



July 19, 2010

PLEDGE STATEMENT

We are among the converted having committed to give all our net worth to philanthropy starting with a grant of \$1.3 billion in 2006 to our spend-down Foundation.

When you think about it, no other approach seems to make sense. Passing down fortunes from generation to generation can do irreparable harm. In addition, there is no way to spend a fortune. How many residences, automobiles, airplanes and other luxury items can one acquire and use?

The Buffett/Gates initiative is likely to be a major “game changer.” Their partnership and dedication and their challenge to billionaires to share their wealth with the less fortunate will undoubtedly unlock a substantial amount of funds. Congratulations!

As former CEOs of a highly successful financial institution, we were rewarded monetarily beyond our wildest imagination, at the same time experiencing the emotional high associated with building a great company from scratch and winning in the competitive race. At the same time, we found equal gratification in working with employees and customers.

For example, an important part of our staff was composed of single working mothers. We provided training and counseling to these women, so that they could rise through the ranks and become managers with greatly enhanced earning power. On the lending side of our business, we found that there was no greater gratification than enabling a family to own their own home, especially when they thought it was an impossible dream. These are a few examples of the sense of fulfillment we experienced in “giving back” and which, among other things, led to our decision to devote our energy and money to making a difference in people’s lives. Believe it or not, the psychic income – the highs if you will – associated with giving money away thoughtfully and effectively has been even more gratifying than running a successful business.

Our two children are totally involved with us in the Foundation’s activities. Not only do they support our Pledge, but they also plan to follow our example with respect to their own net worth.

SANDLER FOUNDATION

We would like to share with you the attached two documents we produced before getting started:

- *Mission Statement and Values*
- *Guiding Principles for Grants*

We would like to elaborate on some of the information contained in the attachments and also spend a little time discussing how we operate.

We Want To Make As Big An Impact As Possible.

We are a spend-down foundation and therefore act with urgency to make significant contributions that have both an immediate and lasting impact.

We Are Focused On Achieving Results.

One of our core competencies stems from our experience as CEOs of the second largest savings bank in the country. We understand the critical importance of due diligence, an important part of which is evaluating the management of potential grantees. We offer technical assistance, i.e., how to improve strategic and business plans; goals and objectives; budgets; etc.

We Are Willing To Take Risks.

In essence, in many ways, we are venture capitalists. We are willing to take risks and make bold strategic investments in areas not adequately addressed by government, industry, universities or the non-profit sectors. We prefer to assist well-run organizations with additional funding, but where we have not been able to find an institution that can fill an important need, we have not hesitated to start one. During the last several years, we have created nine non-profits, all of which are performing beyond our original forecasts. We would like to give you two examples:

- American Asthma Foundation (AAF). Asthma is a chronic lung disease affecting approximately 23 million Americans. It is the most disabling childhood disease in the country, and as you might expect, it is an especially serious problem for poor, inner city children. Sad to say, there has been no material improvement in treatments for over 50 years. Equally surprising, until we created the American Asthma Foundation, there was no institution devoted to funding research that would improve treatments, prevent and find a cure for the disease. Since its establishment ten years ago, through a highly innovative approach, AAF research has led to the discovery of 17 breakthroughs for new treatment, three of which are in clinical trials.
- ProPublica – Journalism in the Public Interest. The economic crisis of American journalism potentially undermines the ability of a free press to call the powerful to account. Herein lies our motivation to create ProPublica, a new kind of institution: a non-profit newsroom staffed with top talent and having as its sole mission producing journalism in the public interest with what we call “moral force.” Led by Paul Steiger, formerly Managing Editor of the Wall Street Journal, ProPublica already has won 30 honors, including a Pulitzer Prize for investigative reporting, since it began publishing in mid-2008.

We welcome the opportunity to add our names to the Pledge list and would like to express our thanks to Bill Gates and Warren Buffett for their leadership.

Sincerely,



Herbert M. Sandler
President



Marion O. Sandler
President

/jkdr

Attachment-2

SANDLER FOUNDATION
Mission Statement and Values

Mission Statement

The Sandler Foundation's mission is to be a catalyst to strengthen the progressive infrastructure, expose corruption and abuse, advocate for vulnerable and exploited people and environments, and advance scientific research in neglected areas.

Values

The Foundation is guided by the following values:

Integrity. We expect the highest possible standards of conduct and ethics. We hold ourselves to the principle of doing what is right, not simply what is legal.

Accountability and Effectiveness. We expect results and will approach philanthropy in a business-like way by developing short- and longer-term plans, goals, objectives, principles and measures. Individuals and organizations we support will be expected to be guided by the same principles of accountability and effectiveness.

Diligence. We will be diligent and strategic in our work. We will think independently and be willing to ask difficult questions and challenge conventional views.

Respect. We will demonstrate respect in all our interactions and be appreciative of others' time and contributions.

Transparency. We strive to be open, timely, accurate and clear in all of our reporting and activities, and we expect the same from individuals and organizations we support.

SANDLER FOUNDATION
Guiding Principles for Grants

We are focused on achieving results

1. We expect to achieve significant results that make a real and lasting difference in people's lives and in the communities and environments in which we live.
2. We bring business-oriented discipline to our grants by:
 - a. evaluating if appropriate management and other resources are in place;
 - b. ensuring that success can be defined, measured and evaluated;
 - c. requiring long-term strategic planning and regular reporting of performance against plans;
 - d. expecting a relentless focus on desired outcomes and avoiding the traps of building bureaucracies or empires; and
 - e. expecting grantees to develop a sustainable and viable model with adequate financial support from sources other than the Foundation.
3. We are strong advocates for change and action in our areas of focus.

We want to make as big of an impact as possible

4. We are a spend-down foundation and therefore act with urgency to make significant contributions that have both an immediate and lasting impact.
5. We focus on a relatively small number of areas with relatively large grants.
6. We focus on areas where there is a potential to leverage our contributions.

We are willing to take risks

7. We are willing to take risks and make bold strategic investments in areas not adequately addressed by government, industry (and venture capital), universities or the nonprofit sector.
8. We consider initiatives which otherwise might not receive funding, and which, if successful, can effect significant change and have a meaningful impact.

We work with and through highly capable partners

9. We are catalysts for change through our funding, vision and strategic advice, but we rely on other highly intelligent, dedicated, effective, organized and committed partners to act and implement.
10. We treat our grantees as valued partners.

We are not....

1. ... here to make ourselves feel good about giving away money to worthy causes.
2. ... going to exist in perpetuity.
3. ... interested in self-promotion.
4. ... afraid to be controversial.
5. ... experts in most subject areas.
6. ... able to address every grievance, problem or opportunity.
7. ... going to create a large or bureaucratic foundation.
8. ... always right.