<foundation>

Investment Policy Statement

Sample

<version>

<date>

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1 Background

This Investment Policy Statement (the “IPS”) was initially developed by the Trustee(s) and its <Investment Advisor> for <foundation> (the “Trust”) in January 2003.

The purpose of this IPS is to outline an investment management philosophy that will set forth the Trust objectives, corresponding investment objectives to meet the Trust objectives, investment guidelines, performance measurement and reporting guidelines, monitoring requirements and the responsibilities and authorities of Investment Advisors and Investment Managers managing the assets of the Trust. The IPS is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. It will be reviewed periodically and revised as necessary to ensure that it adequately reflects changes related to the capital markets and the Trust.

All assets of the Trust should be treated as being held in a fiduciary capacity for the sake of accomplishing the Trust’s objectives.

<description of trust>

The initial focus of contributions and grants of the foundation is education, environment and health although the trustee’s interests are fairly diverse and may lead into other areas on an occasional basis. Nonprofit organizations that qualify for public charity status under section 501(c)(3) of the Internal Revenue Code or public schools and libraries are eligible for contributions or grants.

The focus of the Trust is fairly broad and designed to be sufficiently flexible to accommodate the different and evolving interests of the trustees (be it the founding trustees or successor trustees). The founding trustees have a preference, but won’t require that the successor trustees adhere to the intentions of the founding trustees. They recognize that the world changes and people have different interests. In their view it is important to help and give back to the community and the manner in which this is done will be left to the reasonable discretion of successor trustees. It is also their hope and intention that the Trust live on as one of our legacies in perpetuity.

More information about <foundation> may be found at: <web address>.

2 Scope

2.1 General

The Trust is an irrevocable trust in the form of a non-profit private family foundation. The Trust is a tax exempt 501(c)(3) organization, and is subject to the laws of the State of California.

The Trust is intended to exist in perpetuity.

2.2 Initial Assets

The IPS covers the financial assets of Trust with an approximate value, as of January 1, 2003, shown below:

<foundation> Initial Asset Allocation (January 1, 2003)				
Asset Class		Value	Percentage	Notes
U.S. Equities				
	Intel Corporation			
	Large Cap Core Equity			
	Large Cap Growth Equity			
	Large Cap Value Equity			
	Mid Cap Equity Growth Value			
	Small Cap Equity Growth Value			
	Total			
International Equities				
	International Developed Equity			
	Emerging Markets Equity			
	Total			
Fixed Income Securities				
	Municipal Securities			
	U.S. Taxable Bonds			
	U.S. High Yield Bonds			
	Global Bonds			
	Emerging Markets Debt			
	Total			
Alternative Investments				
	Hedge Funds			
	Hedge Fund of Funds			
	Real Estate or REITs or other			
	Commodities			
	Private Equity/ Venture Capital			
	Total			
Cash and Cash Equivalents				
	Cash			
	Cash Equivalents			
	Total			
	Total			

Notes:

None

2.3 Other Assets

There are currently no other related financial assets, as of <date>, to be considered.

3 Trust Objectives

The Trust objectives are the expected cash distribution, reserve and other requirements that should be met to fulfill the Trust's goals and intentions as communicated by the grantors or settlers of the Trust by either the formal Trust document (as maintained by the Trust's legal advisors) or other means.

The Trustee(s) will review and provide annually to the Investment Advisor the cash distribution and reserve requirements for the Trust. In general, the cash distribution will be sufficient to cover the estimated payout needs, estimated expenses and estimated taxes of the Trust. In addition, a reserve may be set aside for the Trust which is intended to provide a cushion for unexpected or unplanned needs or events.

The cash distribution requirements are specified in the attached appendix. For efficiencies sake, the monthly cash distribution requirements will be aggregated into quarterly cash distribution requirements to ease the management of the cash account. The cash distribution requirements for a particular quarter must be available to the Trust at the beginning of that quarter. The reserve is simply a set aside that should generally be maintained in the cash account.

The Trust objectives drive the investment objectives, in terms of income, capital appreciation, risk tolerance and time horizon.

4 Investment Objectives

4.1 General

The investment objectives will be established in a manner to provide a high probability of meeting the Trust objectives at an acceptable risk. The nominal rate of return is defined as the rate of return before inflation. The real rate of return is defined as the rate of return after inflation. Inflation is assumed to be 2.5% for this IPS.

The primary objective of the investment account is to target a real rate of return of 4.50+% net of investment expenses with a conservative to moderate risk tolerance and a 10+ year time horizon. Another primary objective is capital preservation. There will also be a cash account with a no to low risk tolerance to keep cash available for future anticipated expenses.

The secondary objective of the investment account is capital growth.

The investment account will consist of assets allocated between U.S. equities, international equities, fixed income securities, alternative investments and cash and cash equivalents. The investment account is where the primary capital growth and income generation for the Trust will occur with the described risk tolerance. Some sales of assets for income generation are allowed.

The cash account will consist of cash and cash equivalent assets.

A substantial portion of the Trust's initial assets are in <company> stock. It will be necessary to transition and diversify out of the single company stock. Some hedging of the stock may be necessary to manage risk until the price and time targets are met.

The Trust must comply with New Prudent Investor Rule (1992).

4.2 Taxes, Exclusions and Exemptions

The Trust may need to pay an excise tax on investment results in the Trust. The excise tax, if any, is very low.

4.3 Risk Tolerance

Achieving the Trust investment objectives will require some exposure to risk. There is no investment that is risk free. There are numerous sources of risk and they include: individual investment risk (price, yield, credit and default risk), market risk, liquidity risk and inflation risk. Asset diversification spreads the portfolios investments among different assets to reduce individual investment (i.e. non-systematic) risk. Asset allocation spreads investments among different classes of assets to reduce market risk. Systematic risk (i.e. market risk, liquidity risk and inflation risk) is common to all securities, however, and cannot be eliminated entirely.

The Trust has a conservative to moderate risk tolerance. The Trust is more concerned with preserving capital than with maximizing capital gains, and thus wishes only to tolerate infrequent, very moderate negative returns through a market cycle.

4.4 Time Horizon

The Trust has a time horizon (i.e., the extended period of time for which the assets are being invested to meet the objectives of the Trust and fulfill the purposes of the) of 10+ years. This longer timeframe generally allows the portfolio to endure the volatility of market cycles. Greater allocations to higher volatility/higher return asset classes may be employed in an attempt to enhance portfolio returns.

4.5 Cash Distribution Requirements

Detailed cash distribution requirements are specified in the Trust Objectives section of this document.

In general the cash distribution requirements consist of the payout, expenses, taxes and a reserve. The payout, expenses and taxes will generally be paid out in the quarter in which they are specified. The reserve will generally not be paid out but is maintained for any unanticipated expenses of the Trust.

The Trust will be responsible for advising the Investment Advisor in a timely manner of the cash distribution requirements. The cash distribution requirements for a particular quarter must be available to the Trust at the beginning of that quarter. The Investment Advisor is responsible for providing adequate liquidity to meet the cash distribution requirements. Cash distribution requirements may be expected to be met primarily by income from dividends, interest payments, capital gains, and if necessary, from portfolio principal and will generally be paid out of the cash account.

4.6 Restrictions

Technology (long only) specific managers will not be used until <company> stock falls below the maximum threshold of the asset diversification guidelines. Additional <company> stock will not be purchased until <company> stock falls below the not to exceed thresholds of the asset diversification guidelines.

Investment restrictions may not be able to be applied to assets in pooled vehicles such as mutual funds and investment partnerships.

Purchases of securities in separately managed accounts will be for cash and there will be no margin transactions, short selling or commodity transactions except for specifically designated alternative investment managers. In addition there will be no direct investments in real estate, loaning of money (except through the purchase of fixed income securities) or the lending, mortgage, pledge or hypothecation of any Trust assets.

Investments in separately managed accounts may not be made by Investment Managers in their own securities, affiliates or subsidiaries.

Cash equivalents must be rated AAA. Money market mutual funds must be rated AA or higher. Commercial paper must be rated A1 or higher.

Investments violating the New Prudent Investor Rule (1992) will not be allowed.

The Trust desires to invest in companies whose business conduct is consistent with the Trust's goals and beliefs. Therefore, the Investment Advisor will use its best efforts in separately managed accounts to avoid investing in the securities of any company known to participate in the following businesses:

None specified.

5 Investment Guidelines

5.1 Asset Allocation

The lifetime of the Trust will consist of two phases; the transition phase and the long-term investment phase. The transition phase applies to a Trust that is initially funded with a single company stock which must be sold en route to a more diversified portfolio. The transition phase may last for a short to medium period of time and the allocation of assets may vary considerably as the Trust moves toward the long-term investment phase. There are two elements to the transition phase; movement out of the single company stock and movement into the diversified portfolio. The long-term investment phase applies to a diversified portfolio among various classes of investments and its investment time frame is described by the time horizon described for the trust. The Target Asset Allocation applies primarily to the long-term investment phase.

The Target Asset Allocation represents an individual, subjective, customized target percentage for the time horizon selected by the Trust for each major asset class, based on historical market conditions, risk, reward, and correlations and other inputs as may be appropriate.

The Current Asset Allocation represents active decisions to overweight or underweight asset classes in the near-term relative to the Target Asset Allocation and should fall in the Asset Allocation Range. The Current Asset Allocation is dependent upon the overall economic and financial outlook and the relative risk/return parameters and valuation levels for each asset class at a point in time. Over the time horizon of the trust, the Current Asset Allocation should on average be equal to the Target Asset Allocation.

There will be two sub-accounts for the trust; the investment account and the cash account. The investment account will consist of assets allocated between U.S. equities, international equities, fixed income securities, alternative investments and cash and cash equivalents. The investment account is where the primary capital growth and income generation for the Trust will occur with the described risk tolerance. The cash account will consist of cash and cash equivalent assets. The cash account exists to hold assets at no to low risk for future anticipated expenses. In general the value of assets in the cash account will be sufficient to cover on a rolling 6 month basis the forward looking estimated expenses, estimated taxes and a reserve for the trust. Cash and cash equivalents will be moved as needed from the investment account to replenish the cash account.

<company> will be treated as a separate investment category within the investment account until it falls below the maximum threshold of the asset diversification guidelines, at which point it will become part of the Large Cap Core Equity investment category.

5.1.1 Transition Phase

The movement out of <company> stock is targeted as follows:

	Remaining <company> stock at quarter end (as percentage of <date> balance)			
	Q1 2003	Q2 2003	Q3 2003	Q4 2003
<company	100%. Target price: $_____ or higher	66% or less. Target price: $_____ or higher	33% or less. Target price: $_____ or higher	5% or less. Target price: $_____ or higher

The above is illustrative, but not definite in terms of target timing and pricing. At the end of the transition phase the Trust may still hold some <company> stock subject to the asset diversification requirements of the trust. The goal is to complete the transition phase out of <company> stock by <date> but this may be accelerated or decelerated as needed.

As cash becomes available from the movement out of the <company> stock it should be moved into a diversified portfolio immediately. The resulting cash should be allocated to the cash account first, until it reaches its target asset value, and then to the investment account and its respective asset classes on a pro-rata basis. Additional assets added to the Trust at a later date will in general be immediately allocated to the investment account and its respective asset classes on a pro-rata basis.

5.1.2 Long Term Investment Phase

<foundation> Investment Account Asset Allocation					
Asset Class		Current Asset Allocation (<date>)	Target Asset Allocation	Asset Allocation Range	Notes
U.S. Equities					
	Intel Corporation				
	Large Cap Core Equity				
	Large Cap Growth Equity				
	Large Cap Value Equity				
	Mid Cap Equity Growth Value				
	Small Cap Equity Growth Value				
	Total				
International Equities					
	International Developed Equity				
	Emerging Markets Equity				
	Total				
Fixed Income Securities					
	Municipal Securities				
	U.S. Taxable Bonds				
	U.S. High Yield Bonds				
	Global Bonds				
	Emerging Markets Debt				
	Total				
Alternative Investments					
	Hedge Funds				
	Hedge Fund of Funds				
	Real Estate or REITs or other				
	Commodities				
	Private Equity/ Venture Capital				
	Total				
Cash and Cash Equivalents					
	Cash				
	Cash Equivalents				
	Total				
Total					

Notes:

None

<foundation> Cash Account Asset Allocation					
Asset Class		Current Asset Allocation (<date>)	Target Asset Allocation	Asset Allocation Range	Notes
Cash and Cash Equivalents					
	Cash				
	Cash Equivalents				
Total					

Notes:

None

5.2 Asset Diversification

As a general policy, the Investment Advisor will maintain a reasonable diversification between asset classes and investment categories at all times.

The Investment Advisor may not allow investments in the equity securities of any one company to exceed 5% of the portfolio nor will the total securities position (debt and equity) in any one company exceed 10% of the portfolio.

The Investment Advisor shall also maintain reasonable sector allocations and diversification. No more than 25% of the entire portfolio may be invested in the securities of any one sector.

Investments within the investment portfolio, except for alternative investments, should be readily marketable.

The investment portfolio should not be a blind pool; each investment must be available for review by the Investment Advisor.

5.3 Asset Rebalancing

It is possible that assets in the Trust portfolio may become too concentrated in one or more asset classes or investment categories due to market conditions. The primary mechanism for rebalancing will be threshold rebalancing. In general the asset classes and investment categories will be monitored by the Investment Advisor and when the actual value of a specific asset class or investment category moves more than 5% (as measured against the total investment or cash account value) from the current asset allocation then the asset classes should be rebalanced back to the current asset allocation as necessary. It should be noted that the current asset allocation should fall within the asset allocation range and depending on capital market conditions may be different than the target asset allocation.

6 Investment Performance

The performance of the Investment Advisor with the investment account will be judged on the aggregate real rate of return (net of fees) within the prescribed risk tolerance as well against the performance benchmarks of the respective investment categories. The performance of the Investment Advisor with the cash account will be judged against the performance benchmarks of the respective investment categories within the prescribed risk tolerance. The performance for the investment and cash accounts will be judged during both the transition and long-term investment phases.

The Investment Advisor will not generally be judged on the allocation of assets between the investment account and the cash account, since the value of the assets in the cash account is determined by parameters outside the control of the Investment Advisor. There may be cash and cash equivalents in the investment account which are independent of the cash account and these assets will be considered as part of the performance of the investment account. Also, <company> will be treated as a separate investment category within the investment account until it falls below the maximum threshold of the asset diversification guidelines, at which point it will become part of the Large Cap Core Equity investment category.

The appropriate performance benchmark for each investment category is outlined below:

Investment Category	Definition	Performance Benchmark
U.S. Equities		
Large Cap Core Equity	Equity securities whose portfolio characteristics are similar to those in the S&P 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection.	S&P 500 Index
Large Cap Growth Equity	Stocks of companies that are expected to have above average prospects for long-term growth in earnings and profitability.	Russell 1000 Growth Index
Large Cap Value Equity	Stocks of companies believed to be undervalued based on their potential for capital appreciation, and/or which possess lower than average price to earnings ratios.	Russell 1000 Value Index
Mid Cap Equity Growth Value	Stocks of companies representing the Growth and Value categories described above, with mid market value capitalization, generally defined as the 800 smallest companies in the Russell 1000 Index with average market value capitalization of approximately $4.0 billion and a maximum market capitalization of approximately $12 billion.	Russell Mid Cap Growth or Value Index
Small Cap Equity Growth Value	Stocks of companies representing the Growth and Value categories described above, with relatively small market value capitalization, generally defined as the 2000 smallest companies in the Russell 3000 Index with average market value capitalization of approximately $500 million and a maximum market capitalization of approximately $1,500 million.	Russell 2000 Growth or Value Index
International Equities		
International Developed Equity	Stocks of companies domiciled in developed markets outside of the United States.	MSCI Europe, Australia, and the Far East (EAFE) Index
Emerging Markets Equity	Stocks of companies domiciled in non-developed, emerging markets.	MSCI Emerging Markets Free Index
Fixed Income Securities		

Investment Category	Definition	Performance Benchmark
Municipal Securities	Bonds, notes, and other debt obligations of state and local governments and their instrumentalities, the interest on which is exempt from federal income tax, and in some cases, from state and/or local income tax.	Investment Advisor Muni Index
U.S. Taxable Bonds	Bonds of U.S. issuers that are rated BBB or higher by Standard & Poor's, or Baa or higher by Moody's.	Investment Advisor Aggregate Bond Index
U.S. High Yield Bonds	Bonds of U.S. issuers that are rated BB or lower by Standard & Poor's, or Ba or lower by Moody's.	Investment Advisor High Yield Index
Global Bonds	Fixed income securities of government, government-related, and corporate issuers located throughout the world.	Investment Advisor Aggregate Bond Index
Emerging Markets Debt	Debt securities of government, government-related, and corporate issuers located in non-developed emerging markets.	JP Morgan Emerging Markets Debt Index
Alternative Investments		
Hedge Funds	Private investment portfolios with unique risk/return characteristics often with lower correlations to traditional equity investment classes. Categories include market neutral, risk/merger arbitrage, distressed securities, futures, real estate investment trusts, multi-strategy, non-U.S. markets, and fund of funds. Hedge fund fee and vehicle structures are different from most traditional equity structures and require a higher degree of client sophistication and wealth to participate.	Benchmark is a Function of Manager Style
Hedge Fund of Funds	Private investment portfolios, usually limited partnerships, that invest in several hedge funds, usually diversified by return criteria, by absolute return and/or market benchmark, as well as by hedge fund category. Categories include market neutral, macro, fixed income arbitrage, and sector funds.	Benchmark is a Function of Manager Style
Real Estate or REITs or other	Investments in equity real estate held in the form of income-producing commercial, residential, or other real property, and/or through professionally-managed publicly or privately traded pooled real estate investment funds.	NAREIT Equity Index
Commodities	Investments in energy products, metals, grains, livestock, tropicals, and other commodities traded globally through physical markets and organized futures exchanges.	GS Commodity Index
Private Equity/ Venture Capital	Investments in the early stage development of start-up businesses perceived to have excellent growth prospects, but not necessarily access to capital markets.	Benchmark is a Function of Manager Style
Cash and Cash Equivalents		
Cash	Cash	
Cash and Cash Equivalents	Investments in U.S. Treasury Bills, commercial paper, money market funds, and other short-term money market instruments.	Salomon Brothers 3-Month T-Bill Index

7 Investment Reporting

The Investment Advisor will provide monthly statements of the Trust assets and activities.

The Investment Advisor will review the Investment Manager's performance at least once each quarter for compliance with the objectives and guidelines of this IPS as well as material changes in the Investment Managers investment philosophy, organization and/or personnel.

The Trustee(s) and the Investment Advisor will review and discuss the Investment Manager's performance at least once each quarter.

The Trustee(s) and the Investment Advisor will review this IPS annually to assure the continued accuracy and relevance of the objectives, guidelines, performance and assumed capital market environment. This IPS may be modified from time to time to reflect any changes deemed necessary.

The Trustee(s) will review and provide annually to the Investment Advisor the cash distribution requirements for the trust. The cash distribution requirements for the Trust will be reviewed and agreed upon by the end of Q3 of the year for the following year.

The Investment Advisor will report on the Trust's performance at its annual meeting (typically in November).

8 Investment Professionals

8.1 General

The Trustee(s) are responsible for administering, directing and monitoring the investment management of the Trust's assets. As such, the Trustee(s) are authorized to delegate certain responsibilities to professionals in various fields. These include, but are not limited to:

<u>Investment Advisor</u>

The Investment Advisor will assist the Trustee(s) in establishing this IPS, selecting Investment Managers, reviewing such managers over time, measuring and evaluating investment performance and other tasks as necessary.

<u>Investment Manager</u>

The Investment Manager will purchase, sell, or hold specific securities that will be used to meet the objectives and guidelines of the IPS.

<u>Custodian</u>

The Custodian will maintain the possession of securities owned by the Trust, collect dividend and interest payments, redeem maturing securities and effect receipt and delivery following the purchases and sales of securities. The custodian may also perform regular accounting of all assets purchased, sold or owned, as well as movement of assets into and out of the Trust's accounts.

<u>Additional professionals</u>

The additional professionals such as attorneys, accountants and others needed to meet its responsibilities and obligations to administer, direct and monitor the Trusts assets prudently.

8.2 Selection

One or more Investment Managers will be selected to manage the Trust assets. The selection of Investment Managers must be based on prudent due diligence procedures. The following elements will be considered in selecting an Investment Manager: background, experience, investment philosophy, investment style, past performance, efficiency, client service and other elements as necessary.

In general the Investment Managers will be in the top quartile of a peer group of Investment Managers with a similar investment philosophy and style.

8.3 Responsibility

The Investment Advisor and Investment Managers will be responsible for informing the Trust of all significant and/or material matters and changes with respect to its investments including, but not limited to, the following: investment strategy, portfolio structure, ownership of the management firm, organizational structure of the management firm and any related entities, financial condition of the management firm and any related entities, any and all material legal, SEC and other regulatory agency proceedings affecting the management firm.

The Investment Advisor and Investment Managers will responsible for voting all proxies and related actions in a manner consistent with the interests evidenced by this IPS. Each Investment Advisor and Investment Manager will keep detailed records of its voting of proxies and related actions and comply with all related regulatory requirements.

The Investment Advisors and Investment Managers will be held responsible and accountable to achieve the objectives stated in this IPS.

If any investment professionals are also deemed to be fiduciaries, they must acknowledge such to the Trustee(s) in writing. All expenses for such investment professionals must be customary and reasonable, and will be borne by the Trust as deemed appropriate and necessary.

9 Authorized Persons and Advisors

9.1 Authorized Persons

The following individual(s) is(are) authorized, as of <date> to receive information, give direction and act individually on behalf of the Trust:

Name
Trustee
<foundation>
Address
Phone
Email

Name
Trustee
<foundation>
Address
Phone
Email

Name
Executive Director
<foundation>
Address
Phone
Email

9.2 Advisors

The following advisors are used by the Trust:

<u>Investment Advisor</u>

Name
Company
Address
Phone
Email

<u>Accountant</u>

Name
Company
Address
Phone
Email

<u>Tax Attorney</u>

Name
Company
Address
Phone
Email

<u>Trust Attorney</u>

Name
Company
Address
Phone
Email

10 Disclaimers and Acknowledgements

10.1 Disclaimers

The Trust understands that Investment Advisor does not provide tax, trust, estate planning, or legal advice, and that the tax, trust, and estate planning consequences of the investment guidelines and parameters contained herein have been reviewed with and approved by the Trust's own legal, accounting and other advisors. It is the responsibility of the Trust and its advisors to advise the Investment Advisor of any tax, trust, or estate planning considerations, and any changes in its federal, state, local and/or international tax status, that might warrant reconsideration or revision of this IPS.

10.2 Acknowledgement

On an annual basis, and more frequently if required, the Trust will provide the Investment Manager(s), through their Investment Advisor, with any change in the Trust circumstances or requirements which might affect the investment of the assets managed under this IPS.

The Trust represents that the information it has provided is accurate and contains any and all information material to the analysis and recommendations made by Investment Advisor in this IPS. No changes to this IPS shall be effective unless agreed to in writing by the Investment Advisor and the Trust. However, notwithstanding anything to the contrary herein, Investment Advisor may, at any time, reallocate the assets in the account upon the Trust's written instructions.

The Trust acknowledges that this IPS is an information document prepared to provide information to the Investment Advisor to enable the Investment Advisor to recommend investment strategies and tactics to the Trust and to reflect the Investment Advisor's recommendations based on such information. This IPS does not contractually obligate or entitle Investment Advisor, the Trust or any Investment Manager to any rights or responsibilities. If the Trust accepts any or all of Investment Advisors recommendations as reflected in this IPS, the Trust will be required to execute in writing, contracts evidencing among other things, the Investment Advisors role and responsibilities and the fees and expenses the Trust will pay in connection with such investment. The Trust understands that the selection of multiple investments may require the execution of multiple contracts and that Investment Advisors role and responsibilities may differ from one investment to another.

11 Appendices

11.1 Cash Distribution Requirements

<foundation> Cash Distribution Requirements (2003)							
	Pay Out	Operating Expenses	Investment Manage-ment Expenses	Taxes	Total	Reserve	Notes
Monthly							
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
Quarterly							
Q1							
Q2							
Q3							
Q4							
Yearly							
Year							
Ongoing							
Reserve							

Notes:

None.