to the Northern Mariana Islands Retirement Fund (the Fund), a cost-sharing multiple employer defined benefit pension plan administered by the CNMI. The Fund provides retirement, security and other benefits to employees, and their spouses and dependents, of the CNMI Government and CNMI agencies, instrumentalities, and public corporations. CNMI Public Law 6-17, the Northern Mariana Retirement Fund Act of 1988 assigns the authority to establish and amend benefit provisions to the Fund's Board of Trustees. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Northern Mariana Islands Retirement Fund, P.O. Box 501247, Saipan, MP, 96950-1247.

Plan members are required to contribute 6.5% and 9.0% of their annual covered salary for Class I and Class II members, respectively, and MPLT is required to contribute at an actuarially determined rate. The current rate is 36.77% of annual covered payroll. The contribution requirements of plan members and MPLT are established and may be amended by the Fund's Board of Trustees. MPLT's recorded contributions to the Fund for the years ended September 30, 2008, 2007 and 2006 were $9,085, $20,159 and $24,217, respectively, equal to the required contributions for each year.

GASB Statement No. 45 requires employers to record other postemployment benefits (OPEB) expense for their contractually required contributions to the OPEB plan. MPLT has complied with GASB Statement No. 45 by recording OPEB expense based on the statutorial determined contribution rate of the Fund. It is the understanding of the management of MPLT that the statutorial determined contribution rate of the Fund incorporates both the pension liability and OPEB liability. GASB Statement No. 45 also requires detailed disclosure of information related to the OPEB plan and MPLT management was unable to obtain this information from the Fund financial report. MPLT management is unable to obtain the required disclosures and is of the opinion that such information must be obtained from the Fund. It is the position of the management of MPLT that the Fund is solely responsible for disclosure of OPEB information.

Net Assets

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, has required MPLT to establish net asset categories as follows:

- Invested in capital assets: capital assets, net of accumulated depreciation.
- Restricted: net assets subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. MPLT has net assets restricted for principal and income.
- Unrestricted: net assets that are not subject to externally imposed stipulations. As MPLT considers all assets except investments in capital assets, to be restricted, MPLT does not have unrestricted net assets at September 30, 2008 and 2007.

(2) Summary of Significant Accounting Policies, Continued

Operating and Non-Operating Revenue and Expenses

Operating revenue and expenses include all direct and administrative revenue and expenses associated with the investments.

Nonoperating revenues and expenses result from capital and noncapital financing activities.

New Accounting Standards

During fiscal year 2008, MPLT implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension* Plans, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*, GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* and GASB Statement No. 50, *Pension Disclosures an amendment of GASB Statements No. 25 and 27.* GASB Statement No. 43 establishes uniform financial reporting for other postemployment benefit plans by state and local governments. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. GASB Statement No. 48 establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing and includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits. The implementation of these pronouncements did not have a material effect on the accompanying financial statements.

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* GASB Statement No. 49 provides guidance and consistency under which a governmental entity would be required to report a liability related to pollution remediation. The provisions of this statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* GASB Statement No. 51 addresses whether and when intangible assets should be considered capital assets for financial reporting purposes. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments.* GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The provisions of this statement are effective for periods beginning after June 15, 2008. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The provisions of this statement are effective for periods beginning after June 15, 2009. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

(3) Notes Receivable

	2008	2007
Note receivable (Home Loan Program) from various individuals obtained through a settlement agreement with NMHC dated December 31, 2007, bearing interest from 5.5% to 8.5% and terms from ten to thirty years.	$ 9,103,987	$ -
Note receivable from the Northern Marianas Housing Corporation (NMHC), bearing interest at 8.5%, due on March 1, 2016, collateralized by the full faith and credit of the CNMI Government and specifically pledged loans receivable of NMHC. CNMI Public Law 12-27 approved the repayment of this loan through legislative appropriation of operating transfers to the general fund of the CNMI Government from investment income of MPLT. Operating transfers in the general fund reduces the CNMI Government receivables from MPLT but recognizes a receivable from NMHC deferred for ten years. On March 13, 2007, Public Law 15-48 was enacted repealing Public Law 12-27. As a result, NMHC and MPLT entered into a settlement agreement in December 2007 wherein NMHC assigned certain loan portfolios to MPLT as satisfaction of its note receivable.	-	8,996,623
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), bearing interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of $1,225, collateralized by a loan portfolio. Proceeds were used to fund an independently administered individual or parent-student loan program. MPLT has ceased future loan commitments and disbursements to APLE 501, Inc.	143,156	143,156
Note receivable from the Commonwealth Utilities Corporation (CUC), bearing interest at 7%, due in full on August 4, 2011. Public Law 16-7 was enacted in July 2008 which earmarks future MPLT revenues as security on the note. Interest is due in equal monthly installments.	3,500,000	-

(3) Notes Receivable, Continued

	2008	2007
Note receivable from the Commonwealth Development Authority (CDA), bearing interest at 6.5% per annum, due on June 1, 2018, collateralized by future distributable net income for the maintenance and development of the American Memorial Park and is to be repaid from earnings of the investments pursuant to CNMI Public Law 11-72.	1,494,243	1,611,843
	14,241,386	10,751,622
Less allowance for loan losses	(4,143,156)	(4,143,156)
	10,098,230	6,608,466
Less current portion	(231,704)	(107,400)
Long-term portion	$ 9,866,526	$ 6,501,066

At September 30, 2008, principal and interest repayments based on the terms of the respective agreements (excluding assessed allowance) for the following years ending September 30, are as follows:

Year ending September 30,	Principal Amount	Interest
2009	$ 231,704	$ 953,794
2010	246,663	938,669
2011	3,755,397	883,357
2012	264,744	659,335
2013	274,745	641,396
2014 - 2036	9,324,977	8,265,557
	$ 14,098,230	$ 12,342,108

The schedule above does not include principal and interest repayments for APLE 501, Inc.

(4) Capital Assets

A summary of capital assets as of September 30, 2008 and 2007, is as follows:

	Estimated Useful Lives	Balance at October 1, 2007	Additions	Deletions	Balance at September 30, 2008
Land	-	$ -	$ 273,000	$ -	$ 273,000
Furniture, fixtures and equipment	3 - 10 years	57,199	36,459	(14,532)	79,126
Vehicle	3 - 10 years	16,595	29,630	-	46,225
		73,794	339,089	(14,532)	398,351
Less accumulated depreciation		(47,659)	(14,653)	14,532	(47,780)
		$ 26,135	$ 324,436	$ -	$ 350,571

(4) Capital Assets, Continued

	Estimated Useful Lives	Balance at October 1, 2006	Additions	Deletions	Balance at September 30, 2007
Furniture, fixtures and equipment	3 - 10 years	$ 86,375	$ 8,583	$ (37,759)	$ 57,199
Vehicle	3 - 10 years	16,595	-	-	16,595
		102,970	8,583	(37,759)	73,794
Less accumulated depreciation		(76,075)	(8,975)	37,391	(47,659)
		$ 26,895	$ (392)	$ (368)	$ 26,135

(5) Net Assets

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of transfers in from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2008 and 2007, is summarized as follows:

	Principal	Income	2008	2007
General Fund				
Balance at beginning of year	$ 66,545,461	$ -	$ 66,545,461	$ 60,551,704
Net (decrease) increase in the fair value of investments	(7,182,245)	-	(7,182,245)	4,742,997
Other operating net income	3,176,556	2,219,596	5,395,159	3,478,808
Transfers	-	(2,219,596)	(2,219,596)	(2,228,048)
Balance at end of year	$ 62,538,779	$ -	$ 62,538,779	$ 66,545,461
Park Fund				
Balance at beginning of year	$ 8,055,268	$ 120,816	$ 8,176,084	$ 7,603,572
Net (decrease) increase in the fair value of investments	(876,280)	-	(876,280)	513,978
Other operating net income	-	273,318	273,318	267,451
Transfers	-	(218,572)	(218,572)	(208,917)
Balance at end of year	$ 7,178,988	$ 175,562	$ 7,354,550	$ 8,176,084

(6) Contributions To/From Primary Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the general fund of the CNMI government from investment income. During the years ended September 30, 2008 and 2007, MPLT recorded $2,219,596 and $2,228,048, respectively, for transfers out to the CNMI general fund. In addition, in accordance with Section 5 of Article XI, the CNMI Department of Public Lands transferred $3,500,000 and $1,250,000 to MPLT during the years ended September 30, 2008 and 2007, respectively.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating transfers out for the development and maintenance of the American Memorial Park. During the years ended September 30, 2008 and 2007, MPLT recorded $218,572 and $208,917, respectively, for transfers out for this purpose.

(7) Risk Management

MPLT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MPLT has elected to purchase commercial insurance from independent third parties for the risks of losses to which it is exposed with respect to the use of motor vehicles. Settled claims have not exceeded this commercial insurance coverage during the past three years.

(8) Commitment

In accordance with the addendum of memorandum of agreement between the CNMI and the U.S. Department of the Interior for development and management of the American Memorial Park, MPLT is obligated to contribute $150,000, to the extent of available income, annually for development and maintenance of the American Memorial Park.

(9) Contingencies

MPLT incurred a loss of $5,081,780 during the year ended September 30, 2008. The loss is attributed to the decrease in the fair value of investments resulting from the fluctuations in the investment market. Future losses and/or recovery currently cannot be predicted.

On December 31, 2007, MPLT and NMHC entered into a Settlement Agreement to settle all disputed issues and claims relating to the $10,000,000 note receivable. Under the Settlement Agreement, NMHC paid MPLT $2,025,000 and assigned to MPLT certain loans and mortgages in the NMHC Owned Loan Portfolio amounting to $10,621,895. In addition, MPLT will assume liability for the repayment of certain Service Released Loans totaling $1,672,102 in contingent liabilities for and on behalf of NMHC in the form of guarantees to certain financial institutions. At September 30, 2008, total contingent liabilities amounted to $1,360,622.

During the year ended September 30, 2008, MPLT recorded a note receivable of $3,500,000 from the Commonwealth Utilities Corporation (CUC), bearing interest at 7% and is due in full on August 4, 2011. CUC's current financial condition and/or economic state are uncertain.

(10) Subsequent Event

On December 10, 2008, the Trustees resolved to reduce the interest rates of all the Home Loan Program loans to 2% per annum effective January 1, 2009.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Net Assets
September 30, 2008

ASSETS	General Fund	Park Fund	Eliminations	Total
Current assets:				
Cash and cash equivalents	$ 2,945,926	$ 619,545	$ -	$ 3,565,471
Receivables:				
Notes, current portion	117,104	114,600	-	231,704
Accrued income	397,113	32,420	-	429,533
Other	2,011	-	-	2,011
Due from CNMI Government	-	6,868	-	6,868
Due from other funds	46,835	-	(46,835)	-
Due from brokers	477,199	69,732	-	546,931
Prepaid expense	6,812	-	-	6,812
Total current assets	3,993,000	843,165	(46,835)	4,789,330
Other assets, restricted:				
Investments	50,652,080	5,201,873	-	55,853,953
Total other assets, restricted	50,652,080	5,201,873	-	55,853,953
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	8,486,883	1,379,643	-	9,866,526
Capital assets (net of accumulated depreciation)	350,571	-	-	350,571
Total noncurrent assets	8,837,454	1,379,643	-	10,217,097
	$ 63,482,534	$ 7,424,681	$ (46,835)	$ 70,860,380
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 59,027	$ 1,798	$ -	$ 60,825
Due to other funds	-	46,835	(46,835)	-
Due to CNMI Government	433,521	-	-	433,521
Due to brokers	92,682	21,498	-	114,180
Accrued expenses	7,954	-	-	7,954
Total liabilities	593,184	70,131	(46,835)	616,480
Net assets:				
Invested in capital assets	350,571	-	-	350,571
Restricted:				
Principal	62,538,779	7,178,988	-	69,717,767
Income	-	175,562	-	175,562
Total net assets	62,889,350	7,354,550	-	70,243,900
	$ 63,482,534	$ 7,424,681	$ (46,835)	$ 70,860,380

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2008

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net decrease in the fair value of investments	$ (7,182,245)	$ (876,280)	$ -	$ (8,058,525)
Interest income	2,734,636	307,295	-	3,041,931
Dividend income	338,580	41,615	-	380,195
Operating revenues	(4,109,029)	(527,370)	-	(4,636,399)
Operating expenses:				
Money manager fees	172,971	19,972	-	192,943
Consultancy fees	128,399	13,806	-	142,205
Loan administration fee	121,645	-	-	121,645
Salaries and benefits	89,189	11,023	-	100,212
Office supplies	71,964	8,860	-	80,824
Money management administration	68,981	7,628	-	76,609
Contract services	59,630	7,370	-	67,000
Professional fees	66,258	516	-	66,774
Rent and utilities	25,810	3,190	-	29,000
Trustees' expenses	23,441	1,907	-	25,348
Depreciation	14,653	-	-	14,653
Audit	10,680	1,320	-	12,000
Total operating expenses	853,621	75,592	-	929,213
Operating loss	(4,962,650)	(602,962)	-	(5,565,612)
Other nonoperating income (expenses):				
Transfer in from DPL	3,500,000	-	-	3,500,000
Net contribution to the CNMI General Fund/American Memorial Park	(2,219,596)	(218,572)	-	(2,438,168)
Total nonoperating income (expenses), net	1,280,404	(218,572)	-	1,061,832
Change in net assets	(3,682,246)	(821,534)	-	(4,503,780)
Net assets at beginning of year	66,571,596	8,176,084	-	74,747,680
Net assets at end of year	$ 62,889,350	$ 7,354,550	$ -	$ 70,243,900

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Cash Flows
Year Ended September 30, 2008

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	$ 4,487,264	$ 284,201	$ -	$ 4,771,465
Cash payments to suppliers for goods and services	(2,936,385)	(12,315)	-	(2,948,700)
Net cash provided by operating activities	1,550,879	271,886	-	1,822,765
Cash flows from noncapital financing activities:				
Cash received from DPL	3,500,000	-	-	3,500,000
Net operating transfers out	(1,800,000)	(218,572)	-	(2,018,572)
Net cash provided by (used for) noncapital financing activities	1,700,000	(218,572)	-	1,481,428
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(339,089)	-	-	(339,089)
Net cash used for capital and related financing activities	(339,089)	-	-	(339,089)
Cash flows from investing activities:				
Net (increase) decrease in notes receivable	(3,607,364)	117,600	-	(3,489,764)
Net (increase) decrease in restricted assets	(1,098,171)	92,718	-	(1,005,453)
Net cash (used for) provided by investing activities	(4,705,535)	210,318	-	(4,495,217)
Net (decrease) increase in cash and cash equivalents	(1,793,745)	263,632	-	(1,530,113)
Cash and cash equivalents at beginning of year	4,739,671	355,913	-	5,095,584
Cash and cash equivalents at end of year	$ 2,945,926	$ 619,545	$ -	$ 3,565,471
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	$ (4,962,650)	$ (602,962)	$ -	$ (5,565,612)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Net decrease in fair value of investments	7,182,245	876,280	-	8,058,525
Depreciation	14,653	-	-	14,653
(Increase) decrease in assets:				
Receivable - accrued income	1,934,347	5,023	-	1,939,370
Due from other funds	(41,639)	-	41,639	-
Due from brokers	(477,199)	(69,732)	-	(546,931)
Other receivable	(1,462)	-	-	(1,462)
Prepaid expense	(2,377)	-	-	(2,377)
Increase (decrease) in liabilities:				
Accounts payable	36,614	140	-	36,754
Due to other funds	-	41,639	(41,639)	-
Due to CNMI Government	(2,227,573)	-	-	(2,227,573)
Payable to brokers	92,682	21,498	-	114,180
Accrued expenses	3,238	-	-	3,238
Net cash provided by operating activities	$ 1,550,879	$ 271,886	$ -	$ 1,822,765

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2008

Equities	Cost	Fair Value	Ratings
Common Stock			
Abott Laboratories	$ 374,213	$ 385,786	
Ace Ltd	259,109	286,889	
Aetna Inc.	458,425	332,212	
American Tower Corp	173,286	208,626	
Apple Inc	427,705	337,002	
AT&T Inc	425,685	304,328	
Bank of America Corp	399,441	497,000	
Celgene Corp	286,049	322,728	
Cisco Sys Inc.	408,443	360,960	
Citigroup Inc	263,591	274,834	
CVS Caremark Corp	435,597	374,131	
General Dynamics Corp	297,981	242,946	
Genzyme Corp	279,217	283,115	
Goldman Sachs Group Inc	537,610	384,000	
Google Inc	445,057	377,690	
Hewlett Packard Co	499,372	536,384	
Int'l Business Machines Corp	609,250	666,672	
McDonalds Corp	408,971	499,770	
Medco Health Solutions Inc	484,599	562,500	
Microsoft Corp	248,995	216,189	
Oracle Corp	138,943	136,077	
Philip Morris Intl Inc.	274,967	274,170	
Qualcomm Inc	353,460	313,681	
Research in Motion Ltd	146,693	81,960	
Schlumberger Ltd	162,894	124,944	
Transocean Inc	324,691	252,632	
Union Pacific Corp	219,733	256,176	
United Technologies Corp	353,883	318,318	
Wal-Mart Stores Inc	605,447	610,878	
Walt Disney Co	266,276	254,727	
Subtotal - Atalanta Sosnoff	10,569,583	10,077,325	
ABB Ltd	106,050	98,067	
Allianz SE	86,524	59,433	
America Movil S.A.B. De Cv	52,110	40,333	
Atlas Copco Ab	23,217	22,841	
Axa S.A.	77,192	95,857	
Banco Bilbao Vizcaya	100,139	80,365	
Barclays Plc	128,749	92,205	
Bayer A G	70,822	64,178	
BG Group Plc	49,043	65,904	
BNP Paribas	100,419	124,147	
BHP Billiton Ltd	73,652	89,943	
British American Tobacco Plc	76,563	93,620	
Canon Inc.	75,661	76,633	
Companhia Vale Di Rio	58,957	58,503	
DBS Group Hldg Ltd	110,340	96,101	
ENI Spa	106,833	104,153	
E. On AG	153,842	142,456	
Fomento Economico Mexicano S.A.B. De Cv	36,588	53,777	
Fortis NL	51,690	14,738	
GDF Suez - Eur	51,925	39,525	
Glaxosmithkline Plc	90,657	91,483	
HSBC Hldg Plc	140,223	153,577	
Honda Motor Co. Ltd.	53,649	60,220	

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2008

Equities, Continued	Cost	Fair Value	Ratings
Common Stock, Continued			
Ing Groep NV	112,624	75,328	
Komatsu Ltd.	61,587	33,448	
Koninklijke Philips Electronics NS	80,998	65,400	
Lafarge Spons Adr New Lafarge Coppee	127,673	109,608	
Mitsubishi Corp	129,251	95,606	
Mitsubishi Est Co Ltd	63,249	54,905	
Mitsubishi UFJ Financial Group Inc	55,633	53,926	
National Grid Plc Gbp	51,809	53,688	
Nestle S A	116,295	148,309	
News Corp	46,544	31,286	
Nidec Corporation	112,087	97,753	
Nintendo Co Ltd	23,944	22,484	
Nokia Corp	101,414	77,491	
Nomura Holdings Inc	50,990	38,324	
Norsk Hydro A S	31,472	14,517	
Novartis AG	115,822	124,438	
Petrobras	47,801	58,234	
Reed Elsevier NV	54,521	48,946	
Rio Tinto Plc - Gbp	52,757	32,185	
Roche Hldg Ltd.	84,346	89,098	
Royal Dutch Shell Plc	140,638	105,333	
Rwe A G	55,001	42,092	
Sanofi-Aventis	84,390	65,740	
Sap Aklengesellschaft	79,351	91,098	
Secom Ltd.	28,183	26,633	
Siemens A G	152,139	138,488	
Sony Corp	72,229	52,170	
Sumitomo Mitsui Finl Group Inc	113,056	74,412	
Taiwan Semiconductor Mfg. Co. Ltd.	70,447	66,836	
Telefonica S.A.	116,960	96,869	
Tesco Plc	122,066	124,460	
Teva Pharmaceutical Inds Ltd	45,988	47,622	
Total S.A.	147,905	150,486	
Toyota Motor Corp	119,024	94,809	
Vodafone Group Plc	147,040	109,240	
WPP Group Plc	67,229	47,955	
Wolseley Plc	65,360	32,275	
Wolters Kluwer N V	45,008	40,390	
Zurich Fincl Svcs	73,068	94,290	
Subtotal - JP Morgan	5,140,744	4,644,231	
Total Common Stock	15,710,327	14,721,556	
Total Equities	15,710,327	14,721,556	
Fixed Income Securities			
Mortgage and Asset Backed Securities			
Caterpillar Financial Asset Tr @ 5.34%, due 6/25/12	249,946	248,805	AAA
CS First Boston Mortgage SEC @ 6.133%, due 3/15/12	640,552	618,287	AAA
FHLMC PL#A39210 @ 5.500%, due 10/01/35	951,829	935,292	no rating
FHLMC PL#A47758 @ 5.000%, due 11/01/35	961,569	969,354	no rating
FHLMC PL#A60665 @ 5.500%, due 05/01/37	721,879	718,758	no rating
FHLMC PL#E20222 @ 6.500%, due 02/01/11	6,502	5,030	no rating
FHLMC PL#G11736 @ 5.000%, due 06/01/20	71,584	70,769	no rating
FHLMC PL#G12213 @ 5.500% due 03/01/21	187,372	194,834	no rating

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2008

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Mortgage and Asset Backed Securities, Continued			
FHLMC PL#G12333 @ 4.500%, due 06/01/21	585,720	603,700	no rating
FHLMC PL#G12580 @ 5.000%, due 09/01/21	234,726	231,328	no rating
FNMA PL#603265 @ 5.500%, due 09/01/16	22,399	21,871	no rating
FNMA PL#725610 @ 5.500% 07/01/34	461,960	465,180	no rating
FNMA PL#725414 @ 4.50% due 05/01/19	39,134	39,951	no rating
FNMA PL#739168 @ 5.500%, due 09/01/18	25,297	23,077	no rating
FNMA PL#743002 @ 5.500%, due 10/01/18	26,844	18,249	no rating
FNMA PL#745506 @ 5.849% due 02/01/16	455,703	463,041	no rating
FNMA PL#899540 @ 5.000% due 06/01/37	1,907,519	1,916,532	no rating
FNMA PL#904529 @ 6.500% due 01/01/37	1,245,629	1,238,693	no rating
FNMA PL#916300 @ 5.500% due 04/01/37	937,681	940,847	no rating
FNMA PL#922270 @ 5.500% due 12/01/36	959,048	961,910	no rating
FNMA PL#942285 @ 6.000% due 08/01/37	1,127,307	1,135,582	no rating
FNMA PL#966123 @ 6.000% due 10/01/37	1,329,807	1,326,894	no rating
Federal Home Loan Reference Remic @ 4.750% due 07/15/15	347,625	370,832	no rating
Federal Home Loan Mtg Corp @ 4.375% due 04/15/15	258,208	268,331	no rating
GNMA PL#675324X @ 6.000% due 04/15/38	123,484	124,681	no rating
GE Capital Commercial Mtg Trust @ 6.531%, due 3/15/11	470,781	461,854	AAA
Greenwich Cap Coml Fdg Corp @ 4.305% due 08/10/42	335,562	343,045	AAA
JP Morgan Chase Coml Mtg Secs @ 4.625%, due 03/15/46	335,723	333,734	AAA
LB-UBS Commercial Mtg Trust @ 6.226%, due 05/15/11	172,550	170,713	AAA
LB-UBS Commercial Mortgage Tr @ 5.124%, due 11/15/32	253,028	238,397	AAA
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	311,836	291,891	AAA
Wachovia Bank Comm Mort Trust @ 4.935%, due 04/15/42	188,391	178,486	AAA
Wachovia Bank Comm Mort Trust @ 4.98%, due 10/15/12	189,687	187,764	AAA
Wachovia Bank Comm Mort Trust @ 4.748%, due 02/15/41	628,399	590,691	AAA
Total Mortgage and Asset Backed Securities - Richmond	16,765,281	16,708,403	
Government Obligations			
U.S. Treasury Bonds @ 4.750%, due 02/15/37	658,835	663,208	AAA
U.S. Treasury Bonds @ 6.625% due 02/15/27	121,215	121,021	AAA
U.S. Treasury Notes @ 3.375%, due 07/31/13	336,588	336,006	AAA
Total Government Obligations - Richmond	1,116,638	1,120,235	
Government Agencies			
Federal Home Loan MTG Corp @ 4.875% due 11/15/13	240,748	239,345	AAA
Federal Home Loan MTG Corp @ 6.750% due 03/15/31	163,281	165,375	AAA
Total Government Agencies - Richmond	404,029	404,720	
Corporate Bonds			
Aetna Inc. @ 5.750%, due 06/15/2011	249,728	254,038	A-
Alcoa Inc. @ 7.375%, due 08/01/10	174,891	176,310	BBB+
Abbott Laboratories @ 5.875% due 05/15/16	355,572	354,144	AA
Allstate Corp. @ 7.200%, due 12/01/09	143,514	152,330	A+
Allstate Corp. @ 5.000% due 08/15/14	211,292	207,827	A+
American Express @ 4.875%, due 07/15/13	141,134	129,446	A+
American Express @ 5.500%, due 09/12/16	186,139	162,154	A+
American Express @ 7.300% due 08/20/13	140,104	136,454	A+
American General Finance @ 5.375% due 10/01/12	221,850	122,978	BBB
Anheuser Busch Cos Inc. @ 6.750%, due 12/15/27	103,611	87,824	BBB+
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	114,181	103,134	A
AT&T Inc @ 6.400%, due 05/15/38	140,652	117,491	A
Bank of America Corp @ 5.125% due 11/15/14	127,759	121,434	AA-

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2008

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Bank of America Corp Global @ 4.875% due 09/15/12	489,005	462,030	AA-
Bank New York Co Inc @ 4.950% due 03/15/15	245,320	231,945	A+
BB&T Corp @ 4.750% due 10/01/12	100,388	97,214	A
BB&T Corp @ 5.200% due 12/23/15	333,545	307,346	A
Becton Dickinson & Co. @ 7.000%, due 08/01/27	192,662	192,614	AA-
Bershire Hathaway Fin Corp. @ 4.850%, due 01/15/15	276,639	270,809	AAA
Bestfoods M/T/N @ 6.625%, due 04/15/28	143,401	151,785	A+
Boeing Co. Deb @ 7.250%, due 06/15/25	109,535	112,432	A+
Bristol Myers Squibb Co. @ 6.800%, due 11/15/26	107,856	100,197	A+
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	100,492	95,828	BBB
Campbell Soup Co Global Notes @ 8.875%, due 05/01/21	87,968	89,903	A
Caterpillar Inc @ 5.700% due 8/15/16	74,846	73,855	A
Chubb Corp. @ 5.750%, due 05/15/18	251,463	228,438	A
CIT Group Inc @ 7.625%, due 11/30/12	396,596	253,748	A-
CIT Group Inc @ 5.000%, due 02/13/14	121,886	70,709	A-
CitiGroup Inc @ 5.000%, due 09/15/14	282,141	238,950	A+
CitiGroup Inc @ 5.625% due 08/27/12	105,172	90,504	A+
Coca-Cola Enterprises Deb @ 8.500%, due 02/01/22	126,195	115,208	A
Cooper US Financial Inc @ 6.100%, due 07/01/17	282,122	283,181	A
Conoco Inc. @ 6.950%, due 04/15/29	179,499	160,866	A
Consolidated Nat Gas @ 6.250% due 11/01/11	186,380	186,652	A-
CSX Corporation @ 6.300%, due 03/15/12	216,047	209,872	BBB-
Daimler Chrysler N.A. Hldgs @ 7.200%, due 09/01/09	174,811	176,869	A-
Disney (Walt) Global @ 5.625%, due 09/15/16	139,273	138,401	A
Dover Corporation @ 6.500% due 02/15/11	380,018	395,531	A
Dover Corporation @ 6.600% due 03/15/38	115,886	116,609	A
Duke Energy Corp. @ 7.375%, due 03/01/10	183,346	187,079	A-
Du Pont E I De Nemours & Co. @ 6.875%, due 10/15/09	96,161	102,577	A
Eaton Corp. @ 5.600%, due 05/15/18	257,946	241,160	A
Equitable Cos Inc. @ 7.000%, due 04/01/28	182,564	177,048	A+
Federal Express Corp Debs @ 9.650%, due 06/15/12	68,453	67,844	BBB
FPL Group Capital Inc. @ 7.375%, due 06/01/09	195,379	204,936	A-
Florida Power Corp @ 5.800%, due 09/15/17	195,197	197,911	A-
General Dynamics Corp @ 4.250%, due 05/15/13	287,630	303,347	A
General Elec Cap Corp @ 4.875% due 10/21/10	59,832	58,088	AAA
Goldman Sachs Group @ 6.650%, due 05/15/09	184,829	191,061	AA-
Goldman Sachs Group @ 6.600%, due 01/15/12	69,048	60,592	AA-
Goldman Sachs Group @ 5.150% due 01/15/14	312,080	271,022	AA-
Grand Met Invt Corp. @ 9.000%, due 08/15/11	312,899	313,218	A-
GTE Corp. Debs @ 7.510%, due 04/01/09	101,593	101,424	A
Halliburton Co @ 5.900%, due 09/15/18	101,272	100,520	A
Hersheys Food Corp @ 4.850%, due 08/15/15	230,628	234,842	A
Hershey Company Notes @ 5.450% due 09/01/16	69,781	69,602	A
Home Depot Inc Global @ 5.400% due 03/01/16	172,321	148,806	BBB+
Honeywell Intl Inc @ 5.400%, due 03/15/16	329,392	334,339	A
Household Fin Corp. @ 8.000%, due 07/15/10	163,968	156,101	AA-
IBM Corp. Debs @ 7.000% due 10/30/25	110,616	104,788	A+
IBM Corp. @ 4.750% due 11/29/12	146,577	155,164	A+
Johnson & Johnson Deb @ 6.730%, due 11/15/23	104,303	107,794	AAA
JP Morgan Chase & Co @ 5.375%, due 01/15/14	323,697	321,928	AA-
Key Bank N A DTD @ 5.700%, due 08/15/12	25,684	19,820	A-
Key Bank NA Book @ 4.950% due0 9/15/15	205,942	149,941	A-
Kimberly Clark Corp @ 5.625 due 02/15/12	274,183	280,819	A
Kimberly Clark @ 6.625%, due 08/01/37	44,924	45,023	A
Kraft Foods Inc @ 6.125%, due 08/23/18	205,943	200,897	BBB+

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2008

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Lincoln Natl Corp. Dtd @ 6.200% due 12/15/11	313,739	316,507	A+
Marshall & Ilsley @ 4.375%, due 08/01/09	817,675	794,112	A-
McDonald's Corp @ 5.300%, due 03/15/17	261,971	256,067	A
Mellon Funding @ 5.000%, due 12/01/14	220,547	197,549	A+
Merrill Lynch & Co. @ 5.000%, due 02/03/14	120,846	99,860	A
Metlife Inc. @ 5.500%, due 06/15/14	139,231	126,286	A
Metlife Inc. @ 6.125% due 12/01/11	187,403	186,795	A
Metlife Inc. @ 5.000% due 06/15/15	77,086	72,977	A
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	101,181	84,466	A
Morgan Stanley Dean Witter @ 6.750%, due 04/15/11	100,558	70,311	A+
National City Corp. @ 3.125% due 04/30/09	529,313	339,712	A-
News America Holding Inc Debs @ 8.500% due 02/23/25	116,310	108,782	BBB+
Ohio Power Co @ 5.750%, due 09/01/13	349,720	349,510	BBB
Pepsi Bottling Group Inc. @ 7.000%, due 03/01/29	108,044	105,250	A
Phillips Pete Co. NT @ 9.375%, due 02/15/11	42,263	43,728	A
PNC Funding Corp @ 5.625%, due 02/01/17	218,317	194,889	A
Procter & Gamble @ 6.450% due 01/15/26	83,709	79,291	AA-
Sara Lee Corp @ 6.125%, due 11/01/32	42,274	35,444	BBB+
SLM Corp. @ 5.375%, due 05/15/14	82,354	49,600	BBB-
St. Paul Companies Inc. M/T/N @ 8.125%, due 04/15/10	59,710	62,344	A-
Suntrust Banks Inc. @ 6.000% due 02/15/26	51,712	35,917	A
Sysco Corp. Deb @ 6.500%, due 08/01/28	64,026	66,786	A+
Travelers Cos Inc @ 5.750%, due 12/15/17	205,210	194,777	A-
United Parcel Svc Amer Inc @ 8.375%, due 04/01/20	150,841	155,198	AA-
United Technologies Corp. Notes @ 6.500%, due 06/01/09	209,842	226,697	A
Verizon New England Inc. @ 6.500%, due 09/15/11	99,922	94,180	A
Verizon Communications @ 5.500%, due 02/15/18	199,512	176,792	A
Wachovia Corp. @ 4.875%, due 02/15/14	173,641	110,484	A
Wachovia Sub Notes @ 6.375% due 02/01/09	200,552	191,912	A
Wachovia Corp. @ 6.605% due 10/01/25	67,294	37,200	A
Wal-Mart Stores Global @ 4.500%, due 07/01/15	275,968	279,638	AA
Walt Disney Co @ 5.875% due 12/15/17	90,473	89,016	A
Walt Disney Co @ 6.375% due 03/01/12	91,838	94,898	A
Wells Fargo Co. @ 6.375%, due 08/01/11	202,977	193,583	AA
Wells Fargo Co Global @ 5.125% due 09/15/16	149,237	133,942	AA
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	169,033	157,915	A-
Total Corporate Bonds - Richmond	18,920,090	17,697,166	
Total Fixed Income Securities	37,206,038	35,930,524	
Total Equities and Fixed Income Securities	$ 52,916,365	$ 50,652,080	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2008

Equities	Cost	Fair Value	Ratings
Common Stock			
Ace Limited	$ 47,041	$ 48,717	
Abbott Laboratories	55,717	57,580	
Aetna Inc	76,374	57,776	
American Tower Corp	23,902	28,776	
Apple Inc	60,180	48,988	
AT&T Inc	62,309	44,672	
Bank of America Corp	75,740	91,000	
Celgene Corp	37,827	44,296	
Cisco Sys Inc	55,422	51,888	
CVS Caremark Corp	64,308	55,034	
General Dynamics Corp	36,655	29,448	
Genzyme Corp	47,819	48,534	
Goldman Sachs Group Inc	80,044	57,600	
Google Inc	71,371	54,871	
Hewlett Packard Co	78,846	78,608	
Intl Business Machines Corp	97,654	105,264	
McDonalds Corp	63,702	74,040	
Medco Health Solutions Inc.	69,508	81,000	
Microsoft Corp	37,090	32,028	
Philip Morris Intl Inc	35,856	36,075	
Qualcomm Inc.	57,880	51,564	
Research in Motion Ltd.	24,449	13,660	
Schlumberger Ltd	20,205	15,618	
Transocean Inc	41,772	32,952	
Union Pacific Corp.	30,653	35,580	
United Technologies Corp	56,172	48,048	
Wal-Mart Stores Inc	89,089	89,835	
Walt Disney Co	38,530	36,828	
Subtotal - Atalanta Sosnoff	1,536,115	1,450,280	
ABB Ltd.	10,019	9,312	
Allianz SE	8,138	5,621	
America Movil S.A.B. De Cv	5,079	3,941	
Atlas Copco Ab	2,203	2,167	
Axa S.A.	7,323	9,145	
Banco Bilbao Vizcaya	9,533	7,681	
BG Group Plc	4,804	6,320	
BNP Paribas	9,578	11,835	
Barclays Plc	12,393	8,843	
Bayer A G	6,887	6,199	
BHP Billiton Ltd	6,580	8,578	
British American Tobacco Plc	7,481	8,990	
Canon Inc.	7,257	7,361	
Companhia Vale Di Rio Adr Doce	5,552	5,554	
DBS Group Hldg Ltd	10,429	9,108	
ENI Spa	10,134	9,902	
E. On Ag	14,770	13,615	
Fomento Economico Mexicano S.A.B. De Cv	3,347	5,149	
Fortis NL	4,979	1,419	
GDF Suez-Eur	4,958	3,774	
Glaxosmithkline Plc	8,592	8,692	
HSBC Hldg Plc	13,323	14,549	
Honda Motor Co. Ltd.	5,033	5,721	
Ing Groep NV	10,381	7,169	
Komatsu Ltd	5,784	3,155	

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2008

Equities, Continued	Cost	Fair Value	Ratings
Common Stock, Continued			
Koninklijke Philips Electronics NS	7,713	6,267	
Lafarge Spons Adr New Lafarge Coppee	12,075	10,494	
Mitsubishi Corp	12,423	9,134	
Mitsubishi Est Co. Ltd	6,231	5,301	
Mitsubishi UFJ Financial Group Inc	5,265	5,157	
National Grid Plc Gbp	4,839	5,009	
Nestle S A	11,141	13,971	
News Corp	4,449	2,977	
Nidec Corporation	10,410	9,302	
Nintendo Co Ltd	2,177	2,044	
Nokia Corp	9,423	7,367	
Nomura Holdings Inc.	4,803	3,662	
Norsk Hydro A S	2,984	1,376	
Novartis Ag	10,965	11,889	
Petrobras	4,975	5,494	
Reed Elsevier NV	5,146	4,663	
Rio Tinto Plc	4,908	2,994	
Roche Hldg Ltd	8,161	8,560	
Royal Dutch Shell Plc	13,388	10,032	
Rwe A G	5,237	4,009	
Sanofi-Aventis	8,069	6,245	
Sap Aklengesellschaft	7,654	8,816	
Secom Ltd.	2,584	2,458	
Siemens A G	14,131	13,145	
Sony Corp	6,874	4,939	
Sumitomo Mitsui Finl Group Inc	10,650	7,091	
Taiwan Semiconductor Mfg. Co. Ltd.	6,445	6,362	
Telefonica S.A.	11,206	9,294	
Tesco Plc	11,436	11,917	
Teva Pharmaceutical Inds Ltd	4,413	4,579	
Total S.A.	13,831	14,260	
Toyota Motor Corp	11,152	8,923	
Vodafone Group Plc	13,951	10,387	
WPP Group Plc	6,617	4,674	
Wolseley Plc	6,218	3,083	
Wolters Kluwer N V	4,300	3,899	
Zurich Fincl Svcs	6,921	9,006	
Subtotal - JP Morgan	487,722	442,580	
Total Common Stock	2,023,837	1,892,860	
Total Equities	2,023,837	1,892,860	
Fixed Income Securities			
Mortgage and Asset Backed Securities			
Bear Stears Commercial Mort SE @ 5.186%, due 09/11/13	26,578	23,554	AAA
CS First Boston Mortg SEC Corp @ 6.133% 03/15/12	76,866	74,194	AAA
FHLMC PL#A39210 @ 5.500%, due 10/01/35	99,149	97,426	no rating
FHLMC PL#A47758 @ 5.000%, due 11/01/35	57,694	58,161	no rating
FHLMC PL#A60665 @ 5.500%, due 05/01/37	71,023	70,715	no rating
FHLMC PL#E63380 @ 6.500%, due 03/01/11	515	495	no rating
FHLMC PL#G11736 @ 5.000%, due 06/01/20	35,792	35,385	no rating
FHLMC PL#G12333 @ 4.500%, due 06/01/21	52,610	54,225	no rating
FNMA PL#603265 @ 5.500%, due 09/01/16	3,360	3,281	no rating
FNMA PL#725414 @ 4.500%, due 05/01/19	22,013	22,473	no rating

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2008

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Mortgage and Asset Backed Securities, Continued			
FNMA PL#725610 @ 5.500%, due 07/01/34	59,930	60,348	no rating
FNMA PL#739168 @ 5.500%, due 09/01/18	4,216	3,846	no rating
FNMA PL#743002 @ 5.500%, due 10/01/18	4,474	3,041	no rating
FNMA PL#745506 @ 5.849%, due 02/01/16	47,969	48,741	no rating
FNMA PL#831831 @ 6.000%, due 09/01/36	43,856	44,366	no rating
FNMA PL#904529 @ 6.500%, due 01/01/37	106,411	105,818	no rating
FNMA PL#906723 @ 5.000%, due 01/01/37	144,014	144,728	no rating
FNMA PL#922270 @ 5.500%, due 12/01/36	86,401	86,659	no rating
FNMA PL#942285 @ 6.000%, due 08/01/37	93,942	94,632	no rating
FNMA PL#966123 @ 6.000%, due 10/01/37	147,756	147,433	no rating
Federal Home Loan Mtg Corp @ 4.375% due 04/15/15	21,548	22,361	no rating
Federal Home Loan @ 4.750% due 07/15/15	46,350	49,444	no rating
GNMA PL#675324X @ 6.000%, due 04/15/38	34,575	34,911	no rating
Greenwich Cap Commercial Fund @ 4.533%, due 07/05/10	24,766	24,034	AAA
Greenwich Cap Com'l Fdg Corp @ 4.305%, due 08/10/42	28,762	29,404	AAA
GE Capital Commercial MTG @ 6.531% 03/15/11	46,055	45,181	AAA
JP Morgan Chase Commer Mtg Sec @ 4.767%, due 03/12/13	29,255	27,903	AAA
L-UBS Commercial Mtg Trust @ 5.594%, due 06/15/31	25,487	24,324	AAA
LB-UBS Commercial Mortgage Tr @ 5.124%, due 11/15/32	24,648	23,372	AAA
Morgan Stanley Capital I @ 4.970%, 12/15/41	33,681	32,297	AAA
Wachovia Bk Coml Mtg Tr @ 4.980%, due 10/15/12	28,284	28,165	AAA
Wachovia Bk Comm Mort Trust @ 4.748%, due 02/15/41	32,793	31,660	AAA
Total Mortgage and Asset Backed Securities - Richmond	1,560,773	1,552,577	
Government Obligations			
U.S. Treasury Bonds @ 4.750%, due 02/15/37	53,519	53,484	AAA
U.S. Treasury Bonds @ 6.625%, due 02/15/27	17,155	19,109	AAA
U.S. Treasury Notes @ 3.375%, due 07/31/13	25,341	25,455	AAA
U.S. Treasury Notes @ 4.500%, due 05/15/17	26,447	26,346	AAA
Total Government Obligations - Richmond	122,462	124,394	
Government Agencies			
Federal Home Loan Mtg Corp @ 6.750%, due 03/15/31	18,142	18,375	AAA
Federal National Mortgage Association @ 5.000%, due 03/15/16	31,314	30,872	AAA
Total Government Agencies - Richmond	49,456	49,247	
Corporate Bonds			
Abbott Laboratories @ 5.875%, due 05/15/16	19,931	19,952	AA
Aetna Inc Notes @ 5.750%, due 06/15/2011	20,262	20,323	A-
Alcoa Inc. @ 7.375%, due 08/01/10	36,023	36,299	BBB+
Allstate Corp @ 5.000%, due 08/15/14	28,813	28,340	A+
American Express @ 4.875%, due 07/15/13	9,733	8,927	A+
American Express Global @ 6.150%,due 08/28/17	9,974	8,509	A+
American Express Co Notes @ 8.150%, due 03/19/38	9,963	9,221	A+
American General Finance @ 5.375%, due 10/01/12	24,650	13,664	BBB
Archer Daniels Midland Co. @ 7.500%, due 03/15/27	22,571	20,627	A
Atlantic Richfield Co. @ 8.500%, due 04/01/12	5,610	5,643	AA
AT&T Broadband Corp Notes @ 9.455%, due 11/15/22	12,098	10,994	BBB+
Bank New York Co Inc @ 4.950%, due 03/15/15	24,051	22,740	A+
BB&T Corp. @ 5.200%, due 12/23/15	28,393	26,344	A
BB&T Corp. @ 4.900%, due 06/30/17	9,314	7,901	A
Becton Dickinson & Co. @ 7.000%, due 08/01/27	5,315	5,350	AA-
Bell South Telecommunications @ 6.375%, due 06/01/28	9,113	8,597	A

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2008

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Bestfoods M/T/N @ 6.625%, due 04/15/28	20,234	20,936	A+
Boeing Co. Deb @ 7.250%, due 06/15/25	15,678	16,865	A+
Boeing Capital Corp Notes @ 7.375%, due 09/27/10	15,650	16,084	A+
Burlington Northern Santa Fe @ 6.150%, due 05/01/37	4,785	4,563	BBB
Campbell Soup Co. @ 8.875%, due 05/01/21	6,283	6,422	A
Carolina Power & Lt Co. @ 5.950%, due 03/01/09	13,842	15,138	A-
Caterpillar Inc. @ 5.700%, due 08/15/16	9,979	9,847	A
Chubb Corp. @ 6.600%, due 08/15/18	5,052	4,860	A
Citigroup Inc. @ 5.625%, due 08/27/12	20,033	17,239	A+
Cit Group Inc @ 5.000%, due 02/13/14	24,377	14,142	A-
Cit Group Inc @ 7.625%, due 11/30/12	24,787	15,859	A-
Coca Cola Enterprises Inc. @ 6.950%, due 11/15/26	5,678	5,119	A
Cooper US Fin Inc @ 6.100%, due 07/01/17	20,152	20,227	A
Conoco Inc @ 6.950%, due 04/15/29	16,446	15,081	A
Consolidated Nat Gas @ 6.250%, due 11/01/11	20,149	20,179	A-
Costco Wholesale Cor @5.500%, due 03/15/17	20,290	19,826	A
CSX Corporation @ 6.300%, due 03/15/12	20,560	19,988	BBB-
Daimler Chrysler N.A. Hldgs @ 7.200%, due 09/01/09	19,978	20,214	A-
Dover Corporation @ 6.650%, due 06/01/28	15,749	15,405	A
Dover Corporation @ 6.500%, due 02/15/11	25,335	26,369	A
Duke Energy Corp. @ 7.375%, due 03/01/10	5,093	5,197	A-
Du Pont E I De Nemours Co Notes @ 6.875%, due 10/15/09	19,232	20,515	A
Eaton Corp. @ 5.600%, due 05/15/18	29,763	27,826	A
Equitable Cos Inc. @ 7.000%, due 04/01/28	14,083	13,977	A+
Federal Express Corp Debs @ 9.650%, due 06/15/12	11,409	11,307	BBB
Florida Power Corp 1st Mtg @ 5.800%, due 09/15/17	20,020	20,299	A-
General Dynamics Corp @ 4.250%, due 05/15/13	9,431	9,946	A
General Elec Capital Corp @ 4.750%, due 09/15/14	4,884	4,577	AAA
Genworth Financial Inc. @ 6.515%, due 05/22/18	29,218	26,884	A
Goldman Sachs Group @ 6.650%, due 05/15/09	18,939	19,596	AA-
Goldman Sachs Group @ 6.600%, due 01/15/12	5,311	4,661	AA-
Goldman Sachs Group @ 5.150%, due 01/15/14	5,052	4,106	AA-
Goldman Sachs Group Inc @ 5.625%, due 01/15/17	19,095	14,196	A+
Grand Met Invt Corp @ 9.000%, due 08/15/11	33,101	33,086	A-
Halliburton Co @ 5.900%, due 09/15/18	10,127	10,052	A
Heinz (H.J.) Co. @ 6.375%, due 07/15/28	5,139	4,543	BBB
Hershey Company @ 5.450%, due 09/01/16	15,001	14,915	A
Home Depot Inc @ 5.400%, due 03/01/16	19,726	17,006	BBB+
Honeywell Intl Inc Sr @ 5.400%, due 03/15/16	19,376	19,667	A
Household Finance Corp @ 8.000%, due 07/15/10	20,496	19,513	AA-
IBM Corp @ 7.000%, due 10/30/25	11,455	10,479	A+
IBM Corp @ 4.750%, due 11/29/12	14,185	15,016	A+
Illinois Tool Works @ 5.750%,due 03/01/09	10,071	10,062	AA-
JP Morgan Chase & Co @ 5.375% 1/15/14	29,427	29,266	AA-
Johnson & Johnson Deb @ 6.730%, due 11/15/23	10,152	10,779	AAA
Key Bank N A @ 5.700%, due 08/15/12	5,137	3,964	A-
Key Bank NA @ 4.950%, due 09/15/15	23,403	17,039	A-
Kimberly Clark Note @ 6.625%, due 08/01/37	4,992	5,003	A
Kraft Foods Inc. @ 6.125%, due 08/23/18	19,614	19,133	BBB+
Lincoln Natl Corp @ 6.200%, due 12/15/11	35,422	35,735	A+
Marshall & Ilsley @ 4.375%, due 08/01/09	84,255	81,818	A-
McDonalds Corp. @ 5.300%, due 03/15/17	14,829	14,494	A
McDonalds Corp-Reg @ 8.875%, due 04/01/11	27,712	27,504	A
Mellon Funding @ 5.000%, due 12/01/14	14,997	12,884	A+
Merrill Lynch & Co. Inc. @ 6.000%, due 02/17/09	10,079	9,706	A

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2008

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Merrill Lynch & Co. Inc. @ 5.000%, due 02/03/14	10,075	8,322	A
Metlife Inc. @ 5.500%, due 06/15/14	15,470	14,032	A
Metlife Inc. @ 6.125%, due 12/01/11	20,260	20,194	A
Metlife Inc. @ 5.000%, due 06/15/15	9,636	9,122	A
Michigan Bell Tel. Co. Debs @ 7.850%, due 01/15/22	11,904	9,937	A
Morgan Stanley Dean Witter @ 6.750%, due 04/15/11	10,585	7,401	A+
Morgan Stanley Global Sub @ 4.75%, due 04/01/14	27,815	20,550	A
National City Corp. @ 3.125%, due 04/30/09	41,984	27,057	A-
News America Holding Inc Deb @ 8.500%, due 02/23/25	11,562	10,878	BBB+
Ohio Power Co @ 5.750%, due 09/01/13	29,976	29,958	BBB
Phillips Pete Corp Notes-Reg @ 9.375%, due 02/15/11	10,566	10,932	A
PNC Funding Corp @ 5.625%, due 02/01/17	19,847	17,717	A
Procter & Gamble Co. @ 6.450%, due 01/15/26	8,442	10,572	AA-
Sara Lee Corp @ 6.125%, due 11/01/32	5,284	4,431	BBB+
SLM Corp. @ 5.375%, due 05/15/14	15,351	9,300	BBB-
Suntrust Banks Inc @ 6.000%, due 02/15/26	10,514	7,183	A
Sysco Corp @ 6.500%, due 08/01/28	4,727	5,137	A+
Travelers Cos Inc @ 5.750%, due 12/15/17	24,430	23,188	A-
United Parcel Service @ 6.200%, due 01/15/38	10,297	9,366	AA-
United Technologies Corp @ 8.875%, due 11/15/19	13,089	12,367	A
US Bank NA @ 4.800%, due 04/15/15	4,789	4,859	AA
US Bank NA @ 6.375%, due 08/01/11	21,278	20,189	AA
Verizon Communications @ 5.500%, due 02/15/18	24,939	22,099	A
Verizon New England Inc @ 6.500%, due 09/15/11	10,518	9,914	A
Wal-Mart Stores Global @ 4.500%, due 07/01/15	28,379	28,928	AA
Walt Disney Co Ltd @ 5.875%, due 12/15/17	10,053	9,891	A
Walt Disney Co Ltd @ 6.375%, due 03/01/12	15,306	15,816	A
Wachovia Corp. New @ 5.625%, due 12/15/08	12,966	14,700	A
Wachovia Corp. @ 4.875%, due 02/15/14	19,456	12,276	A
Wisconsin Pwr & Lt Co @ 6.375%, due 08/15/37	14,915	13,934	A-
Total Corporate Bonds - Richmond	1,705,490	1,582,795	
Total Fixed Income Securities	3,438,181	3,309,013	
Total Equities and Fixed Income Securities	$ 5,462,018	$ 5,201,873	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 2

Schedule of Administrative Expenses
Compared to Budget
Year Ended September 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Money manager fees	$ 192,671	$ 192,943	$ (272)
Consultancy fees	142,205	142,205	-
Loan administration	120,974	121,645	(671)
Salaries and benefits	100,393	100,212	181
Office supplies	80,526	80,824	(298)
Money management administration	79,311	76,609	2,702
Contract services	67,001	67,000	1
Professional fees	62,899	66,774	(3,875)
Rent and utilities	27,692	29,000	(1,308)
Trustees' expenses	26,550	25,348	1,202
Depreciation	14,507	14,653	(146)
Audit	12,000	12,000	-
Total	$ 926,729	$ 929,213	$ (2,484)

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2008

Deloitte.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Marianas Public Land Trust:

We have audited the financial statements of the Marianas Public Land Trust (MPLT) as of and for the year ended September 30, 2008, and have issued our report thereon dated June 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MPLT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MPLT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MPLT's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects MPLT's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of MPLT's financial statements that is more than inconsequential will not be prevented or detected by MPLT's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by MPLT's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MPLT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings (pages 3 and 4) as items 2008-1 and 2008-2.

We noted certain matters that we reported to management of MPLT in a separate letter dated June 15, 2009.

MPLT's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit MPLT's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLC

June 15, 2009

Local Noncompliance

Finding No. 2008-1

Criteria: In accordance with Article XI, Section 6 of the Commonwealth of the Northern Mariana Islands (CNMI) Constitution, the trustees shall make reasonable, careful and prudent investments.

Condition: During the year ended September 30, 2008, MPLT loaned $3,500,000 to a government agency. The loan is secured by future funds earmarked by Public Law16-3, which are $100,000 less than the loan value. The MPLT legal counsel recommended that certain actions be taken before the loan was finalized. However, we could not determine that all such conditions were met.

Cause: The cause of the above condition is that management is of the opinion that requisite conditions were met but such was not fully documented.

Effect: We could not determine if a financial statement effect results from the condition.

Recommendation: We recommend that management formally document the manner in which the legal counsel recommendations were considered.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Bruce M. MacMillan, Board Consultant

Corrective Action: MPLT Trustees realize that making a loan to the Commonwealth Utilities Corporation (CUC) may appear to be lacking prudence given their financial problems. The Trustees were well aware of all the potential issues in making this investment, but the nature of the whole transaction outweighed the negatives of any potential default. This loan did not involve using any of MPLT's existing resources as the funding for this loan came from the simultaneous receipt of new principal due to the Department of Public Lands distribution of $3,500,000. It is questionable as to whether this distribution would have been given to the Trust otherwise. Additionally, we received the earmarks per P.L. 16-3, which allows us to apply a total of $3,400,000 to the repayment of this loan of which one half will be applied from the FY 2009 distribution to the CNMI General Fund. We have also been receiving the monthly interest payments from CUC in a timely manner, which has helped to offset the loss of interest from our NMHC loan. This has helped our beneficiary's interest considerably. The repayment of the loan for FY 2009 will be reinvested in accordance with our Investment Policy Statement.

The Trustees do not feel any corrective action is needed or required.

Proposed Completion Date: Not applicable

Local Noncompliance

Finding No. 2008-2

Criteria: In accordance with the By-Laws, any travel of over six hours of flight time may be permitted in business class or comparable class offered by the carrier. In all other situations, travel shall be by economy or coach class.

Condition: We noted four items representing the purchase of airfare tickets to the Philippines. The travel was based on business class travel. The flight to Manila, Philippines was three hours and forty minutes.

Cause: The cause of the above condition is due to lack of adherence to travel policies.

Effect: The effect of the above condition is noncompliance with the By-Laws.

Recommendation: We recommend that the Board of Trustees ensure that all travel arrangements strictly adhere to the By-Laws.

Auditee Response and Corrective Action Plan:

Name of Contact Person: Bruce M. MacMillan, Board Consultant

Corrective Action: The Trustees approved this travel using business class even though the flight time was less than six hours. Their rationale was that the total travel time including layover in Guam exceeded the six hour requirement and it was a matter of the Trustees arriving in a rested state.

The Trustees are reviewing their By-Laws and may change this requirement.

Proposed Completion Date: Ongoing

MARIANAS PUBLIC LAND TRUST

Unresolved Prior Year Comments
Year Ended September 30, 2008

There are no unresolved findings from prior year audits of MPLT.