INVESTMENT ADVISOR GUIDELINES

Adopted 2002, Amended August 2009

General

1. Basic goal: annual net return (after commissions & fees) greater than inflation + 5% over a trailing ten-year period.
2. A total return approach maximizing overall return is desired.
   a) The Expectation is growth in realizable aggregate value through appreciation or income, not cash flow or timing of cash flow.
   b) Measure for performance is total return over the long term including and in particular full market cycles.
3. The allocation between debt and equity is at the discretion of the Investment Advisor.
   a) Source of funding withdrawals by the Foundation is also at the discretion of the Investment Advisor.
4. The Foundation must expend an amount equal to approximately 5% of average monthly market value (both principal and income) for each calendar year.
   a) This requirement can be satisfied by expenditure of income and/or principal.
   b) The investment advisor is not to maintain cash reserves for the purpose of anticipating the need to fund these distributions.
5. The following investments should be avoided:
   a) Investments generating unrelated business income such as partnerships or grantor trusts.
   b) Oil and gas royalty trusts or other investments for which tax reporting data for exempt entities is not readily accessible.
   c) Private placements are not permitted without the Foundation's prior approval.
   d) Open-ended mutual funds, except money market funds, are not permitted for use by investment managers.
6. In accordance with the principles of mission based investing, investments in companies should be avoided or favored according to the following criteria:
   a) Environment:
      i) Avoid companies that have demonstrated a consistent disregard for the environment.
      ii) Favor companies that conduct business operations with respect for the environment and show leadership in addressing environmental challenges faced by their particular industries.

   b) Employee Relations

i) Avoid companies having a history of discrimination, anti-labor practices, or violations of health and safety regulations.

ii) Favor companies that provide equal promotion opportunities for all employees, fair wages, opportunities for professional development, and employee benefits.

c) Human Rights: Avoid companies that contribute to repression of human rights through their business relationships, operations, or products.

d) Products and Services

i) Avoid companies that produce weapons or weapons systems, nuclear power or equipment, and tobacco products.

ii) Favor companies that create products or provide services that enhance the quality of life.

e) Favor, and not exclusively, component companies of the Domini social indices.

We recognize these terms are otherwise vague and may be difficult to apply in specific instances. We ask that when a question of investment arises you include in your semiannual report an explanation of why, in light of the issues of social responsibilities, the investment was or was not made.

For reference, the Foundation mission reads as follows:

> As a family foundation, The William Bingham Foundation furthers the charitable intent of its founder, Elizabeth Bingham Blossom; supports organizations in the fields of education, science, health and human services, and the arts; works for a world that is environmentally self-sustaining; seeks to strengthen civil society and its institutions; educates family members and others in the values and practice of philanthropy, community service and stewardship; and seeks to build a sense of community among ourselves and with the world we share.

7. Since the Foundation pays up to a two percent excise tax on investment income including net long or short term capital gain, taxation should not be a significant factor in investment decisions.

a) The Foundation receives no economic or tax benefit from foreign tax credits.

b) In calculating yield and total return performance, the calculation should be based upon the net dividend.

c) Investment decisions should be based upon net return after foreign taxes and not gross return.

8. The Foundation may not carry forward net capital losses.

a) It may be appropriate to realize gains and to repurchase sold securities to avoid losing the tax benefit of net losses.

b) The Foundation requires that you report a net loss or gain for the current year on or about December 10 together with estimates of probable additional gains or losses.

Equity Investments

9. In addition to Point 1., the expectation of the equity portfolio is a return net after commissions and fees that outperforms the S&P 500 index over trailing five-year periods.

10. Investment in equities except as otherwise provided in these guidelines are at the discretion of the Investment Advisor.

11. Options, limited to covered calls and covered puts, may be used in the equity portfolio at the discretion of the Investment Advisor.
    a) The objective of options is strictly to enhance total return.
    b) There is no specific objective for options nor any requirement for their use.

Fixed Income Investments

12. In addition to Point 1., the expectation of the fixed income portfolio is a return net after commissions and fees that outperforms the Lehman Brothers Credit Bond Index over a trailing five-year period.

13. Investments in fixed income securities, limited to domestic and foreign with investment grade ratings (i.e., a Moody's rating of Baa3 or better or a Standard & Poor's rating of BBB or better), are at the discretion of the Investment Advisor.