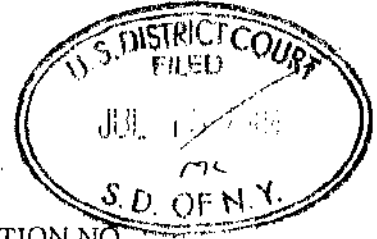


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



EQUAL EMPLOYMENT OPPORTUNITY
COMMISSION,

Plaintiff,

and

ALLISON SCHIEFFELIN,

Plaintiff-Intervenor,

v.

MORGAN STANLEY & CO, INC, and
MORGAN STANLEY DEAN WITTER & CO.,

Defendants.

Doc # 236

CIVIL ACTION NO.

01-CIV-8421 (RMB)

CONSENT DECREE

This action was filed on September 10, 2001, by the Equal Employment Opportunity Commission ("EEOC"), an agency of the United States, alleging that Morgan Stanley & Co., Incorporated and Morgan Stanley Dean Witter & Co. (collectively "Morgan Stanley") violated Title VII of the Civil Rights Act of 1964, as amended, and Title I of the Civil Rights Act of 1991, by engaging in a pattern or practice of discrimination against Allison Schieffelin ("Schieffelin"), a woman, and other women in Morgan Stanley's Institutional Equity Division world wide ("IED") at the levels of (i) Exempt Non-Officer eligible to be promoted to Vice-President (including but not limited to Associate and Professional); (ii) Vice-President; (iii) Principal or Executive and (iv) Managing Director, by failing to fairly promote and compensate them and by discriminating against them in terms, conditions and privileges of employment. The Commission further alleged that Morgan Stanley retaliated against and terminated Schieffelin for

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Case closed
9/15/04

asserting her rights under Title VII by complaining about sex discrimination (hereinafter "the EEOC Complaint"). On October 15, 2001, Schieffelin was granted leave to intervene as a plaintiff and filed her own Complaint, alleging violations of Title VII as well as state and local anti-discrimination laws (hereinafter "the Schieffelin Complaint"). Collectively EEOC, Morgan Stanley and Schieffelin are referred to as the "parties."

Morgan Stanley denies any wrongdoing or liability to EEOC or Schieffelin and contends that it has, at all times, treated its women employees and Schieffelin fairly and equitably in all terms, conditions and privileges of employment, including promotion and compensation.

The parties agree that it is in their mutual interest to fully resolve this matter without further litigation.

In consideration of the mutual promises of each party to this Consent Decree, the sufficiency of which is hereby acknowledged, it is agreed and ORDERED:

Section 1: Jurisdiction

1. The parties agree that this Court has jurisdiction over the subject matter of this action and over the parties, that venue is proper, and that all administrative prerequisites have been met.

2. No party shall contest the jurisdiction of this Court to enforce this Consent Decree.

Section 2: Scope of the Consent Decree

3. This Consent Decree resolves all issues raised by EEOC Charge Numbers 160-99-0423, 160-A0-2451 as amended, 160-2004-000974 and 160-A3-000865, and the EEOC Complaint, and constitutes a complete resolution of all claims raised in the EEOC Complaint.

EEOC hereby releases Morgan Stanley with respect to any and all such claims. This Consent Decree also constitutes a resolution of all claims that were or could have been raised by Schieffelin against Morgan Stanley, as described in Section 6 below. EEOC and Morgan Stanley further agree that this Consent Decree does not resolve any Charges that may be pending with EEOC other than those specifically referred to in this paragraph or those that may be released by claimants in the Claims Process set forth in Section 7 below. Nothing in this Consent Decree should be construed to preclude EEOC's right to process, in accordance with its procedures, such pending and any future charges filed against Morgan Stanley under Title VII.

4. This Consent Decree shall remain in effect for three years from the date of its entry.

5. Unless otherwise indicated, this Consent Decree governs only IED.

6. As used herein, "Covered Employees" are defined as: (a) women employed in the United States in IED at the levels of (i) Exempt Non-officer eligible to be promoted to Vice-President (including but not limited to Associate and Professional), (ii) Vice President, (iii) Principal or Executive Director or (iv) Managing Director and (b) female American citizens employed in IED at those levels in offices outside of the United States (hereinafter "Covered Employees"). The term "covered position" means those positions identified in (i) through (iv) of this paragraph.

Section 3: No Admission or Determination of the Merits

7. This Consent Decree does not constitute and shall not be deemed to be an admission by any party about the merits, validity or accuracy of any of the allegations, claims or defenses of any other party. By entering into this Consent Decree, Morgan Stanley does not

admit, but in fact denies, that it has violated Title VII of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000e et seq.) and any other fair employment practice law.

Section 4: Injunctions

8. Morgan Stanley and its agents are enjoined during the term of this Consent Decree from violating Title VII by discriminating against Covered Employees in promotion and compensation on the basis of their sex.

9. Morgan Stanley and its agents are enjoined from violating Title VII by retaliating against women employees for asserting any rights under Title VII or participating in this case as claimants, witnesses or in any other way.

Section 5: Monetary Relief

10. Morgan Stanley shall pay a Total Settlement Amount of \$54 million. Of that sum, \$40 million shall be paid within 30 days of the entry of this Consent Decree into a Claim Fund to be used to pay awards to claimants pursuant to the Claims Process described in Section 7 below. That \$40 million sum shall be deposited into a bank account bearing an interest rate in effect at such bank for commercial, interest-bearing short-term accounts. Any interest earned on the account shall become part of the Claim Fund. Of the Total Settlement Amount, \$2 million shall be spent on costs incurred in implementing Sections 10 through 16 of this Consent Decree.

11. The Fund Administrator, a Morgan Stanley employee, shall be responsible for distributions from the Claim Fund, which shall be made in accordance with the terms of this Consent Decree, and only upon agreement of EEOC and Morgan Stanley or by order of the Court. Upon five days notice, EEOC may inspect the records of the Claim Fund.

Section 6: Relief for Allison Schieffelin

12. EEOC, in its sole discretion and without Morgan Stanley's involvement, has allocated \$12 million of the Total Settlement Amount to Schieffelin to resolve all her claims regarding termination of her employment.

13. Schieffelin retains the right to submit a claim to the Special Master in the Claims Process described in Section 7 for (a) discrimination on the basis of sex in promotion, compensation, or terms, conditions, or privileges of employment, and (b) retaliation occurring between January 1, 1995 and October 24, 2000, excluding any claims related to the termination of her employment.

14. Schieffelin and Morgan Stanley have entered into a Stipulation of Settlement, which will be "so ordered" by the Court, and Schieffelin may seek enforcement of this Section of the Consent Decree.

Section 7: Claims Process

15. EEOC and Morgan Stanley have selected Judge Abner J. Mikva as a Special Master to determine the appropriate awards, if any, to be paid to claimants from the Claim Fund and thereby to avoid further adversarial court proceedings. The Claims Process is described in Appendix A. Potential Claimants are women employed in offices in the United States or female American citizens employed in offices outside the United States in covered positions in IED at any time from January 1, 1995, to the date of the entry of this Consent Decree. Absolute quasi-judicial immunity shall attach to actions taken by the Special Master in the scope of his or her duties pursuant to this Consent Decree.

16. Morgan Stanley shall pay the hourly fee and expenses of the Special Master from monies other than the Total Settlement Amount.

17. In the event the total amount of money awarded under the Claims Process is less than the total amount of the Claim Fund, the remaining money shall be used during the period of the Consent Decree to fund scholarship programs at institutions or organizations for female students pursuing careers in the financial services industry. In the event the parties are unable to agree as to the specific institutions or organizations, the matter will be submitted to the Special Master for consideration.

18. In the event a claimant refuses to accept an award and execute the required release, the amount of the award will be placed in escrow and used only to settle or satisfy any subsequent claim brought by her (but not for Morgan Stanley's legal fees). If no claim is brought within one year of her rejection of the award or any applicable statute of limitations, whichever is later, the amount in escrow shall be used to fund scholarship programs as described in paragraph 17, above.

19. Morgan Stanley shall provide any claimant for whom the Court approves an award an additional \$1,000 that may be used for attorney's fees to seek legal advice regarding the effect of signing the required release. This sum shall be paid from monies other than the Total Settlement Amount. Except for this \$1,000 payment and the employer's portion of any taxes as mandated by law, Morgan Stanley is not responsible for any other fees or expenses incurred by claimants or EEOC in connection with the Claims Process.

20. The names of women participating in the Claims Process and the awards of the Special Master shall be kept confidential, and any documents filed with the Court concerning the Claims Process will be filed under seal.

Section 8: Ombudsperson

21. Upon the entry of this Consent Decree, Morgan Stanley shall appoint an employee of Morgan Stanley approved by EEOC as Ombudsperson. The Ombudsperson shall be responsible for (i) overseeing the implementation of Sections 10 through 16 of this Consent Decree, (ii) administering the Complaint Policy established in Section 12 of this Consent Decree, and (iii) ensuring Morgan Stanley's compliance with recordkeeping and reporting obligations as described in Section 18 of this Consent Decree. If the Ombudsperson needs to be replaced, Morgan Stanley shall within 30 days provide EEOC the reason therefore and appoint a replacement Ombudsperson, subject to EEOC's approval. If EEOC determines that the Ombudsperson is not performing her duties responsibly or that Morgan Stanley has replaced her for an improper reason or improperly restricted her ability to perform her duties, it may seek relief from the Court. If the Ombudsperson is replaced, nothing shall prohibit EEOC from communicating with the Ombudsperson regarding the reasons for her replacement.

22. The Ombudsperson shall enjoy the full support of Morgan Stanley's senior management and shall be provided the resources necessary to perform her responsibilities. If at any time the Ombudsperson determines that she does not have such support or resources to adequately perform her responsibilities and that she cannot resolve the issue with management, she shall promptly notify EEOC.

Section 9: Outside Monitor

23. EEOC and Morgan Stanley have agreed that Paul Shechtman shall serve as Outside Monitor during the period of this Consent Decree.

24. Morgan Stanley shall pay the hourly fee and expenses of the Monitor from monies other than the Total Settlement Amount.

25. The Monitor shall be provided (i) access to Morgan Stanley's training programs described in Sections 10 and 11; (ii) copies of the annual Promotion and Compensation Analysis described in Section 14; (iii) copies of the Exit Interviews described in Section 15; (iv) copies of complaints initiated under Morgan Stanley's IED Complaint Process: Sex Discrimination, which has been established as part of this Consent Decree; (v) copies of Final Reports, as well as interview reports and documents collected by the Ombudsperson in connection with her investigations of complaints; and (vi) copies of the complaint database reports described in Section 13. In addition, the Monitor may request (and, if so, should be given) access to any depositions and expert reports prepared in connection with this matter.

26. The Monitor may request access to Morgan Stanley documents related to the performance of his duties.

27. The Ombudsperson shall meet with the Monitor at the Monitor's request.

28. Any IED employee may contact the Monitor, and the Monitor may contact any IED employee, to address issues that relate to discrimination against Covered Employees on the basis of sex. An employee may not be penalized for speaking with the Monitor. If the Monitor becomes aware of issues that should be brought to the attention of Morgan Stanley and/or EEOC so that they may be promptly addressed, the Monitor shall do so, maintaining the confidentiality of the employee whenever possible.

29. The Monitor shall review and make recommendations, if any, to Morgan Stanley concerning Morgan Stanley's anti-discrimination policies and practices with regard to Covered Employees. At least once each year, the Monitor shall issue a report to Morgan Stanley and EEOC assessing Morgan Stanley's implementation of and compliance with this Consent Decree. In his reports, the Monitor should give special attention to whether Morgan Stanley has

implemented meaningful programs to address the retention and promotion of women in IED as called for in Section 16 of this Consent Decree.

30. The Monitor shall not be deemed an agent of Morgan Stanley or EEOC for any purpose.

Section 10: Management Training

31. Within 60 days of the entry of this Consent Decree, Morgan Stanley shall hold mandatory meetings for offices with Covered Employees for all IED Managing Directors, officers with responsibility for supervising Covered Employees or determining their compensation or promotion, and Human Resource representatives for IED, including the head of IED, at which (i) the provisions of this Consent Decree shall be fully explained as well as the policies described in Section 12 below; (ii) the Ombudsperson shall be introduced and a detailed explanation provided of her new role in IED; (iii) training shall be given on issues of performance appraisals; compensation and promotion; account assignment; pregnancy, maternity leave and maternal status; and the complaint process with respect to gender issues; and (iv) Morgan Stanley's diversity plan with respect to increasing the hiring, promotion and retention of women in IED (and the best ways to implement the plan) will be discussed. The training in New York City and London shall consist of live presentations. Employees outside New York City and London may participate by (1) video conference or, if that is not practicable, (2) audio conference with web-based video or, if those are not practicable, (3) videotape. The meetings will be led by Morgan Stanley's outside counsel.

32. Within six months of the entry of this Consent Decree, Morgan Stanley shall conduct diversity training for offices with Covered Employees for all IED Managing Directors, officers with responsibility for supervising Covered Employees or determining their

compensation or promotion, and Human Resource representatives for IED, including the head of IED. The training shall focus on issues of cultural diversity with emphasis on gender issues. It shall be conducted by an outside person or organization and shall be approved by EEOC. Employees outside New York City and London may participate by (1) video conference or, if that is not practicable, (2) audio conference with web-based video or, if those are not practicable, (3) videotape.

33. For the meetings and cultural diversity training mandated in paragraphs 31 and 32 above, Morgan Stanley shall maintain records demonstrating attendance (a dated sign-in sheet or its equivalent showing how the training was received (*i.e.*, live, videoconference, etc.) and (ii) a videotape of one meeting and one cultural diversity training session in New York. Copies of the attendance lists shall be provided to the Monitor. Copies of the videotapes shall be provided to EEOC and the Monitor. The Monitor shall attend a meeting and cultural diversity training session in London and report on it as part of his reporting duties.

Section 11: Anti-Discrimination Training

34. In each 12 month period after entry of this Consent Decree for offices with Covered Employees, Morgan Stanley shall conduct anti-discrimination training for all IED employees, including Managing Directors and Human Resources Representatives for IED. The three mandatory training sessions shall emphasize issues relating to sexual harassment, sex-based hostile environment, appropriate work place conduct and retaliation. In at least one of the first two years, the training in New York and London shall consist of live presentations. In other offices that training session shall be conducted by (1) video conference or, if that is not practicable, (2) audio conference with web-based video or, if those are not practicable, (3) videotape. In other years, the training may be computer-based. The live presentation shall be

conducted by an outside person or organization and shall be approved by EEOC, and any computer-based training shall be approved by EEOC. Training shall commence within ninety days of the entry of this Consent Decree.

35. Any employee newly entering an IED office with Covered Employees shall receive anti-discrimination training with emphasis on the topics above within two months of his or her entry. The training shall be approved by EEOC.

36. Morgan Stanley shall maintain records (including a dated sign-in sheet or its equivalent showing how the training was received (i.e., live, video conference, computer, etc.) demonstrating (i) that all IED employees have successfully completed the three training sessions mandated in paragraph 34 of this Section and (ii) that new IED employees have received the training mandated in paragraph 35. Those records shall be provided to the Monitor in a timely fashion so that he or she can report on compliance. In addition, Morgan Stanley shall maintain a videotape of one of the live presentations in New York, a copy of which shall be provided to EEOC and the Monitor. The Monitor shall attend a training presentation in London and report on it as part of his reporting duties.

Section 12: Policies

37. EEOC has reviewed and approved the following Morgan Stanley policies and procedures: (i) Code of Conduct section on Notification of Litigation, Investigations, Inquiries and Complaints, (ii) Anti- Harassment Policy, (iii) IED Complaint Process: Sex Discrimination, (iv) Business Entertainment and Expense Reimbursement policies, (v) IED Policy on Assignments, (vi) Promotion Policy and (vii) Paid Parental Leave Policy. These policies shall become effective and shall be posted on the IED website no later than 30 days after the entry of this Consent Decree and shall take precedence over any other related policies. A copy of the policies are incorporated by reference herein and attached hereto in relevant parts as Appendix B.

38. All releases sought by Morgan Stanley in conjunction with a Covered Employee's separation of employment or settlement of employment discrimination claims shall include the following language in a section entitled "Exceptions": This agreement does not (i) prohibit or restrict you from communicating, providing relevant information to or otherwise cooperating with EEOC or any other governmental authority with responsibility for the administration of fair employment practices laws regarding a possible violation of such laws or responding to any inquiry from such authority, including an inquiry about the existence of this Agreement or its underlying facts, or (ii) require you to notify Morgan Stanley of such communication or inquiry, or (iii) preclude you from benefiting from classwide injunctive relief awarded in any fair employment practices case brought by any governmental agency, provided such relief does not result in your receipt of any monetary benefit or substantial equivalent thereof.

39. If Morgan Stanley seeks to revise any of these policies and the revision in any way implicates anti-discrimination concerns, it shall submit the proposed revisions to EEOC for its comments. Comments shall be made within 30 days after the receipt of the proposed revisions. Every four months from the date of the entry of this Consent Decree, Morgan Stanley shall submit to EEOC the current versions of all of the policies set forth in paragraph 35 in a manner that highlights any changes thereto. If EEOC determines that Morgan Stanley has modified a policy without its consent in a way that implicates anti-discrimination concerns, it may ask Morgan Stanley to revise the policy, and if the issue is not resolved within 20 days seek relief from the Court.

Section 13: Complaint Database

40. Within 60 days of the entry of this Consent Decree, Morgan Stanley shall develop a computer database to record complaints of sex discrimination, including retaliation claims, by women in IED in offices in the United States and Covered Employees working in foreign jurisdictions. The computer database will categorize information relating to such complaints by complainant, alleged offending party, business unit, geographic location, nature of complaint, final determination, and action taken, if any. Information regarding a complaint shall be added to the database no later than five days after the complaint is received, and information regarding the final determination and action taken, if any, shall be added within five days thereof.

41. Every six months, the Ombudsperson shall produce a report from the database on complaints received, with particular focus on patterns of complaints, if any. The report shall be provided to the head of IED and the management of any business unit in which a

pattern of complaints has been identified, and the Ombudsperson shall meet with them to discuss the report and any concerns of Covered Employees relating to the work environment in IED.

Section 14: Promotion and Compensation Analysis

42. Each year during the term of this Consent Decree, Morgan Stanley shall conduct a comparative analysis of the promotion and compensation of Covered Employees and males in the same positions. The analysis shall be provided to the head of IED and the management of each business unit to apprise them of the differences, if any, in compensation and promotion rates on the basis of sex, and the Ombudsperson shall meet with them to discuss the analysis and any concerns of women regarding the fairness of the promotion and compensation process.

Section 15: Exit Interviews

43. Morgan Stanley shall conduct exit interviews of women in offices in the United States and of Covered Employees in foreign offices who voluntarily leave IED, to determine whether the employee has experienced discrimination on the basis of sex. The responses shall be recorded and retained for the duration of this Consent Decree. If during the exit interview any employee raises any concern regarding unfair treatment on the basis of sex, her statements shall be recorded in the Complaint Database described in Section 13.

Section 16: Programs To Address the Retention and Promotion of Women in IED

44. Morgan Stanley shall expand programs to identify high potential female employees in IED and to assist them in acquiring the experience and skills for career advancement. As part of the program, the Ombudsperson shall meet at least once a year with HR and the relevant senior IED Managers to review the performance of such women with the goal of increasing their retention and prospects for promotion.

45. Morgan Stanley shall provide mentoring for any Covered Employee who wishes to participate in its mentoring program. The program shall pair a Covered Employee with a senior professional or manager in IED to provide sustained career guidance and support, and thereby to enhance the Covered Employee's prospect for success at Morgan Stanley.

46. The Ombudsperson shall issue an annual report to the Monitor regarding these initiatives.

Section 17: Posting

47. Within 10 days of the entry of this Consent Decree, Morgan Stanley shall post in conspicuous places where employee notices are posted, in offices with Covered Employees and post on IED's internal website, the Notice of Non-Discrimination annexed hereto as Appendix C.

48. Within 10 days of the entry of this Consent Decree, Morgan Stanley shall notify each employee in IED by email that the Consent Decree may be accessed on IED's internal website.

Section 18: Recordkeeping

49. Morgan Stanley shall comply with the applicable recordkeeping regulations set forth in 29 C.F.R. §1602 et seq. Where a charge of discrimination has been filed, or an action brought against Morgan Stanley under Title VII, involving IED, Morgan Stanley shall preserve all personnel records relevant to the charge or action until final disposition of the charge or the action. Personnel records relevant to a charge or action include personnel or employment records relating to the complaining party and to all other employees holding positions or titles, within the same employment unit as the complaining party, similar to that held or sought by the complaining party. The date of final disposition of the charge or the action

means the date of expiration of the statutory period within which the complaining party may bring an action in a court or, where an action is brought against an employer, the date on which such litigation is terminated.

50. At the end of one year from the entry of this Consent Decree and each year thereafter, Morgan Stanley shall submit to EEOC the following information:

a. For each Managing Director position filled within IED by transfer from another division or outside hire, the employee profile (or resume, if external) of the new employee and the employee profiles of any other person considered for the position;

b. For each Vice-President and Executive Director position filled within IED by transfer from another division or outside hire, the employee profile of the new employee;

c. Non-privileged studies of Morgan Stanley's employment practices that identify the sex, employment status, selection status or other outcome for any promotion for Associates, Vice-Presidents, Executive Directors, and Managing Directors in IED, if any; and

d. Sex, job title, total annual compensation, and each component thereof for all employees at the levels of (1) Exempt Non-Officer eligible to be promoted to Vice-President (including but not limited to Associate and Professional); (2) Vice-President; (3) Executive Director; and (4) Managing Director in IED. To the extent feasible, the information should be provided in an electronic format acceptable to EEOC with file layout and coding instructions.

50. EEOC may monitor compliance with this Consent Decree by making reasonable requests for records that directly relate to allegations of discrimination occurring after the effective date of the decree. In making such requests, EEOC shall describe the nature of the alleged discrimination. If Morgan Stanley declines to produce on grounds of unreasonableness or unrelatedness, EEOC may seek relief from the Court.

Section 19: Miscellaneous

51. The parties shall continue to be bound by the confidentiality order agreed to in this litigation except that documents protected thereby may be provided to the Special Master (or otherwise used in the claims process) or to the Monitor. Information provided to EEOC, Morgan Stanley, the Monitor, or the Special Master pursuant to this Consent Decree and designated confidential by the provider shall not be disclosed to anyone other than: (i) EEOC and any experts retained by it to assist it in evaluating the information in connection with this case; (ii) Morgan Stanley and any experts retained by it in evaluating the information in connection with this case; (iii) the Special Master; (iv) the Monitor; (v) the Court under seal; and (vi) claimants as reasonably necessary in the Claims Process. Such information and copies thereof and reports based thereon will be destroyed or returned to the provider within thirty (30) days of the expiration of this Consent Decree. The Monitor's reports shall be disclosed only to EEOC and Morgan Stanley. Any person to whom information is disclosed pursuant to this paragraph shall agree to keep the information confidential and not disclose it to anyone.

52. Morgan Stanley's obligation to collect, maintain and distribute information pursuant to this Consent Decree may be limited by applicable foreign law. If a conflict with foreign law exists, Morgan Stanley shall promptly bring the matter to the attention of EEOC, citing the specific foreign law provision at issue. If the matter cannot be resolved, EEOC or Morgan Stanley may seek relief from the Court.

53. This Consent Decree constitutes the entire agreement among EEOC and Morgan Stanley with respect to the subject matter hereof and may not be modified except in writing, signed by EEOC and Morgan Stanley and approved by and filed with the Court, except

that EEOC and Morgan Stanley may agree to amend Sections 10-16 and 18 without approval of the Court.

54. Should Morgan Stanley or EEOC believe that the other party has breached any provision of this Consent Decree, the party shall give notice to the other party detailing the claimed breach. The alleged breaching party shall then be given 15 days from receipt of the notice to cure or respond to the alleged breach. If the issue is not resolved, the complaining party shall have the right to apply to the Court for relief. If a party believes it will be prejudiced by having to provide the notice or wait 15 days thereafter, it may apply directly to the Court for relief.

55. Except as otherwise provided pursuant to this Consent Decree, and in the Stipulation of Settlement between Morgan Stanley and Schieffelin, each party shall bear its own attorneys' fees and costs incurred in this action.

56. All communications and documents sent to EEOC by Morgan Stanley pursuant to the terms of this Consent Decree are to be sent by fax, overnight express mail or hand delivery to EEOC Regional Attorney, New York District Office. All communications and documents sent to Morgan Stanley by EEOC pursuant to the terms of this Consent Decree, other

than those designated for the Fund Administrator, are to be sent by fax, overnight express mail or hand delivery to Mark Greenfield, Esquire, 1221 Avenue of the Americas, 5th floor, New York, New York 10020.

U.S. Equal Employment Opportunity
Commission

By: Katherine E. Bissell
Printed Name: Katherine E. Bissell
Title: REGIONAL ATTORNEY
Dated: 7/12/04

Morgan Stanley & Co., Incorporated and Morgan
Stanley

By: Donald G. Kempf, Jr.
Printed Name: Donald G. Kempf, Jr.
Title: EVP, CLO & Secy.

Dated: 7/12/04

SO ORDERED

this 12th day of July, 2004
RMBS

Richard M. Berman, U.S.D.J.

THIS DOCUMENT WAS ENTERED
ON THE DOCKET ON 7/15/04

APPENDIX

A

CLAIMS PROCESS

1. The Claims Process described herein is intended to provide a streamlined, fair procedure to permit the Special Master to determine whether each claimant is entitled to an award and, if so, the amount of that award.

2. The Special Master shall determine, based on all of the submissions to him, the amount, if any, to be awarded to each Potential Claimant. No ex-parte discussions will take place with the Special Master.

3. Within 10 days of the entry of this Consent Decree, Morgan Stanley shall send all Potential Claimants (as that term is defined in paragraph 14 of the Consent Decree) a Notice of Settlement in the form attached hereto as Exhibit I. The Notice shall be sent to Potential Claimants at their last known address by overnight mail or international second day mail. Morgan Stanley shall make diligent efforts to obtain the addresses of Potential Claimants who are no longer in its employ and shall engage in reasonable efforts to locate any other Potential Claimants if requested by EEOC. A list of Potential Claimants and their addresses shall be provided simultaneously to EEOC, along with mail tracking information.

4. Within 30 days of the entry of this Consent Decree, EEOC and Morgan Stanley shall submit memoranda to the Special Master, not to exceed 20 pages, setting forth any background information that may assist the Special Master in resolving the anticipated claims. Within 30 days thereafter, each party may submit a reply memorandum, not to exceed 10 pages, responding to any information that the other party has presented. The submissions (initial and reply) may reference deposition testimony and documentary evidence, but may not include any attachments, except that either party may submit no more than two expert reports prepared in connection with this matter.

5. Each Potential Claimant will be offered the opportunity to file a claim, with or without the assistance of EEOC. Any Potential Claimant wishing to file a claim with the assistance of EEOC, which is in possession of relevant factual information pertaining to individuals' claims in this lawsuit, shall be required to submit a completed EEOC Assistance Request Form to EEOC by facsimile, overnight express mail or hand-delivery within 45 days of the entry of this Consent Decree. If a Potential Claimant fails to provide EEOC with a completed EEOC Assistance Request Form within 45 days of entry of this Consent Decree, EEOC will be under no obligation to assist the Potential Claimant in submitting a claim. Any Potential Claimant wishing to file a claim pursuant to this Consent Decree without assistance from EEOC, shall be required to submit a Statement of Claim as described in paragraph 6 below, to the Special Master by facsimile, overnight express mail or hand-delivery within 90 days of entry of this Consent Decree.

6. Within 90 days of the entry of this Consent Decree, any Potential Claimant, and EEOC, if authorized by a Potential Claimant may submit to the Special Master, and to EEOC if it is not assisting the claimant, a Statement of Claim under oath based upon her personal knowledge, information and belief: (i) demonstrating her membership in the class of

Potential Claimants; (ii) describing the nature of the discrimination and/or retaliation that she claims to have experienced as a result of her sex and/or as a result of exercising protected rights under Title VII (i.e., promotion, compensation, terms, conditions or privileges of employment and, for Allison Schieffelin only, retaliation occurring prior to the termination of her employment between January 1, 1995, and the date of the entry of the Consent Decree while employed in a covered position in IED; and (iii) setting forth a brief factual statement supporting each such claim. To the extent a claimant seeks damages for a time period after her employment with Morgan Stanley, she shall identify her income from other employment during the relevant year(s) and for periods of unemployment, describe her efforts to find employment and her principal activities during that period (e.g., full-time student). If a claim involves discrimination and/or retaliation in compensation or promotion, the statement should identify to the extent known the male employees who the claimant believes were similarly situated to her and received more favorable treatment. If alleging retaliation, claimant will describe the alleged protected activity that gave rise to the alleged harm and the alleged retaliatory conduct. The statement shall not exceed 5 pages. Notwithstanding any other provision, no claims submitted after the deadline for claim submission shall be considered by the Special Master except in the case of extraordinary circumstances beyond a Potential Claimant's control. In such circumstances, the deadline for claim submission may be extended by the Special Master for up to 30 days.

7. Within 75 days of receiving the Statement of Claim, Morgan Stanley shall submit to the Special Master and to EEOC, and to the claimant if EEOC is not assisting her, a Position Statement of no more than 5 pages: (i) stating that an award to the claimant is not contested (and, if appropriate, an estimate of the amount of such award) and/or (ii) seeking to show that there were non-discriminatory reasons for the challenged employment decision[s]. The statement may include as attachments documentary evidence, pertinent deposition testimony taken in this matter, and in the event the deposition testimony does not sufficiently address the issue, the one affidavit, not to exceed 10 pages, from a person to shed light on the challenged employment decision(s).

8. Within 60 days of receiving the Position Statement, the claimant may submit to the Special Master, and to EEOC if it is not assisting the claimant, a Reply Statement of no more than 5 pages seeking to show that the proffered non-discriminatory or non-retaliatory reasons are pretextual or otherwise unfounded. The statement may include as attachments documentary evidence, pertinent deposition testimony taken in this matter and in the event the deposition testimony does not sufficiently address the issue, one affidavit, not to exceed 10 pages, from a person to shed light on the challenged employment decision(s).

9. If a party submits a document not previously produced in discovery, the opposing party shall have the right to object. Absent good cause shown (which includes the fact that production was not required), the document should not be considered.

10. Either the claimant or Morgan Stanley may request permission from the Special Master to submit other relevant information. Any such request shall describe the general nature of the information sought to be provided but not the specifics thereof. The Special Master may request additional information from either party, but not to include live testimony.

11. Every effort should be made to submit Statements of Claim, Position Statements, and Reply Statements on a rolling basis.

12. Within three months of the receipt of all Reply Statements, the Special Master shall render a determination as to the monetary award, if any, that should be paid to each claimant. The total amount of such awards shall not exceed the amount of the Claim Fund. The Special Master shall notify the claimant, EEOC and Morgan Stanley of the award, if any, and inform the claimant of her right to object to the award at a Fairness Hearing.

13. Within 20 days of receiving the notice of her award, any claimant who objects to the Special Master's determination as to her claim shall submit a brief statement to the Court setting forth the basis for her objection.

14. The time periods in paragraphs 7 and 8 and/or page limitations set forth herein may be extended on consent or by the Special Master for good cause shown.

15. The submissions made in the Claims Process shall be kept strictly confidential. The fact that a claimant has received an award and the amount thereof shall also be kept confidential, but may be shared with the claimant's immediate family, attorney, and financial advisor, provided the person agrees in advance not to disclose the information, and governmental regulatory organizations, if responding to a request from such agency. Morgan Stanley may share information received in the Claims Process with its employees and attorneys solely on a need-to-know basis; any such person must agree in advance not to disclose the information. In the event that Morgan Stanley attorneys need to communicate with any person about a potential claimant or claimant in order to address a claim, the person shall be informed of the confidential nature of such communication.

16. Neither an award, nor the fact of any non-award, shall be admissible in any other proceeding for any purpose other than to enforce an award granted pursuant to this process or to enforce a release executed in accordance with this process, nor shall it be deemed to be a finding as to the merits of any claim.

EXHIBIT

1

information carefully and take note of the deadlines for this process. Your legal rights and potential ability to receive money may be affected.

Why Did I Receive this Notice?

This Notice has been sent to you because you most likely are within the definition of the class as covered by this lawsuit. Therefore, you may be eligible to participate in the Claims Process.

What is this Lawsuit/Settlement About?

This lawsuit was brought by EEOC against Morgan Stanley alleging that Morgan Stanley engaged in sex discrimination against women employees in IED for a period of years. There has been no finding by the Court nor any admission by any party about the merits, validity or accuracy of any of the allegations, claims or defenses of any party, and Morgan Stanley in fact denies that it has discriminated against its employees in any way.

What Are the Terms of the Settlement?

The details of the agreement can be found in the Consent Decree, which is a public document and posted on Morgan Stanley's IED website. A copy of the Consent Decree may be requested from Morgan Stanley's Human Resources Department.

Morgan Stanley has agreed to pay a total settlement amount of fifty-four million dollars (\$54,000,000). Two million dollars (\$2,000,000) will be spent on costs incurred in implementing initiatives under the Consent Decree, such as enhanced and additional diversity programs.

Who is the EEOC?

EEOC is a United States agency charged by Congress with the mission of eradicating employment discrimination in the workplace through enforcement of federal employment discrimination laws such as Title VII of the Civil Rights Act of 1964, which prohibits employment discrimination based on race, color, religion, sex or national origin; the Equal Pay Act; prohibitions against discrimination affecting individuals with disabilities in the federal sector; sections of the Civil Rights Act of 1991, the Americans with Disabilities Act, which prohibits discrimination against people with disabilities in the private sector, state and local governments; and the Age Discrimination in Employment Act.

When EEOC brings a class suit against a company as it has done here, it represents not only the public, but also the interests of all class members. If you are a Potential Claimant wishing to participate in this Claims Process, EEOC will represent your interests in this suit if you so desire.

How Is the Class Defined?

The class is defined as all women who have been employed at any time from

January 1, 1995 to July , 2004, the date the Judge approved this settlement, in Morgan Stanley's Institutional Equity Division ("IED") in offices in the United States or female American citizens employed in IED in offices outside the United States at the level of 1) Exempt Non-Officer eligible to be promoted to Vice-President (including but not limited to Associate and Professional); 2) Vice-President; 3) Principal or Executive Director; or 4) Managing Director.

What Is a Potential Claimant?

If you meet the criteria outlined above, you are a Potential Claimant.

How Do I Become a Claimant?

If you are a Potential Claimant and file a timely claim of discrimination pursuant to the process described herein, you are a claimant.

If I Participate in the Settlement, Will My Current or Future Employment with Morgan Stanley Be Affected?

Morgan Stanley supports this settlement and your right to participate in it. You will not be retaliated against or penalized in any way as a result of your participation in this settlement. Morgan Stanley has a policy against discrimination and retaliation is a violation of Morgan Stanley policy and Title VII, a federal law enforced by EEOC. Both Morgan Stanley and EEOC will take appropriate action if either receives evidence of retaliation against anyone who participates in this process.

If I Participate in the Settlement, Will My Current or Future Employment within the Securities Industry or Elsewhere be Affected?

As stated above, retaliation is a violation of federal law and EEOC will take appropriate action if it receives evidence of retaliation by any employer against anyone who participates in this process. Furthermore, your participation in this suit will not be made public.

Who is the Special Master and What is his Role?

Retired Federal Circuit Judge Abner J. Mikva has been selected as Special Master for this settlement and Claims Process. In accordance with the Consent Decree entered in this case, the Special Master has the sole authority to determine whether a claimant is entitled to an award and, if so, the amount of the award.

How Am I Affected by the Settlement If I am a Potential Claimant?

All Potential Claimants have the right to submit a claim of sex discrimination and/or retaliation relating to promotion, compensation, or any term, condition, or privilege of employment arising between January 1, 1995 and the date the Judge approves the settlement. The Special Master will assess the claims to determine the amount of money, if any, to be paid to each claimant. If you elect to not submit a claim,

you will receive no money. Current employees may benefit from the enhanced and additional diversity programs regardless of whether they participate in the claims process.

What Is The Claim Process?

Each Potential Claimant has the opportunity to file a claim in writing detailing why she believes she has been the subject of sex discrimination and/or retaliation in promotion, compensation or other terms, conditions or privileges of employment.

In furtherance of a fair claims process, Morgan Stanley will have the opportunity to submit a Position Statement in response to your claim, and EEOC or claimant will have the opportunity to submit a Reply Statement to Morgan Stanley's Position Statement. The Special Master will also consider affidavits, deposition testimony and documentary evidence submitted in accordance with the Claims Process. The Special Master may request any additional information he deems necessary to assist his determination of a particular claim.

Potential Claimants may contact EEOC for assistance in the claims process. EEOC is in possession of relevant factual information pertaining to individuals' claims in this lawsuit and has knowledge regarding the facts of this case. Still, a claimant is under no obligation to contact the EEOC to participate in the Claims Process. A claimant has the right to submit her own form or to seek assistance from a private attorney. Please be aware that if you elect to submit a claim without EEOC's assistance, you will deprive yourself of relevant information that only EEOC possesses.

The Special Master will render a decision in regard to monetary awards within (90) days of the receipt of all material.

How much money will be in the Claim Fund?

Forty million dollars (\$40,000,000) will be paid into a Claim Fund to be used as part of the Claims Process.

What are the Legal Consequences of Accepting a Monetary Award?

If you are awarded and choose to accept a monetary award as part of the Claims Process, you will release all claims against Morgan Stanley for employment discrimination. Because the rights released are specific to each individual, a claimant may want to first seek the advice of a private attorney. Therefore, each claimant who has been granted an award will receive an additional \$1,000.00 for the purposes of seeking legal advice regarding the effect and implications of executing a release. While EEOC represents your interests in this lawsuit, it cannot do so in regard to releasing claims that are broader than those covered by this suit.

I Am a Potential Claimant and Would Like To Participate in the Claims Process, What Do I Do Now?

Enclosed you should find a EEOC Assistance Request Form. Please note:

- If you wish for EEOC to assist you in participating in the Claims Process, you must submit the EEOC Assistance Request Form to EEOC by facsimile, overnight express mail or hand-delivery to the address contained in this Notice by close of business _____ (date).
- Upon receipt of a EEOC Assistance Request Form, EEOC will contact you and with your assistance, begin the process of drafting and submitting a Statement of Claim on your behalf.
- The Statement of Claim must be made under oath, based upon your personal knowledge, information and belief. EEOC will obtain your signature and submit the form to the Special Master.

What do I need to include in my Statement of Claim if I Elect to Submit a Statement of Claim without EEOC assistance?

- You must follow the procedures set forth in the Claims Process, which is attached to this Notice.
- You must submit the completed Statement of Claim, stating that it is made under oath, to the Special Master at the following address: [insert address].

If I Participated in this Suit During Litigation, Do I Still Need to Submit a Claim?

Yes, even if you had your deposition taken by Morgan Stanley or were otherwise involved in the suit, you will need to submit a Claim Form. Contact the EEOC attorney that you were in contact with prior to settlement.

Where Can I Get Additional Information?

Equal Employment Opportunity Commission
33 Whitehall Street, 5th Floor
New York, NY 10004
facsimile: (212) 336-3623
email: morganstanley@EEOC.gov
phone: (212) _____

EEOC ASSISTANCE REQUEST FORM

I, _____, seek EEOC's assistance in connection with preparing a Statement of Claim in the Claims Process set forth in the Consent Decree between Morgan Stanley and EEOC.

My name, address, and contact information is as follows:

Name: _____

Street: _____

City: _____

State: _____

Zip: _____

Home Telephone: _____

Name

Date


●

●

●

APPENDIX

B



Code of Conduct

Communications with Governmental and Regulatory Authorities

Law and Compliance supervise all contacts with government and regulatory bodies and attorneys regarding subpoenas, investigations, inquiries and requests. Do not initiate any contacts with a governmental or regulatory body or attorney regarding such matters without coordinating with Law and Compliance. If you are contacted about a subpoena, investigation, inquiry or request, follow the procedures outlined above.

Government Relations supervises all other contacts with government and legislative officials and regulatory bodies. Do not initiate any contacts with such entities or individuals without coordinating with Government Relations. If you are contacted about public policy or political matters, do not make any commitments or provide any substantive information until Government Relations has approved the response. If your region does not have Government Relations, contact local or regional Firm Management.

This section does not apply to lawfully communicating, other than on behalf of the Firm, with any governmental or regulatory body or official in the United States regarding a possible violation of any fair employment practices law. You have the right to contact any such agencies for any purpose.

Morgan Stanley & i

Morgan Stanley

Los Angeles 16:51

Chicago 18:51

New York 19:51

London 00:51

Frankfurt 01:51

Hong Kong 07:51

Tokyo 08:51

Sydney 09:51

[Personal Profile](#)[Policies](#)[Forms](#)[Internal HR](#)[Today Americas](#)**QUICK LINKS**[Work Here](#) > [Compliance](#) > [Policies](#) > [Non-Discrimination and Anti-Harassment](#)[Collapse](#)[Contact Information](#)

Policies

Non-Discrimination and Anti-Harassment

Equal Employment Opportunity

[Click here for a Print View of this Policy](#)

It is the policy of the Firm to ensure equal employment opportunity without discrimination or harassment on the basis of race, color, religion, age, gender, sexual orientation, national origin, citizenship, disability*, marital status, pregnancy (including unlawful discrimination on the basis of a legally protected pregnancy/maternity leave), veteran status or any other characteristic protected by law.

Discrimination and sexual harassment are against Firm policy and illegal under federal, state and local laws.

Consistent with our First Choice values, the Firm is committed to a work environment in which all individuals are treated with respect and dignity. Each individual should have the ability to work in a professional atmosphere that promotes equal employment opportunities and prohibits discriminatory practices, including harassment. Therefore, the Firm expects that all relationships among persons in the workplace will be business-like and free of bias, prejudice and harassment.

The Firm prohibits and will not tolerate any such discrimination or harassment, whether committed by management or non-supervisory personnel, employees of temporary agencies, vendors, contractors or guests.

Definitions of Harassment

- a. *Sexual harassment* constitutes discrimination and is illegal under federal, state and local laws. For the purposes of this policy, sexual harassment is generally defined as unwelcome sexual advances, requests for sexual favors and other verbal, non-verbal or physical conduct of a sexual nature when, for example:

- (i) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment by a

supervisory employee;

(ii) submission to or rejection of such conduct by an individual is used by a supervisory employee as the basis for decisions that affect an individual's employment opportunities in a tangible way; or

(iii) such conduct is unwelcome and severe or pervasive enough to create an intimidating, hostile or offensive work environment for a reasonable individual.

Sexual harassment may include subtle behavior and may involve individuals of the same or different gender. Depending on the circumstances, these behaviors may include, but are not limited to: unwanted sexual advances or requests for sexual favors; sexual jokes and innuendo; verbal abuse of a sexual nature; commentary about an individual's body, sexual prowess or sexual deficiencies; leering, catcalls or touching; insulting or obscene comments or gestures; display or circulation in the workplace of sexually suggestive objects or pictures; and other physical, verbal or visual conduct of a sexual nature.

- b. *Harassment on the basis of any protected characteristic* is also strictly prohibited. Under this policy, harassment is unwelcome verbal, non-verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of his/her race, religion, age, gender, sexual orientation, national origin, citizenship, disability, pregnancy, marital or veteran status or any other characteristic protected by law or that of his/her relatives, friends or associates, and that is severe or pervasive enough to create an intimidating, hostile or offensive work environment for a reasonable individual, or otherwise adversely affects an individual's employment opportunities in a tangible way.

Harassing conduct includes, but is not limited to: epithets, slurs or stereotyping; threatening, intimidating or hostile acts; denigrating jokes and display or circulation in the workplace of written or graphic material that denigrates or shows hostility or aversion toward an individual or group.

This policy prohibits such harassing conduct whether done verbally or non-verbally, including through e-mail or other Firm electronic systems.

Individuals and Conduct Covered

This policy applies to all applicants and employees, and prohibits harassment, discrimination, and retaliation whether engaged in by fellow employees, by a Supervisor or Manager or by someone not directly connected to the Firm. Persons not employed by the Firm (e.g., an outside vendor, consultant, temporary agency employee or customer) are also advised of this policy and are expected to comply with it in all respects.

Conduct prohibited by this policy is unacceptable in the workplace and in any work-related setting outside the workplace, such as during business trips, business meetings and business-related social events.

Similarly unacceptable under this policy is participation in work-related activities whether in or outside the workplace that are

inconsistent with a professional atmosphere that promotes equal employment opportunity or that are exclusionary with respect to any individual's race, color, religion, age, gender, sexual orientation, national origin, citizenship, disability, marital status, pregnancy, veteran status or any other characteristic protected by law. This includes patronizing, in connection with work-related activities, adult entertainment establishments or facilities that exclude use by any individual on the basis of his or her protected status.

Complaint Procedure

Reporting an Incident of Harassment, Discrimination or Retaliation

The Firm strongly urges the reporting of all incidents of discrimination, harassment or retaliation, regardless of the offender's identity or position, so that an effective and thorough investigation can be conducted promptly and discreetly, and effective remedial action can be taken when appropriate. Complaints will be accepted in writing or orally.

All of us share responsibility for enforcement of this policy and are strongly urged to report concerns regarding conduct that may be contrary to it. Further, individuals who believe they have experienced, or managers who have learned of, conduct that is contrary to the Firm's policy or who have concerns about such matters must contact their Human Resources Representative or one of the following representatives designated below for their business unit. If these representatives are not available or if the circumstances make it inappropriate to contact them, individuals may contact any representative set forth below:

Institutional Securities		
Angela Kaywood	Institutional Equity, Equity Research and Equity Financing Services	Angela.Kaywood@morganstanley.com (212) 761-5130
Lloyd Levenberg	Fixed Income (including Retail Fixed Income)	Lloyd.Levenberg@morganstanley.com (212) 761-3866
Jennifer Underwood	Investment Banking	Jennifer.Underwood@morganstanley.com (212) 761-5123
Joanne Ceriello	Institutional and Company Information Technology	Joanne.Ceriello@morganstanley.com (212) 762-1068

Marcelo Modica	Institutional Infrastructure Services and MSCI	Marcelo.Modica@morganstanley.com (212) 752-1963
Company		
Noreen McMullan	Strategy and Administration - Corporate Services, Internal Audit, Law and Human Resources	Noreen.McMullan@morganstanley.com (212) 762-1955
Peg Sullivan	Finance - Controllers, Tax, Treasury, Risk and Credit	Peg.Sullivan@morganstanley.com (212) 762-1573
Individual Investor Group		
Eric Kayne	Client Coverage	Eric.Kayne@morganstanley.com (914) 225-7015
Nancy Rutecki	Client Services	Nancy.Rutecki@morganstanley.com (212) 680-5501
Adam Kudelka	Client Solutions and Administration	Adam.Kudelka@morganstanley.com (914) 225-7025
Investment Management		
Caren Hosansky	Global Investor Group, Alternative Investment Partners, Global Products and Services	Caren.Hosansky@morganstanley.com (212) 762-7067 (610) 940-5082

SueAnn Hannigan	Global Services and Information Technology	SueAnne.Hannigan@morganstanley.com (212) 762-5672
Karen Dennehy	Operations; Trust Company - Jersey City Site Leader	Karen.Dennehy@morganstanley.com (201) 938-6010
Lindamarie Werntz	Private Equity	Lindamarie.Werntz@morganstanley.com (212) 761-6450
Kristen Wenstrom	Houston Site Leader	wenstrk@vankampen.com (713) 438-4203
Noel Keith	Oakbrook Site Leader	keithn@vankampen.com (630) 684-5917
Dave Bolz	West Conshohocken Site Leader	Dave.Bolz@morganstanley.com (610) 940-5945
Discover Financial Services		
Linda Berry	Marketing	lindaberry@discoverfinancial.com (224) 405-1211
Mae Levine	Discover Business Services	maelevine@discoverfinancial.com (224) 405-3774
Karen Dollmeyer	Business Technology	karendollmeyer@discoverfinancial.com (224) 405-1407
Dino Lagattolla	Company	dinolagattolla@discoverfinancial.com (224) 405-1749
Elizabeth Scott	Cardmember Services Division	elizabethscotthr@discoverfinancial.com (224) 405-0433

In addition, individuals may always take their complaints to Marilyn F. Booker of Diversity at 1-212-762-3412 or to the CARE Program Administrator at 1-866-227-3123.

Important Notice To All Employees:

EMPLOYEES WHO HAVE EXPERIENCED CONDUCT THEY BELIEVE IS CONTRARY TO THIS POLICY MAY HAVE A LEGAL OBLIGATION TO TAKE ADVANTAGE OF THIS COMPLAINT PROCEDURE. AN EMPLOYEE'S FAILURE TO FULFILL THIS OBLIGATION COULD AFFECT HIS OR HER RIGHT TO PURSUE LEGAL ACTION.

Early reporting has proven to be a highly effective method of resolving actual or perceived incidents of harassment or discrimination. Therefore, while no fixed reporting period has been established, the Firm strongly urges the prompt reporting of complaints or concerns so that rapid and constructive action can be taken when appropriate.

The availability of this complaint procedure does not preclude individuals who believe they are being subjected to harassing conduct from promptly advising the offender that his or her behavior is unwelcome and requesting that it be discontinued.

Retaliation Is Prohibited

The Firm prohibits retaliation against any individual who, in good faith, reports discrimination, harassment or concerns about affirmative action, or any individual who participates in, or otherwise supports, an investigation of such reports. Anyone who exhibits retaliatory behavior against an individual under such circumstances will be subject to disciplinary action up to and including termination.

The Investigation of Allegations

Any reported allegations of harassment, discrimination or retaliation will be investigated promptly. The investigation may include individual interviews with the parties involved and, when necessary, with individuals who may have observed the alleged conduct or may have other relevant knowledge.

Confidentiality will be maintained throughout the investigation process to the greatest extent possible and to the extent consistent with adequate investigation and appropriate corrective action. Individuals involved in the investigation process are expected to provide their full cooperation and to maintain confidentiality.

At the conclusion of the investigation, the Firm will advise any individual who has made a complaint under this policy that the investigation has concluded and share other information as may be appropriate under the circumstances.

Consequences of Inappropriate Behavior

Misconduct including harassment, discrimination, retaliation or other forms of unprofessional behavior, even if not unlawful, may subject employees to disciplinary action by the Firm up to and including termination. In addition, conduct that is unlawful may subject employees to civil, and in some cases, criminal liability.

*Individuals who wish to identify themselves as disabled or as a veteran can access the corresponding self-identification form via the Forms section of Morgan Stanley & i.

Click [here](#) for information specific to Massachusetts employees.

See also: *Business Entertainment Policy, Internet and Electronic Communication Usage Policy*

Posting Date: 2/11/04

IED COMPLAINT PROCESS: SEX DISCRIMINATION

Introduction

The Firm strongly urges the reporting of all incidents of discrimination, harassment or retaliation, regardless of the offender's identity or position, so that an effective and thorough investigation can be conducted promptly and discreetly, and effective remedial action can be taken when appropriate. Complaints will be accepted in writing or orally.

Nothing in this policy is intended to discourage informal discussions between employees and their supervising manager, HR Representative or the Ombudsperson regarding any issue or concern they may have relating to their employment.

The Ombudsperson is _____, (212) _____

Complaint Initiation

1) An employee may make a complaint of sex discrimination (whether related to her or another employee) his or her manager to an HR Representative or the Ombudsperson. If the complaint is made to a manager or HR Representative, he or she shall refer it to the Ombudsperson.

The Ombudsperson will investigate and report on such complaints in accordance with this Complaint Process.

2) If an employee contacts a manager or HR Representative about any employment-related issue and the manager or HR Representative determines that the employee has raised a complaint about sex discrimination, the complaint will be referred to the Ombudsperson, who will investigate and report on it in accordance with this Complaint Process.

3) A manager or HR Representative also has the responsibility of reporting to the Ombudsperson any incidents or circumstances of potential sex discrimination that he or she witnesses or otherwise becomes aware of.

4) General complaints of sex discrimination may be made anonymously to the Ombudsperson. Anonymous complaints will be documented and fully investigated to the extent reasonably possible.

5) The existence of complaints and the identity of complaining parties will be kept confidential to the extent possible, consistent with adequate investigative and corrective actions.

Investigatory Process

6) Upon receipt of a complaint of sex discrimination, the Ombudsperson will inform the complaining party that the Firm does not permit unlawful retaliation for making complaints of sex discrimination. The Ombudsperson will request immediate notification from the complaining party if she feels she has been subjected to retaliatory conduct.

7) The Ombudsperson will be responsible for ensuring that a prompt, thorough and impartial investigation is conducted and issuing a final report within thirty days of the Ombudsperson's receipt of a complaint, unless there is good cause to require more time.

8) The investigation will include interviewing the complaining party, the accused party(ies) and such material witnesses, including those identified by the complaining party, as are necessary to a fair determination.

9) The investigation will also include obtaining and reviewing such material documents, including those identified as relevant by the complaining party, as are necessary to a fair determination.

10) Data generated from previous complaints that have been received by the Firm regarding the same person(s) or the same allegation(s) will be consulted to determine the existence of any pattern of conduct.

11) If the complaining party or any other employee refuses to cooperate in the Ombudsperson's investigation, reasonable efforts will be made to complete the investigation. Any employee's lack of cooperation will be documented, but no retaliatory action will be taken against the complaining party for failing to cooperate in the investigation.

12) Upon completion of an investigation, the Ombudsperson will promptly communicate to the complaining party a summary of the conclusion reached as a result of the investigation.

13) At an appropriate interval, the Ombudsperson will speak to the complaining party to ensure that she has not suffered retaliatory conduct. Any allegations regarding retaliation will be investigated in accordance with this Complaint Process.

Conclusion of the Process

14) At the conclusion of the investigation, the Ombudsperson will make a final determination with regard to the complaint and, where warranted, will recommend to the appropriate manager the corrective action to be taken. The appropriate manager will determine what corrective action will be taken and will report such to the Ombudsperson.

15) At the conclusion of the investigation, the Ombudsperson will be responsible for the preparation of a final report relating to the investigation, which will contain at least the following information: (a) the date the complaint was received; (b) the name of the complaining party; (c) the complaining party's work site and department; (d) the name(s) of the accused party(ies); (e) the

written complaint or substance of any oral complaint; (f) the identity of witnesses or documents identified by the complaining party as possessing or containing material information; (g) a summary of the conclusions reached upon completion of the investigation, setting forth the factual findings and documentary or witness sources for such findings; (h) the Ombudsperson's final determination and recommendation for action, if any and (i) a description of the corrective action taken, if any.

16) The Ombudsperson will retain for the duration of the Consent Decree a copy of interview reports and documents that he or she collects in connection with the investigation.

17) A copy of the final report will be maintained in a manner that is accessible in any future investigation of a complaint regarding the same person(s) or same allegation(s).

HR GUIDE

Business Entertainment

The Firm will reimburse employees for reasonable and necessary out-of-pocket entertainment expenses connected with Firm business. Reimbursements are made according to respective business unit practices and require submission of dated receipts and other documentation, as appropriate.

Business entertainment must be conducted in a professional manner at all times and must not compromise the high standards of the Firm. The form of business entertainment engaged in should not negatively impact the Firm's reputation or have the potential for making any employee or client uncomfortable, even if such entertainment is at the request of the client. Entertainment must not occur at a club or other facility offering adult entertainment or that excludes use by any individual on the basis of his or her protected status (i.e., race, color, religion, age, gender, sexual orientation, national origin, citizenship, disability, marital status, pregnancy, veteran status or any other characteristic protected by law). Conduct or comments prohibited by the Firm's Substance Abuse and Non-Discrimination and Anti-Harassment Policy are inappropriate and not tolerated during business entertainment or whenever the employee is representing the Firm. Any conduct or comments which are offensive, abusive or intimidating are inappropriate at all times. Any conduct or comments which demean persons due to race, color, religion, sex, age, sexual orientation, national origin, citizenship, disability or any protected class status will not be tolerated and will subject the employee to the appropriate disciplinary action up to and including termination.

See Also Non-Discrimination and Anti-Harassment and Substance Abuse.

Expense Policy (US)

OVERVIEW

- All employees are expected to exercise good judgment and common sense when incurring expenses on behalf of the Firm
- Expense reports must be submitted in a timely fashion. Management reserves the right to reject expenses over 60 days old
- Client K Codes should be noted on all client-related expense reports or check requests. The K Code search tool is available at: http://web.ms.com/cgi-bin/local/instlmtg/IED_TimeEntry/trading_name_search.cgi
- This policy applies to the Consolidated Equity Division (IED + EFS) in the Americas. Personnel in other regions should refer to their regional policy

ENTERTAINMENT

- The Firm encourages quality time with clients discussing bone-fide business issues
- Every client-related expense report must be accompanied by a Dashboard or CIS call report

Guidelines:

Client Lunches ⁽¹⁾	US \$50 per person
Client Dinners	US \$150 per person
Client Event Tickets (Sports, Theatre, etc.)	US \$150 per person (Use of scalpers requires prior approval)
Internal Lunches ⁽²⁾	Not reimbursable except during business travel when dining on official business
Internal Dinners	US \$75 per person (Prior approval required for events in excess of \$500)
Internal Cocktails	Not reimbursable
Client / Internal Offsites, Conferences and Other Events	Above US \$2,000 must obtain prior approval from JHavens, SJohnson, IFroeman, GRamakrishnan or LColby-Jones. Functions with a total cost over US \$10,000 can only be approved by JHavens. Submit requests via the Event and Conferences site at http://web.ms.com/events/
Charitable Events / Donations	Above US \$2,000 must obtain prior approval from LHaffner or LColby-Jones. Functions with a total cost over US \$10,000 can only be approved by JHavens. Submit requests via the Event and Conferences site at http://web.ms.com/events/

Notes:

1. "Clients" include principals and representatives of current and prospective Morgan Stanley clients (and their significant others when appropriate), as well as recruiting candidates
2. "Internal" functions include solely Morgan Stanley employees

STRICTLY UNACCEPTABLE:

- Entertainment at facilities offering adult entertainment
- Entertainment at facilities that exclude use by any individual on the basis of his or her protected status (i.e., race, color, religion, age, gender, sexual orientation, national origin, citizenship, disability, marital status, pregnancy, veteran status or any other characteristic protected by law)
- Non-client related family/spouse entertainment
- Excessive bar bills
- Limousines

MBA and Undergraduate Training:

- Reasonable meal expenses may be incurred in connection with MBA and undergraduate training

Use of Internal Dining Facilities Encouraged:

- When arranging for client or internal dinners, you should consider using the firm's own dining facilities, where available

Gratuities:

- See Other - Gratuities

Gift Giving & Receiving

- Client gifts (such as flowers) are strictly limited to get-well gestures in connection with client or client family-related illnesses, condolences for client family-related deaths, or for traditional holiday tokens such as calendars and Zagat guides
- Employee gifts are not reimbursable
- Further details on Gift Giving and Receiving may be found at <http://web.ms.com/equity/giftpolicy.doc>

Entertainment of U.S. Public Officials - Federal, State and Local Gift-Giving Limits:

- See Entertainment of Public Officials at http://saseo1/appayroll/ap_web/ap/policy.htm

Marketing Expenses:

- **Analyst Marketing** - Analyst marketing consists of costs incurred while visiting institutional investors for the purpose of building relationships and discussing investment theses. The Equity Research analysts' cost centers and job number 9XER008 should be used for all your expense reports and check request forms related to these activities.
- **"Idea" or "roundtable" dinners/luncheons** - IED cost centers should be used for charges associated with "idea" or "roundtable" dinners/luncheons.
- **Corporate Marketing** - Corporate marketing expenses consist of costs incurred while sponsoring and facilitating a meeting between institutional investors and company management. The Equity Research analysts' cost centers and job number 9XER007 should be used for all your expense reports and check request forms related to these activities. IED will be charged back a portion of these costs.
- **Events and Conferences** - Please refer to the guidelines in the table above. Cost allocation will be determined on a case-by-case basis.
- **Transaction Road Shows** - All road show expenses related to transactions should be billed to a Global Capital Markets cost center, and allocated to the applicable client-job code.

TRAVEL AND TRANSPORTATION

- All business travel must be booked via the Firm's designated travel agent
- For the latest in business travel policies and procedures, refer to the Global Travel Information Website at <http://iis-na.ms.com/corpservna/portal/travel/index.asp>

AIR TRAVEL

INTRA-CONTINENTAL		
North America includes the continental US, Canada, Mexico, Caribbean and Hawaii.		
<u>Destination</u>	<u>Parameters</u>	<u>Class of Service</u>
North America Asia Australia South America	Under 1,100 miles	Coach
	Over 1,100 miles	Business- First Class if Business is not offered
Europe	All Flights	Business
INTER-CONTINENTAL		
Transatlantic		Business – MD's First Class (Business only for NY-LDN route)
All Others		Business – MD's First Class

RAIL TRAVEL

<u>Destination</u>	<u>Parameters</u>	<u>Class of Service</u>
Continental US		Club Class on reserved Amtrak Metroliner trains

Prior Authorization by Travel Exception Approver Required:

- Spouse travel
- Use of non-preferred carriers
- Upgrades to accompany a client on their chosen flight class

Strictly Unacceptable:

- Downgrading of a ticket to use the incremental portion for personal use
- Purchase of additional travel insurance
- Delaying travel (Sunday) to obtain higher class of travel

Unused Tickets:

- Unused or partially used tickets should be returned promptly to Corporate Travel for credit to the Firm

TRAVEL EXCEPTION APPROVERS:

- **US** – Ivan Freeman, John Havens, Shel Johnson, William O’Leary, Guru Ramakrishnan, Marc Robert, Grady Thomas
- **EUROPE/LONDON** – Richard Heyes, Jerker Johansson
- **ASIA/TOKYO** – Stephen Chamberlain, Takafumi Kagiyma
- **ASIA-NON JAPAN**- Stephen Chamberlain, Simon Hogan, Gerard Coughlin
- **SECURITIES LENDING** – Marty Tell, Richard Loshiavo, Ed Marhefka
- **PRIME BROKERAGE** – Rich Portogallo, Stu Hendel, Lisa Colby-Jones, David Bearden, Seth Weinstein
- **EUROPE/PRIME BROKERAGE** – Warren Holmes, Stu Bohart

HOTELS

- The maximum allowable hotel room rate is \$300/night, exclusive of taxes. For a list of approved hotels at your travel destination: [http://nantasecs01/cs/travel/hotelprogram/onelook_citylist .asp](http://nantasecs01/cs/travel/hotelprogram/onelook_citylist.asp)
- The firm will reimburse hotel costs exceeding \$300/night only when required by lack of availability. All other exceptions must be authorized in advance by a travel exception approver
- Any charges due to failure to cancel will be the responsibility of the employee and will not be reimbursed by the Firm

Acceptable Expenses:

- Laundry Service for extended business travel
- Health Club

Strictly Unacceptable:

- Massages
- Pay TV
- Toiletry Items

Gratuities:

- See Other - Gratuities

EMPLOYEE MEALS DURING BUSINESS TRAVEL

- Employees should keep breakfast/lunch to under \$25 each and dinner to under \$50 while traveling
- The Firm will reimburse reasonable use of the mini-bar for snacks and refreshments
- The Firm will reimburse reasonable meal expense incurred by professionals travelling to other offices dining with Morgan Stanley colleagues on official business. See Entertainment Client-Internal

GROUND TRANSPORTATION

Taxi / Car Service:

- For a full listing of allowable taxi and black car usage, refer to Ground Transportation on the Corporate Services site at: <http://iis-na.ms.com/corpservna/portal/travel/ground/policy.asp>
- Lite-line car service requests are to be submitted through Webride, the web-based voucher system at: <http://csapq/qts/index.asp>
- Charges for additional stops or wait-time should be paid directly by the employee and expensed via the normal T&E procedures
- Vouchers should only be used for clients and are available through your Office Manager
- Ground Transportation must be notified at carservice@ms.com of events requiring more than 10 cars

Strictly Unacceptable:

- Use of black car service phones
- Taxis and car service from home to work on business days

Car Rentals:

- The Firm recognizes Hertz or Avis rental agencies. If either rental firm is unavailable, another carrier may be used
- Employees traveling alone must request a standard or economy model
- When more than two individuals are traveling together, four-door intermediate or full size models may be reserved
- The Collision Damage Waiver (CDW) and Third Party Liability insurance coverage is included in the corporate discount rate. Do not purchase additional insurance

Personal Automobile:

- The Firm will reimburse the employee for the use of his/her personal automobile while on company business at the IRS prescribed 2003 rate of \$0.36 per mile in the U.S. This rate covers the expense for gasoline, oil and maintenance
- Parking and moving violations will be the responsibility of the employee and will not be reimbursed
- The Firm will not reimburse personal automobile use for travel between home and office on days Morgan Stanley is open for business

TECHNOLOGY & CONNECTIVITY

REMOTE COMPUTING / WIRELESS ACCESS / MOBILE PHONES

- Hardware, service and airtime charges should be paid by the individual
- Service and airtime charges are only reimbursable when explicitly approved by management for business use and processed via the normal T&E procedures
- Service and airtime charges should be applicable to client coverage areas and consistent with the corporate rates available at <http://iis-na.ms.com/corpservna/portal/index.asp>
- Incremental service and maintenance are to be prorated against business use

PHONE CALLS AND CALLING CARDS

- Calls to the office or conference calls on the Morgan Stanley internal bridges should be dialed through the Firm's Global Access menu at <http://sait10/voice/globacc.html>
- Other business calls and personal calls while traveling on business should be charged to an AT&T calling card, procured via the Corporate Services website at <http://iis-na.ms.com/corpservna/portal/index.asp>
- Management retains the right to reject phone expenses that do not leverage one of the two above methods
- Telephone calls from airplanes and black cars will not be reimbursed except in emergency situations

OTHER

GRATUITIES

- Gratuities will normally be reimbursed up to a maximum of 20% of the bill calculated before taxes with 15% considered the norm for good service
- Gratuities will be reimbursed on food, beverages, baggage handling, bellhops and taxis only

OVERTIME MEALS

- Employees may receive a meal reimbursement of up to \$25 if they work 2.5 hours or more beyond a full workday on their regularly scheduled workdays
- If 4 to 9.5 hours are worked on a day that is not a regularly scheduled workday, employees are eligible to receive a lunch reimbursement up to \$10. If more than 9.5 hours are worked, then a meal reimbursement of up to \$25 in addition to the lunch reimbursement is permissible

CFA EXAM

- All reimbursements for the CFA Exam are contingent upon senior management approval prior to the commencement of all courses/exams
- Registration costs are only reimbursed upon passing the exam via the normal T&E procedures
- Study program/course costs, internal or external, will be reimbursed up to \$600 prior to the exam

GMAT EXAM

- All reimbursements for the GMAT Exam are contingent upon senior management approval prior to the commencement of all courses/exams
- The Firm will pay for the GMAT exam and related prep course one time
- Study program/course costs, internal or external, will be reimbursed up to \$790 prior to the exam
- Reimbursement is processed via normal T&E procedures, and is contingent upon attendance of a minimum of 5 classes and provision of a letter from the training provider confirming exam attendance

MEMBERSHIPS

- It is the policy of Morgan Stanley to reimburse officers for club membership dues and all professionals for organization membership dues when it is in the interest of the Firm's business development and explicitly approved by management
- Additionally, the Firm encourages participation in government/industry relations organizations when it is in the interest of the Firm's business development

SUBSCRIPTIONS

- The Firm will reimburse the cost of books and periodicals, which serve a specific business purpose. Subscriptions to these publications require approval of the Operations Officer
- It is not the Firm policy to reimburse the cost of general business publications

CASH ADVANCES

- See Cash Advances at http://saseo1/appayroll/ap_web/ap/policy.htm

IED - EUROPE

COMPLETING EXPENSES

This document should be read in conjunction with any other firm-wide policy.

It is Morgan Stanley's policy to reimburse all reasonable business related out-of-pocket expenses incurred by Morgan Stanley employees.

Employees are expected to act reasonably and to exercise good judgment when incurring reimbursable expenses.

It is not Firm policy to reimburse employees for expenses that extend beyond what is prudently required for business purposes (i.e. weekend expenses incurred before the start of, or after the conclusion of Firm business.)

Employees are responsible for their own expenses and their validity even if they do not sign and complete the expense form themselves

Exception to Policy Signatures

*Richard Heyes and Jerker Johansson are exception to policy signatories.

60 Day Policy

Any receipts that are over 60 days old (incl. weekends) requires an MD's memo. A memo addressed to Accounts Payable should be signed by the relevant MD specifying the following:

details of the offending receipt,
the amount and an explanation for the delay.

Only 1 exception will be signed off - then recorded. Any future ones will need to have a signed MD's memo together with a memo to be signed by Jerker Johansson.

K-Codes

K Codes must be provided in the following circumstances.

-all client entertaining

-all business related taxi journeys

-all client related hotel stays

-Where a K code is not available this must be specified on the Expense Report.

-Where more than one K code applies to one event, the receipt should be divided up and separate entries made on the

Expense Report for each K code.

Missing, Non-itemised & Fax/Copy Only Receipts

Original receipts and adequate documentation must accompany each item; credit card, fax or other copies are not sufficient. Should this not be possible all such expense claims must be clearly identified and accompanied by an MD's memo.

ENTERTAINING

General

All staff are expected to use reasonableness when entertaining. Expenses NOT normally considered to be reasonable are:
Spouse entertainment
Department parties without prior approval
Limousines

STRICTLY UNACCEPTABLE

- Facilities offering adult entertainment
- Facilities that exclude use by any individual on the basis of his or her protected status (i.e., race, color, religion, age, gender, sexual orientation, national origin, citizenship, disability, marital status, pregnancy, veteran status or any other characteristic protected by law)

Client Entertaining

All receipts for client entertainment must be submitted with an Entertaining Expense Form and must include the relevant K code(s).

All client entertaining over £100 per head requires an MD's memo; a monthly memo will be distributed to Derek Bandeen/Danny Hegglin/Jerker Johansson, listing all client entertaining over £100 per head.

Event/Marketing Related Expenses

Events must be pre-approved by completing and submitting an IED Entertainment Request Form as follows: Events under \$1000 should be pre-approved by your Desk Head and copied to Karon Judge and Cressida Dossa. A signed copy of the approval must be attached to the receipt when submitting the Expense Report. Events over \$1000 should be pre-authorized by your Desk Head, approved by Marketing and copied to Michelle Williams. A signed copy of the approval must be attached to the receipt when submitting the Expense Report.

The following account numbers should be used for all marketing invoices and expenses:

Conference Expenses	666628
Analyst Marketing Expenses	666644
Non-Marketing related events (incl. Off-sites)	666617

Client Gifts

All non-MSDW branded gifts will require an Exception to Policy signature. The compliance manual states that "Firm policy, applicable law and SRO rules may prohibit you from giving gifts in excess of specified monetary levels..." In London the ruling is no more than £50.

Staff Entertaining

Entertaining co-workers from your home office, when no clients/vendors are present is an exception to policy* and the expense will not be reimbursed.

Entertaining Co-Workers from other Morgan Stanley Offices

Entertaining co-workers from other Morgan Stanley Offices, when no clients/vendors are present is an exception to policy* and requires prior approval. Expenses incurred without prior approval may not be reimbursed.

Off-Sites

An event is classified as an Offsite when an external venue is booked either for a full day and/or including an overnight stay.

Client/Vendor For those divisions that deal with client/vendor off sites your office administration team will be able to advise you of the relevant pre-approval process required for your division prior to approaching the relevant Road Show/Marketing team.

Internal Morgan Stanley Morgan Stanley employee only off sites are an exception to policy.

All Off-Sites require pre-approval from Marketing (Karen Judge/Cressida Dossa). A copy of the Marketing approval must be attached to the receipt when submitting the Expense Report. There is a list of preferred Off-site venues and external speakers, which allow us to leverage off discounted rates negotiated by the Marketing and Travel departments. This can be found on the IED Home Page - Off-Site button.

TRAVEL

Business Travel:

It is not permissible for employees to:

- Request a lower class of travel than the firm standard in order to obtain an additional ticket for a non-Morgan Stanley person to accompany them.
- Delay travel unnecessarily in order to take advantage of a higher class of travel or a special deal.
- Use a non-preferred carrier in order to take advantage of a special deal.
- Extend trips over a weekend where unnecessary and attempt to claim expenses incurred over the weekend.
- Commence a business trip from a location other than their home office location without prior approval.
- Claim expenses for telephone calls made on the aeroplane.
- Claim expenses for staff gifts
- Claim medical supplies either for personal use or for the office.

Airlines:

Morgan Stanley Preferred Airline Carriers:

The firm has negotiated agreements with a selection of airline carriers that can be viewed on web page: <http://iis.ms.com/corpservice/portal/travel/air/policy.asp>

Wherever possible staff travelling on business should use the negotiated route deals. Your department admin staff will be able to advise you of costs.

Travel

Out of Policy Airline exceptions include:-

Firm Management/Executive Committee Signoff:
· Chartering Aircraft

Divisional Head Signoff/Exception to Policy Signatory registered within E-Req:

- Travelling first class/Upgrades
- Use of non-preferred carrier (unless due to capacity)
- Spouse Travel

HR Signoff:

- Home leave
- Relocation

Exceptions are flagged within the electronic Travel Requisition system and will require an exception to policy* signature for authorisation. A report of all exceptions, including additional costs to the firm, is sent to Firm Management on a monthly basis.

Class

For the majority of travel a Business class seat will be reserved but travellers should be prepared to accept a lower class seat on a preferred flight if there are no Business class seats available or if their division is operating a different policy to Business Class on certain routes. First Class air travel is an exception to policy*.

E-Tickets

Many airline carriers (including BA) now offer E-tickets on several frequently used routes. Travellers are encouraged to take advantage of this method of ticket-less travel as overall it is more economical for the Firm, however it is not mandatory. Travellers will need either an AMEX corporate card or a BA Frequent Flyer card to use the E-Ticket machines at the airport. Alternatively they can check in via the check in desks

in the usual way. A comprehensive list of routes and details of how the E-Ticket operates is available on web page: <http://iis.ms.com/corpservice/portal/travel/air/etickets.asp>.

Upgrades

Upgrading to a class outside firm policy (see above) via American Express is an exception to policy*. Should you request an upgrade once at the airport the fee will not be reimbursable.

Refunds

Unused tickets must be returned to the American Express Travel office or to your travel Booker within 7 working days of completing a business trip. The Firm is unable to claim a refund on these tickets until the actual ticket is returned.

Duplicates

The issuing of two or more airline tickets is an exception to policy*. Double booking via the electronic travel requisition system for wait-listing purposes is permissible but only one ticket will be issued.

Trains (Standard Rail Networks)

For the majority of travel a First class seat will be reserved but travellers should be prepared to accept a lower class seat on any given route where there are no First class seats available or if their division is operating a different policy on certain routes.

Eurostar

Eurostar, in Premium First class, is the firm's preferred route for travel to Paris as it is more cost effective than air travel. Travellers should take advantage of the free taxis provided. Your department admin staff will be able to advise you of details.

Currency

For business travel purposes cash advances will be provided via the Corporate Amex card.

- Sterling advances are not generally permitted and will be provided only where deemed necessary to a maximum of £150 per trip.
- Foreign currency must be ordered via the on-line travel system and will require authorisation.
- Staff will be encouraged to use the Corporate Amex card for expenses when travelling wherever possible.

Returning Foreign Currency:

Please contact your Office Administration Team to find out which expense method your division follows:

- For divisions where Corporate Amex Bills are balanced monthly against personal expense claims, unused currency is to be returned to the American Express Foreign Exchange office within 7 working days of completing a trip. It is not permitted for staff to rollover currency to further trips.
- For divisions where Corporate Amex bills are not balanced monthly against personal expense claims, then foreign currency may be kept for future trips, particularly for frequent travellers. However, the retained currency remains the property of the employee and cannot be expensed back if utilised for personal needs.

Insurance

Employees travelling on business are covered as follows:-

Morgan Stanley's Business Travel Insurance:

- Medical and Emergency Travel Expenses
- Cancellation curtailment and Change of Itinerary Insurance
- Money and Credit Cards Insurance
- Personal Baggage Insurance (including Passport Indemnity)

Laptops & Palm Pilots that are the property of Morgan Stanley are covered by the firm's own travel insurance, any equipment that is the property of the traveller is only covered if the individual has private personal travel insurance.

If you are traveling privately, even if any part of your journey has been booked through the Firm, you should ensure that you have obtained adequate personal travel insurance for your journey.

A comprehensive breakdown of coverage can be accessed via "Morgan Stanley & I" on the intranet along with the relevant forms and details of the travel insurance coverage with American Express.

Travel Insurance Coverage for American Express Corporate Card Holders

You may wish to claim via the American Express Corporate Card cover in the following instances where cover is not provided under the business travel insurance policy -

- If your flight is delayed for over 4 hours you can charge up to GBP 100 to your Amex Corporate Card for meals and refreshments and/or hotel accommodation.
- If you miss a connecting flight and there is no onward transportation for at least 4 hours you can charge up to GBP 100 to your Corporate Card for meals and refreshments and/or hotel accommodation.
- If your spouse is traveling with you on a business trip with the approval of the Firm, they may be able to claim under the Amex policy for loss or damage to baggage and personal items.
- Cover for delays and travel inconvenience insurance is also provided.
- Further information on this coverage is available from American Express Insurance Services who can be contacted on 01273 668300.

Visas

All fees relating to the purchase of business Visas and other business travel requirements are arranged via the American Express travel office and are charged to the traveller's Corporate Amex card. All fees of this nature will be reimbursed.

Requests for personal Visas should be directed to American Express Leisure on 5-6500.

Meals/Beverages While Travelling

Monday to Friday:

- Breakfast is reimbursable up to £10 per day, except where the hotel reservation has been made on a bed and breakfast basis.
- Lunch is not reimbursable, except when entertaining clients.
- Dinner may be expensed to a limit of £25 per day, except when entertaining clients.

Saturday & Sunday:

- Expenses incurred while working over a weekend while on a business trip will be reimbursed up to £35 per day.
- The firm will not reimburse any expenses incurred over a weekend where the member of staff has remained in a location for non-business purposes.

Staff are encouraged to make use of the airline lounges when travelling, particularly in Business Class, as facilities and refreshments are free. N.B - it may be necessary to hold an airline's frequent flyer card.

APPENDIX
C

[MORGAN STANLEY LETTERHEAD]

NOTICE TO EMPLOYEES

1. This Notice is being provided as part of a Consent Decree entered to resolve claims raised in the case brought by the Equal Employment Opportunity Commission (EEOC) against Morgan Stanley's Institutional Equity Division (IED), filed in the United States District Court for the Southern District of New York.
2. Federal law prohibits discrimination against any employee or applicant for employment because of the individual's sex, race, national origin, color, religion or age (forty and over) with respect to hiring, promotion, firing, compensation, or other terms, conditions or privileges of employment. It also prohibits retaliation against employees because they have opposed practices they believe discriminate on the basis of sex, race national origin, color, religion, or age (forty and over) or because they have filed charges with the EEOC or participated in or cooperated with an EEOC investigation.
3. Morgan Stanley supports and will comply with such Federal law in all respects and will not take any action against employees because they have exercised their rights under the law.
4. Employees are encouraged to report concerns or instances of prohibited discrimination to Human Resources. Employees may also report these issues to Morgan Stanley's appointed Ombudsperson, Marilyn Booker. Ms. Booker can be contacted at [insert contact information]. Employees should feel free to reach out to Human Resources or Ms. Booker at any time. Morgan Stanley has established policies and procedures to promptly investigate any such reports and to protect the person making the reports from retaliation by the person involved in the allegedly discriminatory conduct.
5. The Consent Decree, along with policies pertinent to it, will be posted on the IED internal website by _____.
6. This notice shall remain posted for the duration of the Consent Decree.

Signed this _____ day of _____, 2004.

Morgan Stanley

HOTELS

The firm has specially negotiated rates with hotels internationally. There is a maximum limit of \$300 per night for these hotels. All hotel bookings must be made with Morgan Stanley preferred hotels, all other hotels are out of policy, except in locations where a preferred hotel does not exist. Hotels booked direct, i.e. not via American Express, will require an Exception to Policy* signature prior to being expensed. A full list of all Morgan Stanley preferred hotels is available at:

<http://iis.ms.com/corpserveu/portal/travel/index.asp>

Only cancellation fees incurred due to the Firm cancelling a trip will be reimbursed. The firm will not pay cancellation fees when incurred because another preferred hotel has become available at short notice. Any entertaining that is included in a hotel bill should be entered on the Expense Report as a separate item and attached to an Entertaining Expense Form. The following items on a hotel bill will not be reimbursed and are exception to policy*.

- Movie/TV charges
- Sundries i.e., newspapers, shoe cleaning services
- Internet charges via the hotel television

The following items on a hotel bill will be reimbursed:-

- Mini-Bars.....A maximum of £10 or equivalent per day per trip.
- Laundry.....Service should only be utilised on trips lasting 5 working days or longer.
- Tip.....Within reason
- Suit Pressing

INTERNATIONAL ADMIN POLICIES AND PROCEDURES

HOME COMPENSATION EXPENSES ENTERTAINING TRAVEL **HOTELS** GENERAL

HOTELS

Hotels in Morgan Stanley Offices

COUNTRY	DIAL IN.	THEN ENTER
The US or Canada	800 774 3009	Follow the prompts to place calls
Austria	06447271	55330
Belgium	080015593	55330
Denmark	80013120	55330
Finland	980014443	55330
France	0800336307	55330
Germany	0130822608	55330
Hong Kong	852-2845-1900	Follow the prompts to place calls
Italy	167872066	55330
Japan	0120-795-200	Follow the prompts to place calls
Luxembourg	80002918	55330
Netherlands	0800228011	55330
Norway	80011334	55330
Singapore	434-6900	Follow the prompts to place calls
South Africa	0800931014	55330
Spain	900304423	55330
Sweden	020797419	55330
Switzerland	0800551900	55330
Tk	1800-269-423	55330

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GENERAL

Personal Holiday Cancellation For Business Reasons

It is policy to reimburse MSDW employees if they incur financial losses due to the cancellation of a personal holiday for business reasons. This does not include partners/spouses where they have chosen to join a business traveller and combine business/personal trips. On a case by case basis, family holidays unconnected with business travel may be reimbursed. Copies of any relevant documentation should be attached to the Expense Form.

Overtime Meals

Where it is necessary for you to work late, Morgan Stanley will pay you a meal allowance, within the limit set out below, for meals consumed by you during any period of late working.

In order to claim a meal allowance for your meals when you are working late you must obtain the correct authorisation and produce relevant receipts. Receipts from restaurants/shops within Canary Wharf only will be reimbursed. Some divisions have accounts set up with local restaurants, please contact your Office Administration Team for further details.

The meal allowance for late working is as follows:-

Monday to Friday:

For employees commencing work at the beginning of a normal business day, you are entitled to claim a meal allowance of a maximum £15 per person after 8pm. Overtime meal allowance does not usually apply to employees working shift work however, clarification of specific circumstances can be obtained from your Office Administration Team.

Weekends & Public/Statutory Holidays:

All staff are entitled to receive one meal allowance for every five hours worked on weekends or public/statutory holidays, up to a maximum of two meals (£30) per day.

Legal And Consulting Fees

An MER needs to be completed for all legal and consulting expenses for projects which are budgeted and over \$5,000. The IMP number must be clearly indicated on the accompanying Vendor Expense Form.

Corporate Cards

Staff travelling abroad for business purposes will be provided with a Corporate American Express card. This is the preferred card of choice for employees as it allows cash advances, additional travel insurance and better management reporting of spend. Forms are available at both American Express offices. If you are issued with a Corporate card you must comply strictly with Morgan Stanley's rules governing its use. In particular:-

- This card and any outstanding balance remain the responsibility of the holder at all times and not Morgan Stanley.
- Corporate card bills are to be settled promptly.
- Late payment charges are the responsibility of the individual and are not reimbursed by the Firm.
- You must adhere to the card's credit limit as specified by Morgan Stanley.
- You must immediately advise AMEX of the loss or theft of a credit card.
- Corporate cards are for business use only.

There are no annual fees on the corporate card. Should the holder sign up for the AMEX air miles this will incur a charge to the individual that is not reimbursable.

Should you request a card with less than 5 working days to the date of travel an express charge will be levied on the first statement of £20. The firm will reimburse this charge.

TAXIS

Where the taxi is for business purposes the report must include a K code.

The Firm will not pay for taxis to work in the morning

Taxis to work are not reimbursable except at weekends and only if agreed BEFOREHAND with

management.

Personal cabs/cars are not to be booked on an MS account.

The firm will pay for cabs in the following circumstances

To and from client meetings (Dial a Cab). Do not pre-book - hail a cab, pay cash and expense.

To and from Airports (see below)

When working late, after 9.00pm in Winter and 10.00pm in British Summer Time the Firm will reimburse the employee as follows:

Those Living in Zones 1-3

Those living in zones 1-3 should get a black cab. Where possible go downstairs and hail a cab, pay cash and expense. It is more costly to ring and order a taxi. Black cabs should also be used for all business and entertainment in the City and West End, again hailing rather than booking in advance where possible.

Those Living Outside Zone 3

For those living outside zone 3 they should use Cabot Car Hire services, or where possible a local cab firm, whichever is the cheaper.

For Airport Travel

Office/City/Office - Hail and ride

Heathrow travel - To/from any London post code use Guy Salmon booked through Helen Newcombe on x54921

All other - Guy Salmon or Cabot Cars

Parking

Petrol and car parking for business purposes will be reimbursed. Please note that the firm will not pay for parking fines, irrespective of whether the parking is associated with business

Car Hire

The preferred companies for car hire are Hertz and Avis.

Market Data

All Market Data requests should be by email request to 'equityccords'.

Bloomberg and Real-Time Bloomberg feeds

These requests must have MD approval and then authorised by Scott Field-Marsham.

Evolution/all other non-Bloomberg requests

These must have MD approval.

Mobile Phones

Policy

The Firm will supply a Mid Range mobile phone for business purposes. Currently there is a choice of 4 handsets which are free of charge. If you wish to purchase a Premium Range phone (not free of charge) there are 4 available, however, the phone will still remain the property of Morgan Stanley.

All mobile phones should be ordered by completing an online form. Please contact the IT helpdesk on 58080.

It is advised that users take out Vodafone Plus insurance which covers you for theft/loss, however, this additional cost cannot be expensed.

Use of personal mobile phones

Where personal mobile phones are used to make business calls, business related calls may be claimed from the Firm via the normal expense procedure. For users in this category Inland Revenue does not allow for any portion of the rental to be expensed back to the Firm.

Best Practices

Use of Starkey to denote Personal Calls

Prior to dialling a number to make a personal call, press the starkey. This will show up on your invoice against the number dialled, assisting in identifying personal calls and your expense process for business versus personal expense.

Use of your Mobile whilst in the office

In the office, always ensure that you place internal and external calls from the nearest desk phone. This is the most cost-effective method for making such calls. Calls generated from a mobile phone will be charged at higher pence per minute rates. Calls made via a desk phone will also be of a higher quality than those placed on a mobile.

External Diverts to Mobile Phones

Set-up and activation of an external desk phone divert to a mobile phone requires business unit approval. Calls made to a desk extension will be diverted to the mobile handset and therefore charged at the higher mobile pence per minute rates, which could be domestic or international.

Toll Free Dialling from a Mobile Phone

The majority of domestic and international mobile networks charge a standard rate for Free phone or International Toll Free number access. Dial such numbers from a fixed line if within reach, otherwise these calls will be charged to your bill at the prevailing rate.

Calls made whilst abroad

Please note that when travelling abroad calls made or received from outside of your home network will be charged at higher roaming pence per minute rates. Please ensure you are aware of these roaming tariffs prior to travel and be sensitive to the time occupied on your mobile whilst roaming.

Short Dial Services

Short dialling 3+ and 5 digit functions are available to those users who make a large amount of calls internationally to MS offices and domestically to colleagues when out of the office on the move. Such calls are routed via the corporate mobile network and MS internal network.

Lost or stolen Mobile Phones

If you should lose or have your corporate mobile stolen, contact the service provider immediately to bar the handset. This will ensure that calls cannot be made on this phone and protect your account from accumulating illegal usage and associated charges. If stolen, to facilitate an insurance claim, you will need to report the theft to the Police and obtain a Crime Number.

Invoice Payment Process

Each user will receive an invoice for usage accumulated on a monthly basis. Settlement of these charges is the responsibility of the user. Failure to settle promptly could result in airtime suspension and possible cancellation.

SUBSCRIPTIONS

Morgan Stanley will reimburse the cost of books and periodicals that serve a specific business purpose. It is not Firm policy to reimburse the cost of general business publications, including but not limited to:

The Economist
Forbes
Business Week
Fortune
Newsweek
Time
Harvard Business Review
Investors Chronicle
Barrons
Financial News
Domestic newspapers (e.g. Financial Times, The Times etc.)
International newspapers (e.g. Int'l Herald Tribune, Wall Street Journal, Les Echos, etc)

BIS and Accounts Payable have been instructed to return any invoices or requests from individuals for these and other general business titles.

If you have a business case for receiving a publication, you should complete the BIS Publication Request Form (found on the BusinessLink website) and send it to your respective Operations Officer for authorisation, it will then be forwarded to Steve Souchon in Firm Management for final approval. Most

subscription periods run for 12 months; all renewals will also require the appropriate authorisation prior to renewal.

Morgan Stanley's newspaper supplier, Leadenhall News, delivers domestic and foreign newspapers and journals each day.

If you would like to organise a personal subscription, (which will not be reimbursed by the Firm) - you should contact Leadenhall News directly, tel. 020 7621 1212 or fax 020 7283 3148. They will require your name, department and floor details to set up an order. They will then send a 6 month proforma invoice. All orders for "Over the Counter" papers from Morgan Stanley employees will qualify for a 10% discount.

Stationary Orders

[Click Here To Download The Word Document](#)

Asia

Expense Policy

OVERVIEW

- All employees are expected to exercise good judgment and common sense when incurring expenses on behalf of the Firm
- Expense reports must be submitted in a timely fashion. Management reserves the right to reject expenses over 60 days old
- Client K Codes should be noted on all client-related expense reports or check requests. The K Code search tool is available at: http://web.ms.com/cgi-bin/local/institmktg/IED_TimeEntry/trading_name_search.cgi
- This policy applies to the Consolidated Equity Division (IED + EFS) in the Americas and IED in Asia Pacific. Personnel in other regions should refer to their regional policy

ENTERTAINMENT

- The Firm encourages quality time with clients discussing bona-fide business issues
- Every client-related expense report must be accompanied by a Dashboard or CIS call report

Guidelines:

Client Lunches ⁽¹⁾	US \$50 per person
Client Dinners	US \$150 per person
Client Event Tickets (Sports, Theatre, etc.)	US \$150 per person (Use of scalpers requires prior approval)
Internal Lunches ⁽²⁾	Not reimbursable except during business travel when dining on official business
Internal Dinners	US \$75 per person (Prior approval required for events in excess of \$500)
Internal Cocktails	Not reimbursable
Client / Internal Offsites, Conferences and Other Events	Above US \$2,000 must obtain prior approval from JHavens, SJohnson, IFreeman, GRamakrishnan or LColby-Jones. Functions with a total cost over US \$10,000 can only be approved by JHavens. Submit requests via the Event and Conferences site at http://web.ms.com/events/
Charitable Events / Donations	Above US \$2,000 must obtain prior approval from LHaffner or LColby-Jones. Functions with a total cost over US \$10,000 can only be approved by JHavens. Submit requests via the Event and Conferences site at http://web.ms.com/events/

Notes:

1. "Clients" include principals and representatives of current and prospective Morgan Stanley clients (and their significant others when appropriate), as well as recruiting candidates
2. "Internal" functions include solely Morgan Stanley employees

STRICTLY UNACCEPTABLE:

- Entertainment at facilities offering adult entertainment
- Entertainment at facilities that exclude use by any individual on the basis of his or her protected status (i.e., race, color, religion, age, gender, sexual orientation, national origin, citizenship, disability, marital status, pregnancy, veteran status or any other characteristic protected by law)
- Non-client related family/spouse entertainment
- Excessive bar bills
- Limousines

MBA and Undergraduate Training:

- Reasonable meal expenses may be incurred in connection with MBA and undergraduate training

Use of Internal Dining Facilities Encouraged:

- When arranging for client or internal dinners, you should consider using the firm's own dining facilities, where available

Gratuities:

- See Other - Gratuities

Gift Giving & Receiving

- Client gifts (such as flowers) are strictly limited to get-well gestures in connection with client or client family-related illnesses, condolences for client family-related deaths, or for traditional holiday tokens such as calendars and Zagat guides
- Employee gifts are not reimbursable
- Further details on Gift Giving and Receiving may be found at <http://web.ms.com/equity/giftpolicy.doc>

Entertainment of U.S. Public Officials - Federal, State and Local Gift-Giving Limits:

- See Entertainment of Public Officials at http://saseo1/appayroll/ap_web/ap/policy.htm

Marketing Expenses:

- **Analyst Marketing** - Analyst marketing consists of costs incurred while visiting institutional investors for the purpose of building relationships and discussing investment theses. The Equity Research analysts' cost centers and job number 9XER008 should be used for all your expense reports and check request forms related to these activities.
- **"Idea" or "roundtable" dinners/luncheons** - IED cost centers should be used for charges associated with "idea" or "roundtable" dinners/luncheons.
- **Corporate Marketing** - Corporate marketing expenses consist of costs incurred while sponsoring and facilitating a meeting between institutional investors and company management. The Equity Research analysts' cost centers and job number 9XER007 should be used for all your expense reports and check request forms related to these activities. IED will be charged back a portion of these costs.
- **Events and Conferences** - Please refer to the guidelines in the table above. Cost allocation will be determined on a case-by-case basis.
- **Transaction Road Shows** - All road show expenses related to transactions should be billed to a Global Capital Markets cost center, and allocated to the applicable client-job code.

TRAVEL AND TRANSPORTATION

- All business travel must be booked via the Firm's designated travel agent
- For the latest in business travel policies and procedures, refer to the Global Travel Information Website at <http://iis-na.ms.com/corpservna/portal/travel/index.asp>

AIR TRAVEL

INTRA-CONTINENTAL		
North America includes the continental US, Canada, Mexico, Caribbean and Hawaii.		
<u>Destination</u>	<u>Parameters</u>	<u>Class of Service</u>
North America Asia Australia South America	Under 1,100 miles	Coach
	Over 1,100 miles	Business- First Class if Business is not offered
Europe	All Flights	Business
INTER-CONTINENTAL		
Transatlantic		Business – MD's First Class (Business only for NY-LDN route)
All Others		Business – MD's First Class

RAIL TRAVEL

<u>Destination</u>	<u>Parameters</u>	<u>Class of Service</u>
Continental US		Club Class on reserved Amtrak Metroliner trains

Prior Authorization by Travel Exception Approver Required:

- Spouse travel
- Use of non-preferred carriers
- Upgrades to accompany a client on their chosen flight class

Strictly Unacceptable:

- Downgrading of a ticket to use the incremental portion for personal use
- Purchase of additional travel insurance
- Delaying travel (Sunday) to obtain higher class of travel

Unused Tickets:

- Unused or partially used tickets should be returned promptly to Corporate Travel for credit to the Firm

TRAVEL EXCEPTION APPROVERS:

- US – Ivan Freeman, John Havens, Shel Johnson, William O'Leary, Guru Ramakrishnan, Marc Robert, Grady Thomas
- EUROPE/LONDON – Richard Heyes, Jerker Johansson
- ASIA/TOKYO – Stephen Chamberlain, Takafumi Kagiya
- ASIA-NON JAPAN- Stephen Chamberlain, Simon Hogan, Gerard Coughlin
- SECURITIES LENDING – Marty Tell, Richard Loshiavo, Ed Marhefka
- PRIME BROKERAGE – Rich Portogallo, Stu Hendol, Lisa Colby-Jones, David Bearden, Seth Weinstein
- EUROPE/PRIME BROKERAGE – Warren Holmes, Stu Bohart

HOTELS

- The maximum allowable hotel room rate is \$300/night, exclusive of taxes. For a list of approved hotels at your travel destination: [http://hantasecs01/cs/travel/hotelprogram/onelook_citylist .asp](http://hantasecs01/cs/travel/hotelprogram/onelook_citylist.asp)
- The firm will reimburse hotel costs exceeding \$300/night only when required by lack of availability. All other exceptions must be authorized in advance by a travel exception approver
- Any charges due to failure to cancel will be the responsibility of the employee and will not be reimbursed by the Firm

Acceptable Expenses:

- Laundry Service for extended business travel
- Health Club

Strictly Unacceptable:

- Massages
- Pay TV
- Toiletry Items

Gratuities:

- See Other - Gratuities

EMPLOYEE MEALS DURING BUSINESS TRAVEL

- Employees should keep breakfast/lunch to under \$25 each and dinner to under \$50 while traveling
- The Firm will reimburse reasonable use of the mini-bar for snacks and refreshments
- The Firm will reimburse reasonable meal expense incurred by professionals travelling to other offices dining with Morgan Stanley colleagues on official business. See Entertainment Client-Internal

GROUND TRANSPORTATION

Taxi / Car Service:

- For a full listing of allowable taxi and black car usage, refer to Ground Transportation on the Corporate Services site at: <http://jis-na.ms.com/corpservna/portal/travel/ground/policy.asp>
- Life-line car service requests are to be submitted through Webride, the web-based voucher system at: <http://csappg/gts/index.asp>
- Charges for additional stops or wait-time should be paid directly by the employee and expensed via the normal T&E procedures
- Vouchers should only be used for clients and are available through your Office Manager
- Ground Transportation must be notified at carservice@ms.com of events requiring more than 10 cars

Strictly Unacceptable:

- Use of black car service phones
- Taxis and car service from home to work on business days

Car Rentals:

- The Firm recognizes Hertz or Avis rental agencies. If either rental firm is unavailable, another carrier may be used
- Employees traveling alone must request a standard or economy model
- When more than two individuals are traveling together, four-door intermediate or full size models may be reserved
- The Collision Damage Waiver (CDW) and Third Party Liability insurance coverage is included in the corporate discount rate. Do not purchase additional insurance

Personal Automobile:

- The Firm will reimburse the employee for the use of his/her personal automobile while on company business at the IRS prescribed 2003 rate of \$0.36 per mile in the U.S. This rate covers the expense for gasoline, oil and maintenance
- Parking and moving violations will be the responsibility of the employee and will not be reimbursed
- The Firm will not reimburse personal automobile use for travel between home and office on days Morgan Stanley is open for business

TECHNOLOGY & CONNECTIVITY

REMOTE COMPUTING / WIRELESS ACCESS / MOBILE PHONES

- Hardware, service and airtime charges should be paid by the individual
- Service and airtime charges are only reimbursable when explicitly approved by management for business use and processed via the normal T&E procedures
- Service and airtime charges should be applicable to client coverage areas and consistent with the corporate rates available at <http://iis-na.ms.com/corpservna/portal/index.asp>
- Incremental service and maintenance are to be prorated against business use

PHONE CALLS AND CALLING CARDS

- Calls to the office or conference calls on the Morgan Stanley internal bridges should be dialed through the Firm's Global Access menu at <http://sait10/voicel/globacc.html>
- Other business calls and personal calls while traveling on business should be charged to an AT&T calling card, procured via the Corporate Services website at <http://iis-na.ms.com/corpservna/portal/index.asp>
- Management retains the right to reject phone expenses that do not leverage one of the two above methods
- Telephone calls from airplanes and black cars will not be reimbursed except in emergency situations

OTHER

GRATUITIES

- Gratuities will normally be reimbursed up to a maximum of 20% of the bill calculated before taxes with 15% considered the norm for good service
- Gratuities will be reimbursed on food, beverages, baggage handling, bellhops and taxis only

OVERTIME MEALS

- Employees may receive a meal reimbursement of up to \$25 if they work 2.5 hours or more beyond a full workday on their regularly scheduled workdays
- If 4 to 9.5 hours are worked on a day that is not a regularly scheduled workday, employees are eligible to receive a lunch reimbursement up to \$10. If more than 9.5 hours are worked, then a meal reimbursement of up to \$25 in addition to the lunch reimbursement is permissible

CFA EXAM

- All reimbursements for the CFA Exam are contingent upon senior management approval prior to the commencement of all courses/exams
- Registration costs are only reimbursed upon passing the exam via the normal T&E procedures
- Study program/course costs, internal or external, will be reimbursed up to \$600 prior to the exam

GMAT EXAM

- All reimbursements for the GMAT Exam are contingent upon senior management approval prior to the commencement of all courses/exams
- The Firm will pay for the GMAT exam and related prep course one time
- Study program/course costs, internal or external, will be reimbursed up to \$790 prior to the exam
- Reimbursement is processed via normal T&E procedures, and is contingent upon attendance of a minimum of 5 classes and provision of a letter from the training provider confirming exam attendance

MEMBERSHIPS

- It is the policy of Morgan Stanley to reimburse officers for club membership dues and all professionals for organization membership dues when it is in the interest of the Firm's business development and explicitly approved by management
- Additionally, the Firm encourages participation in government/industry relations organizations when it is in the interest of the Firm's business development

SUBSCRIPTIONS

- The Firm will reimburse the cost of books and periodicals, which serve a specific business purpose. Subscriptions to these publications require approval of the Operations Officer
- It is not the Firm policy to reimburse the cost of general business publications

CASH ADVANCES

- See Cash Advances at http://saseo1/appayroll/ap_web/ap/policy.htm

TOKYO IED EXPENSE POLICY

This memorandum serves to remind all Tokyo IED staff of the division's Expense and reimbursement policy.

Where the Firm's Policy and the Division's Policy differs, the more restrictive policy takes priority.

1. GENERAL POLICY

- 1 All expenses incurred in Japan, regardless of cost, must be accompanied by a receipt. Credit card statements alone are unacceptable. However all expenses incurred in overseas will be reimbursed only if you submit credit card statements.
All client entertainment expense reports must be accompanied by a brief call report written in 'Dashboard'. Expense reports must be submitted **NO LATER THAN 2 months** after expenditure (No exceptions).

- 2 All expense reports must be approved by one of the following final signatories.

<i>Business Unit</i>	<i>Final Signatory-Primary</i>	<i>Final Signatory-Back-up</i>
SRM / Corporate Marketing	Hitoshi Takaseki	Scott Callon, Simon Hogan, Stephen Chamberlain
Distribution/Marketing	Takafumi Kagiya	
Product	Manabu Washio	
Trading	Shawn Bardong	
Prime Brokerage/Stock Loan	Victor Chang	
Risk Management/Admin	Scott Callon	

- 3 All expense reports are to be reviewed and approved first by your direct manager (Please refer to the attached 'Tokyo IED Pre-Approval Signatories') before forwarding to the final signatory.

2. OFFICE MEALS and ENTERTAINMENT

- 1 All office meals and entertainment expenses including tickets, gifts, and golf must be fully documented on the back of the expense report with the following information:
 - Who Name of individual(s) involved
 - Where Name and location of establishment
 - What Nature of entertainment
 - Why Purpose of expense
 - Number Total number of attendees (including yourself)
 - K CODE Required for managers' approval

- 2 Acceptable locations for entertainment include only those conducive to business, as deemed acceptable by Management.
 - Strictly Unacceptable:
 - Facilities offering adult entertainment
 - Facilities that exclude use by any individual on the basis of his or her protected status (i.e., race, color, religion, age, gender, sexual orientation, national origin, citizenship, disability, marital status, pregnancy, veteran status or any other characteristic protected by law)

- Unacceptable establishments include Copacabana, Seventh Heavens, Trap, Private Eyes, Clione, Splash, Climax, Yamazaki Ro and NoPan Shabu Shabu and other similar places
- 3 For cost control and analysis, all invoices and expense reports are now to be filed by event, not by vendor. In other words, one night of entertainment with the same client should be filed on one expense report, regardless of the number of establishments involved.
- 4 Entertainment must NOT exceed JPY 30,000/person per night. **Gifts to Client are limited to essential customary gifts such as Chugen & Seibo, and must NOT exceed JPY 10,000/gift. This policy has NO exception.**
- 5 Cigars cannot be claimed
- 6 **Expenses related to Golf entertainment must not include balls and raingear. Green fees, caddy fees and lunch only can be approved.**
- 7 Expenses for internal meals will not be reimbursed. Only in cases where there is pre-approval by your direct manager, a maximum of up to **JPY5, 000/person** will be covered. However please note that drinking expenses for internal meetings at clubs will not be reimbursed.

3. OVERTIME MEALS

Employees who work past 8:00 PM or work 4 hours or more on weekends/holidays will receive actual meal reimbursement up to a maximum of JPY 2,500/person. Overtime meal expenses must be settled by the employee and a receipt submitted for reimbursement with full details itemized

- Who
- Why (e.g. description or name of project being worked on)

4. COMMUNICATION EXPENSES/MOBILE PHONES

- 1 For frequent phone callers, the DISA service is available which allows you to access the MSJL Group's communication system from an outside location and enables you to minimize communication expenses. Also some branches offer the DISA service for visitors. For more information on the DISA service, please contact 'Tokyo II' (Networking Group ext. 4380).
- 2 With respect to mobile phone usage, the MSJL Group will reimburse business-related mobile phone charges only when the phone call statement is attached. However, hardware and the monthly base cost (Kihon-Shiyoryo) is considered a personal account.

5. BUSINESS TRIP EXPENSES

- 1 All Travel Authorization Forms require the approval from one of the following authorized signatories.

<i>Business Unit</i>	<i>Primary Signatory</i>	<i>Backup Signatory</i>
SRM / Corporate Marketing	Hitoshi Takaseki	Desk Heads
Distribution/Marketing	Takafumi Kagiyama	
Product	Manabu Washio	
Trading	Shawn Bardong	

Prime Brokerage/Stock Loan	Victor Chang
Risk Management/Admin	Scott Cailon

- 2 All travel reservations (airline, hotel, and car) must be made through the Firm's travel agency (Toppan Travel Service) with a Travel Authorization Form.
- 3 Regardless of the purpose of trip (e.g. Business trip, Home Leave or Relocation), the MSJL Group's "preferred" airlines should be used as we have negotiated volume discounts from them. These airlines currently are British Airways, United Airlines, American Airlines and Japan Airlines. Travelers may not use any other airlines.
- 4 Approved class of travel for all employees is as follows:

International Flights		Domestic Travel			
		Flights		Rail	
Managing Directors	Others	Officers (MD,ED,VP)	Others	Officers (MD,ED,VP)	Others
First Class	Business Class	Coach	Coach	Green	Coach

- 5 Accommodation Expenses
Hotel and motel lodgings will be reimbursed for business-related travel. The use of hotels that provide Morgan Stanley with a corporate discount rate is mandatory. (Please refer to the attached 'Tokyo IED Preferred Hotels')
The maximum allowable hotel room rate is USD300/night exclusive of taxes. If the room cannot be reserved under 300USD, Morgan Stanley Travel Center (Toppan Travel Service) will note it on the itinerary, which needs to be attached to an Expense Report. This will be the only situation in which the Firm will automatically reimburse a room rate that exceeds USD300.
- 6 Other expenses
The following activities can be claimed;
 - Meals: up to US\$ 150/day (No aggregation)
 - Minibar: up to US\$ 30/day (No aggregation)
 - Laundry Service
 - Health Club

The following activities can NOT be claimed;

 - Massage
 - Pay TV
 - Newspapers and Magazines
- 7 In the case of trips to/from Narita Airport, the Narita Express train or TCAT bus system should be used and taxis or hire cars should not be used. (Use of taxi to nearest Narita Express or Limousine station can be approved) Exceptions to these policies will need to be approved by an authorized signatory beforehand.

6. PERSONAL CAR

In response to the Firmwide Expense Policy, employees who use their personal cars for business use must attach receipts for parking and tolls to expense reports. Expenses related to use of personal car can be reimbursed when working over 4 hours on holidays.

7. PUBLICATIONS PURCHASE

All business-related publications must be purchased through the Business Information Service (hereinafter referred prior to "BIS").

When an employee purchases any publications by himself / herself, an approval from BIS is required prior to the submission of the expense reports to A/P. A/P will not handle any reimbursement process for expense reports without the approval from BIS.

No reimbursement will be made for purchases of newspapers, magazines, and other publications for personal use.

All employees will be held responsible for the above Institutional Equity Division policies as well all Expense Reimbursement Policies and Procedures found in Japanese and English on the Tokyo Controllers Group Homepage at

<http://ebsas30/cnt/tkcnthp/ap/index.html>

Expense reports that do not comply with said policies and procedures are subject to rejection.

TOKYO IED PRE-APPROVAL SIGNATORIES

Cost Center	Business Unit	Manager
2101	Derivatives Trading-Index	Deshpande, Maneesh
2102	Program Trading	Deshpande, Maneesh
2103	Alpha Strategies Group	Schreiber, Christopher
2401	Program Sales Trading	Butcher, Douglas
2524	Corporate Marketing Group	Kinoshita, Yuka
2453	Derivatives Agency Trading	Fiori, Matthew
2481	Portfolio Trading Middle Office	Fiori, Matthew
2488	Senior Relationship Management	Takascki, Hitoshi
2449	International Prop Trading	Niizeki, Kenichi
2494	Marketing	Kagiyama, Takafumi
3622	Non-Yen Sales	Yazawa, Masayoshi
3627	EFS-Stock Loan	Baker, Christopher
3644	Equity Product Group	Washio, Manabu
3652	Cash Trading	Fiori, Matthew
3653	Hedge Fund	Tamura, Alberto
3655	Research Sales	Imam, Arif
3656	Employee Trading	Butcher, Douglas
3657	Non-Yen Sales	Yazawa, Masayoshi
3659	Administration	Callon, Scott
3686	EFS-Management	Chang, Victor
3788	Corporates, Financials & Public Institutions	Washio, Manabu
4570	E-Commerce	Shirakura, Yumiko
9183	Non-Yen Sales Trading	Yazawa, Masayoshi
9266	EFS-Stock Loan	Chang, Victor
9267	EFS-Prime Brokerage	Chang, Victor
9277	Derivatives Trading-SNO	Bardong, Shawn
9509	Global Pension Group	Washio, Manabu
9574	Converts Sales	Tamura, Alberto
9577	Sales Trading	Butcher, Douglas
9578	Alternative Investment	Onishi, Masahiko, Tachibana, Tetsuya
9579	Documentation	Gaynor, Scott
9591	EFS-Prime Brokerage	Chang, Victor
9620	Risk Management	Gaynor, Scott

TOKYO IED PREFERRED HOTELS

-OVERSEAS

City	Hotel Name	Room Rate
New York	Le Parker Meridien NY	US\$269
	The Michelangelo	US\$260
	Doubletree Guest Suites NYC	US\$269
	Holiday Inn Crowne Plaza Manhattan	US\$259
	Marriott New York Marquis	US\$199
	Renaissance NY	US\$239
London	Canary Wharf	□225
Hong Kong	Grand Hyatt HK	HK\$1500
	Island Shangri-La	HK\$1500
	Mandarin Oriental HK	HK\$1600
	The Ritz-Carlton HK	HK\$1600
Singapore	The Fullerton Hotel	S\$210
Other Cities	See http://hantasecs01/cs/travel/hotelprogram/onclook_citylist .asp	

-DOMESTIC

See:

<http://web-jp.ms.com/cgi-bin-local/compass/cs/jp/?5500381&from=Relation>
Go to 'Leisure Travel', click 'Japan Corporate Hotel Rate'.

IED POLICY ON ASSIGNMENTS

Managers are responsible for ensuring that professional assignments, including coverage assignments regarding any particular account or client, are made on the basis of legitimate, job-related criteria. As with other employment decisions and consistent with the Firm's practice, the Firm will not unlawfully discriminate in making assignment decisions on the basis of an employee's race, color, religion, sex, sexual orientation, national origin, age, disability, pregnancy (including an authorized pregnancy/parental leave), marital status, veteran status, or status in any group or class protected by applicable laws. Similarly, managers may not consider expressed or perceived preferences of customers or clients regarding any such protected status. Depending on the circumstances, legitimate, job related criteria may include, for example, technical knowledge, product knowledge, industry/Firm knowledge and experience, analytical skills, technical skills, people skills, supervisory capabilities, sales/marketing ability, client requests for an individual or individuals, planning and organizational skills, interest and enthusiasm, teamwork, initiative, judgment, versatility, registrations, professionalism, work ethic, development needs, punctuality, attendance (except as prohibited by law), prior achievements, performance evaluations, disciplinary history, knowledge of and compliance with Firm and industry rules and/or Code of Conduct, length of service, client relationships, future growth potential, tenure, level, judgment, educational background, language, and workload. This list is not exhaustive and the manager's consideration of factors, and their relative weight, may vary depending on the circumstances.

Managers should inform employees under their supervision that, if they are interested in a particular assignment, they should advise their manager of that interest.

Employees who have an interest in a position on a different IED desk should notify an IED Human Resources representative. Whenever such a position becomes available, the responsible IED manager shall consult with Human Resources, who will maintain a record of employee interest, to identify interested employees.

IED PROMOTION POLICY

IED's promotion decisions are guided by the underlying principles of fairness and consistency. IED does not adhere to a single formula for promotion decisions, which are based on the merits of each case. For an employee to be promoted, he or she is generally expected to have demonstrated: sustained, outstanding performance; a long-term commitment to the division and the Firm; and the likelihood of even greater contributions in the future. Performance will be assessed both qualitatively and quantitatively.

Depending on level, promotion decisions are made by individual managers, promotion committees, senior IED management, the Institutional Securities Management Committee, the Management Committee of the Company, or some combination of these.

A promotion is solely not a reward for outstanding performance or seniority. While IED generally does not limit promotions to a fixed number, promotion opportunities may vary based on business needs.

Promotion criteria and the relative weight of such criteria vary depending on the individual circumstances. Central factors, however, include job skills, leadership, teamwork, respect for individuals and cultures, client-centricity, commercial orientation, PBT (profit before taxes) enhancement, entrepreneurship and innovation. As with other employment decisions, the Firm does not unlawfully discriminate in making promotions on the basis of an employee's race, color, religion, sex, sexual orientation, national origin, age, disability, pregnancy (including authorized pregnancy/parental leave), marital status, veteran status, or status in any group or class protected by applicable laws.

Consistent with the Firm's open door policy, individuals who have questions or concerns about promotion should solicit input from their managers. Upon receiving such an inquiry, the manager should work with the employee to clearly articulate steps he or she should take to improve chances for promotion. Individuals who are interested in a position on a different desk should contact Human Resources.

IED PAID PARENTAL LEAVE PROCEDURE

IED provides paid parental leave to eligible employees and complies with all applicable firmwide policies and all applicable laws regarding leave for new parents following birth, or in connection with the adoption or foster care placement of a child.

Employees who are bonus eligible will not have their bonuses prorated for the first 12 weeks of their paid parental leave. Should the parental leave exceed 12 weeks, bonuses may be prorated based on the length of time which exceeds the first 12 weeks. Additional details on the applicable Paid Parental Leave Policy can be found by clicking [here](#).

IED employees, whenever possible, should notify their HR representative within one (1) month of the estimated start date of their leave. HR will provide employees with a copy of the applicable Paid Parental Leave Policy and advise employees that they can discuss their impending leave with HR, their supervising manager and/or the Ombudsperson before taking such leave. Employees will also be informed that after returning from a paid parental leave, after the year-end promotion and compensation process concludes, or at any other time they can discuss their situation with their HR representative, their supervising manager and/or the Ombudsperson.

This procedure applies to all employees of IED. IED employees who are United States citizens but based outside the United States will be provided the most favorable of the paid parental leave benefits provided under the U.S. Paid Parental Leave Policy, the policies applicable to that employee's work location, or benefits required under local law. The HR representative covering such employees will explain these benefits at the time of the employee's initial meeting with HR.