

1.22.12. Investments in or with Clients

When an enterprise fails, disappointed investors, lenders and other third parties who suffer financial loss sometimes seek to recover from the lawyers and the firm who advised the entity. If the lawyers were also investors in the entity or the entity's principals, the lawyers' alleged loss of objectivity increases the risk of a successful third-party claim against the lawyers and the firm.

POLICY - INVESTMENTS IN OR WITH CLIENTS

The Firm's policy is that investments or other ownership interests in clients are discouraged. If you wish to make such investments or hold ownership interests, depending on the type of investment, pre-approval, disclosure and reporting obligations may attach, as follows.

1. Prohibited Investments

(a) Borrowing and Lending Money

Transactions by which attorneys lend money to or borrow money from clients are expressly prohibited except maintenance of routine accounts and borrowing with client financial institutions in the ordinary course of such client's business.

(b) Acquiring Shares in Initial Public Offerings

Attorneys may not acquire securities in the original allocation (as opposed to the aftermarket) where the Firm is acting as counsel for the issuer or any underwriter in an initial public offering.

(c) Investments in Privately Held Entities

Attorneys may not acquire securities in any private placement – whether in the form of partnership interests, membership interests, stock or debt – where the Firm is acting as counsel for the issuer or placement agent.

(d) Investments in Publicly Traded Companies

Attorneys may not invest in a publicly traded client company where the attorneys' purchases made in concert with others could lead to a change of control of the client company.

(e) Investments Based on Inside Information

All attorneys must comply with the Firm's Insider Trading policy, which is incorporated into this policy by reference.

(f) Investments While Serving as General Partner

Where an attorney at the Firm is serving in his or her personal capacity (directly or indirectly) as the General Partner in a partnership or in any similar (managerial) role with a client of the Firm, attorneys may not invest in that entity.

2. Permitted Investments for Which No Disclosure Is Required

(a) Investments in Publicly Traded Companies

No disclosure is required for an acquisition of securities of a Firm client, in the public market, where immediately after giving effect to such acquisition the attorney does not beneficially own more than 1% of the outstanding shares of such company (measured at the time of acquisition) and the attorney's total investment does not amount to more than 10% of the attorney's budgeted share of Firm income (for the year in which the acquisition occurs).

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(b) Mutual Fund Investments

Any acquisition of shares of a mutual fund which is a Firm client need not be disclosed.

3. All Other Investments in Firm Clients

All other investments in Firm clients not otherwise prohibited under section 1.22.12.(1) or explicitly permitted under section 1.22.12.(2) require prior disclosure to the Professional Responsibility Committee and prior approval by the Executive Committee. Such investments include, but are not limited to:

(a) Investments in Publicly Traded Companies

Any acquisition of securities in a Firm client that is a publicly traded company.

(b) Private Equity/Venture Capital Fund Investment

Any investments in an alternative investment fund (such as a private equity fund, venture fund, growth equity fund, hedge fund, real estate fund, fund of funds and any other pooled investment vehicle) that is a Firm client.

(c) All Other Investments

Any other acquisition of securities of a Firm client.

Any attorney proposing to make an investment in a client that requires disclosure under section 1.22.12.(3) bears the burden of demonstrating that any particular investment should be permitted. To protect the interests of the Firm, the Professional Responsibility Committee and the Executive Committee will consider all relevant circumstances, including risks to the Firm posed by the attorney's proposed investment and the steps taken to avoid any potential conflict and may impose such conditions as it deems appropriate. The Professional Responsibility Committee and the Executive Committee also will expect there to be an arrangement which isolates the investing attorney from the client work and billing responsibility. Otherwise, the request generally will not be approved.

In connection with the opening of new client or matter numbers, attorneys will be required to make disclosures consistent with this policy. In addition, attorneys joining the Firm through lateral hiring will be required to disclose any investment interests in clients which would require prior disclosure and approval, as stated above, if entered into after joining the Firm.

4. Scope of Policy

An investment by a member of the attorney's immediate family is subject to the same restrictions as if the investment were being undertaken by the attorney. The term immediate family shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, aunts, uncles, cousins and adoptive relationships or domestic partners, where any of such persons either (1) share the same household as the attorney covered by this policy, or (2) are

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acting in concert with, at the direction of, or on behalf of the attorney covered by this policy, or (3) are introduced to the investment by the attorney.

If an attorney acquires securities by gift or inheritance, or owns securities in a non-client entity that subsequently becomes a client of the Firm, if the acquisition of such securities would have otherwise been prohibited or required prior notice or approval under this policy, the attorney shall promptly notify the Professional Responsibility Counsel or another member of the Professional Responsibility Committee. After consideration by the Professional Responsibility Committee and, where appropriate, the Executive Committee, the attorney may be required to take steps with respect to that investment as required by the Professional Responsibility Committee or, where appropriate, the Executive Committee, including full disposition of the investment, consistent with this policy.

5. Receipt of Securities as Legal Fees

The Firm generally will not accept securities in lieu of a cash fee for legal services. In the rare instance where an attorney believes it is in the Firm's best interest to accept securities in lieu of fees, he or she must obtain the prior written permission of the Executive Committee. The Executive Committee will not agree to accept any part of the Firm's fee in securities for services rendered in connection with any public or private offering of securities where the Firm is acting or has acted as counsel for the issuer or any underwriter or placement agent.