

MR. CHAIRMAN, AND MEMBERS AND GUESTS OF THE SPEX CLUB:

I have very real pleasure in being with you on this occasion. The privilege of appearing before such a gathering is an honor most highly esteemed, I assure you. And then Lynchburg is home. Here are the familiar scenes of years gone by. Here I received the impetus to whatever of achievement I may lay claim. And here, God willing, still linger many of the friendly faces that are nearest and dearest. Of all the beautiful pictures that hang on memory's wall, the ones of the old Hill City, they seem to me best of all.

My subject is The Duke Endowment, its origin, nature and purposes, which I have been told, and can well understand, is of interest to you. It is one of the outstanding philanthropies of all time. It is of our Southland. It is for our Southland. While located in the Carolinas where the Dukes were born and the Duke Power System operates, undoubtedly its influence will permeate and its activities will benefit elsewhere, as through the great educational institution it is constructing at Durham on your border. And if the income prove more than sufficient within the Carolinas the trustees, in their discretion, may use the excess for hospitalization beyond their confines, giving preference to adjoining States, in which category, of course, comes Virginia.

All that exists or happens is the expression of a personality. Such is the case with business and pleasure,

our good deeds and our bad, our homes and habits, and even the clothes we wear; for the apparel oft proclaims the man. This world of ours is the expression of a great personality. I know that on this subject some assert insufficient knowledge to form a belief and others enter an ignorant denial; but to me the marvel of creation has always meant the existence of a Superior Being, and I behold in the act which is my theme this evening a product of this Superior Being working through the hearts and consciences of mankind.

The Duke Endowment was an expression of the personality of James Buchanan Duke, though it presented a side of him which then seemed little known to the public. I well recall the surprise voiced by the Press in its announcement. As a matter of fact, this was one of the highest compliments ever paid the quiet, unpretentious way in which Mr. Duke carried forward his plans. Yet I confess to quite a feeling of resentment at the time because I knew this lack of understanding had its source in the persistent ways in which he had been depicted as a malefactor of great wealth by those who sought to secure their own preferment by his detraction.

There should have been no surprise. Mr. Duke came of a family of benefactors. His father, Washington Duke, and his brother, Benjamin N. Duke, were both notable in this respect. The aggregate of their donations was imposing. Mr. Duke himself had been generous in his gifts and his intimate friends were well aware that he contemplated, to use their oft repeated phrase, "big things for God and humanity". Mr. Duke's mind was busy

with the subject as far back as when I became his personal counsel and for over ten years there lay in the drawer of my desk a draft of the document which eventually embodied The Duke Endowment.

You wonder at this elapse of time. The answer is the unique basis of the Endowment, which distinguishes it radically from other large philanthropies. The Press notice stated simply that Mr. Duke had given \$40,000,000 to charity. The Indenture described the donation as so many shares of stock. What Mr. Duke really contributed in major part was control and operation of a business.

Many years ago, while in the midst of his tobacco merchandising, Mr. Duke had his attention called to a hydroelectric development on the Catawba River in South Carolina. An investigation was followed by an investment. And thus there began what, for him, was the real business fascination of his life, culminating in the acquisition and development of the great Saguenay River in the Province of Quebec, Canada and giving rise, contrary to popular belief, to much the larger portion of his fortune.

Mr. Duke was a builder. He loved to create and establish. This quality was preeminent in his make-up and found full scope for its exercise in harnessing the great natural resource—water power—and turning it to the service of mankind. He threw himself wholeheartedly into this field of endeavor. He erected dams and power plants and transmission lines. By participation in financing and otherwise, he encouraged the location of industries on these lines. He even projected an electric

railway, parts of which he constructed and would have completed the whole but for the World War and its aftermath. The result was that the portions of North and South Carolina, in which these activities centred, became a synonym of progress and prosperity. The Duke Power System took its place in the front rank of public utilities, with plants producing millions of kilowatt hours of electrical energy which it distributed over miles of transmission lines to thousands of customers, including many towns and cities. And there was borne in upon Mr. Duke the great thought which lies at the very foundation of his Endowment—why not let his philanthropy take the form of giving this power system to the communities it served in a manner whereby through it they could finance their own charities by simply doing business in the usual and ordinary way.

I shall never forget the delight with which Mr. Duke in the utmost confidence unfolded the idea to me. He felt it met the test of real assistance. It helped others to help themselves. And he illustrated by saying it was easy enough to give a fellow food or shelter or raiment or money, but the best of all gifts was a job. He asked me to embody the plan in a draft of indenture, which I did, and he went about its performance with the enthusiasm of a boy, refusing to accept from the Companies even the expenses of his services, much less any compensation, though much stock was in the hands of the public.

Hence the ten years which I mentioned; for Mr. Duke was unwilling to turn over the properties until he regarded them as complete for the purpose. And what a

ten years! There was the war, with its stress and havoc and deluge of blood and tears, when all our resources and energies were bent to the one essential, victory. During the war there came the greatest flood ever known in the Carolinas. The Catawba River, where most of the Duke plants are, rose some fifteen feet higher than any previous record and washed away every bridge from the mountains to the sea. So dams had to be carefully reinforced and a large impounding reservoir built high up on the water shed to provide amply against such future occurrences. Again, the war left wages and other costs so high that the rates obtaining for electric current were found materially inadequate. So proceedings had to be instituted which, after a bitter fight, secured a comparable increase. And it was only when all these things had been accomplished that Mr. Duke regarded the situation ripe for dedicating the properties to his magnanimous conception.

Of course, meanwhile the conception had grown immensely in amount and scope. Such was always the case with what Mr. Duke undertook. The \$40,000,000 value put into the Endowment at its inauguration embraced largely more than stock in the Duke Power System. One-fifth of each year's net income he required to be accumulated until thereby another \$40,000,000 was added to the principal of the Endowment. And his Will probably added as much more. For it bequeathed the Endowment \$10,000,000 by Item VIII and by Item XI, as amended by the codicil, two-thirds of his residuary estate, subject only to an annuity to his widow.

But through it all runs the basic thought on which the philanthropy is bottomed and the Indenture expressly and broadly so states. Thus in his declarations for the guidance of the trustees Mr. Duke says:

“For many years I have been engaged in the development of water powers in certain sections of the States of North Carolina and South Carolina. In my study of this subject I have observed how such utilization of a natural resource, which otherwise would run in waste to the sea and not remain and increase as a forest, both gives impetus to industrial life and provides a safe and enduring investment for capital. My ambition is that the revenues of such developments shall administer to the social welfare, as the operation of such developments is administering to the economic welfare, of the communities which they serve.”

And with these views in mind he not only recommended the securities of the Duke Power System as “the prime investment for the funds of this trust”, but required such funds to be invested by loans to, or acquiring the securities of, the Duke Power System “if and to the extent that such a loan or such securities are available upon terms and conditions satisfactory to said trustees”; otherwise investments could be only in first-class Federal, State or Municipal Bonds. He not only advised the trustees not to “change any such investment except in response to the most urgent and extraordinary necessity”, but he stipulated that such securities could not be disposed of, in whole or part, “except upon and by the affirmative vote

of the total authorized number of trustees at a meeting called for the purpose, the minutes of which shall state the reasons for and the terms of such sale”. And he requested the trustees “to see to it that at all times these Companies be managed and operated by the men best qualified for such a service”.

I feel justified, therefore, in stressing this striking characteristic of the Endowment which I believe to be unique. I have supreme faith in its efficacy because I have just that faith in the common sense and loving kindness of the people on whose shoulders has fallen this mantle of beneficence. When they understand the conception they will appreciate and fulfill it. And if they do not, the trustees by unanimous action have a way out so that the Endowment will not thereby be jeopardized.

Another feature of the Endowment worth dwelling upon is its duration. This subject was brought again to the fore in an article by Mr. Julius Rosenwald which appeared in the Atlantic Monthly for May 1929 and has since been distributed in pamphlet form. Mr. Rosenwald makes vehement opposition to perpetual endowments and, suiting his action to his word, has required that every dollar of his donations, both principal and income, be expended within twenty-five years of his death.

I have read the article with much interest. Its controlling thought is that perpetual endowments unduly tie up capital and outlive their usefulness. And, within proper limits, there is merit in the view. For, undoubtedly, as Bobby Burns well said, “the best laid schemes

o' mice and men gang aft agley". But I do not believe the subject admits of the broad generalizations and strictures which Mr. Rosenwald indulges nor that his illustrations of outlived usefulness are the kind upon which to base a universal rule of conduct. Rather do I think the determining factors to be the nature of the object desired and its attendant circumstances, as objects differ greatly in their endurance and requirements.

For instance, I cannot see any parallel to the great causes of health and education in the cases cited by Mr. Rosenwald of funds established for "worthy and distressed travelers and emigrants passing through St. Louis to settle for a home in the West"; to furnish "a baked potato at each meal for each young woman at Bryn Mawr"; to provide for Boston "fortifications, bridges, aqueducts, public buildings, baths, pavements or whatever may make living in the town more convenient for its people and render it more agreeable to strangers"; to pipe water from Wissihicken Creek for the City of Philadelphia or to make Snug Harbor in Brooklyn "a haven for superannuated sailors". Those examples are the extremes, the freaks, of history, though some were by men both eminent and wise. One has but to consider the probable fate of Harvard, Yale, Princeton, Johns Hopkins, Leland Stanford, had each of their benefactors been of Mr. Rosenwald's mind.

The same thing is true of Mr. Rosenwald's ungracious comment on Mr. Hershey's noble provision for orphans, that "orphan asylums began to disappear about the time the old-fashioned wall telephone went out". I suspect

Mr. Hershey was much better informed concerning orphanages than Mr. Rosenwald. For ten percent of the net income of the Duke Endowment is given to institutions in the Carolinas which, as a charity, take care of white and colored whole or half orphans. And so far we have found no diminution in such institutions or their need for funds.

Besides, Mr. Rosenwald's view runs counter to the great incentives of life and athwart the prevailing traits of humanity. Men prefer to write in brass, not water, to leave their footprints in rock rather than upon the shifting sand. They are unwilling, unless necessity compels, to trust their cherished ambitions to something so precarious as posthumous charity, not that coming generations will prove uncharitable, but that they may have other plans of their own.

Mr. Duke could not envisage the fruition of the University he was founding or the Hospitalization he was inaugurating except through substantial permanence in his provision for them. He therefore expressly provided that the Endowment should endure forever under the management of a self-perpetuating board of fifteen trustees who could expend none of the principal except the \$17,000,000 for erecting and equipping Duke University. At the same time he gave the trustees such ample discretion about income as safely to accommodate his philanthropy to the changes time may work. If any beneficiary ceases to exist the income allotted it may be used for any other object of the Endowment. As respects any year and any object except Duke University the trustees may

withhold the income allotted and use it either for "any such like charitable religious or educational purpose" within the Carolinas or for "any such like charitable hospital purpose which shall be selected therefor by the affirmative vote of three-fourths of the then trustees" at a meeting called for the purpose; and without such vote the trustees may use in any State the income allotted to Hospitalization, in excess of that needed in the Carolinas, giving preference to those States adjoining the Carolinas. Even as to Duke University if, in the judgment of the trustees, it "incur expense or liability beyond provision already in sight to meet same" or "be not operated in a manner calculated to achieve the results intended" they may withhold the whole or any part of the income allotted that institution and use it for any other object of the trust.

You thus see that the trustees have the widest discretion for use of income within the Carolinas and outside those States may use the whole income of the Endowment to extend aid to hospitalization, according to Mr. Duke's plan, unto the four corners of the earth.

The objects of the Endowment may be conveniently classified as religion, hospitalization and education, of which the provision for orphans has already been mentioned.

To appreciate the provisions for religion one must realize that Mr. Duke was a Methodist of the rural district type and such had been his father and his grandfather before him. And a first-rate type it was and is.

The Circuit Rider had entered deep into the warp and woof of their lives, as into the lives of many others. Mr. Duke often remarked: "My old daddy always said that if he amounted to anything in life it was due to the Methodist circuit riders", to which he invariably added: "If I amount to anything in this world I owe it to my daddy and the Methodist Church." And may I add that I do not believe any son ever cared more for a father? As the years sped it ripened into a veneration beautiful to contemplate, of which I might give you numerous incidents. I could but marvel at the man Washington Duke must have been, thus to have impressed and influenced for good the life of his great descendant. It made me realize the possibilities, the responsibilities, of fatherhood as nothing else and always brought an intense yearning that my life, each father's life, might deserve and receive such a blessing.

You will not be surprised, therefore, to know that the Endowment's provisions for religion took the form of allotting six percent of the distributable net income to assist in building Methodist Churches in the sparsely settled rural districts of North Carolina and four percent of such net income to assist in maintaining and operating Methodist Churches in those districts. In addition, two percent of such net income was allotted for the care and maintenance of needy and deserving superannuated preachers and widows and orphans of deceased preachers who shall have served in a Methodist Conference in North Carolina, a provision which perpetuated a gift Mr. Duke had been making yearly for some while through Trinity College by way of supplement to the Conference fund

for the same purpose. Up to July 1, 1929 the Endowment had paid in round figures \$66,250 to superannuated preachers and their families, \$93,000 for operating rural churches and \$148,000 for building rural churches, this amount being about $\frac{1}{8}$ of the total for such building.

Hospitalization appealed strongly to Mr. Duke because he considered the cause splendid and the need very great. He therefore provided much more liberally for it than for any other purpose. The Indenture allotted to it thirty-two percent of the distributable net income arising from its principal and accretions. Mr. Duke's Will, in giving two-thirds of his residuary estate to the Endowment, specified that ninety percent of the net income therefrom should be used for hospitalization under the terms of the Indenture. And it is the only object for which the trustees may use net income beyond the confines of the Carolinas, in the manner and to the extent I have already indicated.

This aid to hospitalization took two forms, helping people to get needed hospital attention and helping to secure hospitals adequate to such needs.

To the former Mr. Duke gave precedence because he regarded it more immediately pressing and less likely to be met sufficiently. His provision for it was a direction to the trustees to pay to each and every hospital in the Carolinas, whether for white or colored, not operating for private gain, such sum (not exceeding \$1) per free bed per day for each and every day such bed may have been occupied during the period covered by such payment free of charge by patients unable to pay as the

amount available for the purpose will pay on a pro rata basis.

This form of assistance is based on what is almost axiomatic, that if you take care of the charity patients the hospital will take care of itself. It was adopted only after thorough study and in accordance with the best modern thought. Hospitals must serve the people. They should not, can not, turn suffering humanity away. But most of the cases come from those who are unable to bear the expense and pay patients may not be charged sufficient to carry fully this extra burden. It is just here, where the shoe pinches, that Mr. Duke's plan supplements in an amount which an elaborate analysis of hospital costs and experiences indicated would be proper, namely, not exceeding \$1 per free bed per day. In reality he has to this extent endowed hospitals in proportion to the charity work they do. And it constitutes a great forward stride in enabling hospitals to realize their true mission.

The second form of help in hospitalization consists in securing adequate hospitals by assisting in the erection of those not operated for private gain. And to this Mr. Duke has dedicated the surplus of the funds allotted to hospitalization left after making the free bed payments. While thus subordinated, this second form should not be minimized, for the two forms of assistance are, in fact, coordinate.

The practice of modern medicine is dependent upon and therefore centres around the hospital. This is a well-

known fact and the reason is plain. The great progress in the sciences and surgery, as well as in mechanics, has made hospital facilities indispensable in both diagnosis and treatment. But hospitals, for the most part, are yet located in cities and large towns. And the result is a vast disproportionateness between our urban and rural populations as respects the amount, nature and caliber of the medical facilities open to them.

Mr. Duke saw and appreciated this inequality and sought its relief. His conception was a network of hospitals so located and constructed that they and their attendant staffs would be adequate and accessible to all who might need. And as the climax, the capstone, of this system of hospitals his Will bequeathed \$10,000,000 to the Duke Endowment, of which \$4,000,000 was to be used in building and equipping at Duke University a Medical School, Hospital and Nurses' Home, and the net income of the whole turned over to Duke University for their operation.

The trustees have earnestly set themselves to the task of fulfilling this program for hospitalization. They have been fortunate in securing for direction of this work the services of Dr. W. S. Rankin, a splendid, capable man of fine experience whose enthusiasm knows no bounds. Real progress is being made, though co-operation in full measure in building and equipping hospitals will come slowly because only education brings a true realization of this need. To July 1, 1929 in round figures the free day bed payments have aggregated about \$1,500,000 and the expenditures and commitments for build-

ing and equipping hospitals about \$1,125,000, exclusive of the Hospital and Medical School at Duke University. The construction of the latter is well on the road to completion. They are expected to be open by September 1930. Their head will be Dr. W. C. Davison, formerly Assistant Dean of Johns Hopkins, another really splendid and capable man. He has been giving his close personal attention to the construction and assures us that in location, structure and appointments they will compare favorably with the best now existing.

The magnitude of this program for hospitalization can not be overstated. One is simply overwhelmed by the contemplation of its sweep through the years, nay ages, to come. It is not too much to say that it will prove a veritable tree of life whose leaves are for the healing of the nations.

While the Endowment allots five percent of the net distributable income to Davidson College, a Presbyterian institution located at Davidson, N. C., a like amount to Furman University, a Baptist institution located at Greenville, S. C. and four percent of such net income to the Johnson C. Smith University, an institution for colored people located at Charlotte, N. C., and these are appreciable gifts, Mr. Duke's real provision for education is Duke University.

In 1838 the Methodists and Quakers joined in establishing a school in Randolph County, N. C., which they appropriately called "Union Institute". Later it was incorporated as "Normal College" and the Governor of the State became chairman and other State officials be-

came members of the Board of Trustees. This mingling of state with school soon ended, and the institution was turned over to the North Carolina Methodist Conference, by which it was renamed "Trinity College".

Mainly through the efforts of Mr. Washington Duke, in the early nineties Trinity College was moved to Durham, N. C. in order to secure better facilities and a larger outlook. To accomplish this he pledged for buildings \$85,000, which he later increased to \$180,000. And thereafter he gave for endowment amounts totalling \$300,000. Part of this latter was on condition that young women should be given all the privileges granted to young men as students there, the condition was accepted and thereby Trinity College became, and Duke University will be, a co-ordinate school of education for young men and young women.

Following in the footsteps of his father, Mr. James B. Duke, when the Endowment was established, had contributed to Trinity College some \$100,000 for buildings, \$158,500 for expenses, and approximately \$3,000,000 for endowment, besides uniting with his brother, Mr. Benjamin N. Duke, in adding 27½ acres to the old campus and \$800,000 to endowment. Mr. Benjamin N. Duke, besides his participation I have mentioned, had contributed around \$100,000 to endowment, some \$250,000 for expenses and over \$300,000 for building purposes. And other members of the Duke family had made further contributions, notably Mr. Angier B. Duke, who gave \$30,000 for expenses, joined with his sister, Mrs. Mary Duke Biddle, in contributing \$25,000 to the erection of the

Alumni Memorial Gymnasium and by his will bequeathed \$250,000 to endowment.

You thus realize that at the time of the creation of the Endowment Duke generosity had played a most prominent part in locating, building and maintaining Trinity College at Durham and augmenting its endowment funds. And you see how entirely natural and fitting it was that Mr. Duke should think in terms of Trinity College in planning his philanthropy for education. Accordingly, he provided that by taking the name "Duke University", Trinity College might be the Duke University contemplated by the Endowment so long as it retained that name and was not operated for private gain, subject, however, to discretionary power in the Endowment trustees to withhold the whole or any part of the income allotted the University should it incur expense or liability beyond provision in sight to take care of same or, in their judgment, be not "operated in a manner calculated to achieve the results intended" for education through Duke University under the Endowment.

In some quarters it has been suggested that in this power to withhold might lie seeds of future conflict and embarrassment. But no such apprehension exists among those who bear the responsibility. Rather do they think it an element of strength, preventing the ill-considered and making for stability like the checks and balances of our National Government. The response from Trinity College was immediate and complete. It welcomed this call to greater usefulness. The name was promptly changed from "Trinity College" to "Duke University".

And in good faith and perfect harmony its trustees and officials and those of the Endowment are co-laboring, and in the years to come will continue so doing, to fulfill the purposes of the Endowment as to Duke University, all parties well understanding that this was not simply a change of name or acquisition of funds for building or maintenance, but a dedication of Trinity College to achieving these intended educational results.

What are these purposes, these intended results? They embrace both construction and operation.

The construction program, as outlined for the Endowment, consisted in expanding and extending Duke University, acquiring and improving lands and erecting, remodeling and equipping buildings for that purpose, to the end that Duke University might include Trinity College as its undergraduate department for men, a school of religious training, a school for training teachers, a school of chemistry, a law school, a coordinate college for women, a graduate school of arts and sciences, a medical school and an engineering school. For it the Endowment allotted \$6,000,000, Mr. Duke gave an additional \$2,000,000, and by his Will he bequeathed \$11,000,000 more, making a grand total of \$19,000,000. It was to be carried out by the Endowment trustees. And this they are now doing in two steps or stages.

The first step was enlarging the existing Trinity College into what will be the Co-ordinate College for Women of Duke University. Here the plans required the removal of three buildings and the addition of eleven build-

ings, constructed of red Baltimore brick, trimmed with Vermont marble, in the Georgian style of architecture. And this unit has now been completed and is in use. Its main buildings are grouped about a quadrilateral, at one end of which is the entrance while the other end is closed by the Auditorium with its spacious dome, which constitutes the dominant feature of the ensemble. And the whole comprises a campus of 108½ acres, located on Main Street in the western part of Durham, enclosed by a fine stone wall and beautifully planted; the auditorium seating 1,400 people, a union building with offices and dining and service rooms, as a centre of student activities, a capacious library, three science buildings, three other classroom buildings, an apartment building containing 18 suites for faculty members, 10 dormitories arranged to house over 1,200 students, besides several residences, a heating plant, and other buildings; also an athletic field provided with grandstand, bleachers and cinder runningtracks, and a finely appointed gymnasium with splendid bathing pool.

The second step was the creation of a new unit, the College for Men and Graduate and Professional Schools of Duke University. This is now well on the road to completion, with the hope of opening in September 1930. For it there has been acquired a campus of some 5,000 acres lying about a mile to the southwest of the old campus and connected with it by an avenue which passes under Main Street and the railroad. Here roads are being laid out, the grounds planted and construction is proceeding. The architecture is Gothic and the material native stone from a nearby quarry with tile roofs and

trimmings of Indiana limestone. Again the main buildings are grouped about a quadrilateral. The dominant feature, as you approach the grounds, will be a chapel with imposing spire rising upwards of 200 feet. To your right, as you face the chapel, will be the school of religion, the library, the law school, the chemistry building, the medical school and hospital, the botany and zoology building and the physics and science building; while to your left will be the auditorium seating 1,500 people, the union, again with offices and dining and serving rooms, as a centre of student activities, and three groups of dormitories arranged to house 1,500 students. Farther still to the left are the gymnasium with swimming pool, the athletic fields and the stadium, or horseshoe bowl, seating 35,000 people, recently opened, as you no doubt saw in the papers, with a game between Duke and the University of Pittsburgh. There is also the heating plant and laundry. Plans are now being made to erect some appropriate houses for officials and faculty members. And eventually there will be tennis courts, golf links and probably a lake sufficient for aquatic sports.

I realize, of course, that what I have said gives you the merest thumbnail sketch of the physical features of Duke University. But neither time nor talent avail for more. Come and see for yourself. The trip is well worth while and a cordial invitation is extended. Though other institutions have finer individual buildings and a larger aggregate accumulated over the years, this is the greatest piece of scholastic construction ever consummated at a single time. And we feel confident that in arrangement,

structure, ornamentation and appointment it will be an outstanding accomplishment.

The operation of Duke University is in the hands of its trustees, officials and faculty. For it the Endowment allotted thirty-two percent of the distributable net income arising from its principal and accretions. And the Will gives all the net income arising from the \$10,000,000 and ten percent of the net income arising from the portion of the residuary estate which it bequeathed to the Endowment, less the \$11,000,000 it directed to be spent for building and subject, of course, to the power of withholding I have mentioned.

In respect of the operation of Duke University Mr. Duke declared for the guidance of his trustees:

“I have selected Duke University as one of the principal objects of this trust because I recognize that education, when conducted along sane and practical, as opposed to dogmatic and theoretical, lines, is, next to religion, the greatest civilizing influence. I request that this institution secure for its officers, trustees and faculty men of such outstanding character, ability and vision as will insure its attaining and maintaining a place of real leadership in the educational world, and that great care and discrimination be exercised in admitting as students only those whose previous record shows a character, determination and application evincing a wholesome and real ambition for life. And I advise that the courses at this institution be arranged, first, with special reference to the training of preachers, teachers, lawyers and physicians, because these are most in the public eye, and by precept and example can do most to

uplift mankind, and, second, to instruction in chemistry, economics and history, especially the lives of the great of earth, because I believe that such subjects will most help to develop our resources, increase our wisdom and promote human happiness."

I should like, if I may, to dwell somewhat on that statement. It is a formula for our educational problems from a business man of rare ability and experience and will repay your earnest consideration. Though brief, it is most expressive.

He lays down the basis on which to proceed. He says education, next to religion, is the greatest civilizing influence "when conducted along sane and practical, as opposed to dogmatic and theoretical, lines". This is a recurrence to fundamentals, a subordination of isms to the common sense of the job. And it is timely and wise. There must be provided a broad groundwork of accepted education, both general and special, totally outside the controversial fields of thought, for the great body of the people. Our higher education, so called and all right in its place, must be nurtured in a soil thus prepared; unless erected on such a foundation it is the sport of the winds and a menace. But beyond that, we are the melting pot of the races, a fact as yet less apparent South than North and West. Our proclaimed liberty, in whose name so many crimes are committed, has made us the mecca and paradise of earth's doctrinaires. While no one would limit thought or stifle honest expression, a decent regard for our ideals and institutions demands, at the least and

above all else, a wholesome diet of substantial foods that will produce solid, balanced Americans who can assimilate properly.

He tells us the raw material to get. He says there should be admitted as students only those whose previous record shows "a character, determination and application evincing a wholesome and real ambition for life". Time was when schools went out in search of students. Now, due to growth of population and prolongation of courses, there is an oversupply, despite increase in facilities, and the problem is one of selection. And here Mr. Duke requests that "great care and discrimination be exercised". The subject is too big to discuss now. But among other things I feel sure he meant that the matter should be handled as individually as possible; more so, in my opinion, than by the entrance examination method upon which such great reliance is now being placed. That is too much a rule of thumb for mass production to get the desired results. We should ascertain family facts and antecedents, the record of study and conduct in previous schools and the views of friends and neighbors. Some boys and girls will not take a college education, much to the discouragement of their parents, though there should be none; for no doubt as large a proportion of these will succeed in after life as of attendants at college. And those who take a college education have different types and bents of mind. So our job is to help the young people to find themselves and we can do this only through the care and discrimination which Mr. Duke advocates. This point is really the great cross-roads of life and its

method of handling makes or mars more years and lives than all else combined.

He points out the tools to use. They are "men of such outstanding character, ability and vision" for officers, trustees and faculty as will insure the University "attaining and maintaining a place of real leadership in the educational world". No one realized more fully than Mr. Duke that fine buildings do not make a fine school. If possible, the human equation is more vital there than almost any other place. To capability must be added that indefinable thing we call personality. For my own part, I believe the young people get much more from the lives encountered than the books studied. Run back in memory to your own college days and you will find standing out in the perspective some splendid man or woman as the influence that still enthralls you. They meet us at the threshold of life when faith is new and hopes are high and on our open minds for good or bad make impressions that endure. A pebble in the streamlet's flow has changed the course of many a river; a bird upon the tiny bough has warped the giant oak forever.

And may I add, parenthetically, how inadequate seems to me our appreciation of such an important service. I have been really astonished at the little recognition accorded these unsung heroes, not simply in money but in various other ways. How many are in our halls of fame or compendiums of lives worth while? No, look at it as you please, other pursuits are vastly more inviting, other fields far greener. Why, many of those who do take up teaching have to eke out a livelihood by writing, lecturing

or otherwise, to the neglect of the students and their own disgust at the inequalities of life. No wonder so many of our boys and girls tire of their studies, get imbued with foolish notions and come home thinking our boasted civilization all wrong.

And he specifies the products he desires, giving the reasons for his preferences. He puts first, the training of preachers, teachers, lawyers and physicians because he considers these are "most in the public eye and by precept and example can do most to uplift mankind". He puts second, instruction in chemistry, economics and history, especially the lives of the great of earth, because he believes such subjects "will most help to develop our resources, increase our wisdom and promote human happiness".

To uplift mankind! To promote human happiness! Such is the true philosophy and the sublime of life. Such, in its essence, is The Duke Endowment I have endeavored to portray to you.

Quite a number of years ago, as Mr. Duke and I sat talking, he fell into one of those reminiscent moods that come to us all now and then. And under the impulse of the fascinating retrospection I asked him what he regarded as the greatest thing he had done. His answer was, assembling in The American Tobacco Company a group of men so capable that each of the large companies into which it was split by the Federal Courts could be amply manned to preserve this great industry and safeguard those interested in it.

The years rolled on. The Endowment became a living fact. And again Mr. Duke and I were talking together. I reminded him of the conversation I have just narrated. And I asked, "What do you say now, Mr. Duke, is the greatest thing you have done?" Without hesitation he replied, "The creation of the Endowment, because through it I make men."

I often think of those talks, as I do, indeed, of my whole association with Mr. Duke, now, unhappily, but a memory. To me it was an education, a delight, an inspiration. I feel sure there never was a more complete and unreserved relationship between attorney and client. That was his way. He was frankness and simplicity itself. His associates were just members of a big family, laboring to a common end, each putting in his oar according to his talents and training.

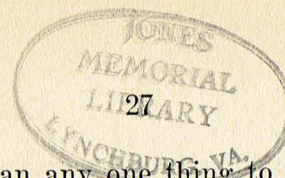
Mr. Duke created the fortune he amassed. He did not prosper at any one's expense. On the contrary, he carried his business associates with him to an extent that gained for him the reputation of having made more millionaires than any other American. One of his maxims was never to make any money out of those engaged in an undertaking with him. When I came with him he cautioned me to take pains to draw all papers fairly and plainly, saying no contract was any stronger than the interest of the parties to keep it. He was an early and ardent advocate of the bonus system, whereby a share of the net profits went to both officers and employees in addition to their regular compensation. And this, in various forms, has now been widely adopted and is doing

more, perhaps, than any one thing to solve our difficult labor problems by making business a partnership, so to speak, between owners and operators.

Mr. Duke reaped much because he sowed largely and well. His test of a business project was whether or not it would do the job better and cheaper than it was then being done. If careful investigation and consideration showed the proposal to be sound he threw himself into it unsparingly. To realize what I mean you have but to contrast the tobacco industry today and when he entered that field. Then the plant was little more than a weed. Now it forms one of the largest crops, sells in all the markets of earth, gives employment to thousands and returns millions in revenue to the Government and in profits to investors.

Nature endowed Mr. Duke most generously. A truly magnificent mind was supported by a splendid physique and graced with those finer qualities that mark the true gentleman. Common sense, rugged honesty, dynamic energy, tenacity of purpose and courage of conviction were his in abundance. He was most considerate of others, their rights, opinions and pleasures, which made him always a charming host and temperate in his views and expressions. I never heard him use an oath and he rarely spoke disparagingly of any one.

His poise and self-restraint were wonderful. Not many men have been more misrepresented to the public than he. On the hustings and in press and periodicals, by politicians consumed with lust for office or those court-



ing notoriety through cheap sensationalism, Mr. Duke was reviled and held up to scorn and contempt, often in terms so extravagant they overreached themselves and fell upon the other side. This still persists notwithstanding his death. He knew, and I also knew, that these canards were utterly baseless and untrue. Yet he opened not his mouth and held in check the righteous wrath of family and friends.

A striking example of this characteristic occurred in his efforts to obtain an increase in power rates without which I have told you he was unwilling to turn his power properties into the Endowment. To secure this increase an application was made to the proper State Commissions. And to the extent the increase should be allowed it would raise the rates in existing contracts and not simply apply to contracts thereafter made. In order to obviate this effect (though it was a proper effect because the law had made this risk a part of each contract), a good many power users joined in an appeal to the Legislature of the State of North Carolina to pass an act restricting any such increase to future contracts only; and one of their main arguments was that Mr. Duke should not be permitted to use the natural resources of the State to coin more money for his already bulging pockets. I pleaded with Mr. Duke to confound these opponents by making known his plan for the Endowment. But he refused, saying he did not wish to prevail that way, as it was a business proposition with these customers and he was entitled to win out on the merits. And win out he did!

During the world war at the request of the Government Mr. Duke formed and headed a tobacco committee. It was composed of the presidents of various tobacco concerns. Among the members was a splendid citizen of the Old Dominion who for years had been a prominent "so-called" independent tobacconist and so a conspicuous competitor of Mr. Duke. The two met for the first time when the committee assembled in Washington. There were also present representatives of the Army and Navy and they complained bitterly that every little tobacconist in America thought the Government should buy his products. Mr. Duke quietly remarked that he would never advise the Government to ignore the small concerns. On the instant this Virginia gentleman was up and across the room, saying to Mr. Duke, "There's my hand, Sir, I have have been wrong about you all this time." I never saw a more dramatic scene. The two became staunch friends and admirers, and the former adversary is now outspoken in his declaration that Mr. Duke was one of the finest and fairest men that ever lived.

Lastly, I would have you know that Mr. Duke believed devoutly in God and the Future Life. His faith was simple and sincere. During his last illness I remarked to him how I wished that a thousand years hence we might know how the Endowment was faring. He said he had no doubt whatever we would know and understand, that he could not conceive man was but born to die.

No one then realized that the time of his departure was at hand. But soon he passed peacefully into the Great Beyond and became a part of the Ages.

Verily, a workman that needeth not to be ashamed, he rests from his labors, but his deeds abide to bless. And among them shines the Endowment, an enduring lighthouse of humanity which will forever send forth its beams of loving helpfulness across life's storm-tossed sea.

I thank you.

THE DUKE ENDOWMENT INDENTURE.

THIS INDENTURE made in quadruplicate this 11th day of December, 1924, by and between JAMES B. DUKE, residing at Duke Farms, near Somerville, in the County of Somerset, and State of New Jersey, United States of America, party of the first part, and NANALINE H. DUKE, of Somerville, N. J., GEORGE G. ALLEN, of Hartsdale, N. Y., WILLIAM R. PERKINS, of Montclair, N. J., WILLIAM B. BELL, of New York City, N. Y., ANTHONY J. DREXEL BIDDLE, JR., of New York City, N. Y., WALTER C. PARKER, of New Rochelle, N. Y., ALEX. H. SANDS, JR., of Montclair, N. J., WILLIAM S. LEE, of Charlotte, N. C., CHARLES I. BURKHOLDER, of Charlotte, N. C., NORMAN A. COCKE, of Charlotte, N. C., EDWARD C. MARSHALL, of Charlotte, N. C. and BENNETTE E. GEER, of Greenville, S. C. as trustees and their successors as trustees under and in accordance with the terms of this Indenture, to be known as the Board of Trustees of this Endowment, parties of the second part,

WITNESSETH :

That in order to effectuate the trusts hereby created, the first party has given, assigned, transferred and delivered, and by these presents does give, assign, transfer and deliver, the following property, to wit:

- 122,647 Shares of Stock of Duke Power Company, a corporation organized and existing under the laws of the State of New Jersey.
- 100,000 Ordinary Shares of the Stock of British-American Tobacco Company, Limited, a corporation organized and existing under the laws of Great Britain.

- 75,000 Shares of the Common "B" Stock of R. J. Reynolds Tobacco Company, a corporation organized and existing under the laws of said State of New Jersey.
- 5,000 Shares of the Common Stock of George W. Helme Company, a corporation organized and existing under the laws of said State of New Jersey.
- 12,325 Shares of the Stock of Republic Cotton Mills, a corporation organized and existing under the laws of the State of South Carolina.
- 7,935-3/10 Shares of the Common Stock of Judson Mills, a corporation organized and existing under the laws of said State of South Carolina.

unto said trustees and their successors as trustees hereunder, in trust, to be held, used, managed, administered and disposed of, as well as all additions and accretions thereto and all incomes, revenues and profits thereof and therefrom, forever for the charitable purposes, in the manner and upon the terms herein expressly provided, and not otherwise, namely:

FIRST.

The trust established by this Indenture is hereby denominated The Duke Endowment, and shall have perpetual existence.

SECOND.

Each trustee herein named, as well as each trustee selected hereunder, shall be and remain a trustee so long as such trustee shall live and continue mentally and physically capable of performing the duties of a trustee hereunder, subject to resignation and to removal as herein-

after stated. The number of trustees within two years from the date of this Indenture shall be increased to, and thereafter remain at, fifteen, such increase being made by vote of the trustees at any meeting. He suggests, but does not require, that, so far as practicable, no one may be selected trustee if thereby at such time a majority of the trustees be not natives and/or residents of the States of North Carolina and/or South Carolina. It is the wish of the party of the first part, and he so directs, that his daughter, Doris Duke, upon attaining the age of twenty-one years, shall be made a trustee hereunder, for that purpose being elected to fill any vacancy then existing, or, if there be no such vacancy, added to the trustees thereby making the number of trustees sixteen until the next occurring of a vacancy, whereupon the number of trustees shall again become and remain fifteen.

Subject to the terms of this Indenture, the trustees may adopt and change at any time rules and regulations which shall govern in the management and administration of the trust and trust property.

Meetings of the trustees shall be held at least ten times in each calendar year at such time and place and upon such notice as the rules and regulations may provide. Other meetings of the trustees may be held upon the call in writing of the chairman or a vice-chairman or any three trustees given in accordance with the rules and regulations, at such place and time and for such purpose as may be specified in the call. A majority of the then trustees shall constitute a quorum at any such meeting, but less than a majority may adjourn any such meeting from time to time and from place to place until a quorum shall be present. The affirmative vote of the majority of a quorum shall be necessary and sufficient at any such meeting to authorize or ratify any action by the trustees hereunder, except as herein otherwise expressly provided. Written records, setting forth all action taken at said

meetings and the voting thereon, shall be kept in a permanent minute book of the trustees, and shall be signed by each trustee present at the meeting.

The trustees shall select annually from their number a chairman and two vice-chairmen, and a secretary and a treasurer, who need not be trustees. Such officers shall hold office for one year and thereafter until their respective successors shall be selected. The compensation of the secretary and treasurer shall be that fixed by the trustees.

The trustees shall establish an office, which may be changed from time to time, which shall be known as the principal office of this trust, and at it shall be kept the books and papers other than securities relating to this trust.

By the affirmative vote of a majority of the then trustees any officer, and by the affirmative vote of three-fourths of the then trustees any trustee, may be removed for any cause whatever at any meeting of the trustees called for the purpose in accordance with the rules and regulations.

Vacancies occurring among the trustees from any cause whatever (for which purpose an increase in the number of trustees shall be deemed to cause vacancies to the extent of such increase in number of trustees) may be filled by the remaining trustees at any meeting of the trustees, and must be so filled within six months after the vacancy occurs; provided that no person (except said Doris Duke) shall remain or become a trustee hereunder who shall not be or at once become a trustee under the trust this day being created by the party of the first part by Indenture which will bear even date herewith for his said daughter and his kin and their descendants, so long as said latter trust shall be in existence.

Each trustee shall be paid at the end of each calendar year one equal fifteenth part of three per cent of the in-

comes, revenues and profits received by the trustees upon the trust properties and estate during such year, provided that if any trustee by reason of death, resignation, or any other cause, shall have served during only a part of such year, there shall be paid to such trustee, if alive, or if such trustee be dead then to the personal representatives of such trustee, such a part of said one-fifteenth as the time during which said trustee served during such year shall bear to the whole of such year, such payment to be in full for all services as trustee hereunder and for all expenses of the trustees. In the event that any trustee shall serve in any additional capacity (other than as chairman or vice-chairman) the trustees may add to the foregoing compensation such additional compensation as the trustees may think such trustee should receive by reason of serving in such additional capacity.

No act done by any one or more of the trustees shall be valid or binding unless it shall have been authorized or until it shall be ratified as required by this Indenture.

The trustees are urged to make a special effort to secure persons of character and ability, not only as trustees, but as officials and employees.

THIRD.

For the purpose of managing and administering the trust, and the properties and funds in the trust, hereby created, said trustees shall have and may exercise the following powers, namely:

To manage and administer in all respects the trust hereby created and the properties and funds held and arising hereunder, in accordance with the terms hereof, obtaining and securing for such purpose such assistants, office space, force, equipment and supplies, and any other aid and facilities, upon such terms, as the trustees may deem necessary from time to time.

To hold, use, manage, administer and dispose of each and every of the properties which at any time, and from time to time, may be held in this trust, and to collect and receive the incomes, revenues and profits arising therefrom and accruing thereto, provided that said trustees shall not have power to dispose of the whole or any part of the share capital (or rights of subscription thereto) of Duke Power Company, a New Jersey corporation, or of any subsidiary thereof, except upon and by the affirmative vote of the total authorized number of trustees at a meeting called for the purpose, the minutes of which shall state the reasons for and terms of such sale.

To invest any funds from time to time arising or accruing through the receipt and collection of incomes, revenues and profits, sale of properties, or otherwise, provided the said trustees may not lend the whole or any part of such funds except to said Duke Power Company, nor may said trustees invest the whole or any part of such funds in any property of any kind except in securities of said Duke Power Company, or of a subsidiary thereof, or in bonds validly issued by the United States of America, or by a State thereof, or by a district, county, town or city which has a population in excess of fifty thousand people according to the then last Federal census, which is located in the United States of America, which has not since 1900 defaulted in the payment of any principal or interest upon or with respect to any of its obligations, and the bonded indebtedness of which does not exceed ten per cent of its assessed values. Provided further that whenever the said trustees shall desire to invest any such funds the same shall be either lent to said Duke Power Company or invested in the securities of said Duke Power Company or of a subsidiary thereof, if and to the extent that such a loan or such securities are available upon terms and conditions satisfactory to said trustees.

To utilize each year in accordance with the terms of this Indenture the incomes, revenues and profits arising and accruing from the trust estate for such year in defraying the cost, expenses and charges incurred in the management and administration of this trust and its funds and properties, and in applying and distributing the net amount of such incomes, revenues and profits thereafter remaining to and for the objects and purposes of this trust.

As respects any year or years and any purpose or purposes for which this trust is created (except the payments hereinafter directed to be made to Duke University) the trustees in their uncontrolled discretion may withhold the whole or any part of said incomes, revenues and profits which would otherwise be distributed under the "FIFTH" division hereof, and either (1) accumulate the whole or any part of the amounts so withheld for expenditures (which the trustees are hereby authorized to make thereof) for the same purpose in any future year or years, or (2) add the whole or any part of the amounts so withheld to the corpus of the trust, or (3) pay, apply and distribute the whole or any part of said amounts to and for the benefit of any one or more of the other purposes of this trust, or (4) pay, apply and distribute the whole or any part of said amounts to or for the benefit of any such like charitable, religious or educational purpose within the State of North Carolina and/or the State of South Carolina, and/or any such like charitable hospital purpose which shall be selected therefor by the affirmative vote of three-fourths of the then trustees at any meeting of the trustees called for the purpose, complete authority and discretion in and for such selection and utilization being hereby given the trustees in the premises.

By the consent of three-fourths of the then trustees expressed in a writing signed by them, which shall state the reasons therefor and be recorded in the minutes of

the trustees, and not otherwise, the trustees may (1) cause to be formed under the laws of such state or states as may be selected by the trustees for that purpose a corporation or corporations so incorporated and empowered as that the said corporation or corporations can and will assume and carry out in whole or in part the trust hereby created, with the then officers and trustees hereof officers and directors thereof, with like powers and duties, and (2) convey, transfer and deliver to said corporation or corporations the whole or any part of the properties then held in this trust, to be held, used, managed, administered and disposed of by said corporation or corporations for any one or more of the charitable purposes expressed in this Indenture and upon all the terms and with all the terms, powers and duties expressed in this Indenture with respect to the same, provided that such conveyances, transfers and deliveries shall be upon such terms and conditions as that in case any such corporation or corporations shall cease to exist for any cause the property so transferred shall forthwith revert and belong to the trustees of this trust and become a part of the corpus of this trust for all the purposes thereof.

Said trustees shall have and may exercise, subject to the provisions of this Indenture, any and all other powers which are necessary or desirable in order to manage and administer the trust and the properties and funds thereof and carry out and perform in all respects the terms of this Indenture according to the true intent thereof.

Any assignment, transfer, bill of sale, deed, conveyance, receipt, check, draft, note, or any other document or paper whatever, executed by or on behalf of the trustees, shall be sufficiently executed when signed by the person or persons authorized so to do by a resolution of the trustees duly adopted at any meeting and in accordance with the terms of such resolution.

FOURTH.

The trustees hereunder are hereby authorized and directed to expend as soon as reasonably may be not exceeding Six Million Dollars of the corpus of this trust in establishing at a location to be selected by them within the State of North Carolina an institution of learning to be known as Duke University, for such purpose to acquire such lands and erect and equip thereon such buildings according to such plans as the trustees may in their judgment deem necessary and adopt and approve for the purpose, to cause to be formed under the laws of such state as the trustees may select for the purpose a corporation adequately empowered to own and operate such properties under the name Duke University as an institution of learning according to the true intent hereof, and to convey to such corporation when formed the said lands, buildings and equipment upon such terms and conditions as that such corporation may use the same only for such purposes of such university and upon the same ceasing to be so used then the same shall forthwith revert and belong to the trustees of this trust as and become a part of the corpus of this trust for all of the purposes thereof.

However, should the name of Trinity College, located at Durham, North Carolina, a body politic and incorporate, within three months from the date hereof (or such further time as the trustees hereof may allow) be changed to Duke University, then, in lieu of the foregoing provisions of this division "FOURTH" of this Indenture, as a memorial to his father, Washington Duke, who spent his life in Durham and whose gifts, together with those of Benjamin N. Duke, the brother of the party of the first part, and of other members of the Duke family, have so largely contributed toward making possible Trinity College at that place, he directs that the trustees shall expend of the corpus of this trust as soon as rea-

sonably may be a sum not exceeding Six Million Dollars in expanding and extending said University, acquiring and improving such lands, and erecting, removing, remodeling and equipping such buildings, according to such plans, as the trustees may adopt and approve for such purpose to the end that said Duke University may eventually include Trinity College as its undergraduate department for men, a School of Religious Training, a School for Training Teachers, a School of Chemistry, a Law School, a Co-ordinate College for Women, a School of Business Administration, a Graduate School of Arts and Sciences, a Medical School and an Engineering School, as and when funds are available.

FIFTH.

The trustees hereof shall pay, apply, divide and distribute the net amount of said incomes, revenues and profits each calendar year as follows, to wit:

Twenty per cent of said net amount shall be retained by said trustees and added to the corpus of this trust as a part thereof for the purpose of increasing the principal of the trust estate until the total aggregate of such additions to the corpus of the trust shall be as much as Forty Million Dollars.

Thirty-two per cent of said net amount not retained as aforesaid for addition to the corpus of this trust shall be paid to that Duke University for which expenditures of the corpus of the trust shall have been made by the trustees under the "FOURTH" division of this Indenture so long as its name shall be Duke University and it shall not be operated for private gain, to be utilized by its Board of Trustees in defraying its administration and operating expenses, increasing and improving its facilities and equipment, the erection and enlargement of buildings and the acquisition of additional acreage for it, adding to its endowment, or in such other manner for it as the Board of Trustees of said institution may from

time to time deem to be to its best interests, provided that in case such institution shall incur any expense or liability beyond provision already in sight to meet same, or in the judgment of the trustees under this indenture be not operated in a manner calculated to achieve the results intended hereby, the trustees under this Indenture may withhold the whole or any part of such percentage from said institution so long as such character of expense or liabilities or operations shall continue, such amounts so withheld to be in whole or in part either accumulated and applied to the purposes of such University in any future year or years, or utilized for the other objects of this Indenture, or added to the corpus of this trust for the purpose of increasing the principal of the trust estate, as the trustees may determine.

Thirty-two per cent of said net amount not retained as aforesaid for addition to the corpus of this trust shall be utilized for maintaining and securing such hospitals, not operated for private gain, as the said trustees, in their uncontrolled discretion, may from time to time select for the purpose and are located within the States of North Carolina and/or South Carolina, such utilization to be exercised in the following manner, namely: (a) By paying to each and every such hospital, whether for white or colored, and not operated for private gain, such sum (not exceeding One Dollar) per free bed per day for each and every day that said free bed may have been occupied during the period covered by such payment free of charge by patients unable to pay as the amount available for this purpose hereunder will pay on a pro rata basis; and (b) in the event that said amount in any year shall be more than sufficient for the foregoing purpose, the whole or any part of the residue thereof may be expended by said trustees in assisting in the erection and/or equipment within either or both of said States of any such hospital not operated for private gain, payment for this purpose in each case to be in such amount and on such

terms and conditions as the trustees hereof may determine. In the event that said amount in any year be more than sufficient for both of the aforesaid purposes, the trustees in their uncontrolled discretion may pay and expend the whole or any part of the residue thereof in like manner for maintaining and securing hospitals not operated for private gain in any other State or States, giving preference, however, to those States contiguous to the States of North Carolina and South Carolina. And said trustees as respects any year may exclude from participation hereunder any hospital or hospitals which the trustees in their uncontrolled discretion may think so financed as not to need, or so maintained and operated as not to deserve, inclusion hereunder.

Five per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid to Davidson College (by whatever name it may be known) now located at Davidson, in the State of North Carolina, so long as it shall not be operated for private gain, to be utilized by said institution for any and all of the purposes thereof.

Five per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid to Furman University (by whatever name it may be known) now located at Greenville, in the State of South Carolina, so long as it shall not be operated for private gain, to be utilized by said institution for any and all of the purposes thereof.

Four per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid to the Johnson C. Smith University (by whatever name it may be known), an institution of learning for colored people, now located at Charlotte, in said State of North Carolina, so long as it shall not be operated for private gain, to be utilized by said institution for any and all of the purposes thereof.

Ten per cent of said net amount not retained as aforesaid for addition to the corpus of this trust shall be paid and distributed to and among such of those organizations, institutions, agencies and/or societies, whether public or private, by whatsoever name they may be known, not operated for private gain, which during such year in the judgment of said trustees have been properly operated as organizations, institutions, agencies and/or societies for the benefit of white or colored whole or half orphans within the States of North Carolina and/or South Carolina, and in such amounts as between and among such organizations, institutions, agencies and/or societies as may be selected and determined as respects each year by said trustees in their uncontrolled discretion, all such payments and distributions to be used by such organizations, institutions, agencies and/or societies exclusively for the benefit of such orphans.

Two per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid and expended by the trustees for the care and maintenance of needy and deserving superannuated preachers and needy and deserving widows and orphans of deceased preachers who shall have served in a Conference of the Methodist Episcopal Church, South (by whatever name it may be known) located in the State of North Carolina.

Six per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid and expended by the trustees in assisting (that is, in giving or lending in no case more than fifty per cent of what may be required for the purpose) to build Methodist churches under and connected with a Conference of the Methodist Episcopal Church South (by whatever name it may be known) located in the State of North Carolina, but only those churches located in the sparsely settled rural districts of the State of North Carolina, and not in any city, town or hamlet, incorporated or unincorporated.

rated, having a population in excess of fifteen hundred people according to the then last Federal census.

Four per cent of said net amount not retained as aforesaid for addition to the corpus of the trust shall be paid and expended by the trustees in assisting (that is, in giving or lending in no case more than fifty per cent of what may be required for the purpose) to maintain and operate the Methodist churches of such a Conference which are located within the sparsely settled rural districts of the State of North Carolina, and not in any city, town or hamlet, incorporated or unincorporated, having a population in excess of fifteen hundred people according to the then last Federal census.

Expenditures and payments made hereunder for maintaining such superannuated preachers, and such widows and orphans, as well as for assisting to build, maintain and operate such Methodist churches, shall be in the uncontrolled discretion of the trustees as respects the time, terms, place, amounts and beneficiaries thereof and therefor; and he suggests that such expenditures and payments be made through the use of said Duke University as an agency for that purpose so long as such method is satisfactory to the trustees hereof.

SIXTH.

Subject to the other provisions of this Indenture, said trustees may pay, apply, divide and distribute such incomes, revenues and profits at such time or times as may in their discretion be found best suited to the due administration and management of this trust, but only for the purposes allowed by this Indenture.

In the event that any stock dividend or rights shall be declared upon any of the stock held under this instrument, the said stock and rights distributed pursuant thereto shall for all purposes be treated and deemed to be principal even though the said stock dividend and/or rights shall represent earnings.

No trustee hereby appointed and no trustee selected in pursuance of any powers herein contained shall be required to give any bond or other security for the performance of his, her or its duties as such trustee, nor shall any trustee be required to reserve any part of the income of any investment or security for the purpose of creating a sinking fund to retire or absorb the premium in the case of bonds or any other securities whatever taken over, purchased or acquired by the trustees at a premium.

The term "subsidiary" as herein used shall mean any company at least fifty-one per cent of the voting share capital of which is owned by said Duke Power Company.

The party of the first part hereby expressly reserves the right to add to the corpus of the trust hereby established by way of last will and testament and/or otherwise, and in making such additions to stipulate and declare that such additions and the incomes, revenues and profits accruing from such additions shall be used and disposed of by the trustees for any of the foregoing and/or any other charitable purposes, with like effect as if said additions, as well as the terms concerning same and the incomes, revenues and profits thereof, had been originally incorporated herein. In the absence of any such stipulation or declaration each and every such addition shall constitute a part of the corpus of this trust for all of the purposes of this Indenture.

SEVENTH.

The party of the first part hereby declares for the guidance of the trustees hereunder:

For many years I have been engaged in the development of water powers in certain sections of the States of North Carolina and South Carolina. In my study of this subject I have observed how such utilization of a natural resource, which otherwise would run in waste to the sea

and not remain and increase as a forest, both gives impetus to industrial life and provides a safe and enduring investment for capital. My ambition is that the revenues of such developments shall administer to the social welfare, as the operation of such developments is administering to the economic welfare, of the communities which they serve. With these views in mind I recommend the securities of the Southern Power System (the Duke Power Company and its subsidiary companies) as the prime investment for the funds of this trust; and I advise the trustees that they do not change any such investment except in response to the most urgent and extraordinary necessity; and I request the trustees to see to it that at all times these companies be managed and operated by the men best qualified for such a service.

I have selected Duke University as one of the principal objects of this trust because I recognize that education, when conducted along sane and practical, as opposed to dogmatic and theoretical, lines, is, next to religion, the greatest civilizing influence. I request that this institution secure for its officers, trustees and faculty men of such outstanding character, ability and vision as will insure its attaining and maintaining a place of real leadership in the educational world, and that great care and discrimination be exercised in admitting as students only those whose previous record shows a character, determination and application evincing a wholesome and real ambition for life. And I advise that the courses at this institution be arranged, first, with special reference to the training of preachers, teachers, lawyers and physicians, because these are most in the public eye, and by precept and example can do most to uplift mankind, and, second, to instruction in chemistry, economics and history, especially the lives of the great of earth, because I believe that such subjects will most help to develop our resources, increase our wisdom and promote human happiness.

I have selected hospitals as another of the principal objects of this trust because I recognize that they have become indispensable institutions, not only by way of ministering to the comfort of the sick but in increasing the efficiency of mankind and prolonging human life. The advance in the science of medicine growing out of discoveries, such as in the field of bacteriology, chemistry and physics, and growing out of inventions such as the X-ray apparatus, make hospital facilities essential for obtaining the best results in the practice of medicine and surgery. So worthy do I deem the cause and so great do I deem the need that I very much hope that the people will see to it that adequate and convenient hospitals are assured in their respective communities, with especial reference to those who are unable to defray such expenses of their own.

I have included orphans in an effort to help those who are most unable to help themselves, a worthy cause, productive of truly beneficial results in which all good citizens should have an abiding interest. While in my opinion nothing can take the place of a home and its influences, every effort should be made to safeguard and develop these wards of society.

And, lastly, I have made provision for what I consider a very fertile and much neglected field for useful help in religious life, namely, assisting by way of support and maintenance in those cases where the head of the family through devoting his life to the religious service of his fellow men has been unable to accumulate for his declining years and for his widow and children, and assisting in the building and maintenance of churches in rural districts where the people are not able to do this properly for themselves, believing that such a pension system is a just call which will secure a better grade of service and that the men and women of these rural districts will amply respond to such assistance to them not to mention our own Christian duty regardless of such

results. Indeed, my observation and the broad expanse of our territory make me believe it is to these rural districts that we are to look in large measure for the bone and sinew of our country.

From the foregoing it will be seen that I have endeavored to make provision in some measure for the needs of mankind along physical, mental and spiritual lines, largely confining the benefactions to those sections served by these water power developments. I might have extended this aid to other charitable objects and to other sections, but my opinion is that so doing probably would be productive of less good by reason of attempting too much. I therefore urge the trustees to seek to administer well the trust hereby committed to them within the limits set, and to this end that at least at one meeting each year this Indenture be read to the assembled trustees.

EIGHTH.

This Indenture is executed by a resident of the State of New Jersey in said State, is intended to be made, administered and given effect under and in accordance with the present existing laws and statutes of said State, notwithstanding it may be administered and the beneficiaries hereof may be located in whole or in part in other states, and the validity and construction thereof shall be determined and governed in all respects by such laws and statutes.

It being the purpose and intention of this Indenture that no part of the corpus or income of the trust estate hereby created shall ever for any cause revert to the party of the first part, or to his heirs, personal representatives or assigns, it is hereby declared that: (a) Each object and purpose of this trust shall be deemed and treated as separate and distinct from each and every other object and purpose thereof to the end that no provision of this trust shall be deemed or declared illegal, invalid or unenforceable by reason of any other provision

or provisions of this trust being adjudged or declared illegal, invalid or unenforceable; and that in the event of any one or more of the provisions of this trust being declared or adjudged illegal, invalid or unenforceable that each and every other provision of this trust shall take effect as if the provision or provisions so declared or adjudged to be illegal, invalid or unenforceable had never been contained in this Indenture; and any and all properties and funds which would have been utilized under and pursuant to any provision so declared or adjudged illegal, invalid or unenforceable shall be utilized under and in accordance with the other provisions of this Indenture which shall not be declared or adjudged illegal, invalid or unenforceable; and (b) in the event any beneficiary for which provision is herein made shall cease to exist for any cause whatever, then so much of the funds and properties of this trust as otherwise would be utilized for the same shall be thereafter utilized for the remaining objects and purposes of this trust.

IN WITNESS WHEREOF, the said JAMES B. DUKE, at his residence at Duke Farms in the State of New Jersey, has subscribed his name and affixed his seal to this Indenture, consisting with this page and the preceding and following pages of twenty-one pages, each page of which, except the following page, he has identified by signing his name on the margin thereof, all on the day and year first above written.

JAMES B. DUKE (L. S.)

Witnesses:

CLARENCE E. CASE
FORREST HYDE
CLARENCE E. MAPES

STATE OF NEW JERSEY }
 COUNTY OF SOMERSET } ss.:

BE IT REMEMBERED, that on this 11th day of December, 1924, before me, a Notary Public of New Jersey, personally appeared JAMES B. DUKE, who, I am satisfied, is the grantor named in the within Indenture and Deed of Trust dated December 11th, 1924, and I having first made known to him the contents hereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed, for the uses and purposes therein expressed.

WM. R. SUTPHEN,
 Notary Public of N. J.

We, the undersigned, being the persons designated in the within and foregoing Indenture as the trustees of the trust thereby created, do hereby accept said trust and undertake to act as trustees of the same as in said Indenture set forth.

NANALINE H. DUKE
 GEORGE G. ALLEN
 WILLIAM R. PERKINS
 WILLIAM B. BELL
 ANTHONY J. DREXEL BIDDLE, JR.,
 WALTER C. PARKER
 ALEX. H. SANDS, JR.
 WILLIAM S. LEE
 CHARLES I. BURKHOLDER
 NORMAN A. COCKE
 EDWARD C. MARSHALL
 BENNETTE E. GEER

THE DORIS DUKE TRUST.

By indenture dated December 11, 1924, and executed at Duke Farms in Somerset County, New Jersey, before William R. Sutphen, a Notary Public of New Jersey, Mr. James B. Duke created a trust which he denominated The Doris Duke Trust and which is to continue so long as any one or more of the following persons, namely,

DORIS DUKE, daughter, MARY DUKE BIDDLE, MARY DUKE BIDDLE II, ANTHONY J. DREXEL BIDDLE III, ANGIER BUCHANAN DUKE, JR., ANTHONY NEWTON DUKE, MARY LYON STAGG, ELIZABETH STAGG HACKNEY, MARY WASHINGTON NICHOLSON, JOHN MALLORY HACKNEY, JR., JAMES STAGG HACKNEY, STERLING JOHNSTON NICHOLSON, JR., MARY WASHINGTON NICHOLSON II, CLARA ELIZABETH LYON McCLAMROCH, GEORGE LEONIDAS LYON, JR., MARY DUKE LYON, E. BUCHANAN LYON, MARION NOELL LYON, LAURA ELIZABETH LYON, WASHINGTON DUKE LYON, BAXTER LAURENCE DUKE, MABEL DUKE GOODALL, PEARL DUKE BACHMANN, MABEL DUKE GOODALL II, and MARTHA DULANEY BACHMANN,

who was living when the indenture was executed shall remain alive and for the period of twenty-one years immediately succeeding the death of the last survivor of them, unless sooner terminated by its other terms.

Into this trust Mr. Duke placed \$35,000 in cash and 2000 shares of Duke Power Company, a New Jersey corporation, and the will of Mr. Duke, hereinafter mentioned, by Item V bequeathed to this trust "All the shares of stock which I may own at my death of the Duke Power Company, a New Jersey corporation, and/or of any corporation fifty-one per cent of the voting share capital of which is owned by the said Duke Power Company at that time, if my said daughter Doris Duke or a lineal descendant of my said daughter be living at the time of my death; * * * The shares of stock to which said

trust may become entitled by virtue of this item of my will shall be added to and become a part of the corpus of said trust."

As Doris Duke was living when her father died this provision of the will took effect. By it the trust got

- 125,904 shares of the capital stock of Duke Power Company
- 2 shares of the common stock of Southern Power Company
- 2 shares of the common stock of Great Falls Power Company

With respect to the payment and distribution of the principal and income of the trust the indenture provides:

"FOURTH.

The trustees hereunder each year shall pay, apply and distribute two-thirds of the net amount of the incomes, revenues and profits received from the funds and properties in this trust during such year up to and until the time when final payment and distribution is directed to be made of the one-third of the funds and properties of this trust under the terms of the "FIFTH" division of this Indenture and the whole of the net amount of the incomes, revenues and profits, if any, received from the funds and properties in this trust during such year from and after such time (1) to the said Doris Duke so long as she shall live, and (2) after the death of said Doris Duke *per capita*, in equal portions, to and among the lineal descendant or descendants of the said Doris Duke who may be living at the time of the making by the trustees of each particular payment and distribution thereof under this division of this Indenture so long as this trust shall continue and a lineal descendant of said Doris Duke shall be living, but in no event longer than the last day of the said period of twenty-one years mentioned and

described in the "FIRST" division of this Indenture. Upon the said last day of said period of twenty-one years mentioned and described in the "FIRST" division of this Indenture, or upon it so happening that at any time theretofore neither said Doris Duke nor any lineal descendant of said Doris Duke shall be living, whichever of said contingencies shall first happen, this trust shall cease and terminate as to, and the trustees shall thereupon forthwith pay and distribute, two-thirds in value at that time of all the funds and properties then held in this trust in the event that the final payment and distribution of the one-third of the funds and properties of this trust shall not have been made prior to said time under the "FIFTH" division of this Indenture, or the whole of the funds and properties at said time held in this trust in the event that final payment and distribution prior to said time shall have been made of the one-third of the funds and properties of this trust under the terms of the "FIFTH" division of this Indenture (1) *per capita*, in equal portions, to and among the lineal descendant or descendants of the said Doris Duke then living, if any such there shall be; or (2), if there be no such lineal descendant then living, then into the trust which has been created and established by the party of the first part by Indenture bearing even date herewith wherein the trust thereby created is denominated The Duke Endowment, provided that no payment or distribution under this division of this Indenture shall be made of any accumulation of incomes, revenues and profits which may have been made by virtue of the "SIXTH" division of this Indenture and/or of any incomes, revenues and profits of any such accumulation.

"FIFTH.

The trustees hereunder each year shall pay, apply and distribute one-third of the net amount of the incomes, revenues and profits received from the funds and prop-

erties in this trust during such year up to and until the time when final payment and distribution is directed to be made of the two-thirds of the funds and properties of this trust under the terms of the "FOURTH" division of this Indenture, and the whole of the net amount of the incomes, revenues and profits, if any, received from the funds and properties in this trust during such year from and after such time, *per capita*, in equal portions, to and among each of the following persons, namely: said MARY DUKE BIDDLE, the wife of Anthony J. Drexel Biddle, Jr.; said MARY DUKE BIDDLE and ANTHONY J. DREXEL BIDDLE III, the children of said Mary Duke Biddle; said ANGIER BUCHANAN DUKE, JR. and ANTHONY NEWTON DUKE, children of Angier Buchanan Duke, deceased; said MARY LYON STAGG, the widow of James E. Stagg; said ELIZABETH STAGG HACKNEY, the wife of John Mallory Hackney and MARY WASHINGTON NICHOLSON, the wife of Sterling Johnston Nicholson, children of the said Mary Lyon Stagg; and JOHN MALLORY HACKNEY, JR. and JAMES STAGG HACKNEY, children of the said Elizabeth Stagg Hackney; said STERLING JOHNSTON NICHOLSON, JR. and MARY WASHINGTON NICHOLSON, children of the said Mary Washington Nicholson; said CLARA ELIZABETH LYON McCLAMROCH, the wife of Roland Prince McClamroch, GEORGE LEONIDAS LYON, JR. and MARY DUKE LYON, children of George Leonidas Lyon, deceased; said E. BUCHANAN LYON, MARION NOELL LYON, LAURA ELIZABETH LYON and WASHINGTON DUKE LYON, children of E. Buchanan Lyon, deceased; said BAXTER LAURENCE DUKE, MABEL DUKE GOODALL, the wife of H. R. Goodall, and PEARL DUKE BACHMANN, the wife of Nathan L. Bachmann, children of Brodie Leonidas Duke, deceased; said MABEL DUKE GOODALL, the child of the said Mabel Duke Goodall; and said MARTHA DULANEY BACHMANN, the child of said Pearl Duke Bachmann, and each and every of the lineal descendants of each and every of said persons, which persons and/or descendants may be living at the time

of the making by the trustees of each particular payment and distribution thereof under this division of this Indenture so long as this trust shall continue and any one of said persons or a lineal descendant of any one of said persons shall be living, but in no event longer than the last day of the said period of twenty-one years mentioned and described in the "FIRST" division of this Indenture. Upon the said last day of said period of twenty-one years mentioned and described in the "FIRST" division of this Indenture, or upon it so happening that at any time theretofore neither any one of said persons nor any lineal descendant of any one of said persons shall be living, whichever of said contingencies shall first happen, this trust shall cease and terminate as to, and the trustees shall thereupon forthwith pay and distribute, one-third in value at that time of all the funds and properties then held in this trust in the event that the final payment and distribution of the two-thirds of the funds and properties of this trust shall not have been made prior to said time under the "FOURTH" division of this Indenture or the whole of the funds and properties at said time held in this trust in the event that final payment and distribution prior to said time shall have been made of the two-thirds of the funds and properties of this trust under the terms of the "FOURTH" division of this Indenture (1) *per capita*, in equal portions, to and among the lineal descendant or descendants then living of each and every of said persons, if any such there shall be, or (2) if there be no such lineal descendant then living, then into the trust which has been created and established by the party of the first part by Indenture bearing even date herewith wherein the trust thereby created is denominated The Duke Endowment, provided that no payment or distribution under this division of this Indenture shall be made of any accumulation of incomes, revenues and profits which may have been made by virtue of the "SIXTH" division of this Indenture and/or of any incomes, revenues and profits of any such accumulation.

"SIXTH.

The trustees hereunder at any time and from time to time with respect to any beneficiary hereunder so long as such beneficiary shall be under twenty-one years of age (but in no event subsequent to the last day of the period of twenty-one years mentioned and described in the "FIRST" division of this Indenture), in the uncontrolled discretion of said trustees, may withhold and accumulate for such beneficiary the whole or any part of the incomes, revenues and profits of this trust which, except for such withholding and accumulation, would be paid and distributed to such beneficiary, but with respect to said Doris Duke and her lineal descendants the party of the first part requests especially, but does not require, that said trustees do so withhold and accumulate hereunder beyond such amounts as the trustees hereof may think should be paid to the said Doris Duke and/or to her lineal descendants in order to provide liberally for their current needs. Each such accumulation, as well as the incomes, revenues and profits thereof, shall be separately kept and handled by said trustees as respects accounting, investment of funds, and otherwise, and the whole of such accumulations, incomes, revenues and profits shall be fully and finally paid, applied and distributed by said trustees as follows, namely: (1) to the beneficiary from whom it was so withheld upon such beneficiary attaining the age of twenty-one years, or upon the said last day of said period of twenty-one years mentioned and described in the "FIRST" division of this Indenture, whichever of said events shall first occur, if such beneficiary shall be then living; or (2), if such beneficiary shall not be then living, then upon the death of such beneficiary (a) in all respects in accordance with the laws and statutes of the State of New Jersey at the time of the death of such beneficiary to and among those persons who by said laws and statutes would inherit real

estate then owned by such beneficiary and located in said State, had such beneficiary died intestate and a resident of said State, or (b), if there shall not be living at the time of the death of such beneficiary any person to whom payment and distribution may be made pursuant to subdivision (a) hereof, then into the trust which has been created and established by the party of the first part by Indenture bearing even date herewith wherein the trust thereby created is denominated The Duke Endowment; provided that the trustees hereunder, in their uncontrolled discretion, at any time and from time to time before the happening of any of said events, may pay and apply the whole or any part of any such accumulation, as well as of the incomes, revenues and profits thereof, to and for the support, education and maintenance of the beneficiary from whom the same may have been withheld, in which event said full and final payment and distribution under the foregoing provision of this division of this Indenture shall be only of what may remain thereof at the time of the making of such full and final payment and distribution. This trust shall cease and terminate as respects each of said accumulations as well as the incomes, revenues and profits thereof, (1) as and when such payment and distribution thereof shall be made under the terms of this division, or (2), upon the last day of the said period of twenty-one years mentioned and described in the "FIRST" division of this Indenture, whichever of said events shall first occur.

THE WILL OF JAMES B. DUKE.

The will of Mr. Duke is dated December 11th, 1924, and the codicil thereto October 1st, 1925. Both were probated in common form before the Surrogate of Somerset County, New Jersey, October 23rd, 1925.

By Item VIII there is bequeathed to

“the trust established by me by Indenture dated December 11, 1924, wherein said trust is denominated The Duke Endowment, the sum of Ten Million Dollars, to be added to and become a part of the corpus of said trust estate and to be held, used, managed, administered and disposed of, as well as the incomes, revenues and profits arising therefrom and accruing thereto, by the trustees of said trust under and subject to all the terms of said trust indenture, except that: (a) said trustees shall use and expend as soon as they reasonably can after the receipt of said sum not exceeding Four Million Dollars thereof in erecting and equipping, at the Duke University mentioned and described in said trust, buildings suitable for a Medical School, Hospital and Nurses Home under the supervision of said trustees and in all respects as they may determine concerning the same, and the acquisition of such lands, if any, as may be needed for such purpose, said lands, buildings and equipment to be conveyed to and thereafter belong to said Duke University and operated by it; and (b) all the incomes, revenues and profits arising and accruing from the said Ten Million Dollars shall be utilized, paid, applied and distributed each year by said trustees upon, subject to and in accordance with all the terms of said Indenture with respect to the payment and distribution of a percentage of the incomes, revenues and profits of said trust to and for said Duke University.”

By Item X a trust is created with the same trustees, and practically the same powers, as those of The Doris

Duke Trust. Into this trust is placed “one third in value of said residuary estate and, in addition thereto, such a portion of said residuary estate as will in the judgment of my executors certainly produce a net annual income of One Hundred Thousand Dollars from said portion.”

As respects said “portion” it is provided:

“The trustees of this trust each year shall pay, apply and distribute the net amount of the incomes, revenues and profits arising and accruing from the said portion of said residuary estate to my said wife so long as she shall live, and upon the death of my said wife this trust shall cease and terminate as to said portion and any undistributed incomes, revenues and profits thereof, and said portion and all undistributed incomes, revenues and profits thereof, shall be paid, applied and distributed by said trustee into the trust created and established by me by Indenture dated December 11th, 1924 wherein said trust is denominated The Duke Endowment.”

As respects said “one-third in value” it is provided:

“The trustees of this trust each year shall pay and distribute the net amount of the incomes, revenues and profits arising and accruing from said one-third in value of said residuary estate, or so much thereof as may not then have been distributed under the terms of this trust, to my said daughter so long as she may live and after her death per capita, in equal portions, to and among the lineal descendants of my said daughter who may be living at the time of the making by the trustees of each particular payment and distribution thereof, so long as this trust shall continue after the death of my said daughter and a lineal descendant of my said daughter shall be living, but in no event subsequent to the last day of the said twenty-one year period herein mentioned and described for the duration of this trust.”

And said trustees shall pay and distribute the said one-third in value of said residuary estate as follows, namely:

“(a) To my said daughter upon her attaining the age of twenty-one years one-third in value of all the funds and properties then constituting the same provided my said daughter shall attain such age; to my said daughter upon her attaining the age of twenty-five years one-half in value of all the funds and properties then constituting the undistributed residue of the same provided my said daughter shall attain such age; and to my said daughter upon her attaining the age of thirty years the whole of the funds and properties then constituting the undistributed residue of the same, as well as any incomes, revenues and profits thereof which may not have been then distributed, provided my said daughter shall attain such age. If at the time of my death my said daughter shall have attained any one or more of the above mentioned ages she shall thereupon become entitled to receive and said trustees, as soon as they reasonably can thereafter, shall pay, transfer, assign and deliver to her the funds and properties, or the value thereof, which they would have paid, transferred, assigned and delivered to her under the provisions of this paragraph of this trust had she attained such age or ages subsequent to my death. This trust shall cease and terminate as to each and every payment and distribution made under this provision of this trust as and when such payment and distribution is made;

“(b) Upon the last day of the said period of twenty-one years herein mentioned for the duration of this trust, or upon it so happening that at any time theretofore neither my said daughter nor any lineal descendant of my said daughter shall be living, whichever of said contingencies shall first happen, this trust shall cease and terminate as to, and the trustees shall pay, apply and distribute, the said one-third in value of the said residuary

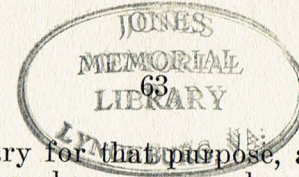
estate, as well as all the incomes, revenues and profits thereof, to the extent that the same may not have theretofore been distributed, per capita, in equal portions, to and among the lineal descendants of my said daughter then living if there shall be any such lineal descendant then living, and if there be no such lineal descendant then living, then into the trust created and established by me by Indenture dated December 11, 1924, wherein said trust is denominated The Duke Endowment.”

“As respects each beneficiary hereunder, so long as such beneficiary shall be under twenty-one years of age (but in no event subsequent to the last day of said twenty-one year period mentioned for the duration of this trust) the trustees are requested, but not required, to withhold and accumulate for such beneficiary the whole or any part of the incomes, revenues and profits of this trust which, except for such withholding and accumulation, would be paid and distributed to such beneficiary, beyond such amount as the trustees hereof may think should be paid to any one or more of such beneficiaries in order to provide liberally for the current needs of such beneficiary. Each such accumulation, as well as the incomes, revenues and profits thereof, shall be separately kept and handled by said trustees as respects accounting, investment of funds, and otherwise, and the whole of such accumulations, incomes, revenues and profits shall be fully and finally paid, applied and distributed by said trustees as follows, namely: (1) to the beneficiary from whom it was so withheld upon such beneficiary attaining the age of twenty-one years, or upon the said last day of the said period of twenty-one years mentioned and described for the duration of this trust, whichever of said events shall first occur, if such beneficiary shall be then living; or (2), if such beneficiary shall not be then living, then upon the death of such beneficiary (a) in all respects in accordance with the laws and statutes of the State of New Jersey at the time of

the death of such beneficiary to and among those persons who by said laws and statutes would inherit real estate then owned by such beneficiary and located in said State, had such beneficiary died intestate and a resident of said State, or (b), if there shall not be living at the time of the death of such beneficiary any person to whom payment and distribution may be made pursuant to subdivision (a) hereof, then into the trust which has been created and established by me by Indenture dated December 11th, 1924 wherein said trust is denominated The Duke Endowment; provided that the trustees hereunder, in their uncontrolled discretion, at any time and from time to time before the happening of any of said events, may pay and apply the whole or any part of any such accumulation, as well as of the incomes, revenues and profits, thereof, to and for the support, education and maintenance of the beneficiary from whom the same may have been withheld, in which event said full and final payment and distribution under the foregoing terms of this provision of my will shall be only of what may remain thereof at any time of the making of such full and final payment and distribution."

And Item XI, as changed by the codicil, provides:

"The residue of said residuary estate not disposed of by Item X hereof I give, devise and bequeath, and I direct my executors to pay and distribute, into the trust established by me by Indenture dated December 11th, 1924 wherein said trust is denominated The Duke Endowment, to be added to and become a part of the corpus of said trust and to be held, used, managed, administered and disposed of, as well as the incomes, revenues, and profits arising therefrom and accruing thereto, by the trustees of said trust under and subject to all the terms of said trust indenture, except that the trustees of said trust shall use and expend Seven Million Dollars (\$7,000,000) of the principal thereof in building and equipping Duke University and acquiring and improving



property necessary for that purpose, according to such plans as may have been or may hereafter be adopted by them for such purpose, and except further that the incomes, revenues and profits arising from and accruing to said residue of said residuary estate shall be utilized, paid, applied and distributed each year by said trustees as to ninety per cent thereof upon, subject to and in accordance with all the terms of said indenture with respect to the payment and distribution of a percentage of the incomes, revenues and profits of said trust to and for maintaining and securing hospitals, and as to the remaining ten per cent thereof upon, subject to and in accordance with all the terms of said indenture with respect to the payment and distribution of a percentage of the incomes, revenues and profits of said trust to and for said Duke University."

Gift: Noell

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