



Code of Business Ethics Guidelines

Lead
by
example

MSC

Material Sciences Corporation



Ethics Program

Essential yesterday, today and tomorrow

Have a question or concern? Call EthicsPoint

Discreet Confidential No retaliation

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To All MSC Colleagues:

When I was asked to write the introductory comments for our Code of Business Ethics Guidelines, I realized that there were few things a CEO does that are as important.

You have my personal commitment to our ethics program. I consider the success of MSC as not only by what we achieved but how we achieved it.

More than ever before, we must do the right things the right way – treating others as we would be treated. As an organization and as individuals we must lead by example.

When we lead by example, we know that each of us is responsible for our own choices. The fact that others may act under totally different ethical values can never justify our doing the same. It is no excuse that our competitors may be doing things that we will never do. The behaviors of others will never be an acceptable reason for not doing what is right. We must strive to do the right things the right way everyday.

As I look at MSC, many things have changed but many things have remained the same: our commitment to honesty and integrity, our respect for the individual and his/her contribution to our success, our service to our customers and our desire always to be a good corporate citizen and neighbor. These values serve as anchoring points for MSC, defining our reputation wherever we transact business. They speak to who we are as a people and shape the character of the organization.

In our world today, the roads we take and the choices we make may be difficult. But as you lead by example, you will continue to find that doing the right things the right way can make the world a better place.

Cliff Nastas
Chief Executive Officer

Introduction

This publication of our Code of Business Ethics Guidelines reaffirms the shared accountability each of us has to represent MSC with honesty and integrity when we deal with customers, suppliers, all third parties and with one another.

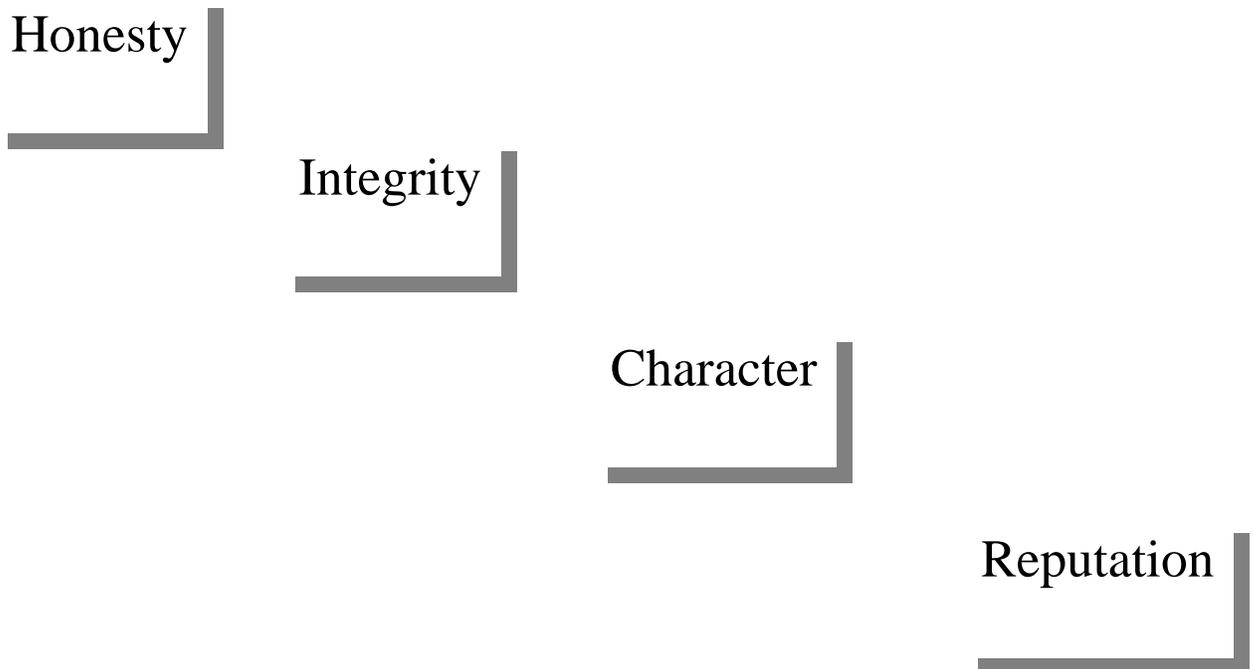
Some of the guidelines will be familiar to you. Others are new or expanded to reflect changes in our company and the countries in which we operate.

Whether you are new to the MSC family or have been contributing to our success for many years, please take the time to review the guidelines carefully.

As employees, we are expected to behave honestly and with integrity in all of our business practices. We believe that by doing so we help shape MSC's reputation – an intangible asset that, when positive, is so important to have, so easy to lose and so difficult to recapture.

As you read the guidelines you will find as with any document of this type, it is impossible to cover every ethical dilemma or legal question you may face. If you are confronted with an ethical issue for which additional guidance is required, please contact your supervisor or the confidential employee reporting tool, EthicsPoint. Additional information on raising questions and seeking clarification, as well as contact listings, are found on page 22. For the most recent version of the guidelines please visit our website at www.matsci.com.

MSC employees are expected to operate with high ethical standards and personal integrity. In conducting our business we support MSC's interests by understanding and practicing the spirit and letter of these guidelines. We will walk away from business we cannot achieve ethically and legally. Observing these guidelines is of the utmost importance to MSC. In the final analysis, the character of the organization is reflected in the honesty and integrity of each of us. Thank you for your support.



So What is Honesty?

There are two dimensions to honesty: honesty in communications and honesty in conduct.

Honesty in Communications

Requires a good faith intent to be truthful, accurate, straightforward and fair in all communications so that persons are not misled or deceived. Honesty in communications requires:

- **Truthfulness**

The ethical principle of truthfulness requires the good faith intent to tell the truth. Truthfulness precludes intentional misrepresentations of fact, intent, or opinion (dishonesty).

- **Sincerity**

Sincerity means that we will not create beliefs or impressions that are untrue, misleading or deceptive, including deliberate omissions, half-truths and out-of-context statements.

- **Candor**

In relationships involving legitimate expectations of trust, honesty also may require candor, the obligation to volunteer information that the other person needs or wants to know.

Honesty in conduct

Prohibits stealing, cheating, fraud, deception and other forms of dishonesty or trickery to acquire anything of value (including money, jobs, competitive information or the approval of others).

So What is Integrity?

Integrity is essential to all aspects of ethical behavior. It embraces but means more than honesty. Integrity refers to the ethical principle of consistency between principle and practice. Integrity requires us to treat our beliefs about right and wrong as ground rules of behavior and decision-making. It requires us to *walk our talk* and to make decisions consistent with our values, especially our ethical values. Integrity speaks to the character of an individual. There are two aspects to integrity: being principled and having moral courage.

- **Principled**

Involves the elevation of principle over expediency or self-interest and requires a consistency between words and actions. You don't just say what you believe about ethics, you show it.

- **Moral Courage**

Requires us to do what is right even when it is likely to cost us more than we want to pay and more than we think is fair. It occasionally requires us to stand up and be counted, to fight for our beliefs, to demonstrate the courage of our convictions. Because social, economic and political pressures may make it difficult for us to do the right thing, integrity embodies the idea of moral courage and is considered a fundamental measure of character.

**Integrity is not revealed
by what we say or by
what we intend – it is a
reflection of what we do**

Responsibilities for Leaders

While all MSC employees are to act with honesty and integrity, business and functional leaders are expected to exemplify the highest standards of ethical business conduct and encourage discussion of the ethical and legal implications of business decisions. A leader's responsibilities include creating and sustaining a work environment in which employees, business partners, suppliers and contract workers and consultants know that ethical and legal behavior is expected of them. Such an environment requires open and honest two-way communications and being alert to indications that unethical or illegal conduct has occurred. At all times leaders are to advance, ethically and legally, the interests of MSC. This includes notifying appropriate leaders and taking appropriate action when it is determined that violations may have occurred.

**Lead by
example**

The Rule of Reciprocity



A basic principle embedded in our commitment to honesty and integrity is the Rule of Reciprocity or the Golden Rule. Its premise is simple – we will treat others as we would like to be treated.

When we represent MSC with honesty and integrity and acknowledge the contributions of others, we contribute to an environment where teamwork and ethical behavior become the norm.

A Simple Test for Ethical Decision Making

If you are not certain that your actions are proper, a simple way to check is to ask yourself the following questions:

- ✓ How would I feel if my family or friends knew of my actions?
- ✓ Would I behave differently if I knew my actions would be reported on the evening news?
- ✓ Does this meet *"the treat others as you would like them to treat you"* test?

If the threat of public scrutiny makes you squirm, then your conscience is saying something important. Pay attention. You're playing with something that could tarnish a reputation—yours and MSC's.

If in doubt, ask. Talk it out with your supervisor.

A reputation built over decades can be destroyed overnight

Basic Policy

Employees of MSC and its subsidiaries, as well as members of our Board of Directors in their capacity as MSC Directors, must respect the laws, customs and traditions of each country in which they operate. At the same time, these persons are not to engage in any course of conduct which, even if legal, customary and accepted in such country, could be

deemed to be in violation of MSC's Code of Business Ethics Guidelines.

The descriptions following each subject heading are not meant to limit the obligation of these persons to follow the highest ethical standards of honesty and integrity. Neither are the references to laws intended to be complete.

This Code of Business Ethics Guidelines apply to MSC Directors, Officers of Material Sciences Corporation and all employees of MSC and its consolidated affiliates.

Employees and Employment Practices

MSC seeks to create a workforce that is a reflection of the diverse populations found in the countries and communities in which we operate. We value the service of all employees and expect employees to be treated with dignity and a sense of worth. As such, we demand a work environment free from harassment of any kind and work to protect those victimized by such practices.

Throughout the world we are committed to practices that result in the inclusion of all employees and that advance equal employment opportunity for qualified individuals. We believe and recognize that all people are unique and valuable and should be respected for their individual abilities and contributions. Wherever we operate we reward employees' efforts through a competitive merit-oriented compensation program in keeping with local practices. We strive to provide challenging, meaningful and rewarding opportunities for personal and professional growth. We support, as far as possible, employees' work-related aspirations through continuing education and professional development offerings.

When the realities of the highly competitive global marketplace make it necessary for the corporation to reassess its organizational structure, MSC will respect the dignity of the affected employees and ensure they are treated appropriately. We will inform employees quickly and fully on issues affecting them and listen, seek to understand and consider their ideas and concerns.

Employee Privacy

MSC respects employee privacy and has documented practices to safeguard the confidentiality of employee records. The collection, storage, usage and distribution of personal information comply with global data protection legislation including the European Union Data Protection Directive and other regulations if required or applicable. MSC uses personal data strictly to ensure effective operations and will not sell personal data (or give it without an employee's consent) to any other company not performing work on our behalf.

Questions on our data protection practices should be forwarded to the corporate human resources office.

Environmental, Health and Safety (EHS)

A fundamental principle of our business is excellence in protecting our employees and customers, the communities in which we operate, and the environment. All employees are responsible and accountable for superior performance in the health, safety and environmental aspects of their daily work.

MSC conducts its business in an ethical, legal and socially responsible manner. Throughout the product life

cycle—from our product and process design to the customer's final disposal of the product—we proactively integrate well-founded health, safety and environmental management practices into our daily operations.

Our approach stresses the efficient use of all natural resources and sustainable development, which emphasizes meeting the needs of the present without compromising the ability of future generations to meet their needs. We minimize risks inherent to the daily operation of our business and eliminate processes and substances for which the associated risk cannot be effectively minimized.

In addition, the corporation works with our neighbors, customers, suppliers, educational institutions, public interest groups, industry associations and governments worldwide to address a broad range of EHS issues.

The key to continuous improvement is the contribution and commitment of each employee. How employees perform their jobs impacts the environment and the health and safety of themselves, other employees, our customers, and the communities in which we operate. All employees are to perform their jobs safely, maintain high EHS awareness and encourage their co-workers to do the same.

The corporation complies with all applicable laws and regulations in countries where we do business. As part of our shared accountability, employees have an obligation to follow company policies and procedures, actively participate in compliance with regulations applicable to their work, and to report violations. If you are uncertain about laws and regulations or want to report suspected violations, contact EthicsPoint

The Responsibility to Protect

Corporate Assets

MSC's facilities, equipment, materials, property and other assets have been acquired through the hard work and investment of many stakeholders in the corporation's success: employees, shareholders, customers, suppliers, subcontractors and others. These assets are intended to advance the many interests of the corporation. Employees have perhaps the largest and most immediate interest in that success and the largest obligation to safeguard the assets necessary to achieve it. Though it may not be your specific job to guard equipment, materials and other assets, you should report conditions that threaten the security or condition of corporate property to your supervisor. Our global facilities have rules pertaining to internal security that are critical to the orderly operation of our business. We have a shared accountability to honor the safeguards designed to protect our property, computers, sensitive information and the tools and equipment we are entrusted to use.

We also must protect and use MSC's assets properly. While employees are occasionally permitted to perform routine personal tasks while at work, such as calling home briefly to check on a child, sending an e-mail message or making a copy for personal use, excessive non-routine and expensive use of company time, assets or equipment is not permitted. Anything more than minimal use of company resources for personal, community or charitable purposes must receive prior approval from your supervisor.

Confidential Information

Information is a key asset of many companies including MSC. While the sharing of information is necessary

to meet the needs of our businesses and their employees, all employees are responsible for protecting information belonging either to the corporation or entrusted to it by third parties. Misappropriation of confidential information is easier than ever before with the Internet, telecommunications and ease of global travel. If MSC is to maintain its strength in its position as a world leader, we must prize and protect that information comprising our important intangible assets—patents, copyrights, trademarks, trade secrets and all other types of intellectual property and proprietary information, such as technical information, pricing policies, business and strategic plans, customer lists and profiles, budgets, employee information, organizational charts, manufacturing costs, product specifications, software, information related to litigation and similar information entrusted to MSC by third parties. Because company confidential information is not always marked as such, ask your supervisor if you are not sure.

Proprietary information belonging to other companies must be given protection against unauthorized disclosure and use consistent with the specific obligations MSC agreed to when it accepted such information. In the absence of such specific obligations, third party proprietary information is to be given the protection against unauthorized disclosure and use that we give our own information.

In your previous employment, you may have learned, or been given access to, proprietary information belonging to your prior employer and its clients or suppliers. You may be obligated to continue to protect any such proprietary information obtained from prior employment. To assist MSC in understanding the full extent of any commitment you may have made to your former employer or other third party, copies of all non-compete, non-solicitation or similar

agreements with former employers must be provided to your manager and MSC's corporate human resources department.

Access to company confidential information should only be given to employees who have a need to know in order to do their jobs. Release of such information outside the corporation requires proper authorization. Employees should be very cautious when communicating or discussing company business publicly—in restaurants, on airplanes, or on public pay or cellular phones. Extra care must be used when transmitting confidential materials via fax, e-mail or through wireless communications. Public disclosure of confidential information via the Internet (e.g., in chat rooms), is inappropriate, may be illegal and is a violation of these guidelines. The electronic distribution of confidential documents to customers, suppliers, MSC employees and other authorized recipients should be marked as such.

Inappropriate handling of such information could lead to a loss of trust by customers, subcontractors and suppliers alike, as well as subject the corporation to liability for damages. Proprietary information from another company—either marked with a confidential or other restrictive legend or unmarked—may be disclosed and used only as authorized by the owner company. The obligation to protect MSC's and third party proprietary and confidential information continues even after you leave the company.

Corporate Information Systems

MSC's use or future use of information technologies such as the Internet, intranet, electronic mail (e-mail), voice mail, fax machines, wireless technologies and teleconferencing enables the sharing of ideas and open discussion for

problem solving on a new level. The corporation encourages use of the Internet as a strategic business and learning tool. When using such systems, it is important to remember that we are visible and recognized as employees of the corporation. Often it is like wearing a MSC badge in a public place or sending out a memo on company letterhead. This means we each have to follow the company values that insist on honesty and integrity and treating others with dignity and a sense of worth. Naturally this means we will not use MSC's information technologies to download or upload materials that conflict with those values, whether during or after work.

MSC equipment is not to be used to gather or distribute offensive, sexually suggestive, discriminatory, harassing, pornographic or other inappropriate data or information. Any unintentional contact with such a site requires the user to avoid exposing anyone else to the material which should be deleted immediately from computer storage. Employees need to treat the Internet and related technologies with the same ground rules we have always used for other forms of communication. We conduct ourselves professionally and courteously.

E-mail messages should be composed with the same care you take in composing a company memorandum. E-mail should be used only to support and expand MSC's business objectives and the content of such messages should be limited to business issues only. Employees should not use the e-mail system to advance personal or political views, communicate jokes or inappropriate sexually explicit or offensive statements, unauthorized solicitations, for chain letters or for conducting personal business including day trading. The use of profanity, derogatory remarks, discriminating or harassing comments, innuendo and threatening or abusive language is strictly prohibited.

To maintain the security, integrity and business purpose of our multiple information technologies, employees should take necessary actions to safeguard all passwords and identification codes to prevent unauthorized access to the corporation's information systems.

The corporation reserves the right to block offensive, illegal and non-business related sites and to monitor and intercept the entire content of any messages transmitted or stored in its system, including information that has been deleted by users. As with other forms of MSC business correspondence, information obtained from and communication made via information technologies are not private. Monitoring activities, when undertaken, will comply with any statutory requirements. Any employee who receives any inappropriate communications on the above systems should notify supervisory personnel.

Copyrighted Materials

At MSC we are committed to respecting the rights of others (treating others as we would like to be treated), and we are steadfast in the protection of our own intellectual property, patents and copyrights. Copyright laws provide the author of a work with the exclusive right to copy, distribute, adapt, sell and perform the work. Such laws exist to varying degrees throughout the world. Many materials that MSC employees use in the course of their work are protected by copyright laws. Some examples include computer software, CD-ROMs, books, audio and videotapes, DVDs, trade journals, magazines and web sites. Unfortunately, the accessibility of copying machines and personal computers has made copyright infringement a more common risk. Reproducing, distributing or altering

copy-righted materials without a license or the permission of the copy-right owner or authorized agent is forbidden. Computer software licensed by MSC must not be illegally copied for personal, company or customer use. It is not permissible to copy excerpts of copyrighted materials for use in editorial or research purposes without prior approval. MSC may have obtained approval for limited copying of material if that material is covered by a subscription and/or license agreement explicitly allowing copying of material.

Business Reports, Recordkeeping and Expense Reports

MSC strives to meet reasonable requests for information. We voluntarily publish reports on our environmental, health and safety activities and performance, and share information about our guidelines on ethical and legal conduct. We maintain close and honest relationships with the financial community and the media, regularly and willingly informing them about significant developments. As such, complete, accurate and timely records are essential to effectively manage MSC. Certain legal reporting requirements also demand that MSC's books and records accurately reflect corporate transactions.

Information must be recorded and reported with honesty and integrity. This includes accurate recording of time worked, business expenses incurred, research, engineering and other test results, production data, emissions to the environment and all other business-related activities. Accurate and reliable internal records

and reports are critical to the corporate decision-making process of managing with data and to the proper performance of MSC's financial, legal and reporting obligations. Financial records must accurately reflect transactions and conform with Generally Accepted Accounting Principles for both local statutory reported needs and for reporting trial balance information into corporate consolidations. No entry may be made on the company's books and records that intentionally hides or disguises the true nature of any transaction. If an unintentional error is discovered it must be corrected openly and promptly. Employees are expected to enter all financial transactions on the books in a timely manner and support all payments with appropriate invoices, receipts, expense reports or related documents. No undisclosed or unrecorded funds or assets may be established. No customer or distributor is to be overinvoiced to create funds for any unlawful or improper use or for any other reason. Conversely, no customer or distributor is to be under-invoiced so as to facilitate avoidance of import or customs duties or sales tax.

Properly maintaining corporate records is also very important. To address this concern, controls have been established to assure that records are maintained for required periods and that records no longer needed are destroyed on a timely basis. Record retention schedules should be reviewed regularly and followed consistently.

Corporate Disclosures

As a public company, MSC is required to file various periodic and other reports with the Securities and Exchange Commission (SEC). It is MSC's policy to make full, fair, accurate, timely and understandable disclosure in reports and documents it files or submits to the SEC and in other public communications made by MSC.

In regard to expense reports, employees are expected to follow the provisions of the separately published policy on travel and entertainment expenses available from the human resources department.

The Chief Executive Officer, Chief Financial Officer, Controller and every other officer of MSC are required to promote compliance with this policy by all employees and to abide by MSC's standards, policies and procedures designed to promote compliance with this policy.

Conflicts of Interest

A conflict of interest arises when the personal interests or activities of an employee appear to or may influence that employee's ability to act in MSC's best interests. We have a shared accountability to act solely in the best interest of MSC to the exclusion of personal preference and private gain. A conflict of interest situation can arise when we make purchasing decisions based on our self-interest rather than MSC's, when we take on outside work that makes it difficult for us to perform our MSC work objectively and effectively or when we engage in relationships (whether romantic or personal) that might impair an employee's independence or judgment. Conflicts of interest also arise when we or members of our family receive personal, unearned benefits as a result of our position in the corporation. It is impossible to list every situation

where such conflicts could occur, but the following guidelines may help you determine whether or not certain actions are conflicts of interest. These guidelines are intended to be restrictive.

Any transaction or relationship that could potentially result in a conflict of interest must be disclosed to your supervisor or corporate human resources.

Gifts and Entertainment

In general . . .

MSC's guidelines on gifts and entertainment apply to anything given as a result of a business relationship for which the recipient does not pay fair market value. This includes such things as travel, lodging, goods, services and entertainment. The guidelines apply at all times; they do not change during traditional gift-giving or holiday seasons or during the planning of a company event. Building good working relationships with customers and suppliers is an important aspect of doing business and getting to know one another socially can be an important part of the process. Business gifts and entertainment are courtesies designed to build understanding and goodwill among business partners. In some cultures they play an important role in business relationships. The problem arises when they begin to compromise or even appear to compromise our ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business interaction involves you in a conflict of interest situation.

For this reason, MSC requires moderation and discretion in the use and acceptance of gifts, entertainment and other courtesies. These should be offered and accepted only where appropriate and reasonable; they may not be offered or accepted

where prohibited by law, policy or regulation or where the appearance of impropriety may occur. Employees have an obligation to exercise a high level of ethics and propriety in conducting business and to act solely in the best interest of the corporation when dealing with business associates.

Gifts

While MSC generally discourages the offering and accepting of gifts, it is recognized that under certain circumstances such practices may be appropriate. Gifts of nominal value, or normal business sales promotion items, may be offered or accepted if they are customary in the trade and would not cause, or appear to cause, the donor to be embarrassed or the recipient to be obligated. Nominal gifts should not be mailed to or received at one's home. For purposes of these guidelines, gifts valued at or perceived to have a retail value greater than \$100 (U.S.) are not considered nominal. When local customs or other circumstances make it very difficult or embarrassing for an employee not to offer or accept a gift with a value in excess of \$100, the employee must report the acceptance or the offering of the gift to corporate human resources. Depending on the value of the accepted gift and circumstances, the gift may become company property.

Gifts received, or won, while an employee is participating in an event as a representative of the corporation are also subject to these guidelines. A gift to an employee's spouse, partner or other family member is also considered to be a business gift subject to our guidelines. Under no circumstances are employees to solicit personal gifts, cash, cash equivalents, loans, travel or personal discounts from MSC business contacts.

Entertainment Expenses

Business entertainment (including meals, golfing, lodging, and transportation) should be reasonable and appropriate for the occasion. Good judgment must be exercised, and entertainment must not appear unusual, lavish or extravagant as viewed by an objective third party. A legitimate business purpose for all entertainment must exist and, if an employee expense report is to be filed, appropriate documentation supporting the expenses must be provided in accordance with corporate policy. To avoid the appearance of an obligation or of improper influence, both the business associate and the employee must be present.

Offering and accepting invitations that require travel and extended guest status such as golfing, skiing, sporting events, fishing and hunting are rarely appropriate. Exceptions can be granted in special circumstances but require advance management approval.

As noted earlier, there are some cases where refusal of an inappropriate gift would cause embarrassment and hurt to the person offering it. This is particularly true when you are a guest in another country, and the gift is something from that country offered as part of a public occasion. In these cases, the best practice is to accept the gift on behalf of the corporation and report it to your supervisor and corporate human resources. Likewise, in some circumstances, MSC may offer a gift as a part of a public occasion. Such gifts must be approved in advance, accurately and completely accounted for and reported on company books and records.

Purchasing Decisions and Supplier Relations

Personal conflicts of interest must be avoided when making purchasing decisions. Whether you are purchasing office supplies, production equip

ment or raw materials or requesting travel arrangements or hotel accommodations, such decisions must be made with MSC's best interests in mind.

When dealing with, influencing or making decisions affecting suppliers, employees must be careful not to inadvertently obligate either themselves or the corporation to a supplier. When conducting business with suppliers, employees are expected to act fairly, objectively and in MSC's best interest at all times. We are committed to making purchasing decisions based on need, price, quality, service and supply capabilities. In practice, this means no employee will accept or solicit any benefit from a supplier or potential supplier that might compromise—or even appear to compromise—his or her objective assessment of the supplier's product. Such benefits include personal gifts, cash, cash equivalents, loans, travel, personal discounts, employment offers for family or friends, or anything else of other than nominal value. All invoices submitted by a supplier or vendor must be in writing with sufficient and accurate descriptions of all services rendered and applicable charges. No employee will require suppliers to give up trade with our competitors nor require suppliers to buy our products to retain their supply agreements with us. No employee will pressure another employee to make a purchasing decision motivated by that employee's personal self-interest. To avoid even the appearance of putting pressure on suppliers, no MSC employee will solicit or accept gifts of merchandise or services from suppliers for company events or charitable activities.

MSC employees must respect and protect any confidential or proprietary information a supplier shares with us. We also should not hesitate to let our suppliers know we expect them to do likewise.

Family and Friends

While conflict of interest guidelines are not intended to unduly interfere with employees' families or personal lives, there are situations where the actions of family members and close personal friends may constitute a conflict of interest for the employee. A conflict of interest could arise if you—or your spouse, a relative, a former or current co-worker, or a close personal friend—have a personal stake in a company that supplies or seeks to supply goods or services to MSC, is a MSC customer or potential customer, or competes with MSC. If such situations exist, you should follow the standards listed below:

- If you, your spouse, a relative, a former or current co-worker or a close personal friend is an employee of, or has a financial interest in a business that provides or is seeking to provide goods or services to MSC, you must not attempt to use your position with MSC to influence the bidding process or negotiation in any way. If you are directly involved in supplier selection or purchasing functions, you must declare this conflict of interest to your manager immediately and be removed from the decision-making activity. Similarly, you must not use personal relationships to improperly influence dealings with a customer or potential customer.
- If you have a relative or friend who works for a competitor, you should make your manager aware of the situation. Potential problems can then be discussed.

Quarterly Disclosure

In the summer of 2002, the U.S. enacted the Sarbanes-Oxley Act to promote financial and accounting reform. This law was a reaction to corporate accounting scandals and calls for increased emphasis on accurate quarterly reporting. We strengthened our procedures accordingly. The Chief Executive Officer and Chief

Financial Officer are required to personally certify to the accuracy of MSC's financial disclosures as well as the adequacy of our internal controls with each quarterly filing with the Securities and Exchange Commission (SEC).

We obtain quarterly representation letters from finance managers, and other levels of management to assist in the preparation of MSC's financial statements and to support the CEO and the CFO's signature of certification to the SEC.

One of the **specific** representations in MSC's quarterly letter relates to potential conflicts of interest. As a company, we must ensure that all transactions are at "arms length" — that all potential parties to a transaction have an equal opportunity to conduct business with MSC.

The representation states that the company (entity/subsidiary/division) has not purchased any goods or services, or had any other transaction with an outside party who is related to either the purchasing decision maker or a member of the company's management team. A related party is defined as an individual (or a business entity which that individual owns or is employed by) who is: (1) a current or former employee of the company or MSC; (2) related by blood, marriage or cohabitation to a current or former employee of the company or MSC; or (3) serves or has served as a director of the company or MSC.

All transactions that meet these criteria **must** be disclosed regardless of materiality. Disclosure does not necessarily represent an inappropriate business relationship or transaction. If the disclosure is found to be conflicting, appropriate action will be taken to ensure proper compliance.

Employment Outside the Company

While MSC has no desire to interfere with the personal lives of its employees, certain employment situations outside MSC raise potential conflict of interest situations. In some cases, MSC employees may be involved in outside businesses that are not MSC competitors or suppliers or may hold political office or serve on civic boards. These situations do not necessarily constitute conflicts of interest, but it is the employee's responsibility to ensure that this activity does not conflict with MSC's interests. This requires keeping the two activities strictly separate by:

- not doing work related to the other organization on MSC time;
- not using MSC equipment and supplies, or the time of any MSC employee for your outside work;
- not promoting products or services from an outside business to other MSC employees during working hours;
- not attempting to sell products or services from an outside business to MSC; and
- not using your MSC employment or your position in the company to promote an outside business.

Other employment situations clearly give rise to a conflict of interest and should be avoided. They include requests to serve as directors or officers of, or consultants or employees for any organization that supplies goods or services to MSC, buys goods or services from MSC or competes with MSC. Individuals should not accept such work without appropriate senior management approval. Additionally, employees may not act as consulting or testifying expert witnesses at the request of third parties without prior approval by corporate human resources.

Ownership in Other Businesses

MSC employees should not own, directly or indirectly, a financial interest in any business entity that does or seeks to do business with or is in competition with MSC unless specific written approval has been granted in advance by the chief financial officer. As a guide, financial interest is defined as ownership by an employee and/or family member(s) of more than 1% of the outstanding securities/capital value of the business entity.

Misappropriation of Business Opportunities

In some cases, MSC may be interested in business or investment opportunities identified by an employee or made known to an employee as a result of one's contact with customers or suppliers. In such cases, an employee is expected to advise chief financial officer or corporate human resources of such opportunities or investments before acting on them privately.

Misuse of Confidential Information

As an employee, you probably have access to information that MSC considers proprietary. Because others can profit from your access, it is important not to use or disclose proprietary information except as authorized by the corporation and to provide adequate safeguards to prevent loss of such information.

Material Information and Insider Trading

MSC employees have access to information that investors outside the corporation do not have. An employee must not make investment decisions or influence anyone else's investment decisions regarding company stock or the stock of any company with which we do business while in possession of material inside information.

Investment decisions include transferring in and out of MSC Stock Funds in the Profit Sharing and Savings Plan. Insider trading means buying or selling shares or other securities while in the possession of confidential material information about MSC, its customers or suppliers. Material information is information that would be important to a reasonable investor in deciding whether to buy, sell or hold stock including non-public information about MSC's earnings, new products, pending mergers or acquisitions, alliances, partnerships or business gains or losses.

Insider trading is both unethical and illegal. It is unethical and may be illegal to pass on to anyone non-public material information that comes to your attention in the course of your employment other than in the necessary course of business. Everyone should be careful not to disclose any non-public information to family members or friends. Employees who involve themselves in insider trading (either by personally engaging in trading or by disclosing confidential material information to others) are subject to immediate termination and may be subject to prosecution.

MSC's Global Commitment to Ethical and Legal Requirements

MSC wants to earn business on the basis of the superior value it provides through its services, products and prices, not through improper, unethical or questionable business practices. As a global corporation, MSC has a time-honored tradition of conducting business in an ethical and legal manner. Being a global corporation means understanding and complying with legal requirements in different countries, with the bottom line being that all activities, regardless of where they occur, must fall

We will walk away from business that cannot be achieved ethically and legally.

into harmony with our corporate philosophy of insisting on honesty and integrity in dealing with customers, suppliers, all third parties and with one another no matter where they occur in the world.

MSC employees conducting business internationally are required and expected to comply with all applicable laws and regulations. Compliance with such laws, as well as company standards including our Code of Business Ethics Guidelines, is required even if they seem inconsistent with global practice or place the company at a competitive disadvantage. The fact that our competitors may behave differently is not an excuse for failing to meet the requirements of these guidelines. Moreover, a customer or supplier request is not an acceptable reason for circumventing our guidelines.

Fair Competition and Antitrust

Dealing with Customers

Certain activities with respect to customers, such as pricing below cost, price discrimination, exclusive dealing, requiring tie-in sales or disparaging a competitor's products or services can raise serious antitrust issues. This section describes these practices generally and identifies those situations where it is important to consult with the chief financial officer before taking action.

Predatory Pricing/Pricing Below Cost

Predatory pricing arises where below-cost pricing is intended to drive out

smaller rivals and allow the firm to control market pricing of its products. Antitrust rules in this area are very complex and you are encouraged to contact the chief financial officer when pricing below cost questions arise.

Price Discrimination

Another pricing practice that may raise antitrust or regulatory concerns is discriminating in price, promotional allowances or services between different purchasers of the same or similar goods or offerings. In some circumstances, a court may look to the "net" price of a product sold to different purchasers after deducting the value of incentives, allowances and other services. On the other hand, the law provides defenses for discriminatory prices that are necessary to compete. Also, there are many situations when a different price to another customer (s) is legally justified, as where the sales volume is substantially different or the product or customer (s) is participating in a different business or economic market. Here again, discriminatory pricing law is very complex and you should contact corporate management whenever any of our prices could be regarded as discriminatory.

Disparagement of Others/Describing our own Products

Although we can compare our products and services to those of our competitors, we must be careful in our day-to-day marketing contacts with our customers not to make untrue comments or comparisons about our rivals' products or services. It is legally permissible to explain to customers the negative aspects of a competitor's products and services as long as the description is not misleading and is relevant to the particular sales situation. Of course, it goes without saying that our own products must be accurately represented to our customers.

Tying

Tying arrangements occur when a seller requires a buyer who desires one product (or service)-called the tying product-to purchase a second product (or service) that the buyer may not desire-called the tied product-as a condition of purchasing the first product. If the seller has a very strong market position in the tying (or desired) product and could cause an adverse competitive impact on the market for the tied product, the seller risks a charge that the arrangement constitutes an illegal tying arrangement. On the other hand, it is generally acceptable to offer a combination of products and services in a sales offering in order to establish added value for the customer and to make the offering as a whole more attractive. It is strongly suggested that the chief financial officer be consulted in advance of such offerings to discuss any potential arrangements that might be considered illegal.

Reciprocity

Reciprocity means agreeing to buy the products or services of a supplier on the condition that the supplier also agrees to buy products and services from us. A company with great buying power in a particular market should be particularly careful to avoid using that buying power to coerce its suppliers to buy its products and services. However, in many cases reciprocal arrangements may be legally acceptable because they are beneficial to and desired by both parties. The chief financial officer should be consulted prior to entering into reciprocal arrangements.

Exclusive Dealing Arrangements

Exclusive dealing arrangements include contracts in which a buyer agrees to purchase all of its requirements for a particular product or service from one supplier. Often such arrangements are permissible under the antitrust laws and the courts have

recognized that they can be pro-competitive-as, for example, when the agreement is for a reasonable duration and the buyer benefits by stabilizing the price it pays or by assuring availability. If there are questions on the legality of an exclusive dealing arrangement, such arrangements should be cleared with the chief financial officer in advance, because they may in certain circumstances unreasonably reduce competition.

Dealing with Competitors

United States antitrust laws, the European Union Competition Law and the laws of many other countries are designed to preserve a competitive economy and to promote fair and vigorous competition. A person or company purchasing goods in the marketplace should be able to select from a variety of products at competitive prices that are unrestricted by artificial restraints such as price fixing, illegal monopolies and cartels, boycotts and tie-ins. MSC believes in open and fair competition and is committed to conducting its business throughout the world in compliance with these laws.

It is MSC's policy to make its own independent decisions concerning what products and services to offer, where and how to offer and produce them, how much to charge for them and to do so without any consultation or notice to any competitor. As such, discussion of any of the following subjects with competitors (either directly or through an intended intermediary), whether relating to MSC's or the competitor's products, is prohibited without the express approval in advance by the chief financial officer.

- past, present or future prices
- pricing policies
- bids
- discounts
- promotions
- profits
- costs

- terms or conditions of sale
- royalties
- warranties
- choice of customers
- territorial markets
- production capacities or plans
- inventories

The above does not apply to discussions with a competitor that are for the sole purpose of co-producer sales or purchases. In such discussions, however, care must be taken to avoid any discussions concerning the division of selling or producing territories.

Additionally, it is never appropriate to discuss the pricing to one customer with a competitor of that customer or be influenced by one customer as to our offering price to another.

An antitrust violation, even in connection with a minor transaction, can have severe consequences for individuals, including imprisonment, and can result in major financial penalties and loss of reputation for MSC. As antitrust and competition laws are very technical and vary from country to country, questions about these laws should be directed to the chief financial officer.

Participating in Industry Associations

MSC belongs to a number of industry and trade associations. Because such associations bring competitors together to discuss issues of concern to our industry, contact with competitors at such meetings is unavoidable. Although these contacts are constructive in many ways, they are not immune from antitrust laws. Employees should adhere to the following guidelines and assure that the industry or trade association:

- has well defined, constructive objectives and programs that are designed to promote the overall interest of the industry and the public;

- consists primarily of standing committees with specific and limited functional purposes;
- maintains various procedural safeguards applicable to the structure and operation of committees;
- retains counsel to help ensure full observance of its policies and procedures and to provide guidance and protective advice from an antitrust standpoint; and
- limits contact to situations that do not violate-or even appear to violate-antitrust principles.

If at any trade association meeting you become aware of any formal or informal discussion regarding prices, discounts, exclusion of members, terms and conditions of sale, refusal to admit members or to deal with a customer, or standardization among members of terms, warranties, or product specification, you should abruptly leave the meeting and immediately bring the matter to the attention of the chief financial officer so that MSC's proper behavior can be documented.

Employees who serve as committee members or who participate in industry associations should know enough about the subject of antitrust to be able to avoid actions or discussions that might raise questions.

Gathering and Using Competitive Intelligence

This section of the Code of Business Ethics Guidelines deals with seeking, receiving and using information about MSC competitors that may come to us from customers, agents, suppliers, or others in the marketplace or government. Please note that this section does not deal with contacts or information exchanges directly with competitors. Many of those contacts and exchanges are expressly

prohibited by law and our ethical guidelines. That subject is separately addressed in the section titled "Dealing with Competitors."

In general . . .

Our company needs accurate information about the activities of our competitors, and it is part of the job of our employees to obtain it. These guidelines are not intended to discourage you from gathering it. To the contrary, you are affirmatively encouraged to gather such information.

At the same time, the laws of many countries forbid the theft of confidential business information and trade secrets. Some methods of information gathering are specifically outlawed (e.g., eavesdropping, bribery, etc.) and other methods, while technically not illegal, are clearly unethical under our MSC standards (e.g., looking for discarded documents in trash bins, secretly tape recording a conversation with a customer, removing documents or information from the office of a third party, etc.).

But there are many ways to gather and receive information about competitors that are legal, ethical and encouraged. These guidelines are intended to help you make good judgments when you have the opportunity to receive information. You are urged to review them frequently if you work in a position that places you in contact with customers, suppliers, agents or others in the marketplace with information related to our competitors.

As it is impossible to anticipate every situation that may arise it may be necessary to consult with the chief financial officer before deciding to take custody of information, before communicating it to others within our company, or before making any use of it. It is always appropriate and you are

encouraged to seek advice from these offices, even if you are reasonably certain that an appropriate method has been used to obtain information.

The message is: Do gather and obtain information relating to competitors (*but not from competitors themselves*). And pay attention to these policy guidelines when you do.

Specifically . . .

It is appropriate and you are encouraged to ask customers and suppliers if there is any information about competitors that they are free to share with MSC. But it is important when asking to state also that MSC does not want to encourage any disclosure that would interfere with any contractual obligations the customer or supplier might have or that would place the offering person's position in jeopardy if they were to supply it.

When a third party (often a customer or supplier) offers information about the activities of a MSC competitor, including information about the price of a competitor's product, product brochures or MSDS sheets, the information may be received and communicated to others within MSC without clearance by the chief financial officer unless:

1. The offering party asks for or implies that it expects to be compensated for the information. "Compensated" includes requests for cash, gifts, discounts on purchases, employment offers, travel and entertainment expenses or activities, etc. If such an implication is made, the information must be declined.
2. The information is offered in the context of a discussion or interview pertaining in any way to the possible employment of the offering individual(s) by MSC or the

individual's family members or associates. In other words, if the individual indicates the information is being offered in exchange for employment consideration, the information must be declined.

3. The offering party states or implies that sharing the information with us will be a breach of the individual's company's own policies. While we are not responsible for the ethical standards of others, we will not knowingly participate or encourage a breach of another company's policy. If this is the case, the information must be declined.
4. The information is contained in a document marked or stamped "confidential." If this is the case, two actions must be taken by the MSC employee who is offered the document before any use or communication of the document is made:
 - Our employee must ask the offering party whether, to his/her knowledge, the document is covered by a secrecy or confidentiality agreement between the competitor and the offering party's company. If the offering party is uncertain or says that it is or probably is, the document must be declined. This is so because acceptance of the document with such knowledge could be interpreted as theft, as well as a violation of our own ethical policy against encouraging or participating in the breach of written contracts between third parties.
 - If to the knowledge of the offering party it is not covered by a secrecy or confidentiality agreement, the document may be received but must be submitted to the chief financial officer review, clearance, or further action prior to any copying or communication of its substance to anyone else within MSC.

5. The information is contained in a document (whether marked "confidential" or not) that sets out technical details about engineering designs or processes, or performance test data and where it seems likely that the document is not one that is routinely made available to outsiders. In this instance, the same two steps required in number 4 above are to be followed. This is because, unlike information about the price or other commercial aspects of competitive products, technical detail is specially protected by trade secret laws and is more likely to be covered by secrecy or confidentiality agreements. Legal review and assessment is vital prior to copying, communication, or use.

Protecting MSC's Competitive Information

Just as securing competitive intelligence is important to the success of our business, protecting our own intellectual assets is equally important. To compete and succeed in the global marketplace, every MSC employee has a responsibility to protect company information. To that end, you should:

- Avoid taking sensitive documents from MSC's premises. If you must, keep valuable papers with you at all times. Documents left unattended are subject to compromise or theft.
- Mark confidential documents when sending electronically to customers, suppliers, MSC employees and other authorized recipients.
- Be guarded in what you say on the telephone in public settings and on mobile phones. Assume a third party is listening.
- Guard your laptop computer. Stealing laptops is a common way of acquiring business secrets.

- Be careful what you say in casual conversation with "friendly" strangers. Pay attention to those around you who might overhear a business conversation.
- Remember: trashed papers, disks, audio tapes and other items can be treasures for unauthorized people who are interested in knowing more about MSC's business. Use appropriate practices (shredding, secure containers, etc.) when disposing of sensitive materials.
- Theft of briefcases is common; take care not to leave your brief case unattended. Avoid leaving computers, briefcases or other sensitive materials in unattended vehicles.

For more information on intelligence gathering or protection, contact MSC's corporate management.

The Foreign Corrupt Practices Act (FCPA) and The Organization for Economic Co-Operation and Development (OECD) Anti-Bribery Convention

As stated earlier, MSC wants to earn its business on the basis of superior services, quality products and competitive prices, not through improper, unethical or questionable business practices. The FCPA and OECD's Anti-Bribery Convention as described below support that desire and are not in conflict with it.

In many parts of the world companies and governments alike have recognized that corruption raises the costs and risks of doing business. Corruption deters investment, stifles economic growth and sustainable development, distorts prices, and undermines legal and judicial systems.

In 1977, the FCPA was enacted. It prohibits MSC or any of its world-

wide subsidiaries or affiliates from bribing, or even offering to bribe, a foreign government official to obtain or retain business.

In 1999, the OECD's Anti-Bribery Convention was signed by 34 countries, marking a dramatic change in the fight against corruption. The convention obligates the signing parties to criminalize the bribery of foreign government officials in the conduct of international business.

Foreign Government Officials

For our guideline's purposes, a foreign government official includes:

- officials, employees and agents of national, regional or local governments; military personnel;
- members of the executive, legislative and judicial branches of national, regional or local government;
- candidates for political office, political parties and officials of political parties; and
- employees, commercial businesses or other enterprises owned or controlled by national, regional or local governments.

Bribes and Kickbacks

MSC pledges honesty, integrity and ethical behavior in all dealings with customers, subcontractors, suppliers and competitors. Therefore, it is not acceptable to offer, give, solicit or receive any form of bribe or kickback. That principle applies to our transactions worldwide - without exception.

What is the difference between a bribe and a kickback?

- A bribe is any money or favor used unethically or illegally (such as under the FCPA or OECD Anti-

Bribery Convention) to influence the judgment or conduct of a public official or another company's official, or to ensure a desired outcome or action.

- A kickback is a particular kind of bribe. It is the unethical or illegal return of a part of a sum already paid or due to be paid as part of a legal contract. The kickback is a reward for making or fostering business arrangements that favor the party paying the kickback.

MSC's prohibition against bribes and kickbacks applies equally to employees and to commissioned agents, sales representatives and consultants acting on the company's behalf. MSC, its employees and its agents also are prohibited from doing indirectly what the FCPA and OECD Anti-Bribery Convention prohibit us from doing directly—we cannot make any payment to a third party if all or any part of the payment will be given to a prohibited person. We could be held liable for such payments even if we do not know, but should have known, that the payment is going to a prohibited person.

You do not actually have to make a bribe to be in violation—merely offering, promising or authorizing it is sufficient. An illegal bribe is anything of value—not just money. Lavish entertainment and paying inflated prices to purchase a foreign official's property or services are just two examples of illegal bribes under the law.

Corporate Review Process

To ensure that commissioned agents, sales representatives and consultants neither offer nor receive bribes or kickbacks, all arrangements with them must be covered by written contracts and documented in accordance with ethical business practices and standard legal and accounting requirements. Any MSC facility or subsidiary considering the engage-

ment or a revision of an engagement of such individuals must contact corporate human resources to assist you in initiating the corporate review process. Any compensation specified in a MSC contract with a commissioned agent, sales representative or consultant must be clearly commensurate with the activities performed on behalf of the corporation. Under MSC's corporate review process, all agreements with such persons require approval by senior management and are contingent on the representative's meeting established criteria. In its most basic form the process is a check designed to ensure that representatives engaged to conduct business on our behalf will do so in a fashion consistent with our operational and ethical standards.

Recordkeeping

The FCPA and these guidelines also require MSC to keep accurate financial books and records. All financial entries must reflect the true nature, amount and purpose of money spent. This means that no employee of MSC or anyone acting on our behalf may establish slush funds or any other pool of money that does not appear on the company's books and records.

Facilitation Payments

Despite its strong prohibitions, the FCPA recognizes certain limited exceptions. In some instances, small facilitation payments, or tips, are permissible if they are intended to secure a routine business service and are made to clerical level foreign officials to perform or expedite routine government action. Examples of such routine actions are processing visas and work orders, obtaining mail and telephone service or for expediting a shipment through customs. Any such payment must be clearly and accurately reported as a business expense in company records.

However, you should be aware that in some countries, all such payments are illegal and therefore must never be paid. Whenever possible, before you make or even agree to make such a payment, consult with the chief financial officer

Gifts and Entertainment— Government Officials

Outside the United States

In some countries, certain businesses are owned in whole or in part by the government. Depending on the country, the managers and/or the employees of these businesses might be considered government officials. Under such circumstances, ordinary and reasonable business entertainment or gifts as defined under *Conflicts of Interest-Gifts and Entertainment*, which are customary and legal in the local environment, are permissible. Additionally, reasonable and bona fide expenditures, such as travel and lodging expenses directly related to the promotion or demonstration of MSC's products or services, may be acceptable. As MSC wishes to avoid even the appearance of impropriety, additional guidance should be sought from the chief financial officer

Inside the United States

MSC does not permit the giving of any gifts, even those of nominal value, to any U.S. government official or employee. Moderate food and beverage—but no entertainment—expenses may be incurred when it is clear that the meal with the public official is being used for proper business purposes.

Compliance with Export Laws

The United States government has a system of export laws that control what and how U.S. goods can be sold internationally. It is MSC's policy to comply with all U.S. Government export control laws and regulations.

No transactions are to be conducted by or on behalf of MSC contrary to U.S. export regulations. MSC supports U.S. efforts to prevent proliferation of weapons of mass destruction, and we recognize that special care must be taken to prevent transactions that could lead to the proliferation of such weapons.

Under the law, we must know who our customers are, how our products are to be used and the ultimate destination of our products. We are specifically charged with not doing business with certain individuals and entities that have been identified by the government, and we must diligently work to ensure that we do not do business with prohibited parties. We must also ensure that our products are only being sold for appropriate uses and are not being sold to countries that are subject to U.S. sanctions. It is the responsibility of all at MSC to help us ensure that we comply with these laws.

If you have any questions regarding the nature of a sale, contact the chief financial officer for assistance.

International Boycotts

A boycott occurs when one person, group or country refuses to do business with certain other people or countries. U.S. anti-boycott laws generally prohibit U.S. companies and their subsidiaries from participating in or cooperating with any international boycott, unless the boycott has been approved by the U.S. government. MSC and its U.S. and non-U.S. subsidiaries are required to refrain from participating in international boycotts not sanctioned by the U.S. government. Conversely, economic sanctions or trade embargoes imposed or approved by the U.S. are examples of permission boycotts with which

we must comply. U.S. government regulations also require that requests to participate in a boycott not sanctioned by the U.S. or requests for information supportive of such boycotts must be reported to the U.S. government even if such requests are declined. Any employee receiving such requests should immediately advise the chief financial officer.

The application of U.S. laws and the laws of other countries can be very complex. Sometimes U.S. laws conflict with the laws of other countries. When such conflicts appear in the conduct of your business, you should contact the chief financial officer.

Lobbying and Political Advocacy

MSC supports the legislative and political processes in the countries in which it conducts its businesses. In such countries, accepted methods to inform political decision-makers of matters of particular interest to MSC and other corporations have been established. These include lobbying activities, legislative consulting activities and other political/corporate interactions designed to inform public officials of legislative matters of particular importance. Any employee requested to perform such activities on behalf of the corporation should do so in keeping with any applicable laws and regulations governing such behavior.

Political Contributions

The corporation encourages its employees to participate actively in the political process. Such activities must be carried out on the employees' own time and at their own expense. The laws of certain countries, United States law and corporate policy forbid the use of company funds, services or other assets for contributions to or in support of political candidates for government office.

Conduct by Persons Acting for MSC

These guidelines apply equally to individuals who are engaged to assist or render services for or on behalf of MSC. This includes attorneys, business consultants, advisors, agents, contractors and other representatives. It is contrary to the spirit of our guidelines to engage another individual to do something on our behalf that would be in violation of our guidelines and that we are prohibited from doing ourselves.

Asking for Help...Raising Concerns... Seeking Clarification

MSC's Code of Business Ethics Guidelines illustrate the shared accountability each of us has in conducting our business with honesty and integrity.

The materials presented are intended to assist you in making ethical and legal choices. If after reviewing the guidelines any section is unclear or if you have questions or face situations that are not specifically addressed, please bring them to the attention of those individuals listed on page 22.

In today's global market it is often difficult to keep up with the new challenges our organization faces or to adequately deal with all complex situations. Nobody has all the answers. But we do know that the best answers will evolve in an organization whose guiding values are known, and where an environment is cultivated that supports ethically sound behaviors.

You should never hesitate to ask a question or report a concern. If you become aware of a situation in which you believe MSC's Code of Business Ethics Guidelines have been violated, or if you feel you are being pressured or being asked to compromise our values, it is your responsibility to communicate this concern to the company. It is important for you to know that you will not be disciplined, lose your job or be retaliated against in any way for asking questions or voicing concerns about our ethical or legal obligations, as long as you are acting in good faith. *Good faith* does not mean that you have to be right-but it does mean that you believe you are providing truthful information.

There are a number of people you can contact to ask questions or voice concerns. Your most immediate resource is your supervisor. They may have the information you need or may be able to refer the question to another appropriate source. There may, however, be times when you prefer not to go to your supervisor. In situations where you choose not to go to your supervisor, either because your supervisor does not have the information you need or because you desire confidential advice about an ethical or legal dilemma facing you, you can contact corporate human resources. You may also call MSC's confidential reporting tool toll free in the U.S. at 1-800-537-1695. Outside of the U.S., you should dial your country's AT&T access code and then dial the toll free number.

This confidential employee reporting tool has been established through EthicsPoint, an independent firm specializing in handling your concern. Our EthicsPoint hotline is available 24 hours a day, 7 days a week. Use it with confidence.

**If I tell, I might get
someone in trouble.**

Any report or concern regarding accounting, internal controls, auditing matters or fraud concerning any officer immediately will be reported to a Board representative with the authority to investigate your complaint.

When you call our toll free reporting service, this is what you can expect:

- Your report or concern will be taken seriously;
- The accuracy and completeness of your report will be investigated by persons who are not in the chain of supervision over you. Each report will be carefully evaluated before it is referred for investigation or resolution;
- Your report will be handled promptly, discreetly and professionally. Discussions and inquiries will be kept in confidence to the extent appropriate or permitted by law;
- If you wish, you can obtain certain follow-up information about how the corporation addressed your report.

The reporting service is not equipped with caller identification, so the number from which you are calling cannot be identified or traced.

In the event that an investigation is initiated, employees are expected to answer any questions truthfully and to the best of their ability. Concealing or covering up an ethical or legal violation is itself a major violation of our guidelines. If an individual engages in concealing or covering up such violations in the absence of significant, serious, mitigating circumstances, the penalty for such conduct would be immediate discharge. It also is expected that employees will cooperate fully if requested to do so in an investigation. Failure to cooperate could be construed as participating in concealment or cover-up activities. Your cooperation is appreciated.

**Failing to let us know
may get everyone in
trouble.**

The company will respond to violations of these guidelines and the consequences could result in disciplinary action up to and including termination. Any waiver of these guidelines for officers or MSC directors may be made only by the Board of Directors. The Board of Directors does not intend to grant waivers of these guidelines for any officer or MSC director.

Corporate Management Contacts

Chief Ethics Officer

John M. Klepper
Vice President Human Resources
847-718-8406

Corporate Secretary

James M. Froisland
Senior Vice President,
Chief Financial Officer,
Chief Information Officer and
Corporate Secretary
847-718-8020

ETHICSPPOINT

Toll-Free: 1-800-537-1695

Or go to:

www.ethicspoint.com

Recognizing Our Contributor

In preparing this document, we patterned it after a similar document created by The Lubrizol Corporation, Wickliffe, Ohio.

We appreciate their kind consideration in this matter.

Acknowledgement Form

Please read, sign and return to Corporate Human Resources

I acknowledge that I have personally received and read a copy of MSC's Code of Business Ethics Guidelines. I know that if I have questions concerning the guidelines, I should direct my questions to my supervisor or the corporate human resources office for appropriate answers. I understand the concept of shared accountability, which includes an obligation on my part to raise questions and concerns, report to the corporation any suspected violations of the guidelines and to cooperate with investigations if I am requested to do so.

Name (Please Print)

Location

Department

Signature

Date