

SPENDING POLICY

The spending policy is meant to ensure that endowment purchasing power (real value) is maintained over time by keeping the long-term rate of annual spending from the Endowment equal to or less than the long-term real (inflation-adjusted) investment returns of the Endowment. The Investment Committee notes that the spending rate is the one lever over which it can exercise true control toward increasing the Endowment's value and the near-term spending restraint will enable greater spending flexibility over the long term.

The following was adopted by the Investment Committee and approved by the board of Trustees:

Spend from the Endowment 4.5% of the "spending base" (which is established as the market value of the pool as of June 30, 2000 plus gifts and reclassifications through December 31, 2000). The base amount will be increased at the rate of 4% annually, plus the nominal value of endowment gifts received through December 31st of the previous year.

As a general matter, the Investment Committee will review spending policy and practices at least every two years to ensure that the policy remains aligned with financial objectives. The Committee should be mindful of adjusting the spending base if market movements result in spending at a level more than 6% or less than 3% of the Endowment's market value at the end of the previous fiscal year.