

CONFIDENTIAL INFORMATION SUPPLEMENT
to the
Loan Syndications and Trading Association
CODE OF CONDUCT
As of May, 1998

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to the Loan Syndications and Trading Association, Inc.'s
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This is one of the Code Supplements referred to in the Code of Conduct of the Loan Syndications and Trading Association, Inc. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Code.

1. Purpose and Scope. This Code Supplement addresses policies and procedures relating to the use and disclosure of material confidential information in connection with transactions in the loan market. Unless otherwise specified, these policies and procedures apply to all market participants in the context of transactions relating to par/near par and distressed loans. The following is intended to be consistent with the general standards of professional integrity and fair dealing set forth in the Code and to promote confidence in the fairness of the loan market. It is not a statement of the legal principles applicable to disclosure of information in the loan market. Each market participant should assess the applicable legal requirements and adopt procedures to assure compliance.
2. Syndicate Confidential and Borrower Confidential Information.
 - a. Classification of Confidential Information.
 - i. Syndicate Confidential Information. As used herein, "syndicate confidential information" is material information provided by or on behalf of a borrower (or its affiliates) which is nonpublic except that it is deliberately made available by or on behalf of such borrower to all of the members and potential members of a particular lending syndicate. This is nonpublic information which the borrower intends to disclose only to syndicate members and potential syndicate members. This information is thus not confidential as between syndicate members and can be disclosed to prospective syndicate members upon compliance with any applicable confidentiality requirements. Syndicate confidential information may include (A) information provided in writing by or on behalf of a borrower in connection with origination of a loan and other information provided periodically in writing to the entire syndicate according to the terms of the applicable credit agreement and (B) information disseminated to the entire syndicate regarding developments or other special circumstances, whether provided in writing or orally, in each case, so long as it is material.
 - ii. Borrower Confidential Information. As used herein, "borrower confidential information" is material information relating to a borrower that is nonpublic and that is either obtained from the borrower or from another person that the market participant has reason to believe is subject to a duty not to disclose or use the information and that is not syndicate confidential information because the borrower has not deliberately made such information available to all of the members or potential members of a particular lending syndicate. Borrower confidential information includes, for example, material information provided by the borrower in private to the agent or to a limited number of syndicate members (i.e., "agent" information).

A buyer or seller will, for purposes hereof, not be considered to be in possession of syndicate confidential information or borrower confidential information in connection with

a transaction where, in accordance with its internal procedures, such information is not available for use in connection with such transaction (i.e., syndicate confidential information or borrower confidential information will not be imputed to an employee of a market participant if such employee has been insulated from such information through use of policies or procedures which restrict the communication of information within an organization).

b. Policies Regarding Trading on and Disclosure of Syndicate Confidential and Borrower Confidential Information.

- i. Syndicate Confidential Information. A market participant in possession of syndicate confidential information can trade on such information in a manner consistent with appropriate standards of professional integrity and fair dealing in the following situations: (A) the market participant has disclosed such information to its counterparty in compliance with applicable confidentiality provisions, (B) the market participant has not disclosed such information to its counterparty, but the market participant reasonably believes that its counterparty has otherwise received such information or, in the case where the counterparty is already a syndicate member, the counterparty has had the opportunity to receive such information, (C) the market participant has not disclosed such information to its counterparty but (1) the market participant has offered to disclose such information to its counterparty, (2) the counterparty has declined such information and has evidenced or is expected to evidence its decline and nonreliance in an appropriate writing and (3) the market participant reasonably believes that the counterparty is sophisticated; or (D) the market participant has not disclosed such information to its counterparty (or has disclosed and clearly informed the counterparty that it has disclosed only certain specified information such as written syndicate confidential information) but (1) the market participant reasonably believes that the counterparty is sophisticated, understands the nature and importance of syndicate confidential information and the manner in which such information can be obtained and would request it or otherwise obtain it if desired without reliance on the market participant, (2) the counterparty has not requested syndicate confidential information (or if disclosure of only certain specified information has been made the counterparty understands this and would otherwise obtain further information if desired) and (3) the counterparty has evidenced or is expected to evidence its nonreliance in an appropriate writing. Appropriate representations and evidence of nonreliance consistent with conducting transactions in accordance with the foregoing is set forth under the captions "Syndicate Confidential Information" and "Nonreliance" in the LSTA Standard Par/Near Par and Distressed Trade Confirmations. The foregoing applies to both direct and brokered trades. In the context of brokered trades, brokers and counterparties must make the representations and disclosures, through the broker, necessary to implement the foregoing no later than contemporaneously with disclosure of the identities of the counterparties.
- ii. Borrower Confidential Information. Generally, a market participant must never trade on information that is borrower confidential information, except if (A) the market participant has obtained the borrower confidential information without a breach of any duty owed by the market participant to the borrower and (B) the market participant reasonably believes that the counterparty is in possession of such borrower confidential information. Exceptions to the foregoing may be made in accordance with the internal policies of market participants which are consistent with the general philosophy of the Code.

- iii. Options on Loans. In the context of an option to purchase or sell a loan, the foregoing policies relating to trading on syndicate confidential and borrower confidential information will be applicable at the time at which the option is entered into, as opposed to the time at which the option is exercised.

- c. Due Diligence. Each market participant entering into a transaction in the loan market (as either buyer or seller) should take responsibility to ensure that it has obtained and evaluated all of the information (including, without limitation, syndicate confidential information) regarding the transaction that such market participant deems appropriate under the circumstances in order to make an informed decision to enter into the transaction. In order to become informed about a particular transaction it is recommended that a market participant review any publicly filed disclosure documents relating to the relevant borrower and loan documents and become knowledgeable about the loan market generally. It is also recommended that a market participant consider whether it should obtain syndicate confidential information relating to the proposed transaction. Syndicate confidential information should be obtainable from a member of the applicable lending syndicate, subject in many cases to the signing of a confidentiality agreement.

- d. Internal Procedures. Market participants should develop and implement internal procedures (which may include information walls, restricted lists or other appropriate procedures under the circumstances) to ensure that high standards of professional integrity and fair dealing, as well as legal requirements, are observed with respect to borrower confidential information and syndicate confidential information.