Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning JUL 1, 2010 , and ending JUN 30, 2011

G Check all that apply: [ ] Initial return [ ] Initial return of a former public charity [ ] Final return
[ ] Amended return [ ] Address change [ ] Name change

Name of foundation: THE WILLIAM R KENAN JR FUND

A Employer identification number: 57-0757568

Number and street (or P O box number if mail is not delivered to street address): P O BOX 4150 — Room/suite:

B Telephone number: (919)962-8150

City or town, state, and ZIP code: CHAPEL HILL, NC 27515-4150

C If exemption application is pending, check here ▶ [ ]
D 1. Foreign organizations, check here ▶ [ ]
2. Foreign organizations meeting the 85% test, check here and attach computation ▶ [ ]

H Check type of organization: [X] Section 501(c)(3) exempt private foundation
[ ] Section 4947(a)(1) nonexempt charitable trust [ ] Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ [ ]

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶$ 53483223.

J Accounting method: [X] Cash [ ] Accrual [ ] Other (specify) (Part I, column (d) must be on cash basis)

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ [ ]

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received				
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	20842.	20842.		Statement 1
	4 Dividends and interest from securities	835646.	833045.		Statement 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-269689.			
	b Gross sales price for all assets on line 6a 9149791.				
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income	828283.	15977.	812306.	Statement 3
	12 Total. Add lines 1 through 11	1415082.	869864.	812306.	
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	597671.	0.	478137.	119534.
	14 Other employee salaries and wages	129904.	0.	103923.	25961.
	15 Pension plans, employee benefits	99974.	0.	79979.	19995.
	16a Legal fees Stmt 4	200.	0.	0.	200.
	b Accounting fees Stmt 5	26926.	5316.	0.	21610.
	c Other professional fees Stmt 6	69296.	68226.	856.	214.
	17 Interest	126.	126.	0.	0.
	18 Taxes Stmt 7	54976.	13954.	26418.	6604.
	19 Depreciation and depletion				
	20 Occupancy	79755.	0.	76048.	3707.
	21 Travel, conferences, and meetings	18580.	0.	3779.	14802.
	22 Printing and publications				
	23 Other expenses Stmt 8	86979.	19827.	43166.	23685.
	24 Total operating and administrative expenses. Add lines 13 through 23	1164387.	107449.	812306.	236312.
	25 Contributions, gifts, grants paid	2235500.			2235500.
	26 Total expenses and disbursements. Add lines 24 and 25	3399887.	107449.	812306.	2471812.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-1984805.			
	b Net investment income (if negative, enter -0-)		762415.		
	c Adjusted net income (if negative, enter -0-)			0.	

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16251216 794104 WRK97 2010.04000 THE WILLIAM R KENAN JR FUND WRK97__3

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	44584.	32492.	32492.
	2 Savings and temporary cash investments	1095746.	2371960.	2371960.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock Stmt 11	16669820.	15931575.	18939199.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶ 1197862.			
	Less accumulated depreciation ▶	1198637.	1197862.	1197862.
	12 Investments - mortgage loans			
	13 Investments - other Stmt 12	30355529.	27836275.	30941710.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶)	130.	0.	0.
	16 **Total assets** (to be completed by all filers)	49364446.	47370164.	53483223.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	44714.	32492.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	1198637.	1197862.	
	29 Retained earnings, accumulated income, endowment, or other funds	48121095.	46139810.	Statement 10
	30 **Total net assets or fund balances**	49364446.	47370164.	
	31 **Total liabilities and net assets/fund balances**	49364446.	47370164.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	49364446.
2 Enter amount from Part I, line 27a	2	-1984805.
3 Other increases not included in line 2 (itemize) ▶ ROUNDING	3	3.
4 Add lines 1, 2, and 3	4	47379644.
5 Decreases not included in line 2 (itemize) ▶ See Statement 9	5	9480.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	47370164.

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Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b	See Attached Statement			
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e	9149791.		9409166.	-269689.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				
b				
c				
d				
e				-269689.

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 }	2	-269689.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6). If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	3	N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	2633034.	47297934.	.055669
2008	2670861.	45164366.	.059136
2007	2785008.	59861501.	.046524
2006	2750311.	60001873.	.045837
2005	2762056.	56691553.	.048721

2 **Total** of line 1, column (d)	2	.255887
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.051177
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	50296552.
5 Multiply line 4 by line 3	5	2574027.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	7624.
7 Add lines 5 and 6	7	2581651.
8 Enter qualifying distributions from Part XII, line 4	8	2474636.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ [ ] and enter "N/A" on line 1. Date of ruling or determination letter: ______ (attach copy of letter if necessary-see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [ ] and enter 1% of Part I, line 27b		1	15248.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3	Add lines 1 and 2		3	15248.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-		5	15248.
6	Credits/Payments:			
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a 22551.		
b	Exempt foreign organizations - tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d		7	22551.
8	Enter any **penalty** for underpayment of estimated tax. Check here [X] if Form 2220 is attached		8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶		9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶		10	7303.
11	Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶ 7303. **Refunded** ▶		11	0.

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? *If the answer is "Yes" to* **1a** *or* **1b**, *attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*	1b		X
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ NC			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b		X
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ STEVEN R. ARMSTRONG, CPA Telephone no.▶919-967-0618

Located at ▶STE 525, 100 EUROPA DRIVE, CHAPEL HILL, NC ZIP+4 ▶27517

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

			Yes	No
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

				Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.				
1a	During the year did the foundation (either directly or indirectly):				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):				
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010?	☐ Yes ☒ No			
	If "Yes," list the years ▶ ______, ______, ______, ______				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ______, ______, ______, ______				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2010 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.)*	N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?		4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

			Yes	No
5a During the year did the foundation pay or incur any amount to:				
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	[ ] Yes [X] No			
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	[ ] Yes [X] No			
(3) Provide a grant to an individual for travel, study, or other similar purposes?	[ ] Yes [X] No			
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?	[ ] Yes [X] No			
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	[ ] Yes [X] No			
b If any answer is "Yes" to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?	N/A	5b		
Organizations relying on a current notice regarding disaster assistance check here	▶ [ ]			
c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A	[ ] Yes [ ] No			
If "Yes," attach the statement required by Regulations section 53 4945-5(d)				
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	[ ] Yes [X] No			
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b		X
If "Yes" to 6b, file Form 8870				
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	[ ] Yes [X] No			
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	7b		

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 13		597671.	55367.	6760.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶ 0

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Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	49254683.
b	Average of monthly cash balances	1b	1807806.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	51062489.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	51062489.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	765937.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	50296552.
6	**Minimum investment return.** Enter 5% of line 5	6	2514828.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	2514828.
2a	Tax on investment income for 2010 from Part VI, line 5 — 2a: 15248.		
b	Income tax for 2010. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	15248.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	2499580.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	2499580.
6	Deduction from distributable amount (see instructions)	6	0.
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	2499580.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	2471812.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	2824.
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	2474636.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	2474636.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				2499580.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			127997.	
b Total for prior years: ______ , ______ , ______		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ $ 2474636.				
a Applied to 2009, but not more than line 2a			127997.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				2346639.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				152941.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see the instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ [X] if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

N/A

b The form in which applications should be submitted and information and materials they should include:

N/A

c Any submission deadlines:

N/A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
KENAN FLAGLER BUSINESS SCHOOL , UNC AT CHAPEL HILL, CHAPEL HILL, NC		PUBLIC	SUPPORT OF FRANK H KENAN INSTITUTE FOR PRIVATE ENTER	2235500.
Total			▶ 3a	2235500.
b *Approved for future payment*				
None				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	(b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	(d) Amount	(e) Related or exempt function income
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	20842.	
4 Dividends and interest from securities			14	835646.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	15977.	
8 Gain or (loss) from sales of assets other than inventory			18	-269689.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a EXPENSE REIMBURSEMENT					812306.
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		602776.	812306.

13 Total. Add line 12, columns (b), (d), and (e) 13 1415082.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
11A	THE FUND COORDINATES ITS CHARITABLE ACTIVITIES WITH THOSE OF THE WILLIAM R KENAN JR CHARITABLE TRUST AND THE WILLIAM R KENAN JR FUND FOR ARTS , THE WILLIAM R KENAN JR FUND FOR ENGINEERING, TECHNOLOGY, AND SCIENCE, AND THE WILLIAM R KENAN JR FUND FOR ETHICS, AND PROVIDES DIRECT ADMINISTRATIVE, TECHNICAL AND OTHER SUPPORT TO THE TRUST AND THE FUNDS. THE FUND WAS REIMBURSED $812,306 BY THESE ORGANIZATIONS FOR THESE SERVICES.

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting foundation to a noncharitable exempt organization of:			
(1) Cash	1a(1)		X
(2) Other assets	1a(2)		X
b Other transactions:			
(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
(3) Rental of facilities, equipment, or other assets	1b(3)		X
(4) Reimbursement arrangements	1b(4)		X
(5) Loans or loan guarantees	1b(5)		X
(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? [ ] Yes [X] No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

W. S. Martin 2/9/12 PRESIDENT

Signature of officer or trustee | Date | Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [X] if self-employed	PTIN
STEVEN R. ARMSTRONG	Steven R Armstrong	2/7/12		P01366491

Firm's name ▶ STEVEN R. ARMSTRONG — Firm's EIN ▶

Firm's address ▶ STE 525, 100 EUROPA DRIVE
CHAPEL HILL, NC 27514 — Phone no. 919-967-0618

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	SEE JPMORGAN STATEMENT	P		
b	SEE JPMORGAN STATEMENT	P		
c	FROM JPM US R/E INC. & GRO. K-1			
d	FROM JPM US R/E INC. & GRO. K-1			
e	FROM AIF VII PRI. INV. K-1			
f	FROM AIF VII PRI. INV. K-1			
g	Capital Gains Dividends			
h				
i				
j				
k				
l				
m				
n				
o				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	2008276.		1948366.	59910.
b	7124693.		7460800.	-336107.
c				-26031.
d				-538.
e				198.
f				16057.
g	16822.			16822.
h				
i				
j				
k				
l				
m				
n				
o				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a				59910.
b				-336107.
c				-26031.
d				-538.
e				198.
f				16057.
g				16822.
h				
i				
j				
k				
l				
m				
n				
o				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter "-0-" in Part I, line 7 }	2	-269689.
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	3	N/A

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WILLIAM R KENAN JR FUND TRUST P16855002 13-6843654

Schedule D Detail of Short-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Short-term Gain/Loss
100. ABBOTT LABS	04/15/2010	01/26/2011	4,695.91	5,227.80	-531.89
300. AETNA INC	VAR	11/04/2010	9,251.85	8,818.84	433.01
75. ALEXION PHARMACEUTICALS	08/11/2010	04/01/2011	7,459.40	4,090.82	3,368.58
125. ALEXION PHARMACEUTICALS	08/11/2010	04/14/2011	12,586.25	6,818.04	5,768.21
100. ANADARKO PETE CORP	01/10/2011	05/12/2011	7,409.70	7,423.13	-13.43
100. ANADARKO PETE CORP	01/10/2011	05/12/2011	7,413.35	7,423.13	-9.78
75. APACHE CORP	10/20/2010	05/12/2011	9,243.32	7,722.66	1,520.66
300. APOLLO GROUP INC	08/18/2010	11/18/2010	10,688.87	12,605.34	-1,916.47
100. BAKER HUGHES INC	12/07/2010	05/12/2011	6,929.57	5,518.20	1,411.37
100. BAKER HUGHES INC	12/07/2010	05/12/2011	7,017.36	5,518.20	1,499.16
25. BAKER HUGHES INC	11/23/2010	05/12/2011	1,740.34	1,228.10	512.24
300. BERKSHIRE HATHAWAY INC DEL					
CL B	VAR	12/07/2010	24,211.57	21,543.80	2,667.77
100. CELGENE CORP	04/15/2010	12/14/2010	5,739.60	6,052.68	-313.08
100. CELGENE CORP	05/21/2010	01/25/2011	5,593.89	5,577.94	15.95
600. CISCO SYS INC	VAR	02/11/2011	11,267.00	12,517.05	-1,250.05
200. CISCO SYS INC	11/12/2010	05/25/2011	3,227.10	4,029.26	-802.16
300. COCA COLA CO	11/20/2009	09/28/2010	17,706.39	17,221.89	484.50
100. DEERE & CO	04/28/2010	08/11/2010	6,529.59	5,959.13	570.46
200. DEERE & CO	VAR	09/10/2010	13,545.00	8,982.63	4,562.37
150. DEVON ENERGY CORP	VAR	05/03/2011	13,118.58	10,470.24	2,648.34
425. DOW CHEM CO	VAR	05/17/2011	15,606.08	13,307.46	2,298.62
675. DOW CHEM CO	VAR	05/18/2011	24,853.16	17,939.98	6,913.18
10. EOG RESOURCES INC	04/12/2010	07/23/2010	1,018.72	1,068.03	-49.31
50. EOG RESOURCES INC	04/12/2010	04/11/2011	5,673.43	5,340.13	333.30
300. EDISON INTERNATIONAL	09/10/2009	07/28/2010	10,098.58	10,054.32	44.26
275. EXXON MOBIL CORPORATION	VAR	08/10/2010	17,055.05	18,623.75	-1,568.70
250. EXXON MOBIL CORPORATION	VAR	05/05/2011	20,781.38	18,323.95	2,457.43
400. EXXON MOBIL CORPORATION	VAR	05/12/2011	32,246.18	27,159.28	5,086.90
25. EXXON MOBIL CORPORATION	10/18/2010	05/12/2011	2,005.32	1,647.36	357.96
75. INTERNATIONAL BUSINESS					
MACHS CORP	05/13/2010	11/23/2010	10,714.38	9,946.31	768.07
50. INTERNATIONAL BUSINESS					
MACHS CORP	05/13/2010	12/14/2010	7,261.52	6,630.87	630.65
Totals					

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Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Short-term Gain/Loss
50. INTERNATIONAL BUSINESS					
MACHS CORP	04/28/2010	02/03/2011	8,158.51	6,489.99	1,668.52
500. INTERSIL CORP	05/27/2010	09/21/2010	5,507.50	6,714.00	-1,206.50
100. JUNIPER NETWORKS INC	04/28/2010	03/03/2011	4,352.73	2,856.86	1,495.87
300. KIMBERLY CLARK CORP	03/25/2010	09/21/2010	19,883.90	18,795.00	1,088.90
400. MERCK & CO INC	VAR	10/12/2010	14,555.56	14,554.06	1.50
200. MICROSOFT CORP	VAR	01/25/2011	5,643.86	5,677.65	-33.79
200. MONSANTO COMPANY NEW	07/01/2010	09/21/2010	10,835.27	9,214.06	1,621.21
500. MOTOROLA MOBILITY HOLDINGS					
INC	02/16/2011	03/30/2011	12,189.81	14,805.55	-2,615.74
10. NVR INC	05/21/2010	09/21/2010	6,419.50	6,597.03	-177.53
400. NYSE EURONEXT	07/01/2010	08/18/2010	11,657.52	10,985.24	672.28
600. NASDAQ STOCK MARKET, INC.	VAR	07/01/2010	10,596.96	12,108.57	-1,511.61
200. NATIONAL-OILWELL VARCO INC	11/23/2010	04/13/2011	15,004.01	12,133.98	2,870.03
200. NOVELLUS SYSTEMS INC	03/25/2010	03/16/2011	6,981.71	5,092.84	1,888.87
400. NOVELLUS SYSTEMS INC	VAR	03/22/2011	14,261.00	9,999.32	4,261.68
200. NOVELLUS SYSTEMS INC	03/24/2010	03/22/2011	7,150.31	4,967.14	2,183.17
200. OCCIDENTAL PETE CORP	VAR	10/20/2010	16,121.64	16,533.29	-411.65
400. PFIZER INC	11/02/2010	04/26/2011	8,067.64	6,969.72	1,097.92
100. PUBLIC SERVICE ENTERPRISE					
GROUP, INC. (N.J.)	07/09/2010	12/07/2010	3,145.33	3,319.76	-174.43
100. PUBLIC SERVICE ENTERPRISE					
GROUP, INC. (N.J.)	07/09/2010	12/07/2010	3,118.66	3,319.76	-201.10
100. PUBLIC SERVICE ENTERPRISE					
GROUP, INC. (N.J.)	07/08/2010	12/09/2010	3,112.90	3,300.28	-187.38
100. PUBLIC SERVICE ENTERPRISE					
GROUP, INC. (N.J.)	07/07/2010	12/13/2010	3,116.58	3,258.26	-141.68
100. QUALCOMM INC	03/24/2010	01/27/2011	5,453.53	4,014.02	1,439.51
100. QUALCOMM INC	03/24/2010	03/16/2011	5,104.60	4,014.02	1,090.58
400. SANDISK CORP	VAR	06/14/2011	17,302.07	17,435.57	-133.50
100. SCHLUMBERGER LTD	04/07/2010	11/23/2010	7,491.07	6,632.55	858.52
175. SCHLUMBERGER LTD	03/18/2011	05/04/2011	14,693.51	15,049.23	-355.72
300. SOUTHERN CO	VAR	03/10/2011	11,526.92	10,045.55	1,481.37
200. SYSCO CORP	VAR	02/22/2011	5,649.84	6,195.14	-545.30
Totals					

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WILLIAM R KENAN JR FUND TRUST P16855002 13-6843654

Schedule D Detail of Short-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Short-term Gain/Loss
200. TD AMERITRADE HOLDING CORPORATION	02/04/2010	01/24/2011	4,073.30	3,408.82	664.48
100. TD AMERITRADE HOLDING CORPORATION	08/18/2010	01/25/2011	2,006.81	1,602.77	404.04
100. TOLL BROTHERS INC	05/21/2010	07/01/2010	1,631.47	2,057.50	-426.03
100. TOLL BROTHERS INC	05/21/2010	07/01/2010	1,629.78	2,057.50	-427.72
100. TOLL BROTHERS INC	05/21/2010	07/01/2010	1,628.83	2,057.50	-428.67
55762.082 VANGUARD TOTAL BOND MARKET INDEX	03/01/2011	06/02/2011	600,000.00	589,962.83	10,037.17
79840.319 VANGUARD INTERMEDIATE TERM CORPORATE FUND	12/16/2010	03/01/2011	794,411.17	800,000.00	-5,588.83
100. WELLPOINT INC	08/09/2010	04/08/2011	6,865.22	5,542.20	1,323.02
300. NABORS INDUSTRIES LTD	05/28/2010	11/02/2010	6,238.75	5,807.70	431.05
Totals			2008276.00	1948366.00	59,911.00

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WILLIAM R KENAN JR FUND TRUST P16855002 13-6843654

Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
15% RATE CAPITAL GAINS (LOSSES)					
200. ABBOTT LABS	VAR	05/26/2011	10,392.80	9,928.77	464.03
75. ABBOTT LABS	11/08/2006	05/27/2011	3,858.93	3,554.73	304.20
300. ADVANCED AUTO PARTS INC	VAR	06/14/2011	17,172.99	10,050.50	7,122.49
100. AETNA INC	01/09/2008	11/04/2010	3,083.95	5,889.04	-2,805.09
700. AETNA INC	VAR	12/01/2010	20,971.51	18,258.97	2,712.54
100. APACHE CORP	01/04/2008	01/26/2011	12,206.60	10,980.00	1,226.60
25. APACHE CORP	01/04/2008	01/27/2011	2,930.44	2,745.00	185.44
50. APACHE CORP	01/04/2008	04/08/2011	6,535.02	5,490.00	1,045.02
50. APACHE CORP	01/04/2008	04/11/2011	6,389.31	5,490.00	899.31
25. APACHE CORP	VAR	05/12/2011	3,081.10	2,619.60	461.50
600. BANK OF AMERICA CORP NEW	04/01/2003	06/13/2011	6,495.11	20,227.26	-13,732.15
200. BANK OF AMERICA CORP NEW	09/26/2002	06/13/2011	2,165.95	6,590.50	-4,424.55
300. BANK OF AMERICA CORP NEW	09/26/2002	06/13/2011	3,254.14	9,885.75	-6,631.61
300. BANK OF AMERICA CORP NEW	VAR	06/13/2011	3,240.46	8,828.35	-5,587.89
700. BANK OF NEW YORK MELLON	01/08/2008	07/23/2010	17,766.81	34,144.95	-16,378.14
500. BANK OF NEW YORK MELLON	VAR	10/14/2010	12,974.99	16,457.59	-3,482.60
100. BANK OF NEW YORK MELLON	04/29/2009	10/14/2010	2,617.18	2,623.71	-6.53
600000. BARCLAYS ARN SPX 9/09/10	08/24/2007	09/09/2010	497,740.18	600,000.00	-102,259.82
300. BAXTER INTL INC	06/05/2009	07/09/2010	13,140.85	14,298.36	-1,157.51
100. CELGENE CORP	01/13/2009	02/11/2011	5,190.96	5,057.43	133.53
. CENDANT CORP		11/23/2010	110.78		110.78
300. CISCO SYS INC	07/22/2009	02/11/2011	5,633.50	6,461.91	-828.41
1200. CISCO SYS INC	12/30/2002	05/25/2011	19,362.58	15,600.00	3,762.58
75. DEERE & CO	09/01/2009	10/22/2010	5,773.45	3,204.49	2,568.96
100. DEERE & CO	VAR	11/10/2010	7,839.31	3,962.19	3,877.12
100. DEERE & CO	04/15/2009	11/11/2010	7,839.92	3,858.70	3,981.22
25. DEERE & CO	04/15/2009	11/12/2010	1,943.48	964.67	978.81
100. DEERE & CO	02/27/2009	11/19/2010	7,766.02	2,841.45	4,924.57
100. DEERE & CO	02/27/2009	11/19/2010	7,753.21	2,841.45	4,911.76
900. DISNEY WALT CO HOLDING COMPANY	01/09/2008	11/02/2010	32,642.70	27,380.16	5,262.54
100. EDISON INTERNATIONAL	06/19/2006	07/01/2010	3,122.06	3,975.23	-853.17
Totals					

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WILLIAM R KENAN JR FUND TRUST P16855002 13-6843654

Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
100. EDISON INTERNATIONAL	06/19/2006	07/08/2010	3,279.08	3,975.23	-696.15
100. EDISON INTERNATIONAL	06/19/2006	07/09/2010	3,295.13	3,975.23	-680.10
100. EDISON INTERNATIONAL	06/19/2006	07/20/2010	3,296.48	3,975.23	-678.75
300. EDISON INTERNATIONAL	VAR	07/28/2010	10,098.58	11,911.21	-1,812.63
. EL PASO CORP COM		12/17/2010	150.40		150.40
25. EXXON MOBIL CORPORATION	06/10/2005	08/10/2010	1,550.46	1,457.49	92.97
100. FREEPORT-MCMORAN COPPER & GOLD INC	01/10/2008	10/18/2010	9,659.58	9,560.01	99.57
100. FREEPORT-MCMORAN COPPER & GOLD INC	01/10/2008	04/11/2011	5,612.94	4,780.01	832.93
100. FREEPORT-MCMORAN COPPER & GOLD INC	01/10/2008	04/13/2011	5,327.68	4,780.00	547.68
384. FRONTIER COMMUNICATIONS CORP COM	VAR	07/09/2010	2,781.49	3,053.90	-272.41
. FRONTIER COMMUNICATIONS CORP COM		07/22/2010	0.43		0.43
. FRUIT OF THE LOOM INC		08/24/2010	13.09		13.09
20. GOOGLE INC	01/15/2009	08/13/2010	9,780.94	6,042.85	3,738.09
50. GOOGLE INC	VAR	04/18/2011	26,225.23	14,422.10	11,803.13
400. HEWLETT PACKARD CO	VAR	08/09/2010	17,125.50	12,138.24	4,987.26
300. HEWLETT PACKARD CO	VAR	08/13/2010	12,124.47	7,741.86	4,382.61
300. HEWLETT PACKARD CO	04/23/2004	09/10/2010	11,447.80	6,497.61	4,950.19
200. HEWLETT PACKARD CO	04/23/2004	11/12/2010	8,423.99	4,331.74	4,092.25
200. HEWLETT PACKARD CO	04/23/2004	12/17/2010	8,369.67	4,331.74	4,037.93
500. HEWLETT PACKARD CO	04/23/2004	12/22/2010	20,775.74	10,829.35	9,946.39
50. INTERNATIONAL BUSINESS MACHS CORP	09/26/2002	02/03/2011	8,158.51	3,118.75	5,039.76
250. INTERNATIONAL BUSINESS MACHS CORP	09/26/2002	02/16/2011	40,833.99	15,593.75	25,240.24
400. INTERNATIONAL GAME TECHNOLOGY	06/24/2009	09/21/2010	6,033.45	6,188.92	-155.47
17014.803 JPMORGAN INTREPID AMERICA FUND	02/17/2005	11/08/2010	378,579.37	385,215.14	-6,635.77
18094.089 JPMORGAN HIGHYIELD BOND FUND	10/25/2007	11/08/2010	150,000.00	151,628.47	-1,628.47
Totals					

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WILLIAM R KENAN JR FUND TRUST P16855002 13-6843654

Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
91240.876 JPM SHORT DURATION BOND					
FD - ULTRA	02/29/2008	07/01/2010	1000000.00	986,313.87	13,686.13
72992.701 JPM SHORT DURATION BOND					
FD - ULTRA	02/29/2008	12/15/2010	800,000.00	789,051.10	10,948.90
50. JUNIPER NETWORKS INC	09/09/2009	03/03/2011	2,176.36	1,305.93	870.43
100. MERCK & CO INC	09/14/2009	01/13/2011	3,505.10	3,274.22	230.88
100. MERCK & CO INC	09/14/2009	01/13/2011	3,480.09	3,274.22	205.87
100. MERCK & CO INC	09/14/2009	01/27/2011	3,327.28	3,274.22	53.06
. MERRILL LYNCH & CO INC		07/29/2010	470.40		470.40
600000. MERRILL LYNCH ARN SPX SX5E					
8/10/10	07/27/2007	08/10/2010	442,829.40	600,000.00	-157,170.60
600000. MERRILL LYNCH ARN SPX					
10/13/10	09/28/2007	10/13/2010	505,676.40	600,000.00	-94,323.60
300. MORGAN ST DEAN WITTER					
DISCOVER	VAR	03/07/2011	8,488.57	9,517.43	-1,028.86
600000. MORGAN STANLEY ARN SPX					
5/16/11	04/25/2008	05/16/2011	600,000.00	600,000.00	
200. NORFOLK SOUTHN CORP	VAR	07/01/2010	10,582.08	8,310.09	2,271.99
25. OCCIDENTAL PETE CORP	10/15/2009	10/20/2010	2,015.21	2,037.34	-22.13
100. OCCIDENTAL PETE CORP	VAR	03/18/2011	9,845.16	8,058.62	1,786.54
125. PACCAR INC	VAR	11/11/2010	6,675.58	5,315.85	1,359.73
100. PARKER HANNIFIN CORP	08/13/2009	10/19/2010	7,512.76	4,973.54	2,539.22
25. PARKER HANNIFIN CORP	07/08/2009	10/19/2010	1,870.33	995.47	874.86
75. PARKER HANNIFIN CORP	07/08/2009	11/11/2010	6,073.85	2,986.39	3,087.46
100. PARKER HANNIFIN CORP	07/08/2009	01/07/2011	8,640.86	3,981.86	4,659.00
500. PFIZER INC	VAR	04/26/2011	10,084.55	9,510.80	573.75
100. PHILIP MORRIS INTERNATIONA	04/01/2003	01/05/2011	5,876.33	1,516.95	4,359.38
300. PHILIP MORRIS INTERNATIONA	04/01/2003	01/10/2011	16,854.01	4,550.85	12,303.16
150. PROCTER & GAMBLE CO	07/31/2007	04/26/2011	9,585.80	9,435.45	150.35
100. QUALCOMM INC	07/23/2009	01/25/2011	5,115.28	4,718.50	396.78
400. SCHLUMBERGER LTD	01/23/2009	11/23/2010	29,964.29	15,846.16	14,118.13
300. SOUTHERN CO	VAR	03/10/2011	11,526.92	9,137.41	2,389.51
200. SOUTHERN CO	VAR	03/11/2011	7,652.74	5,729.67	1,923.07
200. SOUTHWESTERN ENERGY CO	06/08/2009	08/11/2010	7,052.30	8,559.76	-1,507.46
500. STAPLES INC	VAR	05/23/2011	8,329.84	11,896.62	-3,566.78
Totals					

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WILLIAM R KENAN JR FUND TRUST P16855002 13-6843654

Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
100. STARWOOD HOTELS & RESORTS	07/01/2009	01/06/2011	6,180.90	2,141.69	4,039.21
200. STARWOOD HOTELS & RESORTS	05/06/2009	01/28/2011	11,723.65	4,190.14	7,533.51
100. SYSCO CORP	05/02/2008	07/15/2010	3,008.78	3,174.00	-165.22
200. SYSCO CORP	VAR	07/16/2010	5,962.90	6,345.80	-382.90
100. SYSCO CORP	05/02/2008	07/16/2010	2,978.98	3,171.80	-192.82
200. SYSCO CORP	05/02/2008	02/22/2011	5,646.23	6,343.60	-697.37
100. SYSCO CORP	05/02/2008	02/22/2011	2,827.81	3,168.09	-340.28
16457.205 THIRD AVENUE FUND INC	07/06/2006	08/18/2010	735,472.49	946,289.29	-210,816.80
. TYCO INTL LTD NEW		09/16/2010	3,832.74		3,832.74
600. US BANCORP DEL COM NEW	12/20/2007	11/02/2010	14,309.39	18,963.84	-4,654.45
225. V F CORP	VAR	11/10/2010	18,010.85	12,884.03	5,126.82
65359.477 VANGUARD TOTAL BOND					
MARKET INDEX	05/28/2008	07/01/2010	700,000.00	658,823.53	41,176.47
36798.528 VANGUARD TOTAL BOND					
MARKET INDEX	05/28/2008	09/01/2010	400,000.00	370,929.16	29,070.84
13761.468 VANGUARD TOTAL BOND					
MARKET INDEX	05/28/2008	11/08/2010	150,000.00	138,715.60	11,284.40
300. WAL MART STORES INC	05/04/2006	08/18/2010	15,290.74	13,942.05	1,348.69
900. MARVELL TECHNOLOGY GROUP	VAR	06/14/2011	12,858.41	18,385.35	-5,526.94
. RENAISSANCE RE HLDGS LTD		07/22/2010	3,189.01		3,189.01
. RENAISSANCE RE HLDGS LTD		11/08/2010	4,248.62		4,248.62
TOTAL 15% RATE CAPITAL GAINS (LOSSES)			7124693.00	7460800.00	-336,107.00
Totals			7124693.00	7460800.00	-336,107.00

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Form 990-PF Interest on Savings and Temporary Cash Investments Statement 1

Source	Amount
FROM AIF VII PRIVATE INVESTORS LLC	11083.
FROM JPM US REAL ESTATE INCOME/GROWTH LP	8853.
JPMORGAN CHASE BANK	906.
Total to Form 990-PF, Part I, line 3, Column A	20842.

Form 990-PF Dividends and Interest from Securities Statement 2

Source	Gross Amount	Capital Gains Dividends	Column (A) Amount
FROM JPM US RE INC/GR LP	151.	0.	151.
JPMORGAN CHASE BANK	852317.	16822.	835495.
Total to Fm 990-PF, Part I, ln 4	852468.	16822.	835646.

Form 990-PF Other Income Statement 3

Description	(a) Revenue Per Books	(b) Net Invest-ment Income	(c) Adjusted Net Income
FROM JPM US RE INC/GR LP	0.	0.	0.
FROM AIF VII PRIV. INV., LLC	15977.	15977.	0.
EXPENSE REIMBURSEMENT	812306.	0.	812306.
Total to Form 990-PF, Part I, line 11	828283.	15977.	812306.

Form 990-PF Legal Fees Statement 4

Description	(a) Expenses Per Books	(b) Net Invest-ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
SCHELL, BRAY ET AL	200.	0.	0.	200.
To Fm 990-PF, Pg 1, ln 16a	200.	0.	0.	200.

Form 990-PF	Accounting Fees			Statement 5
Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
STEVEN R. ARMSTRONG CPA	26926.	5316.	0.	21610.
To Form 990-PF, Pg 1, ln 16b	26926.	5316.	0.	21610.

Form 990-PF	Other Professional Fees			Statement 6
Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
COMPENSATION CONSULTANT	1070.	0.	856.	214.
JPMORGAN CHASE BANK	68226.	68226.	0.	0.
To Form 990-PF, Pg 1, ln 16c	69296.	68226.	856.	214.

Form 990-PF	Taxes			Statement 7
Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
FEDERAL EXCISE TAXES	8000.	0.	0.	0.
PAYROLL TAXES	33022.	0.	26418.	6604.
FOREIGN TAX	13954.	13954.	0.	0.
To Form 990-PF, Pg 1, ln 18	54976.	13954.	26418.	6604.

Form 990-PF — Other Expenses — Statement 8

Description	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
TELEPHONE	11446.	0.	9156.	2289.
POSTAGE	3198.	0.	2558.	640.
OFFICE EXPENSES	15683.	0.	12547.	3137.
AUTO EXPENSE	110.	0.	88.	22.
INSURANCE	11718.	0.	9374.	2344.
SUBSCRIPTIONS	2607.	0.	2085.	521.
MAINTENANCE & REPAIRS	4226.	0.	3381.	845.
PRESIDENT'S EXPENSES	2446.	0.	0.	2446.
PROFESSIONAL ASSOCIATION MEMBERSHIP	5525.	0.	0.	5225.
PROGRAM MANAGER'S EXPENSES	4314.	0.	0.	4314.
EQUIPMENT LEASING	4547.	0.	3637.	910.
OTHER PORTFOLIO- JPM	64.	64.	0.	0.
FROM AIF VII PRIV. INV., LLC	9273.	9273.	0.	0.
FROM JPM US RE INC/GROWTH, LP	10490.	10490.	0.	0.
MISCELLANEOUS	1332.	0.	340.	992.
To Form 990-PF, Pg 1, ln 23	86979.	19827.	43166.	23685.

Form 990-PF — Other Decreases in Net Assets or Fund Balances — Statement 9

Description	Amount
COST BASIS DIFFERENCE BETWEEN TAX AND BOOK	5861.
PRIOR YEAR TAX COST ADJUSTMENT FOR NONTAXABLE DIVIDEND	3619.
Total to Form 990-PF, Part III, line 5	9480.

Form 990-PF — Other Funds — Statement 10

Description	(A) Beginning of Year	(B) End of Year
Endowment Fund	48121095.	46139810.
Total to Form 990-PF, Part II, line 29	48121095.	46139810.

Form 990-PF	Corporate Stock	Statement 11

Description	Book Value	Fair Market Value
MARKETABLE SECURITIES	15931575.	18939199.
Total to Form 990-PF, Part II, line 10b	15931575.	18939199.

Form 990-PF	Other Investments	Statement 12

Description	Valuation Method	Book Value	Fair Market Value
JPM FIXED INCOME	COST	8814078.	9091391.
JPM ALTERNATIVE ASSETS	COST	9509025.	11589540.
JPM OTHER ASSETS	COST	414921.	0.
JPM LARGE CAP	COST	9098251.	10260779.
Total to Form 990-PF, Part II, line 13		27836275.	30941710.

Form 990-PF Part VIII - List of Officers, Directors Trustees and Foundation Managers Statement 13

Name and Address	Title and Avrg Hrs/Wk	Compen- sation	Employee Ben Plan Contrib	Expense Account
RICHARD M KRASNO P O BOX 3858 CHAPEL HILL, NC	PRESIDENT 40.00	503992.	42345.	2446.
THOMAS S KENAN III 106 LAUREL HILL CIRCLE CHAPEL HILL, NC	VICE PRESIDENT 3.00	0.	0.	0.
ELIZABETH PRICE KENAN P.O. BOX 4150 CHAPEL HILL, NC	DIRECTOR 3.00	0.	0.	0.
CATHERINE H. BURNETT 700 COPPERLINE DR. UNIT 202 CHAPEL HILL, NC	ASST SECRETARY 40.00	93679.	13022.	4314.
DANIEL W DRAKE 11 FERRIS HILL ROAD NEW CANAAN, CT	DIRECTOR 3.00	0.	0.	0.
J HAYWOOD DAVIS 150 EAST 73RD STREET NEW YORK, NY	DIRECTOR 3.00	0.	0.	0.
ROBERT P. BAYNARD, JR. 345 PARK AVENUE, FLOOR 7 NEW YORK, NY	DIRECTOR 0.00	0.	0.	0.
Totals included on 990-PF, Page 6, Part VIII		597671.	55367.	6760.

Form **8868**
(Rev January 2011)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [X]
- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions) For more details on the electronic filing of this form, visit *www irs gov/efile* and click on *e-file for Charities & Nonprofits.*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed)

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ▶ [ ]

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print	Name of exempt organization	Employer identification number
	THE WILLIAM R KENAN JR FUND	57-0757568
File by the due date for filing your return See instructions	Number, street, and room or suite no If a P O. box, see instructions. P O BOX 4150	
	City, town or post office, state, and ZIP code For a foreign address, see instructions CHAPEL HILL, NC 27515-4150	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 4

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ STEVEN R. ARMSTRONG, CPA
STE 525, 100 EUROPA DRIVE, CHAPEL HILL, NC - 27517
Telephone No. ▶ 919-967-0618 FAX No ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ____ If this is for the whole group, check this box ▶ [ ] If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until February 15, 2012, to file the exempt organization return for the organization named above The extension is for the organization's return for:
▶ [ ] calendar year ____ or
▶ [X] tax year beginning JUL 1, 2010, and ending JUN 30, 2011

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2 If the tax year entered in line 1 is for less than 12 months, check reason: [ ] Initial return [ ] Final return
[ ] Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	$ 15248.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	$ 22551.
c	**Balance due.** Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	3c	$ 0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

LHA **For Paperwork Reduction Act Notice, see Instructions.** Form **8868** (Rev 1-2011)

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01-03-11