

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

2012

Department of the Treasury
Internal Revenue Service

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

For calendar year 2012, or tax year beginning , 2012, and ending ,

The Wallace Foundation c/o Finance 5 Penn Plaza 7th Floor New York, NY 10001	A Employer identification number 13-6183757						
	B Telephone number (see the instructions) 212-251-9700						
	C If exemption application is pending, check here. <input type="checkbox"/>						
G Check all that apply: <table style="display: inline-table; vertical-align: top; margin-right: 20px;"> <tr><td><input type="checkbox"/> Initial return</td><td><input type="checkbox"/> Initial return of a former public charity</td></tr> <tr><td><input type="checkbox"/> Final return</td><td><input type="checkbox"/> Amended return</td></tr> <tr><td><input type="checkbox"/> Address change</td><td><input type="checkbox"/> Name change</td></tr> </table>	<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity	<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return	<input type="checkbox"/> Address change	<input type="checkbox"/> Name change	D 1 Foreign organizations, check here. <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity						
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return						
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change						
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation	E If private foundation status was terminated under section 507(b)(1)(A), check here. <input type="checkbox"/>						
I Fair market value of all assets at end of year (from Part II, column (c), line 16) ▶ \$ 1398955579.	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here. <input type="checkbox"/>						
J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)							

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
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) (see instructions).)				
REVENUE				
1 Contributions, gifts, grants, etc. received (att sch)	2,360.			
2 Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments.	34,621.	33,400.		
4 Dividends and interest from securities.	13,183,814.	13,183,814.		
5a Gross rents.				
b Net rental income or (loss).				
6a Net gain/(loss) from sale of assets not on line 10	30,779,116.			
b Gross sales price for all assets on line 6a. 922763126.				
7 Capital gain net income (from Part IV, line 2)		29,712,766.		
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/(loss) (att sch).				
11 Other income (attach schedule)				
See Statement 1	10,423,723.	11,580,773.		
12 Total. Add lines 1 through 11.	54,423,634.	54,510,753.	0.	
ADMINISTRATIVE AND EXPENSES				
13 Compensation of officers, directors, trustees, etc.	1,534,882.	450,622.		1,079,499.
14 Other employee salaries and wages.	3,226,485.	149,865.		2,941,546.
15 Pension plans, employee benefits.	1,485,471.	181,466.		1,240,641.
16a Legal fees (attach schedule) . . . See St. 2	200,793.	55,149.		148,333.
b Accounting fees (attach sch) . . . See St. 3	68,000.	34,000.		47,500.
c Other prof fees (attach sch) . . . See St. 4	11,696,246.	4,892,461.		6,640,116.
17 Interest.				
18 Taxes (attach schedule)(see instrs) . . . See Stm 5	642,060.	485,426.		
19 Depreciation (attach sch) and depletion. . . See Stm 14	286,956.			
20 Occupancy.	1,212,604.	113,815.		1,096,779.
21 Travel, conferences, and meetings.	201,557.	11,975.		185,593.
22 Printing and publications.	52,876.			53,084.
23 Other expenses (attach schedule)				
See Statement 6	407,546.	24,809.		366,304.
24 Total operating and administrative expenses. Add lines 13 through 23.	21,015,476.	6,399,588.		13,799,395.
25 Contributions, gifts, grants paid.	60,026,844.			57,283,381.
26 Total expenses and disbursements. Add lines 24 and 25.	81,042,320.	6,399,588.	0.	71,082,776.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-26,618,686.			
b Net investment income (if negative, enter -0-)		48,111,165.		
c Adjusted net income (if negative, enter -0-)			0.	



Department of the Treasury
Internal Revenue Service
Ogden UT 84201

For assistance, call:

1-877-829-5500

FAX 801-620-5670

Notice Number: CP211A

Date: September 16, 2013

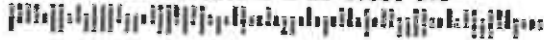
Taxpayer Identification Number:

13-6183757

Tax Form: 990PF

Tax Period: December 31, 2012

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THE WALLACE FOUNDATION
% FINANCE
5 PENN PLZ FL 7
NEW YORK NY 10001-1837

016683

APPLICATION FOR EXTENSION OF TIME TO FILE AN EXEMPT ORGANIZATION RETURN - APPROVED

We received and approved your Form 8868, Application for Extension of Time to File an Exempt Organization Return, for the return (form) and tax period identified above. Your extended due date to file your return is **November 15, 2013**.

When it's time to file your Form 990, 990-EZ, 990-PF or 1120-POL, you should consider filing electronically. Electronic filing is the fastest, easiest and most accurate way to file your return. For more information, visit the Charities and Nonprofit web at www.irs.gov/eo. This site will provide information about:

- The type of returns that can be filed electronically,
- approved e-File providers, and
- if you are required to file electronically.

If you have any questions, please call us at the number shown above, or you may write us at the address shown at the top of this letter.

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)			
		Beginning of year	End of year		
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
ASSETS	1	Cash – non-interest-bearing			
	2	Savings and temporary cash investments	42,853,405.	44,474,927.	41,574,927.
	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 (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach sch) ..			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	876,636.	445,640.	445,640.
	10a	Investments – U.S. and state government obligations (attach schedule)	122,897,175.	123,450,957.	123,450,957.
	b	Investments – corporate stock (attach schedule) ..	1,024,733,082.	1,119,938,428.	1,119,938,428.
	c	Investments – corporate bonds (attach schedule) ..	131,746,615.	108,491,680.	108,491,680.
	11	Investments – land, buildings, and equipment: basis			
	Less: accumulated depreciation (attach schedule)				
12	Investments – mortgage loans				
13	Investments – other (attach schedule)				
14	Land, buildings, and equipment: basis ▶ 4,275,086.				
	Less: accumulated depreciation (attach schedule)	2,362,910.	2,131,710.	3,332,965.	
15	Other assets (describe ▶ See Statement 11)	2,110,245.	1,720,982.	1,720,982.	
16	Total assets (to be completed by all filers – see the instructions. Also, see page 1, item I)	1,327,580,068.	1,400,654,324.	1,398,955,579.	
LIABILITIES	17	Accounts payable and accrued expenses	1,015,290.	1,606,307.	
	18	Grants payable	14,737,218.	17,731,020.	
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶ See Statement 12)	4,234,540.	6,301,029.	
	23	Total liabilities (add lines 17 through 22)	19,987,048.	25,638,356.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>				
	24	Unrestricted	1,307,593,020.	1,375,015,968.	
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
30	Total net assets or fund balances (see instructions)	1,307,593,020.	1,375,015,968.		
31	Total liabilities and net assets/fund balances (see instructions)	1,327,580,068.	1,400,654,324.		

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	1,307,593,020.
2	Enter amount from Part I, line 27a	2	-26,618,686.
3	Other increases not included in line 2 (itemize)	3	94,041,634.
4	Add lines 1, 2, and 3	4	1,375,015,968.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	1,375,015,968.

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 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a See Statement 15			
b			
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			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			
b			
c			
d			
e			

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	29,712,766.
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) (see instructions). If (loss), enter -0- in Part I, line 8. 	3	

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 the 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 (column (b) divided by column (c))
2011	69,517,176.	1,380,035,331.	0.050373
2010	46,933,035.	1,296,310,573.	0.036205
2009	60,927,202.	1,154,565,495.	0.052771
2008	77,762,781.	1,446,867,119.	0.053746
2007	77,536,719.	1,657,867,985.	0.046769
2 Total of line 1, column (d)			0.239864
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			0.047973
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5			1,367,028,957.
5 Multiply line 4 by line 3			65,580,480.
6 Enter 1% of net investment income (1% of Part I, line 27b)			481,112.
7 Add lines 5 and 6			66,061,592.
8 Enter qualifying distributions from Part XII, line 4			71,135,986.

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)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instrs)		
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	481,112.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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	481,112.
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	481,112.
6 Credits/Payments:		
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a	1,000,000.
b Exempt foreign organizations – tax withheld at source	6 b	
c Tax paid with application for extension of time to file (Form 8868)	6 c	
d Backup withholding erroneously withheld	6 d	
7 Total credits and payments. Add lines 6a through 6d	7	1,000,000.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> 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	0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	518,888.
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax 0. Refunded	11	518,888.

Part VII-A Statements Regarding Activities

	Yes	No
1 a 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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>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.</i>		X
c Did the foundation file Form 1120-POL for this year?		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? <i>If 'Yes,' attach a detailed description of the activities.</i>		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? <i>If 'Yes,' attach a conformed copy of the changes.</i> Ex. 1	X	
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	X	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T.</i>		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?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV.</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions). . . . ▶ NY		
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 <i>General Instruction G</i> ? <i>If 'No,' attach explanation.</i>	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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV.</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses.</i>		X

Part VII-A Statements Regarding Activities (continued)

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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? ... Website address: ▶ <u>www.wallacefoundation.org</u>	13	X	
14	The books are in care of ▶ <u>Mary Geras, CFO</u> Telephone no. ▶ <u>212-251-9700</u> Located at ▶ <u>5 Penn Plaza 7th Floor New York NY</u> ZIP + 4 ▶ <u>10001</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 — Check here N/A. ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year: ▶ <u>15</u> N/A			
16	At any time during calendar year 2012, 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 the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country ▶ <u>Denmark</u>			

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

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

		Yes	No
1 a	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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 instructions)?	1 b	X
	Organizations relying on a current notice regarding disaster assistance check here: ▶ <input type="checkbox"/>		
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 2012?	1 c	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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years ▶ 20 __ , 20 __ , 20 __ , 20 __		
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.)	2 b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20 __ , 20 __ , 20 __ , 20 __		
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If 'Yes,' did it have excess business holdings in 2012 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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.</i>)	3 b	N/A
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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 2012?	4 b	X

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

5 a 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 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 No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes 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)? (see instructions) Yes 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 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)? **5 b** N/A

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).

6 a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6 b** X
If 'Yes' to 6b, file Form 8870.

7 a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction? **7 b** N/A

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 (see instructions).

(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 16				

2 Compensation of five highest-paid employees (other than those included on line 1 – see instructions). 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
See Statement 17				

Total number of other employees paid over \$50,000 **15**

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

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'		
(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
See Statement 18		

Total number of others receiving over \$50,000 for professional services		34

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 <u>Develop knowledge and tools designed to help arts organizations across the U.S. be more effective in expanding their audiences. These include six analytic case studies and a decision-making framework.</u>	810,000.
2 <u>Develop a guidebook to help afterschool organizations attract youth to arts programs and retain them. The guidebook is based on interviews with youth and others and observations at exemplary programs.</u>	772,057.
3 <u>Develop public reports on effective ways for urban school districts to manage the training, selection, support, and evaluation of school principals, using evidence from 6 districts working on this topic.</u>	700,000.
4 <u>Through conference presentations, webinars, print advertising and media outreach share Wallace research findings with non-grantee audiences, who can use the findings to improve their own work.</u>	540,550.

Part IX-B Summary of Program-Related Investments (see instructions)

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.

BAA

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	1 a	1,344,582,265.
b Average of monthly cash balances	1 b	39,931,427.
c Fair market value of all other assets (see instructions)	1 c	3,332,965.
d Total (add lines 1a, b, and c)	1 d	1,387,846,657.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	0.
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	1,387,846,657.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	20,817,700.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,367,028,957.
6 Minimum investment return. Enter 5% of line 5	6	68,351,448.

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	68,351,448.
2 a Tax on investment income for 2012 from Part VI, line 5	2 a	481,112.
b Income tax for 2012. (This does not include the tax from Part VI.)	2 b	
c Add lines 2a and 2b	2 c	481,112.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	67,870,336.
4 Recoveries of amounts treated as qualifying distributions	4	328,608.
5 Add lines 3 and 4	5	68,198,944.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	68,198,944.

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	1 a	71,082,776.
b Program-related investments — total from Part IX-B	1 b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	53,210.
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3 a	
b Cash distribution test (attach the required schedule)	3 b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	71,135,986.
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 (see instructions)	5	481,112.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	70,654,874.

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				68,198,944.
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only			44,756,633.	
b Total for prior years: 20 __, 20 __, 20 __		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ \$ <u>71,135,986.</u>				
a Applied to 2011, but not more than line 2a ..			44,756,633.	
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 2012 distributable amount				26,379,353.
e Remaining amount distributed out of corpus ..	0.			
5 Excess distributions carryover applied to 2012	0.			0.
<i>(If an amount appears in column (d), the same amount must be shown in column (a).)</i>				
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 2011. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				41,819,591.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions) ..	0.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

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 2012, enter the date of the ruling. ▶					
b Check box to indicate whether the foundation is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)					
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.	Tax year	Prior 3 years			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
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 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 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 or e-mail of the person to whom applications should be addressed:
- The Wallace Foundation, General Management, 5 Penn Plaza, 7th Flr, New York, NY 10001 (212) 251-9700
-
- b** The form in which applications should be submitted and information and materials they should include:
- Brief Letter of Inquiry describing proposed projects
-
- 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:
- Grants are primarily limited to Education Leadership, Learning and Enrichment and Arts Learning. No grants are made to individuals.

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
<i>a Paid during the year</i>				
See Statement 19				
Total				3 a 57,283,381
<i>b Approved for future payment</i>				
See Statement 19				
Total				3 b 17,762,786

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

- 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... a Transfers from the reporting foundation to a noncharitable exempt organization of: (1) Cash (2) Other assets b Other transactions: (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule...

Table with columns Yes and No for items 1a(1) through 1c.

Table with columns (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, and (d) Description of transfers, transactions, and sharing arrangements.

- 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... b If "Yes," complete the following schedule.

Table with columns (a) Name of organization, (b) Type of organization, and (c) Description of relationship.

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) is based on all information of which preparer has any knowledge. Sign Here Mary Deas 11/12/13 Chief Financial Officer

Paid Preparer Use Only Print/Type preparer's name Robert A. Robinson Preparer's signature Robert A. Robinson Date 11/12/13 Check if self-employed PTIN P00741489 Firm's name KPMG, LLP Firm's EIN 13-5585207 Firm's address 345 Park Avenue, New York, NY 10154 Phone no. 212-758-9700

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Index of Statements Attached to Return of Private Foundation (Form 990-PF)

- 1 Form 990-PF, Part I, Line 11, Other Income
- 2 Form 990-PF, Part I, Line 16a, Legal Fees
- 3 Form 990-PF, Part I, Line 16b, Accounting Fees
- 4 Form 990-PF, Part I Line 16c, Other Professional Fees
- 5 Form 990-PF, Part I, Line 18, Taxes
- 6 Form 990-PF, Part I, Line 23, Other Expenses
- 7 Form 990-PF, Part II, Line 10a, Investments- U.S. and State Government Obligation
- 8 Form 990-PF, Part II, Line 10b, Investments-Corporate Stock
- 9 Form 990-PF, Part II, Line 10c, Investments-Corporate Bonds
- 10 Form 990-PF, Part II, Line 14, Land, Buildings and Equipment Minus
Accumulated Depreciation
- 11 Form 990-PF, Part II, Line 15, Other Assets
- 12 Form 990-PF Part II, Line 22, Other Liabilities
- 13 Form 990-PF, Part III, Line 3, Other Increases Not Included in Line 2, Part III
- 14 Form 990-PF, Part I, Line 19, Depreciation
- 15 Form 990-PF, Part IV, Line 1, Capital Gains and Losses for Tax on Investment Income
- 16 Form 990-PF, Part VIII, Line 1, Information about Officers, Directors, Trustees,
Foundation Managers and their Compensation
- 17 Form 990-PF, Part VIII, Line 2, Compensation of Five Highest Paid Employees
- 18 Form 990-PF, Part VIII, Line 3, Five Highest Paid Independent Contractors for
Professional Services
- 19 Form 990-PF, Part XV, Line 3a and 3b, Grants and Contributions
Paid During the Year or Approved for Future Payment

The Wallace Foundation

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For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Form 990-PF, Part I, Line 11, Other Income

	Ordinary Income	Dividends Income and Other Income	Deductions	Col (a) Net Income (loss) Per Books	Unrelated Business Income	Col. (b) Income Excluded by Section 512, 513, or 514
Net Income (loss) from Form K-1:						
Amberbrook IV, LLC	3,082	77,714	(110,730)	(29,934)	20,587	(50,521)
Amberbrook V, LLC	106,278	637,480	(797,295)	(53,537)	73,516	(127,053)
Amberbrook VI, LLC	2,100	3,444	(144,320)	(138,776)	(122)	(138,654)
Baker Brothers Life Sciences, LP	-	49,295	(209,036)	(159,741)	-	(159,741)
Baupost Value Partners, L.P.-IV	29,018	3,260,889	(191,921)	3,097,986	50,647	3,047,339
Commonfund Capital Natural Resources Partners V, LP	224,887	47,589	(211,777)	60,699	(26,047)	86,746
Commonfund Capital Natural Resources Partners VI, LP	199,646	64,188	(628,083)	(364,249)	(446,382)	82,132
Commonfund Capital Natural Resources Partners VII, LP	46,946	23,997	(330,252)	(259,309)	(171,789)	(87,520)
CS Strategic Partners IV, L.P.	536,746	756,102	(409,806)	883,042	527,581	355,461
CS Strategic Partners V, L.P.	9,881	190,236	(123,986)	76,131	31,663	44,468
CSFB Strategic Partners III, L.P.	(45,170)	453,001	(244,904)	162,927	(65,279)	228,206
Denham Commodity Partners Fund V LP	9,303	125,313	(132,921)	1,695	1,896	(201)
Denham Commodity Partners Fund VI LP	(38,404)	202	(244,139)	(282,341)	(40,763)	(241,578)
European Strategic Partners 2006 'B', lp	-	104,417	(293,467)	(189,050)	44	(189,094)
Farallon Capital Institutional Partners, LP	805,972	(374,592)	(137,401)	293,979	-	293,979
Grandbanks Capital Venture Fund II, L.P.	-	1,788	(254,020)	(252,232)	-	(252,232)
Gryphon International EAFE Growth Fund	-	802,157	(403,628)	398,529	-	398,529
Harbourvest Partners VII - Buyout Holding Fund, L.P.	(694)	164,297	(99,243)	64,360	-	64,360
Harbourvest Partners VII - Venture Holding Fund, L.P.	35	85,818	(99,612)	(13,759)	-	(13,759)
Insight Venture Partners (Cayman) VI, LP	-	172,994	(176,530)	(3,536)	-	(3,536)
Insight Venture Partners (Cayman) VII, LP	-	68,941	(172,717)	(103,776)	-	(103,776)
J.C. Flowers II L.P.	-	151,274	(144,441)	6,833	-	6,833
J.C. Flowers III, L.P.	-	5	(315,432)	(315,427)	-	(315,427)
J.P. Morgan Structured Debt Fund	-	186,776	(1,588)	185,188	-	185,188
JCF HRE AIV 2 Trust	-	(39)	(1,789)	(1,828)	-	(1,828)
JCF III AIV I LP	-	358,696	(1,294)	357,402	-	357,402
JCF III AIV SRV LP	-	-	(2,016)	(2,016)	-	(2,016)
JFL AIV Investors III_B, LP	-	38	(110)	(72)	-	(72)
JFL Equity Investors III-JA, LP	-	16,388	(86)	16,302	-	16,302
JFL Equity Investors III, LP	-	1,101	(168,213)	(167,112)	-	(167,112)
Jupiter JCF AIV II Special L.P.	-	14,028	(2,558)	11,470	-	11,470
Natural Gas Partners	52,394	11,080	(260,320)	(196,846)	(51,611)	(145,235)
OFI Institutional Emerging Markets Equity Fund, L.P.	-	733,143	(53,204)	679,939	-	679,939
Pantheon USA Fund V, LP	21,055	204,815	(155,000)	70,870	21,833	49,037
Pantheon USA Fund VI, LP	(142,346)	295,111	(341,986)	(189,221)	(185,341)	(3,880)
Providence Equity Partners VI (Umbrella US) LP	(76,681)	330,898	(65,514)	188,703	200,691	(11,988)
Providence Equity Partners VI International LP	-	30,019	(98,240)	(68,221)	-	(68,221)
Providence Equity Partners VI, LP	(81,475)	113,090	(84,150)	(52,535)	(81,673)	29,138

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For the fiscal year beginning January 1, 2012 and ending December 31, 2012
Form 990-PF, Part I, Line 11, Other Income

	Ordinary Income	Dividends Income and Other Income	Deductions	Col (a) Net Income (loss) Per Books	Unrelated Business Income	Col. (b) Income Excluded by Section 512, 513, or 514
Security Capital Preferred Growth LLC	-	1,600,378	(73,590)	1,526,788	-	1,526,788
The Silchester International Investors Tobacco Free Trust	-	1,979,638	(175,035)	1,804,603	-	1,804,603
The Varde Fund IX, LP	(4,307)	4,354,385	(216,514)	4,133,564	(3,511)	4,137,075
Udata Partners IV, L.P.	-	171	(165,144)	(164,973)	-	(164,973)
Walton Street Real Estate Fund V, LP	(177,162)	(616,158)	(53,250)	(846,570)	(675,147)	(171,423)
Walton Street Real Estate Fund VI, LP	14,114	(210,608)	(84,172)	(280,666)	(337,843)	57,177
Wellington Trust - CTF Energy Portfolio	-	555,120	(28,226)	526,894	-	526,894
	1,495,218	16,824,619	(7,907,660)	10,412,177	(1,157,050)	11,569,227
Other Income						
Class action settlements	10,046	-	-	10,046	-	10,046
Rewards points rebates	1,500	-	-	1,500	-	1,500
Grand Total	\$ 1,506,764	\$ 16,824,619	\$ (7,907,660)	\$ 10,423,723	\$ (1,157,050)	\$ 11,580,773

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For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Form 990-PF, Part I, Line 16, a, b, c: Legal Fees, Accounting Fees and Other Professional Fees

<u>Line</u>	<u>Statement</u>	<u>Type of Service</u>	Col (a) Per Books	Col (b) Inv.-Related	Col(d) Disbursements for Charitable Purposes (Cash Basis Only)
16 a	2	Legal Fees	200,381	54,946	148,124
		Related Disbursements	412	203	209
			\$ 200,793	\$ 55,149	\$ 148,333
16 b	3	Accounting Fees	\$ 68,000	34,000	47,500
16 c	4	Other Professional Fees			
		Investment Fees	\$ 4,873,781	4,876,875	-
		General Consultants	937,565	15,586	860,571
		Recruiting Fees	372,509	-	372,044
		Communications	317,185	-	327,223
		Program Development	48,004	-	51,557
			\$ 1,675,263	15,586	1,611,395
		Direct Charitable Activities			
		Dissemination	951,591	-	958,379
		Technical Assistance to Grantees	1,592,001	-	1,461,054
		Grantee Conferences	192,500	-	192,500
		Research and Evaluation	2,411,110	-	2,416,788
			\$ 5,147,202	-	5,028,721
		Total Other Professional Fees	\$ 11,696,246	4,892,461	6,640,116

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For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Form 990-PF, Part I, Line 18, Taxes

<u>Description</u>	<u>Col. (a) Revenue and Expense Per Books</u>	<u>Col.(b) Net Investment Income</u>
Federal excise tax and UBIT	\$ 156,634	\$ -
Foreign taxes	<u>485,426</u>	<u>485,426</u>
Total Taxes	<u>\$ 642,060</u>	<u>\$ 485,426</u>

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For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Form 990-PF, Part I, Line 23, Cols. a , b & d - Other Expenses

Description	Col (a) <u>Per Books</u>	Col (b) <u>Inv-Related</u>	Col. (d) Disbursements for Charitable purposes <u>(Cash Basis Only)</u>
Operating Expenses:			
Insurance	\$135,853	\$ 12,751	124,441
Computer Software, Maintenance and Parts	162,630	4,630	155,489
Office Management	67,906	6,374	61,784
Training Courses	25,848	-	12,630
Payroll Services	11,227	1,054	10,459
NY State Filing Fee	1,500	-	1,500
Total Other Expenses	\$ 407,546	24,809	366,304

For fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10a - Investments- U.S. and state government obligations

Description	Interest Rate	Maturity Date	Par Value	Fair Market Value
U.S. Agency Obligations:				
Federal Home Loan PC Pool 1Q0723	2.85	01/01/2038	82,105 \$	87,738
Federal National Mortgage Association Pool 462014	5.26	07/01/2015	381,190	410,598
Federal National Mortgage Association Pool 888395	4.75	07/01/2034	68,355	73,388
Federal National Mortgage Association Pool Ae0446	4.50	07/01/2019	1,354,041	1,572,015
Federal National Mortgage Association Pool Ae0446	4.09	09/01/2020	524,940	602,384
Small Business Administration 2012 20I 1	2.20	09/01/2032	335,000	343,181
Small Business Administration 2012 20J 1	2.18	10/01/2032	430,000	439,666
Small Business Administration 2012 20L 1	1.93	12/01/2032	805,000	807,937
Small Business Administration 2009 20L 1	4.05	12/01/2029	378,236	420,761
Small Business Administration 2008 20H 1	6.02	08/01/2028	1,248,847	1,458,005
Small Business Administration 2008 20I 1	5.60	09/01/2028	1,418,104	1,651,624
Small Business Administration 2008 20J 1	5.63	10/01/2028	540,430	628,223
Small Business Administration 2005 20K 1	5.36	11/01/2025	516,637	588,956
Small Business Administration 2004 20I 1	4.99	09/01/2024	275,541	310,950
Total for U.S. Agency Obligations:				9,395,426.00
U.S. Government Obligations:				
United States Treasury Principal Strip	0.00	11/15/2027	2,130,000	1,461,010
United States Treasury Principal Strip	0.00	05/15/2030	35,000,000	22,021,300
United States Treasury Principal Strip	0.01	05/15/2037	11,000,000	5,359,090
United States Treasury Principal Strip	0.01	05/15/2039	32,300,000	14,562,778
Treasury Inflation IX Note/Bond	0.13	01/15/2022	817,624	887,891
Treasury Inflation IX Note/Bond	2.38	01/15/2025	122,718	165,544
Treasury Inflation IX Note/Bond	2.50	01/15/2029	1,185,151	1,690,322
Treasury Inflation IX Note/Bond	3.63	04/15/2028	1,716,240	2,720,515
Treasury Inflation IX Note/Bond	1.25	07/15/2020	848,552	1,006,595
Treasury Inflation IX Note/Bond	2.13	02/15/2041	591,528	873,474
United States Treasury Note/Bond	1.75	05/15/2022	1,222,000	1,232,595
United States Treasury Note/Bond	0.63	05/31/2017	868,000	869,354
United States Treasury Note/Bond	2.63	08/15/2020	743,000	815,911
United States Treasury Note/Bond	6.13	08/15/2029	376,000	569,757
United States Treasury Note/Bond	2.75	08/15/2042	668,000	645,041
United States Treasury Note/Bond	0.25	09/15/2015	1,848,000	1,843,953
United States Treasury Note/Bond	6.13	11/15/2027	232,000	344,666
United States Treasury Note/Bond	7.13	02/15/2023	5,700,000	8,594,517
United States Treasury Note/Bond	4.75	02/15/2041	1,190,000	1,640,522
United States Treasury Note/Bond	4.38	05/15/2040	13,694,000	17,825,754
United States Treasury Note/Bond	4.63	02/15/2040	600,000	810,654
United States Treasury Note/Bond	4.25	05/15/2039	6,400,000	8,164,992
United States Treasury Note/Bond	4.75	02/15/2037	7,000,000	9,550,660
United States Treasury Note/Bond	4.50	02/15/2036	4,000,000	5,264,360
United States Treasury Note/Bond	3.13	02/15/2042	810,000	846,960
United States Treasury Note/Bond	1.75	05/31/2016	644,000	672,729
Total for U.S. Government Obligations:				110,440,944.00

For fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10a - Investments- U.S. and state government obligations

Description	Interest Rate	Maturity Date	Par Value	Fair Market Value
U.S. Municipality Obligations				
Kentucky State Asset/Liability Co	3.17	04/01/2018	850,000	889,822
Metropolitan Transportation Authority NY Revenue	5.87	11/15/2039	610,000	718,458
New York State Urban Development Corporate Rev	5.77	03/15/2039	400,000	490,092
Province Of Quebec	6.35	01/30/2026	715,000	974,702
Total for U.S. Municipality Obligations:				3,073,074.00
Receivable for Investments Sold, Net				541,513
Total for U.S. Agency & Government Obligations:				\$ 123,450,957

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Common Stock:		
Aaon Inc	9,700	\$ 202,439
Abaxis Inc	7,400	274,540
Accenture PLC	21,664	1,440,656
Adecco Sa Reg	13,756	721,951
Aderans Co Ltd	18,700	245,253
Adobe Systems Inc	18,050	680,124
Afren PLC	224,100	477,564
African Minerals Ltd	19,500	95,736
AG Growth International Inc	1,700	52,440
Alamos Gold Inc	19,500	343,005
Alent PLC	87,605	439,737
Allergan Inc	9,825	901,247
Alpha Natural Resources Inc	6,525	63,553
Altisource Asset Management	540	44,280
Altisource Portfolio Sol	5,500	476,603
Altisource Residential	1,800	28,512
Amazon.Com Inc	6,957	1,747,181
American States Water Co	5,800	278,284
American Tower Corp	20,942	1,618,188
Amphenol Corp	12,514	809,656
Amsurg Corp	6,500	195,065
Anadarko Petroleum Corp	16,400	1,218,684
Ansys Inc	8,311	559,663
Aon PLC	30,265	1,682,734
Apache Corp	3,900	306,150
Apple Inc	5,556	2,961,515
Applied Industrial Tech Inc	9,000	378,090
Aptargroup Inc	17,700	844,644
Arch Capital Group Ltd	39,014	1,717,396
Avery Dennison Corp	580	20,254
Badger Meter Inc	5,400	256,014
Baidu Inc	3,679	368,967
Balchem Corp	6,250	227,500
Ball Corp	31,750	1,420,812
Bally Technologies Inc	9,900	442,629
Bank Of Hawaii Corp	5,900	259,895
Barrick Gold Corp	26,050	912,010
Baxter International Inc	17,250	1,149,885
BB&T Corp	21,300	620,043
Beacon Roofing Supply Inc	3,350	111,488
Beam Inc	26,970	1,647,597

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Berry Petroleum Co	3,600	120,780
BHP Billiton PLC	16,600	574,610
Big Lots Inc	43,930	1,250,248
Blackbaud Inc	4,900	111,867
Blackrock Inc	3,450	713,149
Boston Beer Company Inc	3,100	416,795
Brinker International Inc	9,900	306,801
Brookline Bancorp Inc	15,000	127,500
Cameron International Corp	7,400	417,804
Capital One Financial Corp	18,950	1,097,774
Carbo Ceramics Inc	5,450	426,953
Carlsberg	8,371	819,483
Carpetright PLC	18,877	208,655
Celgene Corp	23,401	1,842,127
Chart Industries Inc	2,700	180,009
The Cheesecake Factory Inc	4,800	157,056
Chesapeake Utilities Corp	4,500	204,300
Chipotle Mexican Grill Inc	6,176	1,837,113
Church & Dwight Co Inc	20,500	1,098,185
Cimarex Energy Co	14,500	837,085
Cisco Systems Inc	73,900	1,452,135
Citigroup Inc	39,200	1,550,752
Citrix Systems Inc	8,551	562,228
Clarcor Inc	14,800	707,144
Cliffs Natural Resources Inc	10,700	412,592
Cloud Peak Energy Inc	7,900	152,707
CME Group Inc	25,785	1,307,557
Coach Inc	43,743	2,428,174
Cognizant Tech Solutions	45,880	3,397,414
Compass Group PLC	222,454	2,621,594
Compass Minerals Internation	10,900	814,339
Computer Modelling Group Ltd	18,800	379,102
Con-Way Inc	25,300	703,846
Concho Resources Inc	10,600	853,936
Consol Energy Inc	58,110	1,865,331
Constellation Software Inc	2,800	337,423
Copart Inc	6,400	188,800
Core Laboratories N.V.	7,079	773,805
Costco Wholesale Corp	7,425	733,367
Covance Inc	12,382	715,308
Covidien PLC	40,779	2,354,579
Credit Saison Co Ltd	42,500	1,053,837

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Crown Holdings Inc	45,680	1,681,481
Cullen/Frost Bankers Inc	4,500	244,215
Cummins Inc	9,900	1,072,665
Danaher Corp	16,822	940,350
Darling International Inc	13,700	219,748
Davita Healthcare Partners I	6,024	665,833
De Master Blenders 1753 N.V.	13,775	158,345
Dentsply International Inc	5,700	225,777
Deutsche Boerse AG	9,844	599,729
Devon Energy Corporation	25,560	1,330,142
Diageo PLC	36,432	1,058,266
Diamond Offshore Drilling	9,300	632,028
Diamondback Energy Inc	4,000	76,480
Dime Community Bancshares	13,600	188,904
Direct Line Insurance Group	72,869	256,323
Dominion Resources Inc	36,490	1,890,182
Donaldson Co Inc	20,400	669,936
Dow Chemical	44,400	1,435,008
Dril-Quip Inc	7,300	533,265
Eagle Materials Inc	1,800	105,300
Ecolab Inc	24,975	1,795,703
Eldorado Gold Corp	27,800	358,064
Encana Corp	25,700	507,832
Endeavour Silver Corp	8,100	63,909
EnSCO PLC	9,400	557,232
Estee Lauder Companies	13,313	796,916
Experian PLC	2,823	44,970
Exponent Inc	9,000	502,470
Express Scripts Holding Co	23,172	1,251,288
Exxon Mobil Corp	15,200	1,315,560
Factset Research Systems Inc	3,700	325,822
FEI Company	7,700	427,042
First Finl Bankshares Inc	6,300	245,763
First Quantum Minerals Ltd	30,700	675,542
Flowers Foods Inc	10,550	245,499
Fluor Corp	16,948	995,526
FMC Corp	18,440	1,079,109
FMC Technologies Inc	19,967	855,187
Forrester Research Inc	200	5,360
Fortune Brands Home & Security Inc	38,390	1,121,756
Forward Air Corporation	5,800	203,058
Fossil Inc	8,358	778,130

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Freeport McMoRan Copper	9,400	321,480
General Electric Co	65,700	1,379,043
Genesee & Wyoming Inc	2,000	152,160
Genpact Ltd	30,139	467,154
Gentex Corp	8,700	163,734
Gilead Sciences Inc	9,041	664,061
Goldcorp Inc	11,900	436,730
Google Inc	4,653	3,300,699
Graco Inc	3,900	200,811
Green Plains Renewable Energy	3,600	28,476
Groupe Bruxelles Lambert SA	10,849	860,202
Gulfport Energy Corp	13,300	508,326
Guoco Group Ltd	44,867	538,345
Haemonetics Corp	16,600	677,944
Halliburton Co	53,500	1,855,915
Harris Teeter Supermarkets I	16,100	620,816
Hawkins Inc	3,700	142,968
Healthcare Services Group	19,425	451,243
HeidelbergCement AG	17,341	1,047,783
Henry Schein Inc	8,000	643,680
Hibbett Sports Inc	8,300	437,410
Hittite Microwave Corp	6,800	422,280
Hollyfrontier Corp	10,200	474,810
Home Loan Servicing Solution	5,900	111,510
Honeywell International Inc	24,600	1,561,362
IAMGOLD Corp	36,000	412,920
ICON PLC	38,346	1,064,485
IDEXX Laboratories Inc	13,796	1,280,269
IHS Inc	16,660	1,599,360
Illumina Inc	31,268	1,738,188
Imageware Systems Inc	2,099	1,784
Infinity Property & Casualty	3,000	174,720
ING Groep NV	137,363	1,278,743
Innophos Holdings Inc	6,900	320,850
International Paper Co	42,670	1,699,973
Intrepid Potash Inc	13,200	281,028
Intuitive Surgical Inc	4,966	2,435,178
J & J Snack Foods Corp	3,700	236,578
J.C. Penney Co Inc	56,220	1,108,096
Jack Henry & Associates Inc	6,100	239,486
Jacobs Engineering Group Inc	3,500	148,995
Johnson & Johnson	22,550	1,580,755

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Johnson Controls Inc	38,500	1,181,950
JP Morgan Chase & Co	28,750	1,264,137
Kao Corp	47,800	1,243,303
Key Energy Services Inc	10,800	75,060
Kinder Morgan Inc	29,925	1,057,250
Kinross Gold Corp	31,065	287,751
Kodiak Oil & Gas Corp	16,000	141,600
Koninklijke Ahold N.V.	131,845	1,780,533
Koninklijke Philips Electron	33,449	877,353
Lancaster Colony Corp	4,000	276,760
Landauer Inc	2,100	128,541
Lender Processing Services	1,600	39,392
Lincoln Electric Holdings	3,100	150,908
Lindsay Corp	3,800	304,456
Littelfuse Inc	700	43,197
Lloyds Banking Group PLC	1,271,480	990,303
Louisiana Pacific Corp	31,500	608,580
LSB Industries Inc	6,900	244,398
Lufkin Industries Inc	5,000	290,650
Major Drilling Group Intl	500	4,922
Manhattan Associates Inc	2,800	168,952
Marathon Oil Corp	52,400	1,606,584
Masco Corp	55,130	918,466
Mastercard Inc	2,048	1,006,141
McKesson Corp	7,100	688,416
Mead Johnson Nutrition Co	31,088	2,048,388
Meridian Bioscience Inc	11,200	226,800
Michael Page International	83,818	538,173
Micros Systems Inc	13,800	585,672
Microsoft Corp	21,450	573,358
Middleby Corp	1,100	141,031
Monsanto Co	11,400	1,079,010
Mosaic Co	5,200	294,476
MWI Veterinary Supply Inc	5,300	583,000
Nabors Industries Ltd	89,430	1,292,263
National Instruments Corp	19,094	492,816
National Oilwell Varco Inc	8,800	601,480
Natural Gas Services Group	9,000	147,780
Netapp Inc	23,647	793,357
Netgear Inc	8,300	327,186
New Gold Inc	39,000	430,170
New Jersey Resources Corp	5,750	227,815

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Newfield Exploration Co	13,600	364,208
Newmarket Corp	1,000	262,200
Newmont Mining Corp	14,100	654,804
NIFCO Inc	9,200	202,588
Noble Corp	9,800	341,236
Nordson Corp	8,900	561,768
North West Co Inc	2,800	62,436
Northwest Natural Gas Co	2,900	128,180
Northwestern Corp	500	17,365
Novartis AG	37,759	2,378,001
Oasis Petroleum Inc	7,000	222,600
Occidental Petroleum Corp	9,800	750,778
Oceaneering Intl Inc	13,700	736,923
Ocwen Financial Corp	12,800	442,752
ONEOK Inc	39,370	1,683,067
Ophir Energy plc	18,400	150,892
Orkla Asa	78,800	686,726
Osisko Mining Corp	42,200	339,058
Owens & Minor Inc	5,100	145,401
Owens Corning	33,740	1,248,043
Owens Illinois Inc	65,080	1,384,252
Packaging Corp Of America	25,370	975,984
Panalpina Weltransport Reg	9,613	975,110
Parexel International Corp	3,900	115,401
Pargesa Holding SA	9,026	617,773
Pason Systems Inc	16,400	274,928
Patterson Cos Inc	7,500	256,725
Patterson UTI Energy Inc	18,200	339,066
Pfizer Inc	84,901	2,129,317
Piedmont Natural Gas Co	2,700	84,537
Pioneer Natural Resources Co	8,400	895,356
Polaris Industries Inc	7,000	589,050
Pool Corp	10,100	427,432
Power Integrations Inc	6,800	228,548
Praxair Inc	8,478	927,917
Publicis Groupe	11,951	712,968
Qinetiq Group PLC	398,044	1,187,283
Qualcomm Inc	45,242	2,805,908
Rangold Resources Ltd	4,800	476,400
Raven Industries Inc	13,300	350,588
Raytheon Company	28,650	1,649,094
Reed Elsevier PLC	162,440	1,738,917

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Republic Services Inc	62,592	1,835,823
Rio Tinto PLC	12,900	749,361
Ritchie Bros Auctioneers	12,000	250,680
RLI Corp	5,500	355,630
Rollins Inc	21,425	472,207
Roper Industries Inc	7,623	849,812
Rowan Companies PLC	39,390	1,231,725
Safety Insurance Group Inc	4,900	226,233
Safeway Inc	109,650	1,983,568
Salesforce.Com Inc	3,811	640,629
Sally Beauty Holdings Inc	20,950	493,791
Sankyo Co Ltd	11,023	436,637
Sapient Corporation	13,900	146,784
Savills PLC	70,470	536,090
Schlumberger Ltd	29,106	2,016,755
Schwab (Charles) Corp	66,741	958,401
Seadrill Ltd	16,100	588,137
Sealed Air Corp	62,080	1,087,021
Sensient Technologies Corp	13,200	469,392
Signet Jewelers Ltd	19,340	1,032,756
Silgan Holdings Inc	6,300	262,017
Sirona Dental Systems Inc	7,400	477,004
SM Energy Co	11,800	616,078
Sodexo	14,127	1,186,788
Solera Holdings Inc	13,800	737,886
South Jersey Industries	5,600	281,848
Southwestern Energy Co	18,550	619,755
Stanley Electric Co Ltd	55,900	788,735
Starbucks Corp	19,223	1,030,737
Steel Dynamics Inc	12,700	174,371
Stepan Co	2,500	138,850
Stericycle Inc	9,332	870,396
Syntel Inc	3,000	160,770
T Rowe Price Group Inc	30,667	1,997,342
TE Connectivity Ltd	50,960	1,891,635
Team Inc	500	19,020
Techne Corp	2,000	136,680
Television Francaise (T.F.1)	29,386	342,871
Tennant Co	4,500	197,775
Tesco PLC	177,467	969,268
Tesoro Corp	7,600	334,780
Texas Instruments Inc	54,050	1,672,307

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Thermon Group Holdings Inc	5,900	132,927
Time Warner Inc	48,800	2,334,104
TJX Companies Inc	30,300	1,286,235
Toro Co	8,200	352,436
Total SA	20,833	1,071,458
Tractor Supply Company	6,500	574,340
Trimble Navigation Ltd	3,700	221,186
Tyler Technologies Inc	1,900	92,036
Unilever PLC	34,826	1,348,463
United States Steel Corp	10,200	243,474
United Stationers Inc	15,700	486,543
USG Corp	29,550	829,468
Validus Holdings Ltd	4,500	155,610
Valmont Industries	3,600	491,580
Vesuvius PLC	71,462	401,919
Viacom Inc	51,843	2,734,199
Viewpoint Financial Group Inc	16,360	342,578
Visa Inc	13,557	2,054,970
Vodafone Group PLC	55,050	1,386,710
Volterra Semiconductor Corp	4,100	70,397
Wabtec Corp	8,900	779,106
Watsco Inc	1,800	134,820
Weatherford Intl Ltd	20,000	223,800
Wells Fargo & Co	24,250	828,865
West Pharmaceutical Services	7,000	383,250
Westamerica Bancorporation	7,500	319,425
Western Refining Inc	14,700	414,393
Westfield Financial Inc	18,200	131,586
Weyerhaeuser Co REIT	33,632	935,642
Whiting Petroleum Corp	11,800	511,766
Williams Cos Inc	46,850	1,533,869
Wincor Nixdorf AG	7,652	357,634
Wolverine World Wide Inc	4,900	200,802
Xstrata PLC	60,000	1,032,843
Xylem Inc	53,590	1,452,289
Yum Brands Inc	19,273	1,279,727
Zebra Technologies Corp	11,275	442,882
Total for Common Stock:		242,687,948.00

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
Preferred Stock:		
DG Funding Trust Frn	103	<u>756,219</u>
 Mutual Funds - Equity:		
DFA Investment Dimensions Group Inc.:		
- Emerging Markets Value Portfolio	1,406,620	<u>41,973,532</u>
 Exchange Traded Commodities:		
SPDR Gold Shares	2,100	<u>340,221</u>
 U.S. Limited Partnerships, Corporations and Trusts:		
Amberbrook IV LLC		3,578,875
Amberbrook V LLC		21,375,861
Amberbrook VI LLC		3,804,809
Baker Bros/ Life Sciences LP		17,342,051
Baupost Value Partners, L.P.-IV		44,217,668
Commonfund Capital Natural Resources Partners V, L.P.		5,772,091
Commonfund Capital Natural Resources Partners VI, L.P.		10,379,171
Commonfund Capital Natural Resources Partners VII, L.P.		7,158,412
CSFB Strategic Partners III, L.P.		13,594,529
CS Strategic Partners IV L.P.		15,418,207
CS Strategic Partners V L.P.		8,333,200
Denham Commodity Partners Fund V L.P.		5,736,099
Denham Commodity Partners Fund VI L.P.		1,863,184
Farallon Capital Institutional Partners, L.P.		39,605,014
Grandbanks Capital Venture Fund II L.P.		6,568,744
Gryphon International EAFE Growth Fund		34,513,351
HarbourVest Partners VII-Buyout Holding Fund, L.P.		4,381,372
HarbourVest Partners VII-Venture Holding Fund, L.P.		3,260,240
JFL Equity Investors III, L.P.		2,041,226
JFL AIV Investors III - JA, L.P.		1,212,596
JFL AIV Investors III - B, L.P.		711,742
NGP Natural Resources X, L.P.		3,613,246
OFI Institutional Emerging Markets Equity Fund, L.P.		42,215,855
Pantheon USA Fund V, L.P.		5,783,046
Pantheon USA Fund VI, L.P.		12,063,172
Providence Equity Partners VI (Umbrella U.S.) L.P.		804,565
Providence Equity Partners VI L.P.		11,342,938
Realty Associates Fund VII Corporation		10,800,499
Security Capital Preferred Growth LLC		32,257,010
The Silchester International Investors Tobacco Free International Value Equity Trust		57,168,417

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10b - Investments- corporate stock

Description	Shares	Fair Market Value
The Varde Fund IX L.P.		33,005,706
Updata Partners IV L.P.		9,363,569
Walton Street Real Estate Fund V, L.P.		8,650,867
Walton Street Real Estate Fund VI, L.P.		12,044,496
Wellington Trust Company, National Association Multiple Common Trust Funds Trust:		
- Energy Portfolio		25,524,685
Total for U.S. Limited Partnerships, Corporations and Trusts:		515,506,513
Non-U.S. Limited Partnerships, Corporations and Trusts :		
AXA Secondary Fund V		9,975,928
Blenheim Commodity Fund, Ltd.		26,041,750
Coatue Offshore Fund		28,933,147
EnCap Energy Capital Fund IX		60,000
HarbourVest Partners VIII Cayman Buyout Fund, L.P.		5,941,663
HarbourVest Partners VIII Cayman Venture Fund, L.P.		12,003,198
HSH Cayman Parters L.P.		8,409
Insight Venture Partners (Cayman) VI, L.P.		14,673,594
Insight Venture Partners (Cayman) VII, L.P.		6,211,195
J.C. Flowers II, L.P.		2,851,008
J.C. Flowers III, L.P.		(44,252)
JCF HRE AIV II 2 Trust		4,465
JCF II Special AIV K L.P.		259,718
JCF III AIV I L.P.		2,796,282
JCF III AIV II LP		7,085,184
JCF III AIV SRV LP		58,418
Jupiter JCF AIV II Special L.P.		2,241,889
Paulson Credit Opportunities Ltd-Class A		20,908,274
Providence Equity Partners Credit I L.P.		612,019
Providence Equity Partners VI International L.P.		5,444,422
European Strategic Partners 2006 'B'		16,601,143
Viking Global Equities III Ltd		27,718,550
Visium		26,777,965
York Credit Opportunities Unit Trust		61,772,969
Total for Non-U.S. Limited Partnerships, Corporations and Trusts:		278,936,938
Receivable for Investments Sold, Net		39,737,056
Grand Total for All Corporate Stock		\$ 1,119,938,428

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10c - Investments - corporate bonds

Description	Interest Rate	Maturity Date	Par Value	Fair Market Value
Corporate Bonds:				
Alabama Power Co	6.00	03/01/2039	361,000	\$ 472,921
Bank Of America Commercial Mortgage	5.19	09/10/2047	584,000	650,607
CD Commercial Mortgage Trust	5.22	07/15/2044	458,000	508,272
Commercial Mortgage Trust	5.80	12/10/2049	860,000	1,021,876
CS First Boston Commercial Mortgage	4.65	07/15/2037	377,526	392,824
FHLMC Multifamily Structured	3.87	04/25/2021	531,000	603,140
FHLMC Multifamily Structured	1.34	06/25/2016	305,516	310,923
FHLMC Multifamily Structured	1.88	05/25/2019	945,000	969,744
FHLMC Multifamily Structured	4.25	01/25/2020	751,000	867,797
GS Mortgage Securities Trust	5.79	08/10/2045	355,000	409,282
GE Commercial Mortgage Corporate Trust	5.31	11/10/2045	290,000	324,326
GCCFC Commercial Mortgage Trust	5.22	04/10/2037	595,000	657,405
JP Morgan Chase Commercial Mortgage Trust	4.90	09/12/2037	610,000	669,102
JP Morgan Chase Commercial Mortgage Trust	5.81	06/15/2049	378,000	440,805
Morgan Stanley Reremic Trust	5.79	08/12/2045	891,000	1,030,916
NCUA Guaranteed Notes	2.65	10/29/2020	588,317	620,942
Wachovia Bank Commercial Mortgage Trust	5.31	12/15/2044	30,818	30,808
GE Dealer Floorplan Master Note	0.78	02/20/2017	322,000	323,597
MMAF Equipment Finance Llc	0.94	08/10/2016	725,000	727,822
Nissan Master Owner Trust	0.68	05/15/2017	605,000	606,443
Bank Of America Auto Trust	2.67	12/15/2016	220,108	221,817
Bank Of America Auto Trust	1.03	12/15/2016	1,105,000	1,116,382
Ford Credit Floorplan Master Owner Trust	0.74	09/15/2016	339,000	339,181
Hyundai Auto Receivables Trust	0.40	08/17/2015	441,000	441,054
Mercedes Benz Auto Receivables Trust	1.42	08/15/2014	122,598	122,984
Mercedes Benz Master Owner Trust	0.79	11/15/2017	340,000	339,526
Nissan Auto Receivables Owner Trust	0.74	09/15/2014	189,634	189,924
Toyota Auto Receivables Owner Trust	0.75	02/16/2016	319,000	320,418
Toyota Auto Receivables Owner Trust	0.99	08/15/2017	385,000	388,596
SouthWest Airlines 07 1 Trust	6.15	02/01/2024	286,641	335,370
American Expr Centurion Co	0.76	11/13/2015	715,000	713,992
Anheuser Busch Inbev Worldwide Co	1.04	03/26/2013	1,035,000	1,036,904
Bank Of America Corp	6.50	08/01/2016	395,000	456,130
Blackstone Holdings FINA Company	6.63	08/15/2019	849,000	983,482
Boeing Co	7.95	08/15/2024	305,000	450,781
Boston Properties LP	4.13	05/15/2021	479,000	520,592
Cdp Financial Company	5.60	11/25/2039	624,000	777,516
Citicorp Lease	8.04	12/15/2019	515,000	630,123
Comcast Cable Communication Company	8.88	05/01/2017	513,000	665,279
Continental Airlines	4.15	10/11/2025	481,000	506,253
CVS Pass Through Trust	7.51	01/10/2032	313,708	413,536
CVS Pass Through Trust	8.35	07/10/2031	548,858	756,782
Delta Air Lines	5.30	10/15/2020	478,480	527,524
Dominion Resources Inc	5.25	08/01/2033	890,000	1,014,680
Ericsson LM	4.13	05/15/2022	510,000	530,043

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Part II, Line 10c - Investments - corporate bonds

Description	Interest Rate	Maturity Date	Par Value	Fair Market Value
Ford Motor Company	7.40	11/01/2046	290,000	356,338
General Electric Cap Corp	5.63	05/01/2018	321,000	381,197
General Electric Cap Corp	0.69	05/05/2026	140,000	121,166
Goldman Sachs Group Inc	7.50	02/15/2019	420,000	528,469
Hidden Ridge Facility	5.65	01/01/2022	296,849	319,840
Home Depot Inc	5.95	04/01/2041	435,000	587,367
HSBC Holdings PLC	5.10	04/05/2021	435,000	513,683
Hyundai Capital America	2.13	10/02/2017	233,000	234,668
JP Morgan Chase & Co	6.40	05/15/2038	390,000	522,787
KKR Group Finance Co	6.38	09/29/2020	691,000	801,947
Lehman Bros	1.00	12/31/2049	480,000	48
Marathon Oil Corp	6.00	10/01/2017	553,000	664,678
Merck & Co Inc	5.76	05/03/2037	304,000	397,814
Morgan Stanley	0.65	01/09/2014	604,000	599,736
Newcrest Finance Pty Ltd	5.75	11/15/2041	245,000	270,735
News America Inc	6.75	01/09/2038	154,000	185,378
News America Inc	8.15	10/17/2036	380,000	517,465
Norfolk Southern Corp	6.00	03/15/2105	752,000	914,409
NSTAR Electric Co	5.63	11/15/2017	411,000	495,292
NSTR	4.50	11/15/2019	358,000	406,634
Prudential Holdings, LLC	7.25	12/18/2023	197,000	247,440
Prudential Holdings, LLC	8.70	12/18/2023	525,000	687,645
Rabobank Nederland	5.80	09/30/2110	500,000	579,430
Scottrade Financ Service	6.13	07/11/2021	525,000	540,031
Simon Property Group LP	6.75	02/01/2040	177,000	239,863
Simon Property Group LP	10.35	04/01/2019	138,000	197,339
Time Warner Inc	6.25	03/29/2041	470,000	580,314
Valero Energy Corp	6.13	02/01/2020	394,000	479,096
Wachovia Corporation	7.57	08/01/2026	584,000	803,058
Wal Mart Stores Inc	4.88	07/08/2040	460,000	543,587
Xcel Energy Inc	4.70	05/15/2020	495,000	578,868
Xstrata Finance Canada	2.45	10/25/2017	310,000	313,004
Total for Corporate Bonds:				40,047,747

Mutual Funds - Fixed Income:

The PIMCO Funds:

- Asset-Backed Securities Portfolio	1,865,671
- Emerging Markets Portfolio	2,683,133
- High Yield Portfolio	1,633,283
- International Portfolio	6,962,996
- Investment Grade Corp Portfolio	19,773,071
- U.S. Government Sector Portfolio	17,760,764
DFA Investment Dimensions Group Inc:	
- DFA One -Year Fixed Income Portfolio	2,393,536

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Part II, Line 10c - Investments - corporate bonds

Description	Interest Rate	Maturity Date	Par Value	Fair Market Value
BlackRock Funds II:				
- BlackRock Inflation Protected Bond Porfolio				12,318,766
Total for Mutual Funds - Fixed Income:				65,391,220
U.S. Limited Liability Corporation:				
JP Morgan Structured Debt Fund, LLC				3,052,713
Grand Total for All Bonds				\$ 108,491,680

For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Form 990-PF, Part II, Line 14, Land, buildings, and equipment minus accumulated depreciation

<u>Description of the Property</u>	(a) <u>Cost</u>	(b) <u>Accumulated Depreciation</u>	(a)-(b)=(c) <u>Book Value</u>
Leasehold Improvements	3,546,542	1,682,077	1,864,465
Furniture	423,369	199,427	223,942
Computer	218,129	181,889	36,240
Office Equipment	74,786	69,338	5,448
Framed Prints and Photographs	<u>12,260</u>	<u>10,645</u>	<u>1,615</u>
Total	<u>4,275,086</u>	<u>2,143,376</u>	<u>2,131,710</u>

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For the fiscal year beginning January 1, 2012 and ending December 31, 2012

Form 990-PF, Part II, Line 15, Other Assets

<u>Description</u>	<u>Col. (a) Per Books Beginning of Year</u>	<u>Col.(b) Per Books End of Year</u>	<u>Col. (c) Fair Market Value End of Year</u>
Accrued investment income	\$ 2,110,245	230,952	230,952
Excise tax receivable	-	-	-
Other receivables	-	1,490,030	1,490,030
Total Other Assets	<u>\$ 2,110,245</u>	<u>1,720,982</u>	<u>1,720,982</u>

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Form 990-PF, Part II, Line 22, Other Liabilities

<u>Description</u>	<u>Col. (a) Per Books Beginning of Year</u>	<u>Col.(b) Per Books End of Year</u>
Deferred Federal excise tax	\$ 2,307,260	\$ 4,502,821
Landlord incentives	1,927,280	1,798,208
Total Other Liabilities	\$ 4,234,540	\$ 6,301,029

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Form 990-PF, Part III, Line 3, Other increases not included in line 2 of Part III

Increase in unrealized appreciation in the fair value of investments held	\$	96,237,195
Less: Net change in provision for deferred Federal excise tax		(2,195,561)
	\$	<u><u>94,041,634</u></u>

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Form 990-PF, Part I, Line 19, Depreciation

Description of the Property (a)	Date Acquired (b)	Cost (c)	Depreciation Allowed in Prior Years (e)	Method Of Depreciation (f)	Rate(%) or Life (g)	Col (a) Per Books Deprn. 2012 (h)
Leasehold Improvements	2004	97,990	40,047	Straight Line	thru 2/21	\$ 6,324
	2005	3,398,139	1,407,438	Straight Line	thru 2/21	217,162
	2006	10,079	3,841	Straight Line	thru 2/21	684
	2007	7,113	2,266	Straight Line	thru 2/21	528
	2008	1,408	363	Straight Line	thru 2/21	120
	2009	2,903	527	Straight Line	thru 2/21	252
	2010	826	114	Straight Line	thru 2/21	72
	2011	7,028	122	Straight Line	thru 2/21	696
	2012	21,058	-	Straight Line	thru 2/21	1,521
Furniture	2005	399,033	162,805	Straight Line	thru 2/21	25,776
	2006	23,846	9,130	Straight Line	thru 2/21	1,608
	2009	490	72	Straight Line	15 years	36
Computer Equipment	2004	21,984	21,984	Straight Line	3 years	-
	2005	13,536	13,536	Straight Line	3 years	-
	2006	31,245	31,245	Straight Line	3 years	-
	2007	38,275	38,275	Straight Line	3 years	-
	2008	38,044	38,044	Straight Line	3 years	-
	2009	17,541	15,041	Straight Line	3 years	2,500
	2010	13,523	5,908	Straight Line	3 years	4,508
	2011	11,829	1,459	Straight Line	3 years	4,645
	2012	32,153	-	Straight Line	3 years	4,744
Telephone and Office Equipment	2005	5,094	2,550	Straight Line	5 years	35
	2008	68,737	52,619	Straight Line	5 years	13,812
	2010	255	70	Straight Line	5 years	48
	2011	700	60	Straight Line	5 years	144
Framed Prints and Photographs	2006	\$12,260	\$8,905	Straight Line	7 years	1,740
		\$4,275,086	\$1,856,420			\$286,956

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Part IV, Line 1, Capital Gains and Losses for Tax on Investment Income

	<u>Amount</u>
Sales of Publicly Traded Securities	\$ 914,140,503
Cost of Publicly Traded Securities Sold	<u>891,984,011</u>
Net Capital Gains and Losses	<u>\$ 22,156,492</u>
Capital Gain Dividends:	
DFA Investment Dimensions Group Inc. -Emerging Markets Value Portfolio	825,130
BlackRock Funds II-BlackRock Inflation Protected Bond Porfolio	203,603
Pacific Investment Management Company Mutual Funds	252,745
Subtotal	<u>1,281,478</u>
Realized Gains (Losses) on Liquidated Partnerships:	
Paulson Advantage Plus	(15,259,020)
Net Capital Gains (Losses) on Foreign Exchange Contracts:	
Neuberger & Berman	173
Van Eck Global	(19,889)
Artisan Partners, L.P.	103,551
Brown Advisory	18
Subtotal	<u>83,853</u>
Realized Gains (Losses) on K-1's of Common Trusts and Limited Partnerships:	
Amberbrook IV, LLC	646,866
Amberbrook V, LLC	3,326,449
Amberbrook VI, LLC	211,887
Baker Brothers Life Sciences, LP	181,642
Baupost Value Partners, L.P.-IV	256,283
Commonfund Capital Natural Resources Partners V, LP	336,106
Commonfund Capital Natural Resources Partners VI, LP	460,193
Commonfund Capital Natural Resources Partners VII, LP	131,726
CS Strategic Partners IV, L.P.	2,379,412
CSFB Strategic Partners III, L.P.	391,905
CSFB Strategic Partners III, L.P.	1,059,743
Denham Commodity Partners Fund V LP	7,169
European Strategic Partners 2006 'B', lp	419,833
Farallon Capital Institutional Partners, LP	2,427,769
Grandbanks Capital Venture Fund II, L.P.	(606,090)
Gryphon International EAFE Growth Fund	705,976
Harbourvest Partners VII - Buyout Holding Fund, L.P.	439,655
Harbourvest Partners VII - Venture Holding Fund, L.P.	439,218
Insight Venture Partners (Cayman) VI, LP	76,191
Insight Venture Partners (Cayman) VII, LP	605,555
J.C. Flowers II L.P.	73,802
J.P. Morgan Structured Debt Fund	(75,424)
JCF HRE AIV 2 Trust	(590)
Natural Gas Partners	588
OFI Institutional Emerging Markets Equity Fund, L.P.	629,156
Pantheon USA Fund V, LP	607,639
Pantheon USA Fund VI, LP	1,360,913
Providence Equity Partners VI (Umbrella US) LP	214,224

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Part IV, Line 1, Capital Gains and Losses for Tax on Investment Income

	<u>Amount</u>
Providence Equity Partners VI International LP	(124,725)
Providence Equity Partners VI, LP	1,117,505
Security Capital Preferred Growth LLC	32,534
The Silchester International Investors Tobacco Free Trust	1,962,292
The Varde Fund IX, LP	805,668
Walton Street Real Estate Fund V, LP	(28,859)
Walton Street Real Estate Fund VI, LP	137,025
Wellington Trust - CTF Energy Portfolio	127,177
Total	<u>21,449,963</u>
Grand Total	<u>\$ 29,712,766</u>

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Form 990-PF, Part VIII, Line 1, Information about Officers, Directors, Trustees, Foundation Managers and their Compensation

(a)	(b)	(c)	(d)	(e)
<u>Name and address</u> ¹	<u>Title and Average hours per week devoted to position</u>	<u>Compensation</u>	<u>Contributions to employee benefit plans and deferred compensation</u>	<u>Expense acct. and other allowances</u>
Lawrence T. Babbio, Jr.	Director Part Time - Approx. 1 hr. per wk.	None	None	None
Candace Beinecke	Director Part Time - Approx. 1 hr. per wk.	None	None	None
Sharon W. Clark	Director of Operations Full Time - Approx. 50 hrs. per wk.	281,766 ²	78,233 ³	None
W. Don Cornwell Retired June 2012	Director Part Time - Approx. 1 hr. per wk.	None	None	None
Linda Darling-Hammond	Director Part Time - Approx. 1 hr. per wk.	None	None	None
Susan H. Dodge	Corporate Secretary & Executive Associate Full Time - Approx. 50 hrs. per wk.	111,620	42,737	None
Mary E. Geras	Chief Financial Officer Assistant Treasurer Full Time - Approx. 50 hrs. per wk.	208,789	57,245	None
Augusta S. Kappner	Director Part Time - Approx. 1 hr. per wk.	None	None	None
Kevin W. Kennedy	Chairman and Director Part Time - Approx. 1 hr. per wk.	None	None	None
Susan J. Kropf	Director Part Time - Approx. 1 hr. per wk.	None	None	None

¹ Address for all Directors and Employees is: 5 Penn Plaza 7th floor, New York, NY 10001.

² Includes a payout of \$1,798 for 2012 deferred compensation under a Supplemental Executive Retirement Plan (SERP).

³ Includes \$3,247 of 2012 deferred compensation for SERP.

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Form 990-PF, Part VIII, Line 1, Information about Officers, Directors, Trustees, Foundation Managers and their Compensation

(a)	(b)	(c)	(d)	(e)
<u>Name and address</u> ¹	<u>Title and Average hours per week devoted to position</u>	<u>Compensation</u>	<u>Contributions to employee benefit plans and deferred compensation</u>	<u>Expense acct. and other allowances</u>
William I. Miller	Director & President Full Time - Approx. 50 hr. per wk.	515,001 ²	100,559 ³	None
Ann S. Moore	Director Part Time - Approx. 1 hr. per wk.	None	None	None
Ranji Nagaswami Effective June 2012 Resigned September 2012	Director Part Time - Approx. 1 hr. per wk.	None	None	None
Rob D. Nagel	Chief Investment Officer and Treasurer Full Time - Approx. 50 hrs. per wk.	438,336 ⁴	102,735 ⁵	None
Joseph W. Polisi	Director Part Time - Approx. 1 hr. per wk.	None	None	None

¹ Address for all Directors and Employees is: 5 Penn Plaza 7th floor, New York, NY 10001.

² Includes a payout of \$15,000 for 2012 deferred compensation under a Supplemental Executive Retirement Plan (SERP).

³ Includes \$22,500 of 2012 deferred compensation for SERP.

⁴ Includes a payout of \$10,661 for 2012 deferred compensation under a Supplemental Executive Retirement Plan (SERP).

⁵ Includes \$23,536 of 2012 deferred compensation for SERP.

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Form 990-PF, Part VIII, Line 2, Compensation of Five Highest Paid Employees

(a)	(b)	(c)	(d)	(e)
<u>Name and address</u> ¹	<u>Title and average hours per week devoted to position</u>	<u>Compensation</u>	<u>Contributions to employee benefit plans and deferred compensation</u>	<u>Expense account and other allowances</u>
Edward Pauly	Director of Evaluation Full Time - Approx. 50 hrs. per wk.	283,175 ²	80,004 ³	None
Nancy Devine	Director of Communities Full Time - Approx. 50 hrs. per wk.	235,185	65,497	None
Daniel Windham	Director of Arts Full Time - Approx. 50 hrs. per wk.	225,759	63,985	None
Lucas Held	Director of Communication Full Time - Approx. 50 hrs. per wk.	210,942	61,453	None
Jody Spiro	Director of Education Full Time - Approx. 50 hrs. per wk.	209,337	51,760	None

¹ Address for all Employees is: 5 Penn Plaza 7th floor, New York, NY 10001.

² Includes a payout of \$1,878 for 2012 deferred compensation under a Supplemental Executive Retirement Plan (SERP).

³ Includes \$4,010 of 2012 deferred compensation for SERP.

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Form 990-PF, Part VIII-Line 3, Five Highest Paid Independent Contractors for Professional Services

Name and Address	Type of Service	Compensation
Next Level Strategic Marketing Group, LLC 48 Wheeler Avenue, 2nd Floor Pleasantville, NY 10570	Research and Consulting Services	\$ 905,461
Bob Harlow Research and Consulting, LLC 180 W. Houston Street, Suite 11A New York, NY 10014	Research and Consulting Services	857,500
Policy Studies Associates Inc. 1718 Connecticut Ave, Suite 400 Washington, DC 20009	Evaluation	786,053
Organizational Services Inc. 3380 Travis Pointe Road, Suite H Ann Arbor, MI 48108	Conference Organizer	468,500
Neuberger Berman LLC 605 Third Avenue New York, NY 10158	Investment Management	433,479

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Part XV, Lines 3a and 3b - Grants and Contributions Paid During the year (3a) or Approved for Future Payment (3b)

RECIPIENT - PURPOSE Organization / IRS name, if different (City, State)	Line 3a PAYMENTS IN 2012	Line 3b FUTURE PAYMENTS	FOUNDATION STATUS OF RECIPIENT
SCHOOL LEADERSHIP -- Our goal is to raise the quality of leadership by principals and other key school figures so they can improve teaching and learning in their schools.			
DEVELOP INNOVATION SITES -- These grants support Wallace's principal pipeline initiative, which works with selected school districts to improve training and support of principals, and evaluate the results for students.			
THE CHARLOTTE-MECKLENBURG BOARD OF EDUCATION (Charlotte, NC) – To enable the Charlotte-Mecklenburg school district to participate in the principal pipeline initiative.	1,800,000	–	Governmental unit
DENVER PUBLIC SCHOOLS FOUNDATION (Denver, CO) – To enable the school district in Denver to participate in the principal pipeline initiative.	3,000,000	–	509(a)(1)
EDUCATION DEVELOPMENT CENTER, INC. (Waltham, MA) – To manage a professional learning community for leadership training providers in the principal pipeline districts.	500,000	–	509(a)(1)
THE FUND FOR PUBLIC SCHOOLS, INC. (New York, NY) – To enable the New York City school district to participate in the principal pipeline initiative.	3,300,000	–	509(a)(1)
GWINNETT COUNTY BOARD OF EDUCATION (Suwanee, GA) – To enable the Gwinnett County school district to take part in the principal pipeline initiative.	3,000,000	–	Governmental unit
THE NYC LEADERSHIP ACADEMY, INC. (Long Island City, NY) – To manage the principal pipeline initiative professional learning community.	500,000	–	509(a)(1)
PRINCE GEORGE'S COUNTY BOARD OF EDUCATION (Upper Marlboro, MD) – To enable the Prince George's County school district to participate in the principal pipeline initiative.	2,900,000	–	Governmental unit
THE SCHOOL BOARD OF HILLSBOROUGH COUNTY, FLORIDA (Tampa, FL) – To enable the Hillsborough County school district to participate in the principal pipeline initiative.	3,100,000	–	Governmental unit
DEVELOP AND SHARE KNOWLEDGE			
AMERICAN ASSOCIATION OF COLLEGES FOR TEACHER EDUCATION (Washington, DC) - To share Wallace knowledge on school leadership with colleges of education through speaking engagements and other means.	65,000	–	509(a)(2)
AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS, INC. (Alexandria, VA) – To use conferences and other means to help leadership preparation programs think through the implications of Wallace knowledge.	75,000	–	509(a)(1)
COUNCIL OF CHIEF STATE SCHOOL OFFICERS (Washington, DC) – To share Wallace knowledge on school leadership with state chiefs and policy advisers.	225,000	–	509(a)(2)
COUNCIL OF CHIEF STATE SCHOOL OFFICERS (Washington, DC) - To support the State Consortium on Educator Effectiveness in providing guidance for states and districts on building systems of leader effectiveness.	125,000	–	509(a)(2)
COUNCIL OF THE GREAT CITY SCHOOLS (Washington, DC) - To conduct an analysis of the principal supervisor position in the six principal pipeline districts.	250,000	–	509(a)(1)

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Part XV, Lines 3a and 3b - Grants and Contributions Paid During the year (3a) or Approved for Future Payment (3b)

RECIPIENT - PURPOSE Organization / IRS name, if different (City, State)	Line 3a PAYMENTS IN 2012	Line 3b FUTURE PAYMENTS	FOUNDATION STATUS OF RECIPIENT
EDUCATION DEVELOPMENT CENTER, INC. (Waltham, MA) – To develop a tool to measure the effectiveness of relationships between school districts and school-leader training programs.	200,000	–	509(a)(1)
THE EDUCATION TRUST, INC. (Washington, DC) –To assist in dissemination of ideas and information about school leadership, summer learning and arts learning.	150,000	–	509(a)(1)
EDUCATION WRITERS ASSOCIATION (Washington, DC) - To support communications activities on school leadership and expanded learning.	75,000	–	509(a)(2)
EDUCATION WRITERS ASSOCIATION (Washington, DC) - To support a webinar on school leadership and a conference session on school leadership and expanded learning opportunities.	25,000	–	509(a)(2)
LEARNING FORWARD/ NATIONAL STAFF DEVELOPMENT COUNCIL (Dallas, TX) - To support communications that bring greater national attention to education leadership and expanded learning opportunities.	150,000	–	509(a)(2)
NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS (Reston, VA) - To share Wallace knowledge on school leadership with secondary school principals through speaking engagements and other means.	–	65,000	509(a)(2)
NATIONAL ASSOCIATION OF STATE BOARDS OF EDUCATION (Alexandria, VA) – To share Wallace knowledge on school leadership and summer learning with state board members through speaking engagements and other means.	100,000	–	509(a)(2)
NATIONAL CONFERENCE OF STATE LEGISLATURES (Denver, CO) – To share Wallace knowledge on school leadership and expanded learning with state legislators and policy advisers through speaking engagements and other means.	200,000	–	Governmental unit
NATIONAL GOVERNORS ASSOCIATION CENTER FOR BEST PRACTICES (Washington, DC) – To share Wallace knowledge on school leadership with governors and policy advisers through policy forums and other means.	200,000	–	509(a)(1)
THE NYC LEADERSHIP ACADEMY, INC. (Long Island City, NY) - To develop a tool to measure the effectiveness of principal mentoring.	180,000	–	509(a)(1)
THE NYC LEADERSHIP ACADEMY, INC. (Long Island City, NY) - To enable up to 12 previous Wallace education leadership grantees to take part in a principal pipeline initiative professional learning community meeting.	25,000	–	509(a)(1)
STONE LANTERN FILMS, INC. (Suffern, NY) - To support research and development of REFORM, a sequel to the filmmakers' award-winning PBS series, SCHOOL: The Story of American Public Education.	25,000	–	509(a)(1)
UNIVERSITY COUNCIL FOR EDUCATIONAL ADMINISTRATION (Charlottesville, VA) – o organize forums and brief publications to support leadership preparation program faculty members and their institutions think through the implications of Wallace knowledge.	75,000	–	509(a)(2)
WNET (New York, NY) - To support three "town hall" meetings as part of WNET's International Summit project with the U.S. Department of Education.	100,000	–	509(a)(1)
OTHER EDUCATION PROJECTS			
NEW LEADERS, INC. (New York, NY) - Matching grant for federal Investing in Innovation grant to train principals in seven districts.	–	225,000	509(a)(1)

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Part XV, Lines 3a and 3b - Grants and Contributions Paid During the year (3a) or Approved for Future Payment (3b)

RECIPIENT - PURPOSE Organization / IRS name, if different (City, State)	Line 3a PAYMENTS IN 2012	Line 3b FUTURE PAYMENTS	FOUNDATION STATUS OF RECIPIENT
AFTER SCHOOL -- Our goal is to improve the quality and availability of afterschool programs in cities so that children and teens, especially those with the greatest needs, attend often enough to benefit.			
DEVELOP INNOVATION SITES -- CITYWIDE AFTERSCHOOL SYSTEMS - These grants support efforts in nine cities to develop and test coordinated, citywide approaches to increasing participation in high-quality afterschool learning opportunities for children and teens.			
CITY OF FORT WORTH, PARKS AND COMMUNITY SERVICES DEPARTMENT (Fort Worth, TX)	536,654	228,346	Governmental unit
CITY OF GRAND RAPIDS, OUR COMMUNITY'S CHILDREN (Grand Rapids, MI)	559,508	205,492	Governmental unit
CITY OF ST. PAUL, DEPARTMENT OF PARKS AND RECREATION (Saint Paul, MN)	481,164	283,836	Governmental unit
THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC. (Nashville, TN)	429,140	335,860	509(a)(1)
FAMILY LEAGUE OF BALTIMORE CITY, INC. (Baltimore, MD)	535,375	229,625	509(a)(1)
FUND FOR PHILADELPHIA, INC. (Philadelphia, PA)	607,000	158,000	509(a)(1)
JACKSONVILLE CHILDREN'S COMMISSION (Jacksonville, FL)	479,987	285,013	Governmental unit
MAYOR'S OFFICE FOR EDUCATION AND CHILDREN, CITY AND COUNTY OF DENVER (Denver, CO)	546,275	218,725	Governmental unit
METRO UNITED WAY, INC. (Louisville, KY)	470,061	294,939	509(a)(1)
NATIONAL LEAGUE OF CITIES INSTITUTE (Washington, DC) - To help coordinate the afterschool system building initiative and determine what the nine grantees need to carry out their work effectively.	282,934	717,066	509(a)(3) Type 1
STANFORD UNIVERSITY/ THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY (Stanford, CA) - To help Wallace's afterschool system building grantees develop their emerging systems.	75,000	25,000	509(a)(1)
STANFORD UNIVERSITY/ THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY (Stanford, CA) - To support an analysis of the grantee cities' technical assistance needs and develop a plan to meet them.	20,000	-	509(a)(1)
WELLESLEY COLLEGE (Wellesley, MA) - To help Wallace's afterschool system building grantees develop their emerging systems.	75,000	25,000	509(a)(1)
WELLESLEY COLLEGE (Wellesley, MA) - To support an analysis of the grantee cities' technical assistance needs and the development of a plan to meet them.	20,000	-	509(a)(1)
STRENGTHENING FINANCIAL MANAGEMENT -- This effort seeks to strengthen the financial management capabilities of Chicago nonprofits that provide high-quality afterschool programs and to study how funder contracting procedures and policies could be made less burdensome.			
DEVELOP INNOVATION SITES			
AFTER-SCHOOL MATTERS, INC. (Chicago, IL) - To create a cash reserve fund.	125,000	-	
ALTERNATIVES INCORPORATED (Chicago, IL) - To create a cash reserve fund.	125,000	-	509(a)(1)
ASSOCIATION HOUSE OF CHICAGO (Chicago, IL) - To create a cash reserve fund.	125,000	-	509(a)(1)
CENTER ON HALSTED (Chicago, IL) - To create a cash reserve fund.	125,000	-	509(a)(1)
GIRL SCOUTS OF GREATER CHICAGO AND NORTHWEST INDIANA, INC. (Chicago, IL) - To create a cash reserve fund.	125,000	-	509(a)(2)

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Part XV, Lines 3a and 3b - Grants and Contributions Paid During the year (3a) or Approved for Future Payment (3b)

RECIPIENT - PURPOSE Organization / IRS name, if different (City, State)	Line 3a PAYMENTS IN 2012	Line 3b FUTURE PAYMENTS	FOUNDATION STATUS OF RECIPIENT
HOWARD AREA COMMUNITY CENTER (Chicago, IL) - To create a cash reserve fund.	125,000	-	509(a)(1)
INSTITUTE FOR LATINO PROGRESS (Chicago, IL) - To create a cash reserve fund.	125,000	-	509(a)(1)
METROPOLITAN FAMILY SERVICES (Chicago, IL) - To create a cash reserve fund.	125,000	-	509(a)(1)
DEVELOP AND SHARE KNOWLEDGE			
AFTERSCHOOL ALLIANCE (Washington, DC) - To share information on policy changes and disseminate lessons to support high-quality afterschool.	75,000	-	509(a)(1)
THE AFTER-SCHOOL CORPORATION (New York, NY) - To support the New York State Afterschool Network in sharing information on afterschool system-building and serving as a statewide voice for systems.	75,000	-	509(a)(1)
THE AFTER-SCHOOL CORPORATION (New York, NY) - To support the Collaborative for Building After-School Systems, a leading source of information and ideas about afterschool intermediaries.	300,000	150,000	509(a)(1)
AFTER-SCHOOL MATTERS, INC. (Chicago, IL) - To participate in Wallace events and consult on communications.	10,000	-	509(a)(1)
BOSTON AFTER SCHOOL & BEYOND (Boston, MA) - To participate in Wallace events and consult on communications.	5,000	-	509(a)(1)
FAMILY HEALTH INTERNATIONAL (Washington, DC) -To conduct a survey to determine the prevalence of citywide afterschool systems.	150,000	-	509(a)(2)
MASSACHUSETTS AFTERSCHOOL PARTNERSHIP INC. (Boston, MA) - To support the afterschool state network as it shares information on afterschool system-building and serves as a statewide voice for systems.	75,000	-	509(a)(1)
THE MAYOR'S FUND TO ADVANCE NEW YORK CITY (New York, NY) - To participate in Wallace events and consult on communications.	10,000	-	509(a)(1)
MDRC (New York, NY) - To complete an evaluation of the Strengthening Financial Management initiative.	725,000	-	509(a)(1)
NATIONAL LEAGUE OF CITIES INSTITUTE (Washington, DC) - To educate city leaders about the benefits of citywide afterschool systems, the elements of systems and how to build systems.	260,000	-	509(a)(3) Type 1
PROVIDENCE AFTER SCHOOL ALLIANCE (Providence, RI) - To participate in Wallace events and consult on communications.	10,000	-	509(a)(1)
PUBLIC/PRIVATE VENTURES (Philadelphia, PA) - To update cost estimates in an afterschool cost calculator on the Wallace website.	11,483	-	509(a)(1)
UNITED WAY OF RHODE ISLAND (Providence, RI) - To support the Rhode Island Afterschool Plus Alliance as it shares information on afterschool system building and serves as a statewide voice for systems.	75,000	-	509(a)(1)
VOICES FOR ILLINOIS CHILDREN, INC (Chicago, IL) - To support the Illinois Statewide Afterschool Network as it shares information on afterschool system building and serves as a statewide voice for systems.	75,000	-	509(a)(1)
EXPANDED LEARNING OPPORTUNITIES -- Our goal is to enable city children to boost their academic achievement by spending more time engaged in high-quality learning and enrichment activities over the summer and during the school year.			
DEVELOP INNOVATION SITES			
SUMMER LEARNING -These grants are for Wallace's summer learning district demonstration project, which is helping selected school districts build strong summer learning programs on a wide scale and then evaluate the results for children.			
BIG THOUGHT (Dallas, TX) - To support the Dallas Independent School District's 2013 summer learning program, known as the Thriving Minds Summer Camp.	-	1,541,000	509(a)(1)

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BIG THOUGHT (Dallas, TX) - To support the Dallas Independent School District's 2012 Thriving Minds Summer Camp.	905,500	-	509(a)(1)
BOSTON AFTER SCHOOL & BEYOND, INC. (Boston, MA) - To support Boston Public Schools' 2013 Summer learning program.	-	1,500,000	509(a)(1)
BOSTON AFTER SCHOOL & BEYOND, INC. (Boston, MA) - To support Boston Public Schools' 2012 summer learning program.	1,000,000	-	509(a)(1)
CINCINNATI CITY SCHOOL DISTRICT (Cincinnati, OH) - To support the Cincinnati City School District's 2012 summer learning program.	1,000,000		Governmental unit
CINCINNATI CITY SCHOOL DISTRICT (Cincinnati, OH) - To support the Cincinnati City School District's 2013 and 2014 summer learning program.	-	600,000	Governmental unit
THE COMMUNITY FOUNDATION, INC. (Jacksonville, FL) - To support the Duval County Public School's 2012 summer learning program, known as the Superintendent's Academy.	153,150	-	509(a)(1)
THE COMMUNITY FOUNDATION, INC. (Jacksonville, FL) - To support the Duval County Public School's 2013 summer learning program, known as the Superintendent's Academy.	-	250,000	509(a)(1)
DALLAS INDEPENDENT SCHOOL DISTRICT (Dallas, TX) - To support the Dallas Independent School District's 2012 Thriving Minds Summer Camp.	594,500	-	Governmental unit
DALLAS INDEPENDENT SCHOOL DISTRICT (Dallas, TX) - To support the Dallas Independent School District's 2013 Thriving Minds Summer Camp.	-	1,189,000	Governmental unit
PITTSBURGH PUBLIC SCHOOLS (Pittsburgh, PA) - To support the Pittsburgh Public Schools' 2013 summer learning program.	-	1,400,000	Governmental unit
PITTSBURGH PUBLIC SCHOOLS (Pittsburgh, PA) - To support the Pittsburgh Public Schools' 2012 summer learning program.	1,000,000	-	Governmental unit
RAND CORPORATION (Santa Monica, CA) - To assess the six school districts' 2012 summer learning programs, provide recommendations on how to improve them in coming summers, and produce a public report with lessons for the field.	2,443,000	-	509(a)(1)
RAND CORPORATION (Santa Monica, CA) - To assess the six school districts' 2011 summer learning programs, provide recommendations on how to improve them in coming summers, and produce a public report with lessons for the field.	321,000	-	509(a)(1)
ROCHESTER AREA COMMUNITY FOUNDATION (Rochester, NY) - To support the Rochester City School District's 2013 summer learning program.	-	84,710	509(a)(1)
ROCHESTER AREA COMMUNITY FOUNDATION (Rochester, NY) - To support the Rochester City School District's 2012 summer learning program.	42,500	-	509(a)(1)
ROCHESTER CITY SCHOOL DISTRICT (Rochester, NY) - To support the Rochester City School District's 2011 summer learning program, known as the Summer Enrichment Program, and to plan for the 2012 program.	1,357,500	-	Governmental unit
ROCHESTER CITY SCHOOL DISTRICT (Rochester, NY) - To support the Rochester City School District's 2013 summer learning program.	-	1,614,694	Governmental unit
THE SCHOOL BOARD OF DUVAL COUNTY, FLORIDA (Jacksonville, FL) - To support the Duval County Public Schools' 2012 summer learning program, known as the Superintendent's Academy.	1,346,850	-	Governmental unit
THE SCHOOL BOARD OF DUVAL COUNTY, FLORIDA (Jacksonville, FL) - To support the Duval County Public Schools' 2013 summer learning program, known as the Superintendent's Academy.	-	1,450,000	Governmental unit

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SUPPORT LEADING EXPANDED LEARNING ORGANIZATIONS -- These grants support leading nonprofits with promising work under way to expand learning opportunities for children and teens.			
THE AFTER-SCHOOL CORPORATION (New York, NY) - To support an expanded learning effort for more than 5,500 K-8 students in New York City, Baltimore and New Orleans.	2,000,000	-	509(a)(1)
CITIZEN SCHOOLS, INC. (Boston, MA) - To support the organization's efforts to expand learning time in low-performing urban public schools.	3,500,000	-	509(a)(1)
COMMUNITIES IN SCHOOLS (Arlington, VA) - To support and expand organization's evidence-based programming so more low-income youngsters are served.	3,750,000	-	509(a)(1)
SAY YES TO EDUCATION, INC. (New York, NY) -- To complete implementation of the Say Yes city-wide effort to boost education and other opportunities for young people in Syracuse, NY.	1,250,000	500,000	501c(3)
DEVELOP AND SHARE KNOWLEDGE			
GRANTMAKERS FOR EDUCATION (Portland, OR) - To support the organization's afterschool funders' network.	50,000	-	509(a)(2)
THE INSTITUTE FOR EDUCATIONAL LEADERSHIP, INC. (Washington, DC) - To support the Coalition for Community Schools in documenting the experience of community schools working on expanded learning efforts.	150,000	-	509(a)(1)
NATIONAL SUMMER LEARNING ASSOCIATION, INC. (Baltimore, MD) -- To support a keynote address at the 2011 National Summer Learning Association national conference.	257,500	250,000	509(a)(1)
RAND CORPORATION (Santa Monica, CA) - Summer Learning Content and Context Study	35,000	-	509(a)(1)
RAND CORPORATION (Santa Monica, CA) - Summer Learning District Demonstration research and evaluation	3,000,000	1,650,000	509(a)(1)
ARTS EDUCATION - Our goal is to engage more young people in high-quality arts learning during the school day and beyond.			
DEVELOP INNOVATION SITES -- These grants help efforts in selected cities and organizations to plan or develop approaches to raising the quality and availability of arts education.			
BIG THOUGHT (Dallas, TX) To promote the efforts of the Thriving Minds project to improve and expand arts instruction in and out of school in Dallas.	300,000	100,000	509(a)(1)
BOYS AND GIRLS CLUBS OF AMERICA (Atlanta, GA) To support development of a strategic plan to expand arts programming throughout its national network of clubs for young people.	-	49,500	509(a)(2)
NATIONAL COUNCIL OF YMCAs OF THE USA/NATIONAL COUNCIL OF YOUNG MEN'S CHRISTIAN ASSNS. OF THE USA (Chicago, IL) - To support development of a strategic plan to expand arts programming throughout the Y's national network of programs for young people.	200,000	30,000	509(a)(2)
EDVESTORS (Boston, MA) - To support a four year plan to increase access to and equitable distribution of high-quality arts learning experiences for children in the Boston Public Schools.	1,670,000	2,070,000	509(a)(1)
DEVELOP AND SHARE KNOWLEDGE			
GRANTMAKERS IN THE ARTS (Seattle, WA) - To support study of federal education policy on arts education.	30,000	30,000	509(a)(1)

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AUDIENCE DEVELOPMENT FOR THE ARTS - Our goal is to get more people deeply involved in the arts so they may reap the rewards of engaging with art.			
DEVELOP AND SHARE KNOWLEDGE			
MINNESOTA COMMUNITY FOUNDATION (St. Paul, MN) - To convene grant recipients for shared learning, to re-grant Wallace funds to support small, focused projects, and to convene the local arts community for topics in increasing arts participation.	50,000	-	509(a)(1)
SAN FRANCISCO FOUNDATION (San Francisco, CA) - To convene grant recipients for shared learning, to re-grant Wallace funds to support small, focused projects, and to convene the local arts community for topics in increasing arts participation.	50,000	-	509(a)(1)
COMMUNICATIONS			
SERVICES TO THE FIELD OF PHILANTHROPY			
THE CENTER FOR EFFECTIVE PHILANTHROPY, INC. (Cambridge, MA) - For general operating support of this nonprofit organization, which helps philanthropies improve their effectiveness, and to support the preparation of a grantee perception report for Wallace.	100,000	-	509(a)(1)
THE COMMUNICATIONS NETWORK (Naperville, IL) - For general operating support of this nonprofit membership organization whose mission is to provide resources, guidance and leadership to advance the strategic practice of communications in philanthropy.	15,000	-	509(a)(1)
COUNCIL OF CHIEF STATE SCHOOL OFFICERS (Washington, DC) - To support the work of the Arts Education Partnership.	25,000	-	509(a)(2)
COUNCIL ON FOUNDATIONS, INC. (Arlington, VA) - For general operating support of this national nonprofit membership organization for grant makers.	49,500	-	509(a)(1)
FJC (New York, NY) - To support the 2012 program activities of the New York City Youth Funders Network.	3,000	-	509(a)(1)
THE FOUNDATION CENTER (New York, NY) - To support this national clearinghouse of information of private grant making.	100,000	-	509(a)(1)
GRANTMAKERS FOR EDUCATION (Portland, OR) - For general support of this membership organization for private and public philanthropies that support improved education outcomes for students, and to support GFE's 2012 annual conference in New York City.	49,500	-	509(a)(2)
GRANTMAKERS IN THE ARTS (Seattle, WA) - For general support of this nonprofit membership organization, which seeks to advance the use of philanthropic resources for arts and culture.	22,000	-	509(a)(1)
GRANTS MANAGERS NETWORK INC. (Washington, DC) - To support this national organization, which seeks to improve grant making by advancing the knowledge, skills and abilities of grants' management professionals.	3,000	-	509(a)(1)
INDEPENDENT SECTOR (Washington, DC) - For general operating of support of this nonprofit organization, whose mission is to advance the common good by strengthening the nonprofit and philanthropic community.	10,000	-	509(a)(1)
INNOVATION NETWORK, INC. (Washington, DC) - To support a 2012 Evaluation Roundtable conference.	50,000	-	509(a)(2)
NATIONAL PUBLIC EDUCATION SUPPORT FUND (Washington, DC) - For general support of the Education Funder Strategy Group.	25,000	-	509(a)(3) Type I
NONPROFIT COORDINATING COMMITTEE OF NEW YORK, INC. (New York, NY) - For general operating support of this nonprofit, which serves some 1,700 nonprofits in New York City, Long Island and Westchester County.	3,000	-	509(a)(1)
PHILANTHROPY NEW YORK, INC. (New York, NY) - For general operating support of the principal professional community of philanthropic foundations in the New York City area.	24,250	-	509(a)(1)
SPONSORS FOR EDUCATIONAL OPPORTUNITY, INC. (New York, NY) - To support a program providing college students from underserved communities with training, coaching and internships in philanthropy.	15,000	-	509(a)(1)
OTHER GRANTS			
HARLEM CHILDREN'S ZONE (New York, NY) - To support -- with the Edna McConnell Clark Foundation and other donors -- a funding collaborative to sustain the services of the organization.	2,000,000	-	509(a)(2)

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EMPLOYEE MATCHING GIFTS			
Allentown First Aid Squad (Allentown, NJ)	200	-	509(a)(1)
American Cancer Society (Atlanta, GA)	-	100	509(a)(1)
Architecture for Humanity (San Francisco, CA)	-	100	509(a)(1)
Baltimore Community Foundation (Baltimore, MD)	750	-	509(a)(1)
Baruch College Fund (New York, NY)	50	200	509(a)(3)Type III- Functionally Integrated
Brooklyn Legal Services Corporation A (New York, NY)	1,250	-	509(a)(1)
Center for Constitutional Right (CCR) (New York, NY)	200	-	509(a)(1)
Charity Global, Inc. (New York, NY)	100	-	509(a)(1)
Child Fund International (Richmond, VA)	1,000	-	509(a)(1)
Children International (Kansas City, MO)	-	100	509(a)(1)
Ann Robert H. Lurie Children Hospital of Chicago (Chicago, IL)	1,000	-	509(a)(2)
Asian American Coalition for Children and Families Inc. (New York, NY)	2,000	-	509(a)(1)
Colby College Fund (Colby, KS)	200	300	509(a)(1)
Columbia Greenhouse Nursery School (New York, NY)	150	150	509(a)(1)
Columbia University- Journalism School (New York, NY)	-	150	509(a)(1)
Compassion International (Colorado Springs, CO)	400	-	509(a)(2)
Trustees of Deerfield Academy (Deerfield, MA)	150	190	509(a)(1)
Denver Dumb Friends League (Denver, CO)	-	200	509(a)(1)
Downeast Lakes Land Trust (Grand Lake Stream, ME)	100	100	509(a)(1)
Food Bank for New York City (New York, NY)	200	130	509(a)(1)
Freedom Chapel Assembly of God (Amityville, NY)	100	-	509(a)(1)
Grand Canyon Trust (Flagstaff, AZ)	200	-	509(a)(2)
Habitat for Humanity International (Americus, GA)	-	500	509(a)(1)
Trustees of Hamilton College (Clinton, NY)	50	-	509(a)(1)
Human Needs for Pantry (Montclair, NJ)	-	300	509(a)(1)

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Inter-religious Foundation for Community Organizations (New York, NY)	200	-	509(a)(1)
Long Island University (Greenvale, NY)	-	500	509(a)(1)
MADRE (New York, NY)	-	400	509(a)(1)
March of Dimes (Whiteplains, NY)	-	50	509(a)(1)
Mentors of Minorities in Education M.O.M.I.E'S TLC (Washington, DC)	100	-	509(a)(2)
Messiah College (HDFS Endowment) (Mechanicsburg, PA)	400	-	509(a)(1)
MET Council (New York, NY)	-	250	509(a)(1)
Montclair Public Library (Montclair, NJ)	-	300	509(a)(1)
Multiple Sclerosis Foundation (Fort Lauderdale, FL)	50	-	509(a)(1)
New York Choral Society (New York, NY)	-	400	509(a)(2)
New York Public Radio (WNYC Radio) (New York, NY)	360	200	509(a)(1)
Packer Collegiate Institute (Brooklyn, NY)	200	240	509(a)(1)
Police Athletic League (New York, NY)	150	150	509(a)(1)
Robin Hood Foundation (New York, NY)	-	500	509(a)(1)
Running Strong for American Indian Youth (Alexandria, VA)	600	-	509(a)(1)
Southern Poverty Law Center (Montgomery, AL)	500	-	509(a)(1)
St. Jude Children's Research Hospital (Memphis, TN)	200	-	509(a)(1)
TASSC (Washington, DC)	-	800	509(a)(1)
The American Cancer Society (Tampa, FL)	100	-	509(a)(1)
The Connection for Women & Families Inc. (Summit, NJ)	1,340	-	509(a)(2)
Salvation Army World Office (Alexandria, VA)	-	200	509(a)(3) Type I
The Smith Fund (Northampton, MA)	200	170	509(a)(1)
Trustees of Columbia University (New York, NY)	150	-	509(a)(1)
Hampshire College Trustees (Amherst, MA)	-	300	509(a)(1)
United Neighborhood Houses (New York, NY)	200	-	509(a)(1)
WNET-Thirteen (New York, NY)	200	-	509(a)(1)
	\$ 57,283,381	\$ 17,762,786	

THE WALLACE FOUNDATION

AMENDED AND RESTATED BY-LAWS

EFFECTIVE OCTOBER 26, 2012

ARTICLE I – BOARD OF DIRECTORS

1. Number, Powers, and Qualifications.

(a) The affairs of the Foundation shall be managed by a Board of Directors, which shall have all the powers and duties enumerated in the Not-for-Profit Corporation Law of the State of New York. The size of the Board shall be fixed by the Board of Directors; provided that in no event shall the Board of Directors consist of fewer than eight or more than sixteen persons (not including any Director serving *ex officio*).

(b) All Directors must be at least twenty-one years of age and at least one shall be a citizen of the United States and a resident of the State of New York.

(c) The Directors shall elect a chair from among their number to serve for a term designated by the Board of Directors, or if no term is designated, until the next Annual Meeting of the Board of Directors.

2. Election and Term of Directors.

(a) At each Annual Meeting of Directors, Directors shall be elected to an annual term of office and shall hold office until the expiration of the term for which each is elected and until such Director's successor has been elected and qualified.

(b) Anything in these By-Laws to the contrary notwithstanding, no person (except a Director serving *ex officio*) may be elected or re-elected a Director of the Foundation if at the time of such person's election or re-election such person shall have attained the age of seventy-two years. Further, no person (except a Director serving *ex officio*) may be re-elected a Director of the Foundation if at the time of such person's re-election such person shall have completed twelve years of service. The term of any Director (except a Director serving *ex officio*) who shall have attained the age of seventy two or completed twelve years of service while serving as a Director shall automatically terminate immediately prior to the commencement of the first Annual Meeting of Directors following such event.

3. Newly Created Directorships and Vacancies.

(a) Vacancies occurring among the Directors for any reason, including the removal or retirement of a Director, may be filled by a vote of a majority of the Directors then in office, regardless of their number. A Director elected other than at an Annual Meeting of Directors to fill a vacancy shall hold office until the next Annual Meeting of Directors.

(b) The Board of Directors, at any meeting of the Board of Directors, may create additional Directorships, not to exceed a total of sixteen (not including any Director serving *ex officio*), upon the vote of a majority of the Directors then in office. A newly created Directorship may be filled at the meeting at which the Directorship was created or any subsequent meeting of Directors. A Director so elected shall serve until the next Annual Meeting of Directors and until such Director's successor is elected and qualified.

4. Annual Meeting. The Annual Meeting of the Board of Directors for the election of Directors, for presentation of the Annual Report prescribed by Article III of these By-Laws and for the transaction of such other business as may properly come before the meeting shall be held at such time and place, either within or without the State of New York, as shall from time to time be determined by a resolution of the Board of Directors. Notice of all annual meetings shall be given as provided in Article I, Section 7.

5. Regular Meetings. Regular meetings of the Board of Directors for the transaction of any business may be held at such time and place, either within or without the State of New York, as shall from time to time be determined by a resolution of the Board of Directors. A minimum of two regular meetings shall be held each year in addition to the Annual Meeting. Notice of all regular meetings shall be given as provided in Article I, Section 7. Business transacted at such regular meetings shall be limited to the ordinary business of the Foundation and those matters stated in the notice of meeting, unless all of the Directors are present or consent in writing either before or after the meeting to the transaction of other business.

6. Special Meetings. Special meetings of the Board of Directors may be called by the Chair, the President or one-third of the Directors and shall be held at the time and place, either within or without the State of New York, and for such purpose or purposes as shall be specified in writing by the person or persons calling the meeting, and the business transacted thereat shall be limited to those items stated in the notice of meeting unless all of the Directors are present or consent in writing either before or after the meeting to the transaction of other business.

7. Notices.

(a) The Secretary shall cause notice of any annual, regular or special meeting to be given by mailing a copy thereof to each Director at least ten (10) days prior to the meeting addressed to

him or her at his or her residence or usual place of business, or delivered personally or given by e-mail or telephone or other form of electronic communication, including facsimile transmission, upon each Director at least two days prior to the date of such meeting, provided that any meeting of the Board may be held without notice if all of the Directors then in office shall be present thereat, and no Director shall there object to such lack of notice. Notice of meeting need not be given to any Director who submits a signed Waiver of Notice whether before or after the meeting or who shall be present at such meeting without protesting lack of notice thereof prior to such meeting or at its commencement. Failure by any Director to receive notice of any meeting sent in accordance with the provisions herein shall not invalidate the meeting or any decisions made by the Board at such meeting.

(b) Notice by mail shall be deemed delivered when the same is deposited in the United States mail, postage prepaid. Notice by overnight courier service shall be deemed delivered when the package is delivered to the courier service. Notice by facsimile, e-mail or other electronic mail shall be deemed delivered upon delivery to the recipient.

8. Action Without A Meeting. Any action required or permitted to be taken by the Board of Directors, or any committee thereof, may be taken without a meeting if all Directors or committee members, as the case may be, consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the Directors or committee members of the Board shall be filed with the minutes of the proceedings of the Board or such committee.

9. Participation by Conference Telephone. Participation in a meeting of the Board of Directors, or any committee thereof, may take place by means of a conference telephone or similar communications equipment (including internet access) allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

10. Quorum; Voting Requirements. Except as otherwise required by law or by the Certificate of Incorporation or by other certificate filed pursuant to law or by these By-Laws, at all meetings of the Board of Directors the quorum necessary for the transaction of business shall be a majority of the entire Board of Directors, and the vote of a majority of the entire Board of Directors shall be the act of the Board. In the absence of a quorum, a majority of the Directors present or any

Director solely present may adjourn any meeting from time to time until a quorum shall be present, at which time any business may be transacted which might have been transacted at the meeting as first convened had there been a quorum. Notice of the adjourned date shall be given to each Director in accordance with Article I, Section 7.

11. Resignation or Removal. Any Director may resign at any time and, unless otherwise stated therein, such resignation shall take effect upon receipt by the President or Secretary of written notice thereof. Any Director may be removed without cause being assigned at any meeting of Directors by the concurring vote of a majority of all the Directors, provided that the proposal to take such action shall have been stated in the notice of the meeting.

12. Committees. The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an executive committee, an investment committee, an audit committee, a governance and compensation committee and other standing committees, each consisting of three or more Directors. Such committees, to the extent provided in said resolution and not restricted by law, shall have and exercise the authority of the Board in the management of the Foundation (including, if so granted, the authority to delegate such of its functions and authority to one or more officers, employees or agents of the Foundation); but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any nondelegable responsibility imposed upon it or such Director by law. Each such committee shall serve at the pleasure of the Board of Directors. A majority of the whole committee shall constitute a quorum for the transaction of all business that may properly come before it, and all questions shall be decided by the vote of a majority of the entire committee. Each committee member shall be selected by and serve at the pleasure of the Board of Directors. Any member of the committee who shall cease to be a Director of the Foundation shall also cease to be a member of the committee. Upon a Director ceasing to be a member of a committee for any reason, the Board of Directors may designate a successor member. All members of the committee may be designated or elected to succeed themselves. Committees shall prepare minutes of their meetings which shall be available to all Directors of the Foundation.

ARTICLE II – OFFICERS

1. Appointment. The Board of Directors at its Annual Meeting shall appoint a President, Secretary, and Treasurer, and may also appoint one or more Vice Presidents and such other officers, including a chief financial officer and a chief investment officer, as it may deem proper. Officers whose authority and duties are not prescribed in these By-Laws shall have the authority and perform the duties prescribed, from time to time, by the Board. Any two offices, except those of the President and Secretary, may be filled by the same persons.

2. Term of Office. The officers shall hold office at the pleasure of the Board of Directors. Any officer may resign at any time and, unless otherwise stated therein, such resignation shall take effect upon receipt by the Foundation of written notice thereof. Any officer may be removed from office at any time without cause being assigned by the concurring vote of a majority of the entire Board of Directors. Vacancies in any offices may be filled at any meeting of the Board of Directors or in accordance with the provisions of Article I, Section 8.

3. The Chair. The Chair shall be the lead Director of the Board of Directors, with overall responsibility for leading the Board of Directors in its oversight of the management and strategic direction of the business and affairs of the Foundation, as well as such other duties as may be assigned by the Board of Directors. The Chair shall preside at all meetings of the Directors and of the Executive Committee. Except where by law the signature of the President is required, the Chair shall possess the same power as the President to sign all checks, certificates, contracts, and other instruments of the Foundation which may be authorized by the Board of Directors.

4. The President. The President shall be the Chief Executive Officer of the Foundation and shall report to the Chair and the Board of Directors. The President shall be an *ex officio* member of the Board of Directors with full voting rights and shall retain such board membership during each term of office as President. The President shall be responsible for the active direction of the daily business and affairs of the Foundation, and shall have such other duties as may be assigned by the Board of Directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Foundation or a different mode of execution is expressly prescribed by the Board or these By-Laws, the President may execute for

the Foundation any contracts, deeds, mortgages, bonds, tax and other governmental filings, or other instruments which the Board has authorized to be executed, and may accomplish such execution either under or without the seal of the Foundation and either individually or with the Secretary or any other officer thereunto authorized by the Board according to the requirements of the form of the instrument. The President, together with such officials as may be appointed by resolution of the Board of Directors for that purpose, shall have authority to sign checks. The President shall, in the absence of the Chair, preside at all meetings of the Directors of the Foundation and of the Executive Committee. The President shall bring such matters to the attention of the Board of Directors, or its Chair, as are appropriate to keep the Directors fully informed to meet their fiduciary responsibilities.

5. Vice Presidents. Each Vice President shall have such powers and shall perform such duties as may be assigned by the Board of Directors or the President. In the absence or disability of the President, all of the President's powers shall be vested in and all of the President's duties shall be performed by the Vice Presidents in the order of priority established by the Board of Directors or, until the Board shall otherwise direct, by the President.

6. The Secretary. The Secretary shall: give or cause to be given all notices required to be given to Directors; attend all meetings of the Board of Directors and record the proceedings of each such meeting in an appropriate minute book; keep in safe custody the seal of the Foundation and affix the same to any instrument when duly authorized so to do and attest the same; and perform all other duties pertaining to that office or properly required by the Board.

7. The Treasurer. The Treasurer shall: have custody of funds and securities of the Foundation, except as otherwise provided by the Board of Directors; deposit all monies and other valuable effects in the name and to the credit of the Foundation in such depositories as may be designated by the Board; disburse the funds of the Foundation as may be ordered by the Board; cause full and accurate accounts of receipts and disbursements to be kept; and render to the President and the Directors, whenever they may require it, an account of all transactions as Treasurer and of the financial condition of the Foundation. The Board of Directors may require that the Treasurer execute a fidelity bond satisfactory to it as to amount, form and surety or sureties.

8. Duties of Officers May Be Delegated. In case of the absence of any officer or for any other reason that the Board may deem sufficient, the Board of Directors or the President may delegate for the time being the powers or duties of such officer to any other officer or to any Director.

ARTICLE III – ANNUAL REPORT

The Board of Directors shall direct the President and Treasurer to present at the Annual Meeting of Directors a written report, verified by the President and Treasurer or by a majority of the Directors, showing in appropriate detail (i) the assets and liabilities, including the trust funds, of the Foundation as of the end of a twelve month fiscal period terminating no more than six months prior to said meeting; (ii) the principal changes in assets and liabilities, including trust funds, during said fiscal period; (iii) the revenue or receipts of the Foundation, both unrestricted and restricted to particular purposes during said fiscal period; and (iv) the expenses or disbursements of the Foundation, for both general and restricted purposes, during said fiscal period. An abstract or copy of this report shall be entered in the minutes of the Annual Meeting of Directors and the report itself shall be filed with the records of the Foundation. The requirements herein may, but need not, be satisfied by an annual financial report prepared by the Foundation's independent public accountants.

ARTICLE IV – INDEMNIFICATION OF OFFICERS AND DIRECTORS; INSURANCE

1. Standing Indemnification.

(a) Except to the extent expressly prohibited by the New York Not-for Profit Corporation Law, the Foundation shall indemnify each present and former Director and officer of the Foundation, or the personal representatives of any thereof, who is made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that such person (or such person's testator or intestate) is or was a Director or officer or served, at the request of the Foundation, any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees incurred in connection with such action or proceeding, or any appeal therein (including any action by or in the right of the Foundation or any such other corporation, partnership, joint venture, trust, employee benefit plan

or other enterprise); provided that no such indemnification shall be made if a judgment or other final adjudication adverse to such person establishes that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such person personally gained in fact a financial profit or other advantage to which such person was not legally entitled.

(b) To the fullest extent permitted by applicable law, the Foundation shall reimburse or advance to any person referred to in Subsection (a) of this Section 1, all expenses, including attorneys' fees, reasonably incurred by such person in connection with any action or proceeding of the kind referred to in Subsection (a) of this Section 1, upon receipt, if and to the extent required by applicable law, of a written undertaking by or on behalf of such person to repay such amounts if such person is ultimately found not to be entitled to indemnification under this Article IV or otherwise or, where indemnification is granted, to the extent the expenses so advanced or reimbursed exceed the amount to which such person is entitled, provided that such person shall cooperate in good faith with any request of the Foundation that common counsel be used by parties to an action or proceeding who are similarly situated unless to do so would be inappropriate because of actual or potential differing interests between such parties.

2. Indemnification by Resolution. The Foundation, by a resolution of its Board of Directors, or any agreement approved by the Board of Directors, with any of its Directors, officers, employees or volunteers providing therefor, may, to the fullest extent permitted by applicable law, indemnify and reimburse or advance expenses to any person (but nothing herein shall limit the rights of any such person under Section 1), it being expressly intended that this Section 2 authorizes the Board of Directors to create rights to indemnification or reimbursement or advancement of expenses in such manner to the fullest extent permitted by applicable law.

3. Application. A person for whom indemnification or the reimbursement or advancement of expenses is provided for in or under this Article IV may elect to have the indemnification (or reimbursement or advancement of expenses) provisions hereof interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time indemnification (or reimbursement or advancement of expenses) is provided or sought.

4. Enforcement.

(a) The right to be indemnified or to the reimbursement or advancement of expenses pursuant to Section 1 of this Article IV or a resolution or agreement authorized pursuant to Section 2 of this Article IV, (1) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions hereof (or of any such resolution or agreement) were set forth in a separate written contract between the Foundation and such person, and (2) shall continue to exist after any rescission or restrictive modification hereof or of any such resolution or agreement with respect to events occurring prior thereto. The Foundation shall not be obligated under this Article IV (including any resolution or agreement authorized by Section 2 of this Article IV) to make any payment thereunder (or under any such resolution or agreement) to the extent the person seeking indemnification hereunder (or under any resolution or agreement) has actually received payment (under any insurance policy, resolution, agreement or otherwise) of the amounts otherwise indemnifiable hereunder (or under any such resolution or agreement). Furthermore, the Foundation shall be entitled to an assignment of any benefits payable to any person under any insurance policy, whether or not the premiums in such policy have been paid by the Foundation to the extent of any reimbursement paid or advanced made by the Foundation under Section 1 or 2 of this Article.

(b) If a request to be indemnified or for the reimbursement or advancement of expenses pursuant to Section 1 or a resolution or agreement authorized by Section 2 of this Article IV is not paid in full by the Foundation within thirty (30) days after a written claim has been received by the Foundation therefor, the claimant may at any time thereafter bring suit against the Foundation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled also to be paid the expenses of prosecuting such claim. The failure of the Foundation (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper in the circumstances shall not create a presumption that the claimant is not so entitled.

5. General.

(a) The indemnification or reimbursement or advancement of expenses granted pursuant to or provided by the provisions of this Article IV shall be in addition to and shall not be exclusive of any other rights to indemnification and reimbursement or advancement of expenses to which such person may otherwise be entitled by law, insurance policy, contract or otherwise.

(b) The Foundation may, but is not required to, purchase directors' and officers' liability insurance. To the extent permitted by law, such insurance may insure the Foundation for any obligation it incurs as a result of this Article IV or by operation of law, and it may insure directly the Directors or officers or other employees or volunteers of the Foundation, for liabilities (if any) against which they are not entitled to indemnification under this Article IV as well as for liabilities against which they are entitled or permitted to be indemnified by the Foundation.

(c) For purposes of this Article IV, the term "the Foundation" shall include any legal successor to the Foundation, including any corporation or other entity which acquires all or substantially all of the assets of the Foundation in one or more transactions.

(d) Notwithstanding anything else in this Article IV, the Foundation shall not make any payment pursuant to this Article IV to or for the benefit of any person, to the extent of the amount of such payment that would result in the imposition of an excise tax under Chapter 42 of the Internal Revenue Code of 1986, as amended.

ARTICLE V – MISCELLANEOUS

1. Waiver of Notice. Whenever the Foundation or the Board of Directors is authorized to take any action after notice to its Directors or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of any period of time if such action be authorized or approved and if, at any time before or after such action be completed, such requirements be waived in writing by the person or persons entitled to said notice or to participate in such action.

2. Compensation of Directors and Officers. Directors and corporate officers appointed by the Board shall receive such compensation, if any, as shall be authorized by the Board of Directors, or in the case of officers other than the President, as may be delegated by the Board of Directors to the Governance and Compensation Committee, or such other committee as the Board shall designate, or the President.

3. Interest of Directors and Officers in Transactions.

(a) No contract or other transaction between the Foundation and one or more of its Directors or officers, or between the Foundation and any other corporation, firm, association or other entity in which one or more of its Directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such Director or Directors or officer or officers are present at the meeting of the Board of Directors which authorizes such contract or transaction, or such Director or Directors or officer or officers votes are counted for such purpose if the material facts as to such Director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board of Directors, and the Board authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Director or officer.

(b) Except as otherwise provided by law, the fact that a person is a director of or is employed by a corporation, firm, association or other entity other than the Foundation shall not by that reason alone be deemed to establish that such person has an interest in a contract or transaction involving or relating to such other corporation, firm, association or other entity or to preclude such person from participating in a meeting of the Board of Directors or voting with respect to any such contract or transaction. Any determination of whether any person has a substantial financial interest in any contract or transaction or in any corporation, firm, association or other entity shall be made in relation to the net worth and annual income of such person and shall be made by the Board of Directors.

(c) Notwithstanding any other provision of this Section 3, no contract or other transaction to which the Foundation is a party shall be either void or voidable, irrespective of the interest of any Director or officer of the Foundation in such contract or transaction and irrespective of the circumstances under which such contract or transaction was approved by the Board of Directors, if the party or parties to such contract or transaction shall establish affirmatively that such contract or transaction was fair and reasonable as to the Foundation at the time it was approved by the Board of Directors.

4. Seal. The seal of the Foundation shall be circular in form and contain the name of the Foundation, the year of its organization and the words "CORPORATE SEAL, NEW YORK."

5. Fiscal Year. The fiscal year of the Foundation shall commence on the first day of each calendar year.

6. Books. There shall be kept at the office of the Foundation correct books of account of the activities and transactions of the Foundation, including the minute book, which shall contain a copy of the Certificate of Incorporation, a copy of the By-Laws and minutes of meetings of the Board of Directors.

ARTICLE VI – AMENDMENT

Any provision of these By-Laws may be added to or amended or repealed by the Board of Directors at any meeting of the Board of Directors, upon the vote of at least a majority of all the Directors; provided, however, that any amendment which changes any quorum requirement or the vote required by any provision of these By-Laws shall require the vote of at least two-thirds of all the Directors.

THE WALLACE FOUNDATION

AMENDED AND RESTATED BY-LAWS

EFFECTIVE OCTOBER 26, 2012

ARTICLE I – BOARD OF DIRECTORS

1. Number, Powers, and Qualifications.

(a) The affairs of the Foundation shall be managed by a Board of Directors, which shall have all the powers and duties enumerated in the Not-for-Profit Corporation Law of the State of New York. The size of the Board shall be fixed by the Board of Directors; provided that in no event shall the Board of Directors consist of fewer than eight or more than sixteen persons (not including any Director serving *ex officio*).

(b) All Directors must be at least twenty-one years of age and at least one shall be a citizen of the United States and a resident of the State of New York.

(c) The Directors shall elect a chair from among their number to serve for a term designated by the Board of Directors, or if no term is designated, until the next Annual Meeting of the Board of Directors.

2. Election and Term of Directors.

(a) At each Annual Meeting of Directors, Directors shall be elected to an annual term of office and shall hold office until the expiration of the term for which each is elected and until such Director's successor has been elected and qualified.

(b) Anything in these By-Laws to the contrary notwithstanding, no person (except a Director serving *ex officio*) may be elected or re-elected a Director of the Foundation if at the time of such person's election or re-election such person shall have attained the age of seventy-two years. Further, no person (except a Director serving *ex officio*) may be re-elected a Director of the Foundation if at the time of such person's re-election such person shall have completed twelve years of service. The term of any Director (except a Director serving *ex officio*) who shall have attained the age of seventy two or completed twelve years of service while serving as a Director shall automatically terminate immediately prior to the commencement of the first Annual Meeting of Directors following such event.

3. Newly Created Directorships and Vacancies.

(a) Vacancies occurring among the Directors for any reason, including the removal or retirement of a Director, may be filled by a vote of a majority of the Directors then in office, regardless of their number. A Director elected other than at an Annual Meeting of Directors to fill a vacancy shall hold office until the next Annual Meeting of Directors.

(b) The Board of Directors, at any meeting of the Board of Directors, may create additional Directorships, not to exceed a total of sixteen (not including any Director serving *ex officio*), upon the vote of a majority of the Directors then in office. A newly created Directorship may be filled at the meeting at which the Directorship was created or any subsequent meeting of Directors. A Director so elected shall serve until the next Annual Meeting of Directors and until such Director's successor is elected and qualified.

4. Annual Meeting. The Annual Meeting of the Board of Directors for the election of Directors, for presentation of the Annual Report prescribed by Article III of these By-Laws and for the transaction of such other business as may properly come before the meeting shall be held at such time and place, either within or without the State of New York, as shall from time to time be determined by a resolution of the Board of Directors. Notice of all annual meetings shall be given as provided in Article I, Section 7.

5. Regular Meetings. Regular meetings of the Board of Directors for the transaction of any business may be held at such time and place, either within or without the State of New York, as shall from time to time be determined by a resolution of the Board of Directors. A minimum of two regular meetings shall be held each year in addition to the Annual Meeting. Notice of all regular meetings shall be given as provided in Article I, Section 7. Business transacted at such regular meetings shall be limited to the ordinary business of the Foundation and those matters stated in the notice of meeting, unless all of the Directors are present or consent in writing either before or after the meeting to the transaction of other business.

6. Special Meetings. Special meetings of the Board of Directors may be called by the Chair, the President or one-third of the Directors and shall be held at the time and place, either within or without the State of New York, and for such purpose or purposes as shall be specified in writing by the person or persons calling the meeting, and the business transacted thereat shall be limited to those items stated in the notice of meeting unless all of the Directors are present or consent in writing either before or after the meeting to the transaction of other business.

7. Notices.

(a) The Secretary shall cause notice of any annual, regular or special meeting to be given by mailing a copy thereof to each Director at least ten (10) days prior to the meeting addressed to

him or her at his or her residence or usual place of business, or delivered personally or given by e-mail or telephone or other form of electronic communication, including facsimile transmission, upon each Director at least two days prior to the date of such meeting, provided that any meeting of the Board may be held without notice if all of the Directors then in office shall be present thereat, and no Director shall there object to such lack of notice. Notice of meeting need not be given to any Director who submits a signed Waiver of Notice whether before or after the meeting or who shall be present at such meeting without protesting lack of notice thereof prior to such meeting or at its commencement. Failure by any Director to receive notice of any meeting sent in accordance with the provisions herein shall not invalidate the meeting or any decisions made by the Board at such meeting.

(b) Notice by mail shall be deemed delivered when the same is deposited in the United States mail, postage prepaid. Notice by overnight courier service shall be deemed delivered when the package is delivered to the courier service. Notice by facsimile, e-mail or other electronic mail shall be deemed delivered upon delivery to the recipient.

8. Action Without A Meeting. Any action required or permitted to be taken by the Board of Directors, or any committee thereof, may be taken without a meeting if all Directors or committee members, as the case may be, consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the Directors or committee members of the Board shall be filed with the minutes of the proceedings of the Board or such committee.

9. Participation by Conference Telephone. Participation in a meeting of the Board of Directors, or any committee thereof, may take place by means of a conference telephone or similar communications equipment (including internet access) allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

10. Quorum; Voting Requirements. Except as otherwise required by law or by the Certificate of Incorporation or by other certificate filed pursuant to law or by these By-Laws, at all meetings of the Board of Directors the quorum necessary for the transaction of business shall be a majority of the entire Board of Directors, and the vote of a majority of the entire Board of Directors shall be the act of the Board. In the absence of a quorum, a majority of the Directors present or any

Director solely present may adjourn any meeting from time to time until a quorum shall be present, at which time any business may be transacted which might have been transacted at the meeting as first convened had there been a quorum. Notice of the adjourned date shall be given to each Director in accordance with Article I, Section 7.

11. Resignation or Removal. Any Director may resign at any time and, unless otherwise stated therein, such resignation shall take effect upon receipt by the President or Secretary of written notice thereof. Any Director may be removed without cause being assigned at any meeting of Directors by the concurring vote of a majority of all the Directors, provided that the proposal to take such action shall have been stated in the notice of the meeting.

12. Committees. The Board of Directors, by resolution adopted by a majority of the entire Board, may designate from among its members an executive committee, an investment committee, an audit committee, a governance and compensation committee and other standing committees, each consisting of three or more Directors. Such committees, to the extent provided in said resolution and not restricted by law, shall have and exercise the authority of the Board in the management of the Foundation (including, if so granted, the authority to delegate such of its functions and authority to one or more officers, employees or agents of the Foundation); but the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any nondelegable responsibility imposed upon it or such Director by law. Each such committee shall serve at the pleasure of the Board of Directors. A majority of the whole committee shall constitute a quorum for the transaction of all business that may properly come before it, and all questions shall be decided by the vote of a majority of the entire committee. Each committee member shall be selected by and serve at the pleasure of the Board of Directors. Any member of the committee who shall cease to be a Director of the Foundation shall also cease to be a member of the committee. Upon a Director ceasing to be a member of a committee for any reason, the Board of Directors may designate a successor member. All members of the committee may be designated or elected to succeed themselves. Committees shall prepare minutes of their meetings which shall be available to all Directors of the Foundation.

ARTICLE II – OFFICERS

1. Appointment. The Board of Directors at its Annual Meeting shall appoint a President, Secretary, and Treasurer, and may also appoint one or more Vice Presidents and such other officers, including a chief financial officer and a chief investment officer, as it may deem proper. Officers whose authority and duties are not prescribed in these By-Laws shall have the authority and perform the duties prescribed, from time to time, by the Board. Any two offices, except those of the President and Secretary, may be filled by the same persons.

2. Term of Office. The officers shall hold office at the pleasure of the Board of Directors. Any officer may resign at any time and, unless otherwise stated therein, such resignation shall take effect upon receipt by the Foundation of written notice thereof. Any officer may be removed from office at any time without cause being assigned by the concurring vote of a majority of the entire Board of Directors. Vacancies in any offices may be filled at any meeting of the Board of Directors or in accordance with the provisions of Article I, Section 8.

3. The Chair. The Chair shall be the lead Director of the Board of Directors, with overall responsibility for leading the Board of Directors in its oversight of the management and strategic direction of the business and affairs of the Foundation, as well as such other duties as may be assigned by the Board of Directors. The Chair shall preside at all meetings of the Directors and of the Executive Committee. Except where by law the signature of the President is required, the Chair shall possess the same power as the President to sign all checks, certificates, contracts, and other instruments of the Foundation which may be authorized by the Board of Directors.

4. The President. The President shall be the Chief Executive Officer of the Foundation and shall report to the Chair and the Board of Directors. The President shall be an *ex officio* member of the Board of Directors with full voting rights and shall retain such board membership during each term of office as President. The President shall be responsible for the active direction of the daily business and affairs of the Foundation, and shall have such other duties as may be assigned by the Board of Directors. Except in those instances in which the authority to execute is expressly delegated to another officer or agent of the Foundation or a different mode of execution is expressly prescribed by the Board or these By-Laws, the President may execute for

the Foundation any contracts, deeds, mortgages, bonds, tax and other governmental filings, or other instruments which the Board has authorized to be executed, and may accomplish such execution either under or without the seal of the Foundation and either individually or with the Secretary or any other officer thereunto authorized by the Board according to the requirements of the form of the instrument. The President, together with such officials as may be appointed by resolution of the Board of Directors for that purpose, shall have authority to sign checks. The President shall, in the absence of the Chair, preside at all meetings of the Directors of the Foundation and of the Executive Committee. The President shall bring such matters to the attention of the Board of Directors, or its Chair, as are appropriate to keep the Directors fully informed to meet their fiduciary responsibilities.

5. Vice Presidents. Each Vice President shall have such powers and shall perform such duties as may be assigned by the Board of Directors or the President. In the absence or disability of the President, all of the President's powers shall be vested in and all of the President's duties shall be performed by the Vice Presidents in the order of priority established by the Board of Directors or, until the Board shall otherwise direct, by the President.

6. The Secretary. The Secretary shall: give or cause to be given all notices required to be given to Directors; attend all meetings of the Board of Directors and record the proceedings of each such meeting in an appropriate minute book; keep in safe custody the seal of the Foundation and affix the same to any instrument when duly authorized so to do and attest the same; and perform all other duties pertaining to that office or properly required by the Board.

7. The Treasurer. The Treasurer shall: have custody of funds and securities of the Foundation, except as otherwise provided by the Board of Directors; deposit all monies and other valuable effects in the name and to the credit of the Foundation in such depositories as may be designated by the Board; disburse the funds of the Foundation as may be ordered by the Board; cause full and accurate accounts of receipts and disbursements to be kept; and render to the President and the Directors, whenever they may require it, an account of all transactions as Treasurer and of the financial condition of the Foundation. The Board of Directors may require that the Treasurer execute a fidelity bond satisfactory to it as to amount, form and surety or sureties.

8. Duties of Officers May Be Delegated. In case of the absence of any officer or for any other reason that the Board may deem sufficient, the Board of Directors or the President may delegate for the time being the powers or duties of such officer to any other officer or to any Director.

ARTICLE III – ANNUAL REPORT

The Board of Directors shall direct the President and Treasurer to present at the Annual Meeting of Directors a written report, verified by the President and Treasurer or by a majority of the Directors, showing in appropriate detail (i) the assets and liabilities, including the trust funds, of the Foundation as of the end of a twelve month fiscal period terminating no more than six months prior to said meeting; (ii) the principal changes in assets and liabilities, including trust funds, during said fiscal period; (iii) the revenue or receipts of the Foundation, both unrestricted and restricted to particular purposes during said fiscal period; and (iv) the expenses or disbursements of the Foundation, for both general and restricted purposes, during said fiscal period. An abstract or copy of this report shall be entered in the minutes of the Annual Meeting of Directors and the report itself shall be filed with the records of the Foundation. The requirements herein may, but need not, be satisfied by an annual financial report prepared by the Foundation's independent public accountants.

ARTICLE IV – INDEMNIFICATION OF OFFICERS AND DIRECTORS; INSURANCE

1. Standing Indemnification.

(a) Except to the extent expressly prohibited by the New York Not-for Profit Corporation Law, the Foundation shall indemnify each present and former Director and officer of the Foundation, or the personal representatives of any thereof, who is made or threatened to be made a party to any action or proceeding, whether civil or criminal, by reason of the fact that such person (or such person's testator or intestate) is or was a Director or officer or served, at the request of the Foundation, any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees incurred in connection with such action or proceeding, or any appeal therein (including any action by or in the right of the Foundation or any such other corporation, partnership, joint venture, trust, employee benefit plan

or other enterprise); provided that no such indemnification shall be made if a judgment or other final adjudication adverse to such person establishes that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such person personally gained in fact a financial profit or other advantage to which such person was not legally entitled.

(b) To the fullest extent permitted by applicable law, the Foundation shall reimburse or advance to any person referred to in Subsection (a) of this Section 1, all expenses, including attorneys' fees, reasonably incurred by such person in connection with any action or proceeding of the kind referred to in Subsection (a) of this Section 1, upon receipt, if and to the extent required by applicable law, of a written undertaking by or on behalf of such person to repay such amounts if such person is ultimately found not to be entitled to indemnification under this Article IV or otherwise or, where indemnification is granted, to the extent the expenses so advanced or reimbursed exceed the amount to which such person is entitled, provided that such person shall cooperate in good faith with any request of the Foundation that common counsel be used by parties to an action or proceeding who are similarly situated unless to do so would be inappropriate because of actual or potential differing interests between such parties.

2. Indemnification by Resolution. The Foundation, by a resolution of its Board of Directors, or any agreement approved by the Board of Directors, with any of its Directors, officers, employees or volunteers providing therefor, may, to the fullest extent permitted by applicable law, indemnify and reimburse or advance expenses to any person (but nothing herein shall limit the rights of any such person under Section 1), it being expressly intended that this Section 2 authorizes the Board of Directors to create rights to indemnification or reimbursement or advancement of expenses in such manner to the fullest extent permitted by applicable law.

3. Application. A person for whom indemnification or the reimbursement or advancement of expenses is provided for in or under this Article IV may elect to have the indemnification (or reimbursement or advancement of expenses) provisions hereof interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the action or proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time indemnification (or reimbursement or advancement of expenses) is provided or sought.

4. Enforcement.

(a) The right to be indemnified or to the reimbursement or advancement of expenses pursuant to Section 1 of this Article IV or a resolution or agreement authorized pursuant to Section 2 of this Article IV, (1) is a contract right pursuant to which the person entitled thereto may bring suit as if the provisions hereof (or of any such resolution or agreement) were set forth in a separate written contract between the Foundation and such person, and (2) shall continue to exist after any rescission or restrictive modification hereof or of any such resolution or agreement with respect to events occurring prior thereto. The Foundation shall not be obligated under this Article IV (including any resolution or agreement authorized by Section 2 of this Article IV) to make any payment thereunder (or under any such resolution or agreement) to the extent the person seeking indemnification hereunder (or under any resolution or agreement) has actually received payment (under any insurance policy, resolution, agreement or otherwise) of the amounts otherwise indemnifiable hereunder (or under any such resolution or agreement). Furthermore, the Foundation shall be entitled to an assignment of any benefits payable to any person under any insurance policy, whether or not the premiums in such policy have been paid by the Foundation to the extent of any reimbursement paid or advanced made by the Foundation under Section 1 or 2 of this Article.

(b) If a request to be indemnified or for the reimbursement or advancement of expenses pursuant to Section 1 or a resolution or agreement authorized by Section 2 of this Article IV is not paid in full by the Foundation within thirty (30) days after a written claim has been received by the Foundation therefor, the claimant may at any time thereafter bring suit against the Foundation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled also to be paid the expenses of prosecuting such claim. The failure of the Foundation (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper in the circumstances shall not create a presumption that the claimant is not so entitled.

5. General.

(a) The indemnification or reimbursement or advancement of expenses granted pursuant to or provided by the provisions of this Article IV shall be in addition to and shall not be exclusive of any other rights to indemnification and reimbursement or advancement of expenses to which such person may otherwise be entitled by law, insurance policy, contract or otherwise.

(b) The Foundation may, but is not required to, purchase directors' and officers' liability insurance. To the extent permitted by law, such insurance may insure the Foundation for any obligation it incurs as a result of this Article IV or by operation of law, and it may insure directly the Directors or officers or other employees or volunteers of the Foundation, for liabilities (if any) against which they are not entitled to indemnification under this Article IV as well as for liabilities against which they are entitled or permitted to be indemnified by the Foundation.

(c) For purposes of this Article IV, the term "the Foundation" shall include any legal successor to the Foundation, including any corporation or other entity which acquires all or substantially all of the assets of the Foundation in one or more transactions.

(d) Notwithstanding anything else in this Article IV, the Foundation shall not make any payment pursuant to this Article IV to or for the benefit of any person, to the extent of the amount of such payment that would result in the imposition of an excise tax under Chapter 42 of the Internal Revenue Code of 1986, as amended.

ARTICLE V – MISCELLANEOUS

1. Waiver of Notice. Whenever the Foundation or the Board of Directors is authorized to take any action after notice to its Directors or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of any period of time if such action be authorized or approved and if, at any time before or after such action be completed, such requirements be waived in writing by the person or persons entitled to said notice or to participate in such action.

2. Compensation of Directors and Officers. Directors and corporate officers appointed by the Board shall receive such compensation, if any, as shall be authorized by the Board of Directors, or in the case of officers other than the President, as may be delegated by the Board of Directors to the Governance and Compensation Committee, or such other committee as the Board shall designate, or the President.

3. Interest of Directors and Officers in Transactions.

(a) No contract or other transaction between the Foundation and one or more of its Directors or officers, or between the Foundation and any other corporation, firm, association or other entity in which one or more of its Directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such Director or Directors or officer or officers are present at the meeting of the Board of Directors which authorizes such contract or transaction, or such Director or Directors or officer or officers votes are counted for such purpose if the material facts as to such Director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board of Directors, and the Board authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested Director or officer.

(b) Except as otherwise provided by law, the fact that a person is a director of or is employed by a corporation, firm, association or other entity other than the Foundation shall not by that reason alone be deemed to establish that such person has an interest in a contract or transaction involving or relating to such other corporation, firm, association or other entity or to preclude such person from participating in a meeting of the Board of Directors or voting with respect to any such contract or transaction. Any determination of whether any person has a substantial financial interest in any contract or transaction or in any corporation, firm, association or other entity shall be made in relation to the net worth and annual income of such person and shall be made by the Board of Directors.

(c) Notwithstanding any other provision of this Section 3, no contract or other transaction to which the Foundation is a party shall be either void or voidable, irrespective of the interest of any Director or officer of the Foundation in such contract or transaction and irrespective of the circumstances under which such contract or transaction was approved by the Board of Directors, if the party or parties to such contract or transaction shall establish affirmatively that such contract or transaction was fair and reasonable as to the Foundation at the time it was approved by the Board of Directors.

4. Seal. The seal of the Foundation shall be circular in form and contain the name of the Foundation, the year of its organization and the words "CORPORATE SEAL, NEW YORK."

5. Fiscal Year. The fiscal year of the Foundation shall commence on the first day of each calendar year.

6. Books. There shall be kept at the office of the Foundation correct books of account of the activities and transactions of the Foundation, including the minute book, which shall contain a copy of the Certificate of Incorporation, a copy of the By-Laws and minutes of meetings of the Board of Directors.

ARTICLE VI – AMENDMENT

Any provision of these By-Laws may be added to or amended or repealed by the Board of Directors at any meeting of the Board of Directors, upon the vote of at least a majority of all the Directors; provided, however, that any amendment which changes any quorum requirement or the vote required by any provision of these By-Laws shall require the vote of at least two-thirds of all the Directors.