SECTION OF BUSINESS LAW
REVISED INVESTMENT POLICY


This statement supercedes the Investment Policy of the Section of Business Law (the “Section”) adopted on January 17, 1997 and sets forth the Section’s guidelines for the maintenance, use and investment of Section funds.

Responsibility

The Section’s Budget Officer in consultation with the Section’s Investment Advisors, is authorized and directed to invest the Section funds in accordance with this policy and the policies of the American Bar Association (the “ABA”).

Investment Objectives

The Section’s investment objectives are:

- Preserve the value of capital invested
- Pursue reasonable additional capital return in excess of the inflation rate
- Diversification of investments to extent prudent considering market conditions
- Maintain liquidity to the extent appropriate considering fixed and likely near-term requirements of the Section

Reserves

Permanent Reserve. The Section shall maintain a Permanent Reserve for the purpose of providing funding for unforeseen expenses or liabilities that cannot be paid from the operating budget without significantly affecting existing programs and operations. The Permanent Reserve shall be used to fund unforeseen expense or liabilities only if
approved by the Officers of the Section and only if the expense or liability can not be paid out of the Operating Fund or the Contingent Reserve. A second purpose of the Permanent Reserve is to provide funding for projects that have a long-term benefit to the Section and are deemed by the Council as an appropriate use of the Permanent Reserve.

The targeted percentage for the Permanent Reserve is 100% or more of the gross annual expenditures as budgeted at the beginning of the fiscal year. As long as the level of the Permanent Reserve is maintained or exceeds 100% of the gross expenditures as budgeted at the beginning of the fiscal year, a portion of the Permanent Reserve may be used to cover operating expenses.

The Permanent Reserve shall be invested in long-term assets. The target investment allocations will be set by the Section’s Budget Officer in consultation with the Section’s Investment Advisors so that the allocations can respond to macroeconomic conditions. These target allocations shall be set within the following permissible ranges:

<table>
<thead>
<tr>
<th>Permissible Range</th>
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<tbody>
<tr>
<td>U.S. Equity</td>
<td>50-70%</td>
</tr>
<tr>
<td>Non US Equity</td>
<td>10-35%</td>
</tr>
<tr>
<td>Total Equity</td>
<td>65-85%</td>
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<tr>
<td>Fixed Income</td>
<td>15-35%</td>
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</table>

Transfers shall be used to maintain the allocations as close as practicable to the target allocations. If cash flows are insufficient to maintain the allocations within the permissible ranges as of any calendar-quarter end, balances shall be transferred as necessary between the asset types to bring the allocation back within the permissible ranges.

**Operating Fund and Contingent Reserve.** The Section shall also maintain an Operating Fund and a Contingent Reserve. The Section’s dues revenue and other
revenue shall be deposited into the Operating Fund. The Operating Fund should be sufficient to pay budgeted expenses for the ensuing four-fiscal quarters. The Contingent Reserve is maintained for the purpose of covering shortfalls experienced during a year in budgeted revenues (including dues) or unpredicted expenses that cannot be made up through reallocating appropriations previously made for other purposes without significantly affecting existing programs and operations. Any non-investment revenue not spent during the fiscal year shall be added to the Contingent Reserve at the end of the fiscal year. The amount of the Contingent Reserve in excess of $1,000,000 at the end of the ABA’s fiscal year, determined at the time of delivery of the ABA’s audited financial statements, be reallocated to the Section’s Permanent Reserve. The Operating Fund shall be invested in the ABA’s short-term investment fund, the money market fund. The Contingent Reserve shall be invested in long-term assets.

Operating Expenses. The portion of the Permanent Reserve and anticipated return on the Operating Fund and Contingent Reserve that may be budgeted to cover operating expenses each year shall not exceed:

1. five percent (5%) of the average fair market value of the Permanent Reserve as of each of the preceding twelve (12) calendar quarters calculated as of December 31st of the preceding year and
2. a projected return on the short-term investments in the Operating Fund and Contingent Reserve for the year covered by the budget.

Reporting and Other

The Budget Officer is to periodically provide the Section’s Officers and Council with status reports of the Section’s investment activities. Further, the Budget Officer is authorized, on behalf of the Section, to the extent it deems appropriate, to inform the ABA’s Finance Committee or others of its views on the investment of reserves, including suggested changes in investment options and the performances (investments and quality and timing of disclosure) of the investment managers.