

a commitment to
diversity

MORGAN STANLEY & VERIZON

Syndicate Structure Proposal: D&I Firms

VERIZON

Verizon is committed to fostering an inclusive environment. By celebrating diversity across all spectrums, including but not limited to race, national origin, religion, gender, sexual orientation, gender identity, disability, veteran/military status, and age, we are a *stronger company* and *culture*

- VERIZON

MORGAN STANLEY

Drawing on our core values, and the belief that Morgan Stanley’s actions can benefit all of society, we have committed to facing these challenges through innovative thinking, *focused action*, and *targeted investment* in our employees and the communities in which we work and live.

- SUSAN K. REID
Global Head of Diversity & Inclusion @ MS

**How can we *provide exposure* to
minority-owned firms while creating
a *cohesive team* that *elevates* the
success of Verizon's debt offering?**

OUR PROCESS

decision matrix

- 01 Make *quantitative* comparisons
- 02 Select *number* of firms
- 03 Determine *separation* of roles

OUR PROCESS

criteria

- 1 NUMBER OF TRANSACTIONS SINCE 2020
- 2 TOTAL VOLUME OF DEALS SINCE 2020
- 3 VALUE ALIGNMENT WITH MORGAN STANLEY AND VERIZON
- 4 PERFORMANCE/GROWTH
- 5 AUTHENTIC COMMITMENT TO DIVERSITY
- 6 COMMUNITY IMPACT

OUR PROCESS

survey

PEOPLE SURVEYED

Team members
MS mentors

CRITERIA

WEIGHT

of transactions

1.2

total volume

1.4

alignment

1.8

performance

2.4

authentic D&I

1.8

community

1.4

OUR PROCESS

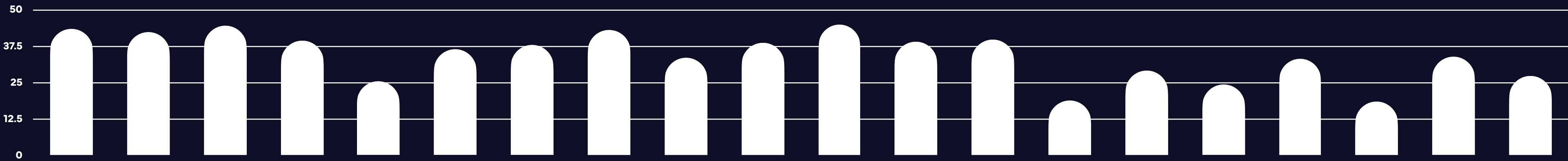
compare & select - pt.1

	0	1	2	3	4	5
	←					→
Number of transactions	N/A	0-10	10-30	30-50	50-150	150
Total volume	N/A	0-10	10-30	30-50	50-150	150
Alignment	N/A	Weak	Below Average	Average	Values OR Experience	Values AND Experience
Performance	N/A	Weak	Below Average	Industry Average	Strong OR Sustained	Strong AND Sustained
Authentic D&I	N/A	Weak	Little Evidence	Average	Above Average	Sustained Evidence
Community	N/A	Weak	Little Evidence	Average	Above Average	Strong

OUR PROCESS

decision matrix

CRITERIA		AA, W	V, H	AA	H	W	AA	V	V	AA	H	H	H	V	W	W	W	V	V	V	H
	WEIGHT	Siebert Williams Shank	Academy Securities	Loop Capital Markets	Ramirez & Co	R. Seelaus & Company	CastleOak Securities	Mischler	Drexel Hamilton	Blaylock Van	Great Pacific	Cabrera Capital Markets	Penserra Securities	Amerivet	MFR Securities	C.L. King	Stern Bros	Roberts & Ryan	Multi-Bank Securities	Bancroft Capital	Apto Partners
	1) Transactions	1.2	5	5	5	4	4	4	4	4	3	3	3	3	3	2	2	2	2	2	2
	2) Volume	1.4	5	5	5	4	4	4	4	4	4	3	3	3	3	3	3	3	2	2	2
	3) Values	1.8	4	3.5	5	3.5	3.5	4	4	3	5	5	4	5	3	4	3	3.5	2	3	4
	4) Performance	2.4	4	4	4	3	4	3.5	5	4	4	5	4	3.5	1	3	2	3	1	5	1
	5) Authenticity	1.8	4.5	3.5	4	4	3	4	4.5	3	3	5	5	5	1	3	2	5	1	4	3
	6) Community	1.4	4	5	4	5	3.5	3.5	5	2	4	5	4	4	1	2	3	3	4	3	5
	10																				
	TOTAL	43.5	42.2	44.4	39.3	25.5	36.6	38.1	43.1	33.6	38.8	44.8	39.2	39.8	18.8	29.2	24.6	33.3	18.6	34	27.2



OUR PROCESS

compare & select - pt.2



CHOSEN FIRMS

syndicate structure

Siebert Williams
Shank

Senior Co-Manager

Academy
Securities

Junior Co-Manager

Ramirez & Co

Junior Co-Manager

C.L. King

Junior Co-Manager

Loop Capital
Markets

Senior Co-Manager

Drexel Hamilton

Junior Co-Manager

Penserra Securities

Junior Co-Manager

CastleOak
Securities

Junior Co-Manager

Cabrera Capital
Markets

Senior Co-Manager

Amerivet

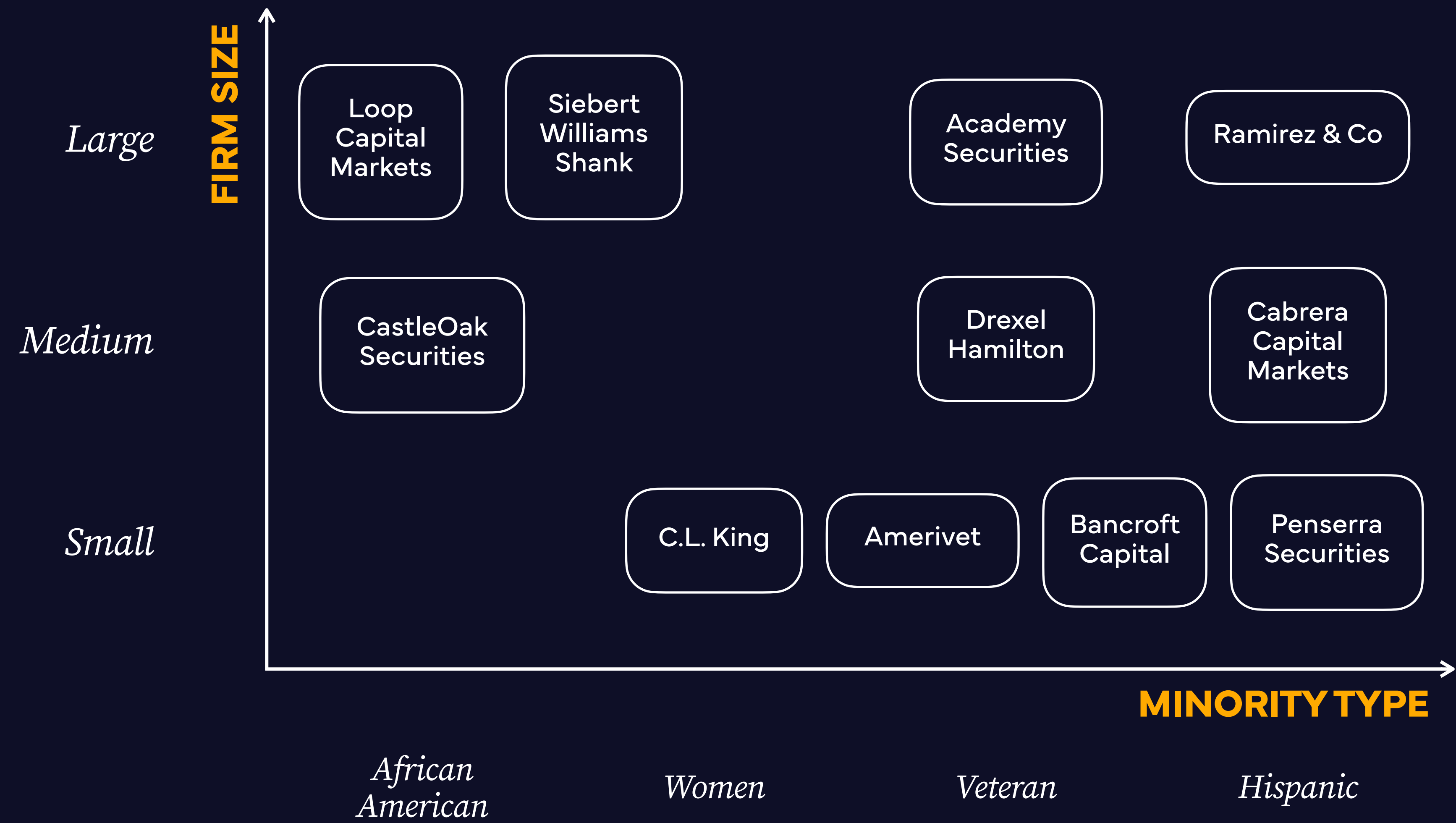
Junior Co-Manager

Bancroft Capital

Junior Co-Manager

OUR PROCESS

diverse firms



D&I FIRM INVOLVEMENT

fee structure

MWVBE DEALS

Firms	Offering Size	Fee Delegation
Toyota (2016)	\$1.25bn	14% to <i>lead managers</i>
PepsiCo (2020)	\$750m	15-20% to <i>active book runners</i> 1% to <i>co-managers (passive)</i>
Warner Music Group Co. (2020)	\$2bn	12% to <i>co-managers (passive)</i>
Deutsche Bank (2021)	\$750m	60% to <i>lead managers</i>
Bill Ackman's SPAC (2020)	\$6.5bn	20% to <i>co-managers</i>

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SENIOR CO-MANAGERS

15% to be split among the the three Senior Co-Managers (5% each)

JUNIOR CO-MANAGERS

10% to be split among the the eight Junior Co-Managers (1.25% each)

TRANSACTION

setting up firms for success

P
I
I
C
A
B

- ↑ *Prioritize* clients' situations
- ↑ *Include* a diverse set of firms
- ↑ *Innovate* through structure and fees
- ↑ *Communicate* through clear, established lines
- ↑ *Adapt* to sales needs
- ↑ *Build* a community of co-learning

**Guided by
Morgan Stanley's
core values:**

PIICAB will help firms succeed

TRANSACTION

supporting struggling firms

FIRST PRIORITY



LAST PRIORITY

- Passive book runner connections
- Public relations and news announcement by MS & Verizon
- Non traditional investor relations - foreign banks, retail investors, high net worth individuals
- D&I firms with extra clients to fill in
- Backup D&I Firms fill in necessary orders (will earn monetary benefits)
- Morgan Stanley's asset management division purchases bonds

EASY



DIFFICULT

TRANSACTION

post deal day assessment

SOCIAL IMPACT METRIC

- Do the processes the firms have in place ensure that their *workforce is diverse* and reflective of the communities in which they operate?
- How does the firm *influence diversity in the marketplace* through factors such as the types of clients they choose, the communities in which they do business, and how they market the diversity of their organization?
- How has the selection of these companies *impacted Morgan Stanley's overall reputation?*

BUSINESS PERFORMANCE METRIC

- How many *orders were they able to bring* to the Verizon debt offering?
- What *size of the debt offering* have they underwritten on? (offering volume)
- What was the size of their debt contribution *based on their size and role in the debt transaction?*

WHY TEAM 4?

thank you

**What questions do
you have?**