



August 25, 2004

Mrs. Joan Spero
President
Doris Duke Charitable Foundation
650 Fifth Avenue, 19th Floor
New York, New York 10019

D O R I S D U K E
FOUNDATION FOR ISLAMIC ART

Dear Mrs. Spero:

In 2002, the Doris Duke Charitable Foundation ("DDCF") made grants totaling \$4,424,406 to Doris Duke Foundation for Islamic Art ("DDFIA"). By a letter dated May 31, 2003, I agreed on behalf of DDFIA to submit certain reports to DDCF for each year during which any grant funds remained unspent and a final report for the year in which all of the grant funds were spent. By letter dated August 5, 2003, I reported on the portion of the grant funds, \$3,797,025, spent in 2002. This is the second and final report covering the balance of the grant, that portion of the grant funds spent in 2003, \$627,381.

Name and address of grantee:
Doris Duke Foundation for Islamic Art
80 Route 206 South
Hillsborough, NJ 08844

Purpose of Grants:

To be used for DDFIA's general operating expenses. Property owned by DDFIA is used for a charitable purpose since DDFIA facilitates the study and understanding of Middle Eastern Art and Culture.

650 Fifth Avenue 19th Floor New York NY 10019
tel 212 974 7000 fax 212 974 7590 www.ddcf.org

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Doris Duke Charitable Foundation

Statement 18 1/2

Mrs. Joan Spero
Page 2
August 25, 2004

Use of the Balance of the Grant:

The portion of the grant funds spent in 2003, \$627,381, was spent for employee related expenses, general administration expenses, program related expenses, general operating expenses, investment expenses and capital expenditures. All of such grant funds, therefore, have been spent for DDFIA's operating expenses, and no portion of the grant has been diverted from such purpose.

In addition, in the letter dated May 31, 2003, I represented that before the end of 2003 DDFIA would make a qualifying distribution out of corpus as defined in Section 4942 of the Internal Revenue Code, in the amount of \$4,424,406 and that I would provide DDCF with adequate records or other sufficient evidence to demonstrate that this distribution had been made.

As reported by letter dated August 5, 2003, \$3,797,025 of the grant funds were spent in 2002 for reasonable and necessary administration expenses to accomplish DDFIA's charitable purposes, which are qualifying distributions. In 2003, \$627,381 of the grant funds were spent for reasonable and necessary administration expenses to accomplish DDFIA's charitable purposes, which are qualifying distributions. Therefore, a qualifying distribution was made of \$627,381 of the grant funds in 2003.

Since DDFIA has otherwise made qualifying distributions equal to the amount of its minimum investment return, this distribution would be treated as a distribution out of corpus if DDFIA were not a private operating foundation.

Very truly yours,

A large black rectangular redaction box covering the signature area.



August 25, 2004

Mrs. Joan Spero
President
Doris Duke Charitable Foundation
650 Fifth Avenue, 19th Floor
New York, New York 10019

D U K E F A R M S

Dear Mrs. Spero:

In 2002, the Doris Duke Charitable Foundation ("DDCF") made grants totaling \$14,161,480 to Duke Farms Foundation ("DFF"). By a letter dated May 31, 2003, I agreed on behalf of DFF to submit certain reports to DDCF for each year during which any grant funds remained unspent and a final report for the year in which all of the grant funds were spent. By letter dated August 5, 2003, I reported on the portion of the grant funds, \$9,511,481, spent in 2002. This is the second and final report covering the balance of the grant, that portion of the grant funds spent in 2003, \$4,650,000.

Name and address of grantee:
Duke Farms Foundation
80 Route 206 South
Hillsborough, NJ 08844

Purpose of Grants:

To be used for DFF's general operating expenses. Property owned by DFF is used for a charitable purpose since DFF maintains and operates a botanical garden, which is open to the public, and it protects endangered species of all kinds, both flora and fauna.

PO Box 2030 Somerville NJ 08876-1256
tel 908 722 3700 fax 908 722 2872 www.ddcf.org

An operating foundation supported by the
Doris Duke Charitable Foundation

STATEMENT 18 ³/₂₁

Mrs. Joan Spero
Page 2
August 25, 2003

Use of the Balance of the Grant:

The portion of the grant funds spent in 2003, \$4,650,000, was spent for employee related expenses, general administration expenses, program related expenses, general operating expenses, investment expenses and capital expenditures. All of such grant funds, therefore, have been spent for DFF's operating expenses, and no portion of the grant has been diverted from such purpose.

In addition, in the letter dated May 31, 2003, I represented that before the end of 2003 DFF would make a qualifying distribution out of corpus as defined in Section 4942 of the Internal Revenue Code, in the amount of \$14,161,480 and that I would provide DDCF with adequate records or other sufficient evidence to demonstrate that this distribution had been made.

As reported by letter dated August 5, 2003, \$9,511,481 of the grant funds were spent in 2002 for reasonable and necessary administration expenses to accomplish DFF's charitable purposes, which are qualifying distributions. In 2003, \$4,650,000 of the grant funds were spent for reasonable and necessary administration expenses to accomplish DFF's charitable purposes, which are qualifying distributions. Therefore, a qualifying distribution was made of \$4,650,000 of the grant funds in 2003.

Since DFF has otherwise made qualifying distributions equal to the amount of its minimum investment return, this distribution would be treated as a distribution out of corpus if DFF were not a private operating foundation.

Very truly yours,
Duke Farms Foundation



August 25, 2004

Mr. Alan Altschuler
Chief Financial Officer
Duke Farms Foundation
Post Office 2030
Somerville, New Jersey 08876



D O R I S D U K E
C H A R I T A B L E F O U N D A T I O N

Dear Mr. Altschuler:

The Doris Duke Charitable Foundation has made grants to Duke Farms Foundation in 2003 totaling \$10,599,812 to be used for Duke Farms Foundation's general operating expenses (referred to collectively as the "Grant"). Because Duke Farms Foundation is a private foundation, rather than a publicly supported charity, this Grant is subject to the "expenditure responsibility" requirements contained in the Treasury regulations. Under these regulations, the Doris Duke Charitable Foundation is required to obtain certain written commitments from Duke Farms Foundation before making payment of the Grant funds. By signing this letter, you agree on behalf of Duke Farms Foundation to the following specific obligations with respect to this Grant:

- (1) To repay any portion of the amount granted as well as income earned thereon which is not used for the purposes of the Grant stated above;
- (2) From the time the Grant is made or any portion of the Grant is received until it is fully expended or otherwise terminated, to submit a full and complete annual narrative and financial reports and a final report upon completion of the grant period, attested by the responsible financial officer of your organization or a certified public accountant, within a reasonable period of time after the close of your annual accounting period on the manner in which the Grant and income earned thereon are spent, compliance with the terms of the Grant, what was accomplished by the expenditure of funds (including a description of the progress made in accomplishing the purposes of the Grant);
- (3) To report the Grant separately on your books of account and to charge expenditures made in furtherance of the Grant purposes against the Grant.
- (4) To maintain written records of receipts and expenditures adequate to enable the use of the Grant funds to be checked readily and to make your books, records and other information available for the Doris Duke Charitable Foundation's inspection at reasonable times, which we believe necessary to keep us fully apprised of the status or use of the Grant or income arising therefrom, including any information regarding the ultimate effect of the Grant, whether or not required under the terms of section 4945 of the Internal Revenue code of 1986, as amended (the "Code");

August 25, 2004

- (5) To keep these records of receipts and expenditures and copies of reports submitted to the Doris Duke Charitable Foundation for at least four years after completion of the use of the Grant funds; and
- (6) Not to use any of the Grant or income arising therefrom,
 - (a) To carry on propaganda, or otherwise attempt to influence legislation (within the meaning of section 4945(d)(1) of the Code),
 - (b) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of section 4945(d)(2) of the Code),
 - (c) To make any grant which does not comply with the individual grant requirements of section 4945(d)(3) of the Code or the organization grant requirements of section 4945(d)(4) of the Code, or
 - (d) To undertake any activity for any purpose other than one that is charitable, scientific, literary, educational or for the prevention of cruelty to animals, all as defined in section 170(c)(2)(B) of the Code.

In the event that you violate the terms of this letter agreement by using any portion of this Grant or any income thereon for purposes other than the purpose of the Grant as previously set forth in this letter, you agree that you will refund to the Doris Duke Charitable Foundation the full amount of the Grant and pay over to the Doris Duke Charitable Foundation any additional amount which may be necessary to effect a correction under section 4945 of the Code.

The foregoing conditions are intended to comply with obligations under United States law to make reasonable efforts and establish adequate procedures to see that grant funds are spent solely for the purposes for which they are granted, and to obtain full and complete records on how grant funds have been expended. Changes in United States laws, or in regulations interpreting them, may require the Doris Duke Charitable Foundation to ask that more detailed reports be submitted or that other steps be taken. The Doris Duke Charitable Foundation will promptly inform you of any such changes, and by signing this letter you indicate your agreement to provide such additional information and comply with such requests.

Duke Farms Foundation also agrees that no later than the end of its first taxable year after the taxable year in which it receives the Grant, it will make a qualifying distribution out of corpus, as defined in section 4942 of the Code, equal to the value of the Grant, and, within such time period, Duke Farms Foundation agrees to provide adequate records or other sufficient evidence to the Doris Duke Charitable Foundation to demonstrate that this distribution has been made. Such records or evidence will state that the qualifying distribution has been made and will specify (i) the names and addresses of the recipients of any such qualifying distribution and the amounts paid to each, (ii) the details concerning the payment of any operating expenses which are a part of such qualifying distribution and (iii) the details concerning any operating expenses paid during any of the

Mr. Alan Altschuler

Page 3

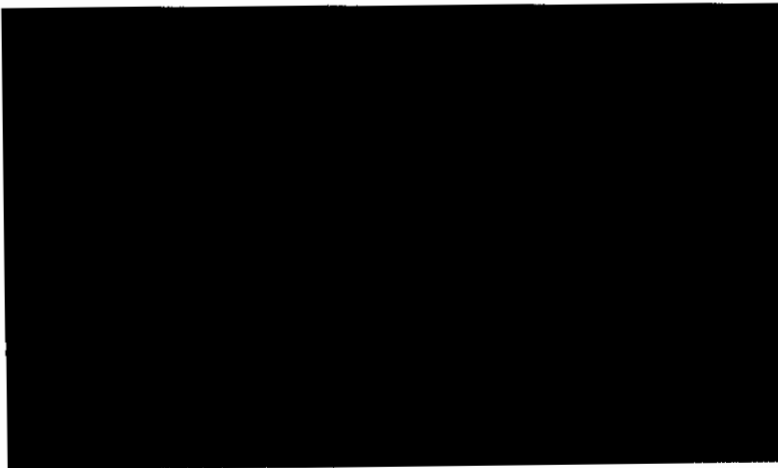
August 25, 2004

preceding five years which Duke Farms Foundation elects pursuant to Treas. Reg. 53.4942(A) 3(c)(2)(iv) to treat as a current distribution of corpus in order to make such qualifying distribution. Such records or evidence will also state that the qualifying distribution would be treated as a distribution of corpus under section 4942 of the Code if Duke Farms Foundation were not an operating foundation.

If this letter and its attachment correctly set forth your understanding of the arrangements made regarding this Grant, please countersign the letter and return it to the Doris Duke Charitable Foundation.

Very truly yours,

The Doris Duke Charitable Foundation





August 25, 2003

Mrs. Joan Spero
President
Doris Duke Charitable Foundation
650 Fifth Avenue, 19th Floor
New York, New York 10019

D U K E F A R M S

Dear Mrs. Spero:

In 2003, the Doris Duke Charitable Foundation ("DDCF") made grants totaling \$10,599,812 to Duke Farms Foundation ("DFF"). By a letter dated August 25, 2004, I agreed on behalf of DFF to submit certain reports to DDCF for each year during which any grant funds remained unspent and a final report for the year in which all of the grant funds were spent. Since all of the grant funds were spent during 2003 the year in which they were granted, this is both a first and final report.

Name and address of grantee:
Duke Farms Foundation
80 Route 206 South
Hillsborough, NJ 08844

Purpose of Grants:

To be used for DFF's general operating expenses. Property owned by DFF is used for a charitable purpose since DFF maintains and operates a botanical garden, which is open to the public, and it protects endangered species of all kinds, both flora and fauna.

PO Box 2030 Somerville NJ 08876-1256
tel 908 722 3700 fax 908 722 2872 www.ddcf.org

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Doris Duke Charitable Foundation

STATEMENT 12 8/03

The following table contains the date of payment of each part of the grant that was spent in 2003 and a description of how the grant was spent by DFF:

<u>Date of Payment</u>	<u>Amount of Grant</u>	<u>Purpose for which Grant was Used</u>
4/28/03	\$259,000	Employee Related Expenses; General Admin Expenses; Program Related Expenses; General Operating Expenses; Investment Expenses; Capital Expenditures.
5/12/03	\$234,000	" "
5/27/03	\$523,000	" "
6/09/03	\$426,000	" "
6/24/03	\$313,000	" "
7/07/03	\$760,000	" "
7/21/03	\$484,000	" "
8/04/03	\$210,000	" "
8/18/03	\$430,000	" "
9/02/03	\$315,000	" "
9/15/03	\$225,000	" "
9/29/03	\$767,000	" "
10/14/03	\$65,000	" "
10/22/03	\$50,000	" "
10/27/03	\$440,000	" "
11/05/03	\$95,000	" "
11/10/03	\$570,000	" "
11/21/03	\$240,000	" "
12/09/03	\$1,693,000	" "
12/31/02	\$2,500,812	" "

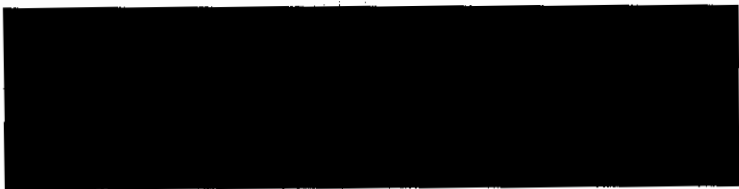
All of the grant funds have been spent for DFF's operating expenses, and no portion of the grant funds has been diverted from such purpose.

In addition, in the letter dated August 25, 2004, I represented that before the end of 2004, DFF would make a qualifying distribution out of corpus as defined in Section 4942 of the Internal Revenue Code, in the amount of \$10,599,812 and that I would provide DDCF with adequate records or other sufficient evidence to demonstrate that this distribution has been made. As described above, all of the grant funds were spent for reasonable and necessary administration expenses to accomplish DFF's charitable purposes, which are qualifying distributions. Therefore, a qualifying distribution was made of the entire value of the grants in 2003.

Mrs. Joan Spero
Page 3
August 25, 2004

Since DFF has otherwise made qualifying distributions equal to the amount of its minimum investment return, this distribution would be treated as a distribution out of corpus if DFF were not a private operating foundation.

Very truly yours,
Duke Farms Foundation



August 25, 2004

Mr. Alan Altschuler
Chief Financial Officer
Doris Duke Foundation for Islamic Art
650 Fifth Avenue, 19th Floor
New York, New York 10019



D O R I S D U K E
C H A R I T A B L E F O U N D A T I O N

Dear Mr. Altschuler:

The Doris Duke Charitable Foundation has made grants to the Doris Duke Foundation for Islamic Art in 2003 totaling \$3,696,976 to be used for the Doris Duke Foundation for Islamic Art's general operating expenses (referred to collectively as the "Grant"). Because the Doris Duke Foundation for Islamic Art is a private foundation, rather than a publicly supported charity, this Grant is subject to the "expenditure responsibility" requirements contained in the Treasury regulations. Under these regulations, the Doris Duke Charitable Foundation is required to obtain certain written commitments from the Doris Duke Foundation for Islamic Art before making payment of the Grant funds. By signing this letter, you agree on behalf of the Doris Duke Foundation for Islamic Art to the following specific obligations with respect to this Grant:

- (1) To repay any portion of the amount granted as well as income earned thereon which is not used for the purposes of the Grant stated above;
- (2) From the time the Grant is made or any portion of the Grant is received until it is fully expended or otherwise terminated, to submit a full and complete annual narrative and financial reports and a final report upon completion of the grant period, attested by the responsible financial officer of your organization or a certified public accountant, within a reasonable period of time after the close of your annual accounting period on the manner in which the Grant and income earned thereon are spent, compliance with the terms of the Grant, what was accomplished by the expenditure of funds (including a description of the progress made in accomplishing the purposes of the Grant);
- (3) To report the Grant separately on your books of account and to charge expenditures made in furtherance of the Grant purposes against the Grant.
- (4) To maintain written records of receipts and expenditures adequate to enable the use of the Grant funds to be checked readily and to make your books, records and other information available for the Doris Duke Charitable Foundation's inspection at reasonable times, which we believe necessary to keep us fully apprised of the status or use of the Grant or income arising therefrom, including any information regarding the ultimate effect of the Grant, whether or not required under the terms of section 4945 of the Internal Revenue code of 1986, as amended (the "Code");

Mr. Alan Archuler
Page 2
August 25, 2004

- (5) To keep these records of receipts and expenditures and copies of reports submitted to the Doris Duke Charitable Foundation for at least four years after completion of the use of the Grant funds; and
- (6) Not to use any of the Grant or income arising therefrom,
 - (a) To carry on propaganda, or otherwise attempt to influence legislation (within the meaning of section 4945(d)(1) of the Code),
 - (b) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of section 4945(d)(2) of the Code),
 - (c) To make any grant which does not comply with the individual grant requirements of section 4945(d)(3) of the Code or the organization grant requirements of section 4945(d)(4) of the Code, or
 - (d) To undertake any activity for any purpose other than one that is charitable, scientific, literary, educational or for the prevention of cruelty to animals, all as defined in section 170(c)(2)(B) of the Code.

In the event that you violate the terms of this letter agreement by using any portion of this Grant or any income thereon for purposes other than the purpose of the Grant as previously set forth in this letter, you agree that you will refund to the Doris Duke Charitable Foundation the full amount of the Grant and pay over to the Doris Duke Charitable Foundation any additional amount which may be necessary to effect a correction under section 4945 of the Code.

The foregoing conditions are intended to comply with obligations under United States law to make reasonable efforts and establish adequate procedures to see that grant funds are spent solely for the purposes for which they are granted, and to obtain full and complete records on how grant funds have been expended. Changes in United States laws, or in regulations interpreting them, may require the Doris Duke Charitable Foundation to ask that more detailed reports be submitted or that other steps be taken. The Doris Duke Charitable Foundation will promptly inform you of any such changes, and by signing this letter you indicate your agreement to provide such additional information and comply with such requests.

The Doris Duke Foundation for Islamic Art also agrees that no later than the end of its first taxable year after the taxable year in which it receives the Grant, it will make a qualifying distribution out of corpus, as defined in section 4942 of the Code, equal to the value of the Grant, and, within such time period, the Doris Duke Foundation for Islamic Art agrees to provide adequate records or other sufficient evidence to the Doris Duke Charitable Foundation to demonstrate that this distribution has been made. Such records or evidence will state that the qualifying distribution has been made and will specify (1) the names and addresses of the recipients of any such qualifying distribution and the

Mr. Alan Altschuler

Page 3

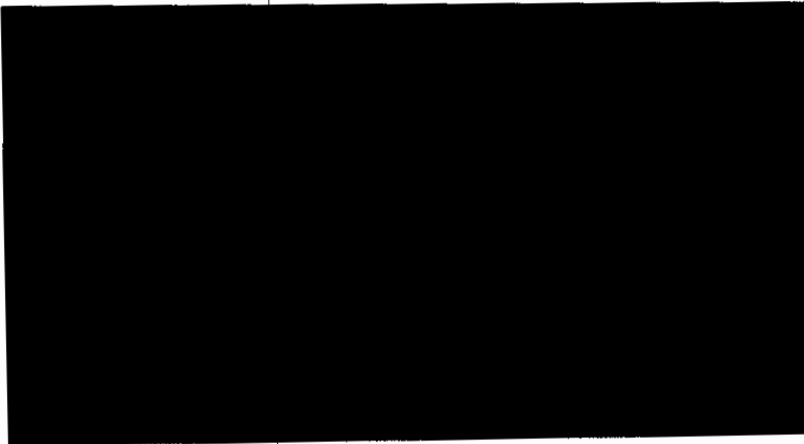
August 25, 2004

amounts paid to each, (ii) the details concerning the payment of any operating expenses which are a part of such qualifying distribution and (iii) the details concerning any operating expenses paid during any of the preceding five years which the Doris Duke Foundation for Islamic Art elects pursuant to Treas. Reg. 53.4942(A)-3(c)(2)(iv) to treat as a current distribution of corpus in order to make such qualifying distribution. Such records or evidence will also state that the qualifying distribution would be treated as a distribution of corpus under section 4942 of the Code if the Doris Duke Foundation for Islamic Art were not an operating foundation.

If this letter and its attachment correctly set forth your understanding of the arrangements made regarding this Grant, please countersign the letter and return it to the Doris Duke Charitable Foundation.

Very truly yours,

The Doris Duke Charitable Foundation





August 25, 2004

Mrs. Joan Spero
President
Doris Duke Charitable Foundation
650 Fifth Avenue, 19th Floor
New York, New York 10019

D O R I S D U K E
F O U N D A T I O N F O R I S L A M I C A R T

Dear Mrs. Spero:

In 2003, the Doris Duke Charitable Foundation ("DDCF") made grants totaling \$3,696,976 to the Doris Duke Foundation for Islamic Art ("DDFIA"). By a letter dated August 25, 2004, I agreed on behalf of DDFIA to submit certain reports to DDCF for each year during which any grant funds remained unspent and a final report for the year in which all of the grant funds were spent. Since all of the grant funds were spent during 2003 the year in which they were granted, this is both a first and final report.

Name and address of grantee:
Doris Duke Foundation for Islamic
80 Route 206 South
Hillsborough, NJ 08844

Purpose of Grants:

To be used for DDFIA's general operating expenses. Property owned by DDFIA is used for a charitable purpose since DDFIA facilitates the study and understanding of Middle Eastern Art and Culture.

DDFIA-REPLY 2005

650 Fifth Avenue 19th Floor New York NY 10019
tel 212 974 7000 fax 212 974 7590 www.ddcf.org

An operating foundation supported by the
Doris Duke Charitable Foundation

STATEMENT 18 12/11

Mrs. Joan Spe.
Page 2
August 25, 2003

The following table contains the date of payment of each part of the grant, that was spent in 2003, and a description of how the grant was spent by DDFIA:

<u>Date of Payment</u>	<u>Amount of Grant</u>	<u>Purpose for which Grant was Used</u>
2/03/04	\$201,000	Employee Related Expenses; General Admin Expenses; Program Related Expenses; General Operating Expenses; Investment Expenses; Capital Expenditures.
2/19/03	\$54,000	“ “
3/03/03	\$223,000	“ “
3/17/03	\$56,000	“ “
4/01/03	\$87,000	“ “
4/15/03	\$138,000	“ “
4/28/03	\$55,000	“ “
5/12/03	\$88,000	“ “
5/27/03	\$58,000	“ “
6/09/03	\$72,000	“ “
6/24/03	\$70,000	“ “
7/07/03	\$131,000	“ “
8/04/03	\$85,000	“ “
9/02/03	\$70,000	“ “
9/15/03	\$85,000	“ “
9/29/03	\$137,000	“ “
10/27/03	\$20,000	“ “
11/10/03	\$165,000	“ “
11/21/03	\$85,000	“ “
12/09/03	\$328,000	“ “
12/09/03	\$300,000	Used to make grant payment to Arts International
12/19/03	\$200,000	“ “
12/31/03	\$722,976	“ “

All of the grant funds have been spent for DDFIA's operating expenses, and no portion of the grant funds has been diverted from such purpose.

In addition, in the letter dated July 16, 2004, I represented that before the end of 2003, DDFIA would make a qualifying distribution out of corpus as defined in Section 4942 of the Internal Revenue Code, in the amount of \$3,696,976 and that I would provide DDCF with adequate records or other sufficient evidence to demonstrate that this distribution has been made.

As described above, all of the grant funds were spent for reasonable and necessary administration expenses to accomplish DDFIA's charitable purposes, which are qualifying distributions. Therefore, a qualifying distribution was made of the entire value of the grants in 2003.

Mrs. Joan Spero
Page 2
August 25, 2004

Since DDFIA has otherwise made qualifying distributions equal to the amount of its minimum investment return, this distribution would be treated as a distribution out of corpus if DDFIA were not a private operating foundation.

Very truly yours,
Doris Duke Foundation for Islamic Art



August 30, 2004

Mrs. Marion Oates Charles
President
Newport Restoration Foundation
51 Touro Street
Newport, Rhode Island 02840



D O R I S D U K E
C H A R I T A B L E F O U N D A T I O N

Dear Mrs. Charles:

The Doris Duke Charitable Foundation has made grants to the Newport Restoration Foundation in 2003 totaling \$2,268,444 to be used for Rough Point's general operating expenses (referred to collectively as the "Grant"). Because the Newport Restoration Foundation is a private foundation, rather than a publicly supported charity, this Grant is subject to the "expenditure responsibility" requirements contained in the Treasury regulations. Under these regulations, the Doris Duke Charitable Foundation is required to obtain certain written commitments from the Newport Restoration Foundation before making payment of the Grant funds. By signing this letter, you agree on behalf of the Newport Restoration Foundation to the following specific obligations with respect to this Grant:

- (1) To repay any portion of the amount granted as well as income earned thereon which is not used for the purposes of the Grant stated above;
- (2) From the time the Grant is made or any portion of the Grant is received until it is fully expended or otherwise terminated, to submit a full and complete annual narrative and financial reports and a final report upon completion of the grant period, attested by the responsible financial officer of your organization or a certified public accountant, within a reasonable period of time after the close of your annual accounting period on the manner in which the Grant and income earned thereon are spent, compliance with the terms of the Grant, what was accomplished by the expenditure of funds (including a description of the progress made in accomplishing the purposes of the Grant);
- (3) To report the Grant separately on your books of account and to charge expenditures made in furtherance of the Grant purposes against the Grant.
- (4) To maintain written records of receipts and expenditures adequate to enable the use of the Grant funds to be checked readily and to make your books, records and other information available for the Doris Duke Charitable Foundation's inspection at reasonable times, which we believe necessary to keep us fully apprised of the status or use of the Grant or income arising therefrom, including any information regarding the ultimate effect of the Grant, whether or not required under the terms of section 4945 of the Internal Revenue code of 1986, as amended (the "Code");

Mrs. Marion Charles
Page 2
August 30, 2004

- (5) To keep these records of receipts and expenditures and copies of reports submitted to the Doris Duke Charitable Foundation for at least four years after completion of the use of the Grant funds; and
- (6) Not to use any of the Grant or income arising therefrom,
 - (a) To carry on propaganda, or otherwise attempt to influence legislation (within the meaning of section 4945(d)(1) of the Code),
 - (b) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of section 4945(d)(2) of the Code),
 - (c) To make any grant which does not comply with the individual grant requirements of section 4945(d)(3) of the Code or the organization grant requirements of section 4945(d)(4) of the Code, or
 - (d) To undertake any activity for any purpose other than one that is charitable, scientific, literary, educational or for the prevention of cruelty to animals, all as defined in section 170(c)(2)(B) of the Code.

In the event that you violate the terms of this letter agreement by using any portion of this Grant or any income thereon for purposes other than the purpose of the Grant as previously set forth in this letter, you agree that you will refund to the Doris Duke Charitable Foundation the full amount of the Grant and pay over to the Doris Duke Charitable Foundation any additional amount which may be necessary to effect a correction under section 4945 of the Code.

The foregoing conditions are intended to comply with obligations under United States law to make reasonable efforts and establish adequate procedures to see that grant funds are spent solely for the purposes for which they are granted, and to obtain full and complete records on how grant funds have been expended. Changes in United States laws, or in regulations interpreting them, may require the Doris Duke Charitable Foundation to ask that more detailed reports be submitted or that other steps be taken. The Doris Duke Charitable Foundation will promptly inform you of any such changes, and by signing this letter you indicate your agreement to provide such additional information and comply with such requests.

The Newport Restoration Foundation also agrees that no later than the end of its first taxable year after the taxable year in which it receives the Grant, it will make a qualifying distribution out of corpus, as defined in section 4942 of the Code, equal to the value of the Grant, and, within such time period, the Newport Restoration Foundation agrees to provide adequate records or other sufficient evidence to the Doris Duke Charitable Foundation to demonstrate that this distribution has been made. Such records or evidence will state that the qualifying distribution has been made and will specify (i) the names and addresses of the recipients of any such qualifying distribution and the amounts paid to each, (ii) the details concerning the payment of any operating expenses which are a part of such qualifying distribution and (iii) the details

Mrs. Marion Charles

Page 3

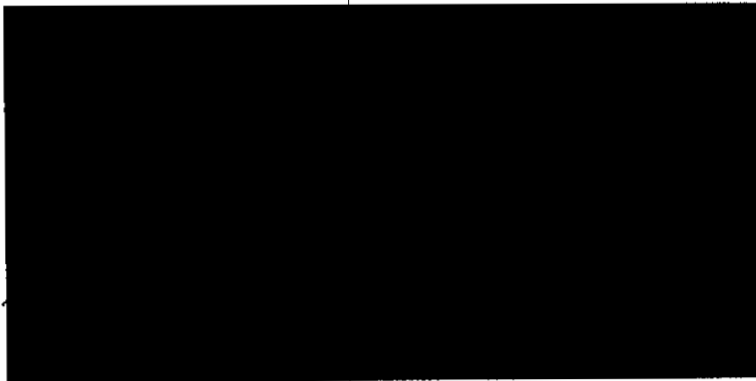
August 30, 2004

concerning any operating expenses paid during any of the preceding five years, which the Newport Restoration Foundation elects pursuant to Treas. Reg. 53.4942(A)-3(c)(2)(iv) to treat as a current distribution of corpus in order to make such qualifying distribution. Such records or evidence will also state that the qualifying distribution would be treated as a distribution of corpus under section 4942 of the Code if the Newport Restoration Foundation were not an operating foundation.

If this letter and its attachment correctly set forth your understanding of the arrangements made regarding this Grant, please countersign the letter and return it to the Doris Duke Charitable Foundation.

Very truly yours,

The Doris Duke Charitable Foundation



NEWPORT RESTORATION FOUNDATION



51 TOURO STREET
NEWPORT, RHODE ISLAND 02840-2932
Telephone 401.849.7300
Facsimile 401.849.0123

August 31, 2004

Mrs. Joan Spero
President
Doris Duke Charitable Foundation
650 Fifth Avenue, 19th Floor
New York, New York 10019

Dear Mrs. Spero:

In 2003, the Doris Duke Charitable Foundation ("DDCF") made grants totaling \$2,268,4444 to the Newport Restoration Foundation ("NRF") in support of Rough Point. By a letter dated August 30, 2004, I agreed on behalf of NRF to submit certain reports to DDCF for each year during which any grant funds remained unspent and a final report for the year in which all of the grant funds were spent. Since all of the grant funds were spent during 2003 the year in which they were granted, this is both a first and final report.

Name and address of grantee:

Newport Restoration Foundation
51 Touro Street
Newport, Rhode Island 02840

Purpose of Grants:

To be used for Rough Point's general operating expenses. The Rough Point Property owned by NRF is used for a charitable purpose since it is a historic house, which is open to the public.

Mrs. Joan Spero
Page 2
August 24, 2004

The following table contains the date of payment of each grant, the amount of the grant, and a description of how the grant was spent by NRF:

<u>Date of Payment</u>	<u>Amount of Grant</u>	<u>Purpose for which Grant was Used</u>
2/14/03	\$567,000	Employee Related Expenses; General Operating Expenses; General Administrative Expenses and Capital Expenses
4/21/03	\$867,977	“ “
8/04/03	\$396,054	“ “
10/07/03	\$437,413	“ “

All of the grant funds have been spent for Rough Point's general operating expenses, and no portion of the grant funds has been diverted from such purpose.

In addition, in the letter dated August 30, 2004, I represented that before the end of 2004, NRF would make a qualifying distribution out of corpus as defined in Section 4942 of the Internal Revenue Code, in the amount of \$2,268,444 and that I would provide DDCE with adequate records or other sufficient evidence to demonstrate that this distribution has been made. As described above, all of the grant funds were spent for reasonable and necessary administration expenses to accomplish Rough Point's charitable purposes, which are qualifying distributions. Therefore, a qualifying distribution was made of the entire value of the grants. Since NRF has otherwise made qualifying distributions equal to the amount of its minimum investment return, this distribution would be treated as a distribution out of corpus if NRF were not a private operating foundation.

Very truly yours,
Newport Restoration Foundation

