

code of conduct

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**DAIN
RAUSCHER**

PREFACE

This Code of Conduct sets out the fundamental ethical and legal standards and rules that apply to everyone at Dain Rauscher. It consists of a series of policies. Each policy first states broadly what is expected of every employee. It then continues with a discussion that clarifies the broad statement and gives further detail as to what the policy requires.

The Code is organized around our obligations to each of Dain Rauscher's constituencies. It begins with general policies that apply to our relationships with all those constituents Dain Rauscher encounters in the course of doing business: clients, employees, shareholders, regulators, competitors, the media and others. The Code then proceeds to the policies that relate to each of these groups individually. It concludes with the policies concerning the reporting of Code violations.

The Code of Conduct is the framework for the other internal rules and policies that exist throughout the firm: for example, those contained in the Compliance Manual, the Employee Handbook, and the more specific policy and procedural manuals within individual departments. As such, the Code is a primary source of the ethical and legal rules governing our behavior, but not the only source.

The Code is also intended to be a starting point when ethical or legal issues arise. While the standards within the Code are unequivocal, the application of them in particular cases will not always be black and white. You should always feel free to discuss ethical or legal questions with your manager or the Legal, Compliance or Human Resources Departments.

At Dain Rauscher, we have always held ourselves to high ethical and legal standards. Those standards are now clearly delineated and accessible to all of us. Through the personal commitment of each of us to abide by this Code of Conduct, we ensure that the tradition of ethical behavior at Dain Rauscher continues into the 21st century.

- *We deal honestly with clients, competitors, regulators, vendors and all others with whom we come into contact in the course of Dain Rauscher business.*
- *We avoid creating conflicts, or the appearance of conflicts, between personal interests and those of Dain Rauscher or its clients.*
- *We do not accept more than token gifts from clients, or from anyone else with whom Dain Rauscher does or may do business. Nor do we offer more than token gifts, in order to avoid the appearance of trying to influence the conduct of another improperly.*
- *We do not trade on inside information about Dain Rauscher or any other company. We do not pass on inside information to others, except other employees with a legitimate business need to know.*
- *We keep all client information confidential. We do not misuse client information.*
- *We do not misappropriate or misuse client property.*
- *We maintain a work environment free from all forms of harassment and disrespectful or offensive behavior, including sexual harassment.*
- *We provide equal employment opportunity to all persons without regard to race, creed, color, religion, national origin, sex, age, disability, marital status, sexual orientation, pregnancy, veteran's status, status with regard to public assistance or membership or activity in a local commission.*
- *We keep our work environment free from the influence of unlawful controlled substances and alcoholic beverages.*
- *We maintain a safe, healthy work environment.*
- *We keep accurate and complete books and records according to Dain Rauscher procedures and governing law and regulations.*
- *We do not misappropriate Dain Rauscher assets, nor do we damage or destroy Dain Rauscher property. We keep Dain Rauscher documents and information confidential.*
- *We comply with all laws, rules and regulations governing our business.*
- *We cooperate with regulatory and law enforcement agencies. We comply with valid legal process.*
- *We do not make political contributions for the purpose of obtaining business for Dain Rauscher.*
- *We compete vigorously but ethically. We behave toward competing firms in a way that, if known, would withstand the scrutiny of the firms themselves, the media, regulators and the public.*
- *We do not arrive at agreements or understandings with competitors, or take joint actions with them, that would violate the antitrust laws.*
- *We do not infringe on the copyright or trademark rights of others. We do not use software unless it has been properly licensed.*
- *We communicate honestly with the media through authorized representatives of Dain Rauscher.*

There are instances where an employee may believe a significant gift should be permitted because of an independent relationship between the employee and the party. The employee should seek Legal or Compliance Department approval when the issue arises.

In the case of governmental authorities, gifts and entertainment are highly regulated by individual states as well as the Municipal Securities Rulemaking Board and others. Before offering anything to a public official—even such seemingly innocuous ‘gifts’ as a lunch or tickets to a ball game—an employee must take steps to be satisfied that the law and regulations permit it. An employee must never offer anything even of nominal value to a regulator absent some highly special circumstance that has been discussed with Legal or Compliance in advance.

In some foreign countries, U.S. companies have found that payments to government officials are required in order to secure the performance of routine governmental action. This kind of payment is permitted within strict limits set by the U.S. Foreign Corrupt Practices Act. It may be made only as a last resort and on the advice of the Legal Department.

The Compliance Manual contains more specific restrictions on gifts and entertainment. In addition, an employee may be subject to restrictions contained in a manual governing his or her specific department. Political contributions are discussed in the Political Contributions policy on page 11.

We do not trade on inside information about Dain Rauscher or any other company. We do not pass on inside information to others, except other employees with a legitimate business need to know.

“Inside information,” generally speaking, is material information that has not been disclosed to the public. Trading on inside information or passing it on to others is a serious violation of the securities laws. Misuse of material non-public information may subject the firm and its employees to regulatory and civil liability as well as criminal penalties.

Dain Rauscher has specific policies for directors and senior officers regarding trading in the securities of Dain Rauscher Corporation. These policies are designed to avoid even the appearance of insider trading. Dain Rauscher also has detailed policies regarding inside information in the investment banking context. Employees involved in investment banking, research and trading are expected to be thoroughly familiar with their departments’ insider trading policies and abide by them. All employees, regardless of their department, are expected to understand and to comply with the general prohibition on insider trading.

If an employee believes he or she has come into possession of inside information about a company and has questions about the impact on his or her daily activities, the employee should immediately notify the Legal or Compliance Departments.

RESPECTFUL WORKPLACE

We maintain a work environment free from all forms of harassment and disrespectful or offensive behavior, including sexual harassment.

Dain Rauscher recognizes each employee's right to individual respect and dignity. As a result, all employees are prohibited from (1) engaging in harassment based upon race, creed, color, religion, national origin, sex, age, disability, marital status, sexual orientation, pregnancy, veteran's status, status with regard to public assistance or membership or activity in a local commission, (2) engaging in sexual harassment, (3) engaging in other harassing or abusive behavior, and (4) conducting Dain Rauscher business in inappropriate locations. Harassment in this context includes any kind of offensive behavior directed at an employee by virtue of the fact that he or she belongs to a particular group.

Sexual harassment includes all unwelcome sexual advances or requests for sexual favors made explicitly or implicitly as a term or condition of an individual's employment. It also includes conduct that interferes with an individual's work performance by creating a hostile or offensive work environment. Examples of sexual harassment may include: sexually explicit comments, jokes or gestures; repeatedly asking an employee out despite rejections; or unwelcome touching.

It is the responsibility of each member of management throughout Dain Rauscher to implement this policy and to support it through positive leadership and personal example. It is the responsibility of each employee to contribute to the maintenance of a work environment that is consistent with this policy.

Anyone who believes he or she has been treated in a way that violates this policy may bring the violation directly to the attention of the Human Resources or Legal Departments (see "Reporting Violations" on page 16).

EQUAL EMPLOYMENT OPPORTUNITY

We provide equal employment opportunity to all persons without regard to race, creed, color, religion, national origin, sex, age, disability, marital status, sexual orientation, pregnancy, veteran's status, status with regard to public assistance or membership or activity in a local commission.

As an employer and member of the communities in which we operate, Dain Rauscher accepts equal opportunity as a responsibility we have to the citizens of those communities. This policy affects all company-sponsored activities and employment practices including recruiting, selection, placement, transfer, promotion, training, compensation, other benefits, layoff, recall and terminations. We believe that equal opportunity will help to promote diversity, which is one of our goals as a firm.

Equal employment opportunity includes non-discrimination. Dain Rauscher does not discriminate against anyone on the basis of race, creed, color, religion, national origin, sex, age, disability, marital status, sexual orientation, pregnancy, veteran's status, status with regard to public assistance or membership or activity in a local commission.

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ACCURATE BOOKS AND RECORDS

We keep accurate and complete books and records according to Dain Rauscher procedures and governing law and regulations.

The accuracy and completeness of Dain Rauscher's books and records are crucial to the legal and ethical operation of our business. Accurate tax reporting, public filings and reports to regulators all depend on the integrity of Dain Rauscher's financial records. In every endeavor of Dain Rauscher, it is critically important that data be recorded and reported accurately.

To fulfill company obligations as an employer under tax laws, wage and hour laws and a host of other provisions, Dain Rauscher's records concerning its employees must be reliable. Client records, too, must be accurate and complete in order to serve clients properly. Nearly every employee, whether filling out an overtime card or entering trading information into a database, has a part in making sure our books and records are truthful and correct. Falsification of documents is prohibited.

Employees involved in recording or reporting information are expected to be familiar with the particular standards that govern their work. An employee who is unsure of those standards in a given instance should consult his or her supervisor.

The length of time for retaining records will vary with the department and the type of record involved. Before discarding or destroying any record, an employee should determine whether a records retention/destruction schedule applies. The Compliance or Legal Departments or the Corporate Records Manager may be consulted for guidance.

COMPANY ASSETS AND PROPERTY

We do not misappropriate Dain Rauscher assets, nor do we damage or destroy Dain Rauscher property. We keep Dain Rauscher documents and information confidential.

Dain Rauscher funds and property belong, in a sense, to its shareholders—which include most of one's fellow employees. Embezzlement or misappropriation of company funds, as well as intentional damage or destruction of company property, are forms of stealing from members of the public and Dain Rauscher personnel alike.

Dain Rauscher assets include its business plans, strategies, internal policies, financial data, and other business information that has not been made public. Dain Rauscher assets also include software and other work product developed or created in the course of Dain Rauscher business. This material and information may not be transmitted to anyone outside of Dain Rauscher except in specifically authorized circumstances.

Dain Rauscher property may be used only for legitimate business purposes of the firm. Dain Rauscher computers may not be used to obtain access to or distribute inappropriate materials available on the Internet or through e-mail.

efforts of the Municipal Securities Rulemaking Board ("MSRB") to curtail "pay-to-play" practices in the public arena.

MSRB Rule G-37 is the principal regulatory tool in this area. The rule provides that certain political contributions from the firm or any employee who is a "municipal finance professional" (an "MFP") create a ban on public finance business with the relevant governmental entity for two years. **MFPs are not limited to public finance employees.** They include certain investment executives, managers and others.

Rule G-37 is complex. Those subject to it must adhere to strict limitations concerning the campaigns to which they may contribute and the amounts they may give, in order to avoid the harsh consequence of the two-year ban. Because the ban may be triggered even inadvertently, employees must take steps to determine whether Rule G-37 applies to them before they make a contribution, and comply with the rule's restrictions if it in fact applies. An employee may consult the Compliance or Legal Departments to determine whether he or she is subject to the rule.

Periodicals, newspapers and books are protected by copyright. For substantially all major periodicals/newspapers and trade publications, Dain Rauscher has received permission (through a general clearinghouse service) to make photocopies. Nevertheless, photocopying an entire publication instead of obtaining an additional subscription is a violation of federal law and injures the publisher. This practice is not permitted at Dain Rauscher.

The application of copyright and trademark principles to software is complex. Any software on an employee's computer, however, must be licensed to Dain Rauscher for the employee's use or, where specifically permitted, to the employee personally. An employee may not install any software licensed to Dain Rauscher on a computer outside of the office without Dain Rauscher approval.

OBLIGATION TO REPORT

Dain Rauscher will take very seriously any violation of any portion of this Code of Conduct. If an employee believes there has been or may be a violation, whether by the employee or someone else, the employee is required to report it to his or her manager or any of the following:

- **Legal Department:** the General Counsel, Deputy General Counsel or any other attorney.
- **Compliance Department:** the Director of Compliance or any compliance officer.
- **Human Resources Department:** the Director of Human Resources or any Human Resources generalist.
- **Corporate Audit:** the Director of Corporate Audit.
- **Finance:** the Chief Financial Officer, Controller or Treasurer.

Other, more specific Dain Rauscher policies direct reporting of certain kinds of violations to particular individuals on this list. When an employee is aware of such a policy, the employee should follow it, if possible. In any event, violations reported to any of the listed individuals will be directed to the appropriate person.

Dain Rauscher understands that reports of violations may be very sensitive in nature. Confidentiality will be maintained to the extent possible in light of the firm's obligations and the content of the report.

Retaliation for reporting a violation, known or suspected, is prohibited and is itself a violation of this Code. Self-reporting a violation of the Code, however, does not insulate the employee from discipline for the underlying offense.