The University of North Carolina at Chapel Hill Statutory Endowment
Examples to Demonstrate Policy on Invading Principal

Account No.	Account Name	Current Market Value Before Payout	Contribution Value	Variance	Calculated Payout	% Below Current Market [A]	Reduction Percentage [B]	Actual Payout [C]	Current Market Value After Payout
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	110,000.00	100,000.00	10,000.00	5,000.00	n / a	n / a	5,000.00	105,000.00
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	105,000.00	100,000.00	5,000.00	5,000.00	0.00%	0.00%	5,000.00	100,000.00
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	104,000.00	100,000.00	4,000.00	5,000.00	1.00%	2.50%	4,875.00	99,125.00
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	100,000.00	100,000.00	.00	5,000.00	5.00%	12.50%	4,375.00	95,625.00
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	95,000.00	100,000.00	-5,000.00	5,000.00	10.00%	25.00%	3,750.00	91,250.00
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	90,000.00	100,000.00	-10,000.00	5,000.00	15.00%	37.50%	3,125.00	86,875.00
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	85,000.00	100,000.00	-15,000.00	5,000.00	20.00%	50.00%	2,500.00	82,500.00
0-7xxxx	THE UNIVERSITY GENERAL FELLOWSHIP FUND	80,000.00	100,000.00	-20,000.00	5,000.00	25.00%	n / a	.00	80,000.00

[A]   Percentage Below Market = 1 - ((current market value - calculated payout) / contribution value)
[B]   Reduction Percentage = Percentage Below Market * 2.5
[C]   Actual Payout = Calculated Payout * (1 - Reduction Percentage)

Policy: The invasion of principal, if determined to be the appropriate course, shall be reduced by 2.5% of the calculated distribution for each 1% the current market value is below the endowment's contribution value, with no distribution occurring if the current market value is 20% or more below the endowment's contribution value

06/08/09