

**Southern Illinois University Edwardsville Foundation
Earnings Distribution Schedule
General Endowment Funds**

Total Earnings net of Management Fee	Reserve Level Prior to Allocation of Investment Earnings			
	≥ 3 times Target Yield	≥ 2 times but < 3 times Target Yield	≥ 0 times but < 2 times Target Yield	Negative Reserve
At Least Equal to Interest at Target Yield	1) Total Earnings distributed to Program Fund	1) Lesser of 125% of interest on the average Endowment Fund calculated at the Target Yield and Total Earnings distributed to Program Fund. 2) Earnings in excess of amount distributed to Program Fund in Step (1) is added to the Reserve. 3) If application of Step (2) causes Reserve Level to become greater than 3 times the Target Yield, such excess will be added to the distribution to Program Fund and the Reserve will be reduced by the additional distribution.	1) Interest on the average Endowment Fund calculated at the Target Yield distributed to Program Fund. 2) Earnings in excess of amount distributed to Program Fund in Step (1) is added to the Reserve. 3) If application of Step (2) causes Reserve Level to become greater than 3 times the Target Yield, such excess will be added to the distribution to Program Fund and the Reserve will be reduced by the additional distribution.	1) Earnings first added to Reserve to the extent required to eliminate negative Reserve. 2) Earnings remaining after application of Step (1) distributed in accordance with provisions when Reserve is 0% on the basis of the remaining positive Earnings, if any.
At Least \$0, but less than interest at Target Yield	1) Total Earnings distributed to Program Fund. 2) The excess of interest on the average Endowment Fund calculated at the Target Yield is deducted from the Reserve and distributed to Program Fund.	1) Total Earnings distributed to Program Fund. 2) The excess of interest on the average Endowment Fund calculated at the Target Yield is deducted from the Reserve and distributed to Program Fund.	1) Total Earnings distributed to Program Fund. 2) The lesser of one-half the Reserve and the excess of interest on the average Endowment Fund calculated at the Target Yield is deducted from the Reserve and distributed to Program Fund.	1) Earnings first added to Reserve to the extent required to eliminate negative Reserve. 2) Earnings remaining after application of Step (1) distributed in accordance with provisions when Reserve is 0% on the basis of the remaining positive Earnings, if any.
Less than \$0	1) Reserve reduced by negative Earnings. 2) Distribution from Reserve to Program Fund equals the lesser of Interest calculated on the average Endowment Fund at the Target Yield and one-half of the positive Reserve remaining after negative Earnings adjustment (no distribution if Reserve after adjustment is negative).	1) Reserve reduced by negative Earnings. 2) Distribution from Reserve to Program Fund equals the lesser of Interest calculated on the average Endowment Fund at the Target Yield and one-half of the positive Reserve remaining after negative Earnings adjustment (no distribution if Reserve after adjustment is negative).	1) Reserve reduced by negative Earnings. 2) Distribution from Reserve to Program Fund equals the lesser of Interest calculated on the average Endowment Fund at the Target Yield and one-half of the positive Reserve remaining after negative Earnings adjustment (no distribution if Reserve after adjustment is negative).	1) Reserve reduced by negative Earnings. 2) No distribution to Program Fund allowed if Reserve is negative.

Total Earnings net of Management Fee represents the sum of dividends, interest, and realized and unrealized gains and losses allocated to the Endowment Fund (Principal plus Reserve). Target Yield is reviewed annually by the Investment Committee of the Board of Directors of the Southern Illinois University Edwardsville Foundation. The current Target Yield is 4.5% per annum, effective 7/1/04.