

**PEPLIN, INC.**

**CODE OF BUSINESS CONDUCT AND ETHICS**

**SEPTEMBER 30, 2007**

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## LETTER FROM THE CHIEF EXECUTIVE OFFICER

September 30, 2007

Dear Peplin, Inc. Employee:

Peplin, Inc. (the “*Company*”) is dedicated to conducting its business consistent with the highest standards of business ethics. We have an obligation to our employees, stockholders, customers, suppliers, community representatives and other business contacts to be honest, fair and forthright in all of our business activities.

As an employee of the Company, you are faced every day with a number of business decisions. It is your personal responsibility to uphold the Company’s high standards of business ethics in each and every one of these situations. It is not possible for our Code of Business Conduct and Ethics (the “*Code*”) to address every situation that you may face. However, if you use your good business judgment and experience, the majority of your business decisions are not likely to raise ethical issues. When you are faced with an ethical issue, we hope that this Code will serve as a guide to help you make the right choice.

We encourage you to take this opportunity to review our policies and to discuss any questions you may have with your supervisor or with the Ethics Committee directly. The guidelines set out in this Code are to be followed at all levels of this organization by our directors, officers, employees and agents. We rely on you to uphold our core values and conduct our business honestly, fairly and with integrity.

Sincerely,

Michael D.A. Aldridge  
Chief Executive Officer

## INTRODUCTION

### Purpose

This Code of Business Conduct and Ethics (the “Code”) contains general guidelines for conducting the Company’s business in a manner consistent with the highest standards of business ethics. This Code is intended to qualify as a “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder, and as a “code of conduct” under the listing standards of the Nasdaq Global Market. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards. Generally, this Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to, the SEC and in other public communications;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting to an appropriate person or persons identified in the Code of violations of the Code; and
- accountability for adherence to the Code.

This Code applies to all of our directors, officers, employees, consultants, contractors and agents, wherever they are located and whether they work for the Company on a full or part-time basis. Members of the Company’s Board of Directors are employees of the Company only in their capacity as a director of the Company. We refer to all persons covered by this Code as “*Company employees*” or simply “*employees*.” We also refer to our Chief Executive Officer and our Chief Financial Officer as our “*Principal Financial Officers*.”

### Seeking Help and Information

No policy or code can address every situation that you may face while working at the Company. There are many policies and procedures not covered in this Code that govern practices at the Company and affect the way you are to perform your role as a Company employee. Such policies and procedures, while not part of this Code, provide additional guidance on appropriate Company practices and procedures. This Code in no way takes the place of or modifies other more detailed written policies. Instead, this Code is intended to give general guidance on ethical standards that the Company expects all employees to follow.

If you are faced with a difficult business decision that is not addressed in this Code, ask yourself the following questions:

- Is it legal?

- Is it honest and fair?
- Is it in the Company's best interests?
- How does this make me feel about myself and the Company?
- Is there an alternative action that does not pose an ethical conflict?
- If the situation were reversed, how would I feel as the recipient of this action?
- Would I feel uncomfortable if an account of my actions were published with my name in the newspaper?

If you still feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company's high ethical standards, please seek help. We encourage you to contact your supervisor for help first. If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Ethics Committee, which consists of our CEO Michael Aldridge and CFO Philip Moody. .

## **CONFLICTS OF INTEREST**

### **Identifying Conflicts of Interest**

A conflict of interest occurs when an employee's private interest interferes with the interests of the Company as a whole. A conflict of interest may also occur when an employee's private interest appears to interfere with the interests of the Company as a whole. You should actively avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively. Notwithstanding anything to the contrary set forth in this Code, the continuation of circumstances existing on the date of the adoption of this Code by the Company's Board of Directors, as well as interests arising out of those circumstances in the ordinary course of business, shall not constitute a conflict of interest for purposes of this Code, to the extent the same has been disclosed to, and approved by, the Company's Board of Directors.

Conflicts of interests are prohibited as a matter of Company policy, except when waived, as described under "Waivers of the Code" below. Conflicts of interest may not always be clear-cut. Should you have any questions, please consult with your supervisor or the Ethics Committee.

The following situations are examples of situations that are likely to present a conflict of interest for Company employees:

- **Outside Employment.** Employment by or the provision of services to any material customer, supplier or competitor of the Company. Please contact the Ethics Committee to determine whether a company or person is a material customer, supplier or competitor of the Company or whether your situation presents a conflict of interest.

- Improper Personal Benefits. Obtaining any material (as to the employee) personal benefits or favors because of your position with the Company. Please see “Gifts and Entertainment” below for additional guidelines in this area.
- Financial Interests. Having a significant financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company. Please contact the Ethics Committee to determine whether a company or person is a material customer, supplier or competitor of the Company, whether your financial interest in such company is significant or whether your situation presents a conflict of interest.
- Loans or Other Financial Transactions. Obtaining loans or guarantees of personal obligations from, or entering into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. Please contact the Ethics Committee to determine whether a company is a material customer, supplier or competitor of the Company or whether your situation presents a conflict of interest. In no event shall this guideline prohibit arms-length transactions with recognized banks, brokerage firms, other financial institutions or as otherwise permitted in the “Financial Interests” bullet point above.
- Service on Boards and Committees. Serving on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company. Please contact the Ethics Committee to determine whether a company has interests reasonably expected to conflict with those of the Company or whether your situation presents a conflict of interest.
- Employment of Auditing Firm. Employment by a Company employee of the Company’s outside auditing firm for personal tax or business matters.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee’s objectivity in making decisions on behalf of the Company. See a further discussion of this topic under “Family Members and Conflicts of Interest” below.

This list is not exhaustive and many other relationships or situations may present conflicts of interest between you and the Company. You should discuss any relationships that present a potential conflict of interest with your supervisor or the Ethics Committee.

## **Disclosure of Conflicts of Interest**

The Company requires that employees fully disclose any situations that reasonably could be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it to your supervisor or the Ethics Committee in accordance with the procedures described under “Compliance with the Code – Reporting Violations of the Code.” Your supervisor and the Ethics Committee will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in “Compliance with the Code – Waivers of the Code” below.

### **Family Members and Conflicts of Interest**

The actions of family members outside the workplace may also give rise to conflicts of interest because they may influence an employee’s objectivity in making decisions on behalf of the Company. If a member of your family is an employee of, has a significant financial interest in, obtains loans or guarantees of personal obligations from, or enters into any other personal financial transaction with any company that is a material customer, supplier or competitor of the Company, you are required to disclose such interest and are prohibited from participating in business decisions with respect to such company. It is also inappropriate for you to discuss the Company’s confidential information with members of your family who have such conflicting interests. For purposes of this Code, “family members” or “members of your family” include your spouse or life-partner, brothers, sisters and parents, in-laws and children, whether such relationships are by blood or adoption.

### **Corporate Opportunities**

As an employee of the Company, you have an obligation to advance the Company’s interests when the opportunity to do so arises. If you discover or are presented with a business opportunity through the use of corporate property, information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity. No employee may use corporate property, information or his or her position with the Company for personal gain or should compete with the Company.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue. Your supervisor will contact the Ethics Committee and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity. If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

## **COMPANY RECORDS**

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and are the source of essential data that guides our business decision-making and strategic planning. Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business. The Company and its employees are required to comply with all federal and state laws and regulations pertaining to the retention of Company records.

All Company records must be complete, accurate and reliable in all material respects. There is never a reason to make false or misleading entries. Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited. You are responsible for understanding and complying with our record keeping policy. Ask your supervisor if you have any questions.

## **ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS**

As a public company, we are subject to various securities laws, regulations and reporting obligations. Both federal law and our policies require the prompt disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and cause legal liability.

Employees should promptly report evidence of improper financial reporting. Examples of evidence that should be reported include:

- financial results that seem inconsistent with the performance of underlying business transactions;
- inaccurate Company records, such as overstated expense reports or erroneous time sheets or invoices;
- transactions that do not seem to have a good business purpose; and
- requests to circumvent ordinary review and approval procedures.

The Company's Principal Financial Officers and other employees working in the Accounting Department have a special responsibility to ensure that all of our financial disclosures are full, fair, accurate, timely and understandable. These employees must understand and strictly comply with generally accepted accounting principles and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

The Company has a formal Regulation FD Policy with respect to disclosure regarding the Company's business, financial condition and results of operations. Please see "Public Communications and Regulation FD" for a more detailed discussion of this policy. The Company also has policies governing the receipt, retention and treatment of complaints

regarding its accounting practices and the protection of confidential, anonymous reporting of employees' concerns regarding questionable accounting or auditing matters, as set forth in our Whistleblower Policy. You may contact your supervisor or the Ethics Committee to obtain a copy of these policies.

## **CONFIDENTIAL INFORMATION**

Employees have access to a variety of confidential information while employed at the Company. Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers. As a general rule, all information related to the Company's business, including technical information, should be considered confidential and should be accessed, distributed and disclosed only with the appropriate legal agreements or disclosure statements. Whether subject to a confidentiality agreement or not, employees have a duty to safeguard all confidential information of the Company or information from third parties with which the Company conducts business, except when public disclosure is authorized or legally mandated.

An employee's obligation to protect confidential information continues after he or she leaves the Company. Employees must undergo an exit interview upon termination to reaffirm their continuing legal obligation not to disclose the Company's confidential information. Moreover, just as the Company expects its former employees to honor their commitment not to disclose Company confidential information, the Company expects new employees to honor the confidentiality obligations established by former employers. The Company does not want, and will not use, information offered by a new employee if the Company has reason to believe that the information is considered to be confidential to the previous employer. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

The Company's relationships with business partners are a key element of its continued success. Often in these relationships, the Company is entrusted with the confidential information of other companies. In cases such as these, our partners' confidential information must be afforded the same protection as Company confidential information.

Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Ethics Committee.

## **PROTECTION AND USE OF COMPANY ASSETS**

All employees have the obligation to protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability. The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is strictly prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- exercise reasonable care to prevent theft, damage or misuse of Company property;

- report the actual or suspected theft, damage or misuse of Company property to a supervisor;
- use the Company’s telephone system, other electronic communication services, written materials and other property primarily for business-related purposes;
- safeguard all electronic programs, data, communications and written materials from inadvertent access by others; and
- use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company’s electronic or telephonic systems. Company property also includes all written communications. Employees and other users of this property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.

## **COMPETITION AND FAIR DEALING**

The Company competes vigorously, but fairly. All employees are obligated to deal fairly with fellow employees and with the Company’s customers, suppliers, competitors and other third parties. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair-dealing practice.

### **Relationships with Customers**

Our business success depends upon our ability to foster lasting customer relationships. The Company is committed to treating customers fairly, honestly and with integrity. Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be current, accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.
- Employees should not refuse to sell, service, or maintain products the Company has produced simply because a customer is buying products from another supplier.
- Customer entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for, customer purchase decisions. Please see “Gifts and Entertainment” below for additional guidelines in this area.

## **Relationships with Suppliers**

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service and reputation, among other factors. Employees interacting with suppliers should consciously work to maintain objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, his or her objective assessment of the supplier's products and prices. Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see "Gifts and Entertainment" below for additional guidelines in this area.

## **Relationships with Competitors**

The Company is committed to free and open competition in the marketplace and throughout all business dealings. Employees should avoid all actions that reasonably could be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including federal and state antitrust laws. Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices. For a further discussion of appropriate and inappropriate business conduct with competitors, see "Compliance with Antitrust Laws" below.

## **GIFTS AND ENTERTAINMENT**

The giving and receiving of gifts is a common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should not compromise, or appear to compromise, your ability to make objective and fair business decisions.

It is your responsibility to use good judgment in this area. As a general rule, you may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment would not be viewed as an inducement to or reward for any particular business decision. All gifts and entertainment expenses should be properly accounted for on expense reports. The following specific examples may be helpful:

- Meals and Entertainment. You may occasionally accept or give meals, refreshments or other entertainment if:
  - The items are of reasonable value;
  - The purpose of the meeting or attendance at the event is business related; and
  - The expenses would be paid by the Company as a reasonable business expense if not paid for by another party.

Entertainment of reasonable value may include food and tickets for sporting and cultural events if they are generally offered to other customers, suppliers or vendors.

- Advertising and Promotional Materials. You may occasionally accept or give advertising or promotional materials of nominal value.
- Personal Gifts. You may accept or give personal gifts of reasonable value that are related to recognized special occasions, such as a graduation, promotion, new job, wedding, retirement or a holiday. A gift is also acceptable if it is based on a family or personal relationship and unrelated to the business involved between the individuals.
- Gifts Rewarding Service or Accomplishment. You may accept a gift from a civic, charitable or religious organization specifically related to your service or accomplishment.

You should make every effort to refuse or return a gift that is beyond these permissible guidelines. If it would be inappropriate to refuse a gift or you are unable to return a gift, you should promptly report the gift to your supervisor. Your supervisor will bring the gift to the attention of the Ethics Committee, which may require you to donate the gift to an appropriate community organization. In the event a valuable gift is received from a source other than a vendor, such as a dignitary from another country, or under other circumstances where the return or charitable disposition may be interpreted as an insult based on local business custom, the gift may be accepted, where lawful, but must be reported to your supervisor or the Ethics Committee for a determination of appropriate disposition. If you have any questions about whether it is permissible to accept a gift or something else of value, contact your supervisor or the Ethics Committee for additional guidance.

Gifts and entertainment may not be offered or exchanged under any circumstances to or with any employees of federal, state or local governments. If you have any questions about this policy, contact your supervisor or the Ethics Committee for additional guidance. For a more detailed discussion of special considerations applicable to dealing with federal, state and local governments, see “Interactions with the Government and Regulatory Agencies.”

If you conduct business in other countries, you must be particularly careful that gifts and entertainment are not construed as bribes, kickbacks or other improper payments. However, certain payments to foreign officials may be permitted in certain circumstances. See “The Foreign Corrupt Practices Act and Other Laws Governing Our Business Internationally” for a more detailed discussion of our policies regarding giving or receiving gifts related to business transactions in other countries.

## **POLITICAL CONTRIBUTIONS AND ACTIVITIES**

The Company encourages its employees to participate in the political process as individuals and on their own time. However, federal and state contribution and lobbying laws severely limit the contributions the Company can make to political parties or candidates. It is

Company policy that Company funds or assets not be used to make a political contribution to any political party or candidate, unless prior approval has been given by the Ethics Committee.

The following guidelines are intended to ensure that any political activity you pursue complies with this policy:

- Contribution of Funds. You may contribute your personal funds to political parties or candidates. The Company will not reimburse you for personal political contributions.
- Volunteer Activities. You may participate in volunteer political activities during non-work time. You may not participate in political activities during working hours.
- Use of Company Facilities. The Company's facilities may not be used for political activities (including fundraisers or other activities related to running for office). The Company may make its facilities available for limited political functions, including speeches by government officials and political candidates, with the approval of the Ethics Committee.
- Use of Company Name. When you participate in political affairs, you should be careful to make it clear that your views and actions are your own, and not made on behalf of the Company. For instance, Company letterhead or electronic mail should not be used to send out personal letters in connection with political activities.

These guidelines are intended to ensure that any political activity you pursue is done voluntarily and on your own resources and time. Please contact the Ethics Committee if you have any questions about this policy.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. Each employee has an obligation to comply with all federal laws and the laws of the states, counties, cities and foreign countries in which the Company operates. We will not tolerate any activity that violates any laws, rules or regulations applicable to the Company. This includes, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets. You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice immediately from your supervisor or the Ethics Committee.

## **THE FOOD, DRUG AND COSMETIC ACT AND INTERACTIONS WITH THE FOOD AND DRUG ADMINISTRATION**

The Company's products and its operations are subject to extensive and rigorous regulation by the U.S. Food and Drug Administration (the "**FDA**") under the Federal Food, Drug, and Cosmetic Act (the "**FDCA**") and its implementing regulations. The FDA regulates many areas of the Company's operations, including the research, preclinical and clinical testing, and development of our products; the submission of data and other information to support FDA approval; the manufacturing, testing, storage and labeling of our products; the promotion, distribution, and sale of our products; and the reporting of adverse events and other information to the FDA. The FDA also regulates the import and export of our products manufactured in and outside the United States. Violation of these laws and regulations can result in severe civil and criminal penalties, adverse publicity for the Company, total or partial suspension of production of a Company product, withdrawal of a Company product from the market, and disciplinary action by the Company against the responsible individuals, up to and including termination of employment.

## **SCIENTIFIC INTEGRITY**

Research integrity is fundamental to the scientific process and to the Company's ability to bring products to market. All Company research and development must be conducted according to all applicable laws and regulations and to the generally accepted ethical standards of the scientific community. Scientific misconduct, such as fabrication, falsification, or plagiarism in proposing, conducting, or reporting research, disregards the intellectual contributions and property of others, impedes the progress of research, and corrupts the scientific record. It is prohibited.

## **INTERACTIONS WITH THE GOVERNMENT AND REGULATORY AGENCIES**

The Company conducts business with federal, state and local governments, the governments of many other countries and with various regulatory agencies. The Company is committed to conducting its business with all governments and regulatory agencies and their representatives with the highest standards of business ethics and in compliance with all applicable laws and regulations, including the special requirements that apply to government contracts and government transactions. In your interactions with the government and any regulatory agencies, you should:

- Be forthright and candid at all times. No employee should misstate or omit any material information from any written or oral communication with the government or any regulatory agency.
- Exercise extreme care in maintaining records for and allocating costs to government contracts. Costs incurred on one government project should not be charged against another government project.
- You should not offer or exchange any gifts, gratuities or favors with, or pay for meals, entertainment, travel or other similar expenses for, government or regulatory agency employees.

If your job responsibilities include interacting with the government and/or regulatory agencies, you are expected to understand and comply with the special laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice immediately from your supervisor and the Ethics Committee.

## **COMPLIANCE WITH ANTITRUST LAWS**

Antitrust laws of the U.S. and other countries are designed to protect consumers and competitors against unfair business practices and to promote and preserve competition. Our policy is to compete vigorously and ethically while complying with all antitrust, monopoly, competition or cartel laws in all countries, states or localities in which the Company conducts business.

### **Actions that Violate U.S. Antitrust Laws**

In general, U.S. antitrust laws forbid agreements or actions “in restraint of trade.” All employees should be familiar with the general principles of the U.S. antitrust laws. The following is a summary of actions that are clear violations of U.S. antitrust laws:

- Price Fixing. The Company may not agree with its competitors to raise, lower or stabilize prices or any element of price, including discounts and credit terms.
- Limitation of Supply. The Company may not agree with its competitors to limit its production or restrict the supply of its services.
- Allocation of Business. The Company may not agree with its competitors to divide or allocate markets, territories or customers.
- Boycott. The Company may not agree with its competitors to refuse to sell or purchase products from third parties. In addition, the Company may not prevent a customer from purchasing or using non-Company products or services.
- Tying. The Company may not require a customer to purchase a product that it does not want as a condition to the sale of a different product that the customer does wish to purchase.

### **Meetings with Competitors**

Employees should exercise caution in meetings with competitors. Any meeting with a competitor may give rise to the appearance of impropriety. As a result, if you are required to meet with a competitor for any reason, you should obtain the prior approval of the Ethics Committee. You should try to meet with competitors in a closely monitored, controlled environment for a limited period of time. The contents of your meeting should be fully documented. Specifically, you should avoid any communications with a competitor regarding:

- prices;
- costs;

- market share;
- allocation of sales territories;
- profits and profit margins;
- supplier's terms and conditions;
- product offerings;
- terms and conditions of sale;
- production facilities or capabilities;
- selection, retention or quality of customers; or
- distribution methods or channels.

### **Professional Organizations and Trade Associations**

Employees should be cautious when attending meetings of professional organizations and trade associations at which competitors are present. Attending meetings of professional organizations and trade associations is both legal and proper, if such meetings have a legitimate business purpose. At such meetings, you should not discuss pricing policy or other competitive terms, plans for new or expanded facilities or any other proprietary, competitively sensitive information. You are required to notify the Ethics Committee prior to attending any meeting of a professional organization or trade association.

### **Seeking Help**

Violations of antitrust laws carry severe consequences and may expose the Company and employees to substantial civil damages, criminal fines and, in the case of individuals, prison terms. Whenever any doubt exists as to the legality of a particular action or arrangement, it is your responsibility to contact the Ethics Committee promptly for assistance, approval and review.

### **COMPLIANCE WITH INSIDER TRADING LAWS**

Company employees are prohibited from trading in the stock or other securities of the Company or any other company while in possession of material, nonpublic information about the Company or the other company. In addition, Company employees are prohibited from recommending, "tipping" or suggesting that anyone else buy or sell stock or other securities of the Company or any other company on the basis of material, nonpublic information.

The laws against insider trading are specific and complex. The Company has a formal Insider Trading Policy that each employee must follow with respect to the Company's securities. You may contact your supervisor or the Ethics Committee to obtain a copy of this policy. Any questions about information you may possess or about any dealings you have had in the Company's securities should be promptly brought to the attention of the Ethics Committee.

### **PUBLIC COMMUNICATIONS AND REGULATION FD**

The Company places a high value on its credibility and reputation in the community. What is written or said about the Company in the news media and investment community directly impacts our reputation, positively or negatively.

In connection with its public communications, the Company is required to comply with a rule under the federal securities laws referred to as Regulation FD (which stands for “fair disclosure”). The Company has a formal Regulation FD Policy relating to the disclosure of material non-public information. You may contact your supervisor or the Ethics Committee to obtain a copy of this policy.

## **THE FOREIGN CORRUPT PRACTICES ACT AND OTHER LAWS GOVERNING OUR BUSINESS INTERNATIONALLY**

### **Foreign Corrupt Practices Act**

The Foreign Corrupt Practices Act (the “*FCPA*”) prohibits the Company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickbacks or other inducements to foreign officials. This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.

Certain small facilitation or “grease” payments to foreign officials may be permissible under the FCPA if customary in the country or locality and intended to secure routine governmental action. Governmental action is “routine” if it is ordinarily and commonly performed by a foreign official and does not involve the exercise of discretion. For instance, “routine” functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments must receive prior written approval from the Ethics Committee and must be clearly and accurately reported as a business expense.

### **Other Laws Governing our Business**

The Company’s business is subject to various U.S. and international trade control regulations, including licensing, shipping documentation, import documentation and reporting and record retention requirements. To ensure compliance, all shipments of product, software and technology must be cleared through the Shipping and Receiving Department of the originating facility or location. This requirement also applies to all samples, products, documents or data that are going to be hand carried during foreign travel.

Employees with significant responsibilities in our international business have an additional responsibility to understand and comply with such applicable laws. These employees are expected to have a working knowledge of the laws and regulations applicable to their job positions. Questions and requests for assistance should be directed to the Ethics Committee.

The Company is also subject to U.S. anti-boycott laws and regulations, which prevent U.S. companies and certain of their subsidiaries from taking action in support of a boycott imposed by a foreign country upon a nation that is friendly with the United States. Boycott laws often change and must be closely monitored. To ensure compliance, any boycott issue must be referred to the Ethics Committee.

## **ENVIRONMENT, HEALTH AND SAFETY**

The Company is committed to providing a safe and healthy working environment for its employees and to avoiding adverse impact and injury to the environment and the communities in which we do business. Company employees must comply with all applicable environmental, health and safety laws, regulations and Company standards. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with environmental, health and safety laws and regulations can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Ethics Committee if you have any questions about the laws, regulations and policies that apply to you.

### **Environment**

All Company employees should strive to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. You have a responsibility to promptly report any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials. Employees whose jobs involve manufacturing have a special responsibility to safeguard the environment. Such employees should be particularly alert to the storage, disposal and transportation of waste, and handling of toxic materials and emissions into the land, water or air.

### **Health and Safety**

The Company is committed not only to comply with all relevant health and safety laws, but also to conduct business in a manner that protects the safety of its employees. All employees are required to comply with all applicable health and safety laws, regulations and policies relevant to their jobs. If you have a concern about unsafe conditions or tasks that present a risk of injury to you, please report these concerns immediately to your supervisor.

## **EMPLOYMENT PRACTICES AND EMPLOYEE CONDUCT**

The Company pursues fair employment practices in every aspect of its business. Company employees must comply with all applicable labor and employment laws, including anti-discrimination laws and laws related to freedom of association, privacy and collective bargaining. It is your responsibility to understand and comply with the laws, regulations and policies that are relevant to your job. Failure to comply with labor and employment laws can result in civil and criminal liability against you and the Company, as well as disciplinary action by the Company, up to and including termination of employment. You should contact the Ethics Committee if you have any questions about the laws, regulations and policies that apply to you.

## **Harassment and Discrimination**

The Company is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy), sexual orientation, age, disability, veteran status or other characteristic protected by law. The Company prohibits harassment in any form, whether physical or verbal and whether committed by supervisors, non-supervisory personnel or non-employees. Harassment may include, but is not limited to, offensive sexual flirtations, unwanted sexual advances or propositions, verbal abuse, sexually or racially degrading words, or the display in the workplace of sexually suggestive objects or pictures.

If you have any complaints about discrimination or harassment, report such conduct to your supervisor. All complaints will be treated with sensitivity and discretion. Your supervisor and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern. Where our investigation uncovers harassment or discrimination, we will take prompt corrective action, which may include disciplinary action by the Company, up to and including, termination of employment. The Company strictly prohibits retaliation against an employee who, in good faith, files a compliant.

Any member of management who has reason to believe that an employee has been the victim of harassment or discrimination or who receives a report of alleged harassment or discrimination is required to report it to the Ethics Committee immediately.

## **Alcohol and Drugs**

The Company is committed to maintaining a drug-free work place. All Company employees must comply strictly with this Code regarding the abuse of alcohol and the possession, sale and use of illegal substances. Drinking alcoholic beverages is prohibited while on duty or on the premises of the Company, except at specified Company-sanctioned events. Possessing, using, selling or offering illegal drugs and other controlled substances is prohibited under all circumstances while on duty or on the premises of the Company. Likewise, you are prohibited from reporting for work, or driving a Company vehicle or any vehicle on Company business, while under the influence of alcohol or any illegal drug or controlled substance.

## **Violence Prevention and Weapons**

The safety and security of Company employees is vitally important. The Company will not tolerate violence or threats of violence in, or related to, the workplace. Employees who experience, witness or otherwise become aware of a violent or potentially violent situation that occurs on the Company's property or affects the Company's business must immediately report the situation to their supervisor or the Ethics Committee.

The Company does not permit any individual to have weapons of any kind in Company property or vehicles, while on the job or off-site while on Company business. This is true even if you have obtained legal permits to carry weapons. The only exception to this policy applies to security personnel who are specifically authorized by Company management to carry weapons.

## **COMPLIANCE WITH THE CODE**

### **Reporting Violations of the Code**

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company. Reporting a known or suspected violation of this Code by others should not be considered an act of disloyalty, but an action that the Company requires of you in order to safeguard the reputation and integrity of the Company and its employees.

If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Ethics Committee, which will work with you and your supervisor to investigate your concern. If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Ethics Committee directly. The Ethics Committee will work directly with you to investigate your concern.

It is Company policy that any employee who violates this Code will be subject to appropriate discipline, which may include termination of employment. This determination will be based upon the facts and circumstances of each particular situation. An employee who is thought to have possibly violated this Code will be given an opportunity to present his or her version of the events at issue prior to any determination of appropriate discipline. Employees who violate governmental laws, rules or regulations or this Code may also expose themselves to substantial civil damages, criminal fines and prison terms. The Company may also face substantial fines and penalties and many incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with governmental laws, rules or regulations or with this Code, can result in serious consequences for both you and the Company.

### **Confidentiality and Policy Against Retaliation**

All questions and reports of known or suspected violations of the law or this Code will be treated with sensitivity and discretion. Your supervisor, the Ethics Committee and the Company will protect your confidentiality to the extent possible consistent with the law and the Company's need to investigate your concern. The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

### **Waivers of the Code**

Waivers of this Code will be granted on a case-by-case basis and only in extraordinary circumstances. Waivers of this Code for employees may be made only by an executive officer of the Company at the request and with the concurrence of the Ethics Committee. Any waiver of this Code for our directors or executive officers may be made only by our Board of Directors or

the appropriate committee of our Board of Directors and will be promptly disclosed to the public as required by law or the rules of the Nasdaq Global Market.

## **CONCLUSION**

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Ethics. We expect all Company employees, to adhere to these standards.

We expect and require all Company employees, regardless of their level or location, to adhere to these standards. Each employee is independently responsible for his or her actions. Conduct that violates the law or this Code cannot be justified by claiming that it was ordered by your management. If you engage in conduct prohibited by the law or this Code, you will be deemed to have acted outside the scope of your employment. Such conduct may subject you to disciplinary action, including possible termination of your employment.

**THIS CODE AND THE MATTERS CONTAINED HEREIN ARE NEITHER A CONTRACT OF EMPLOYMENT NOR A GUARANTEE OF CONTINUING COMPANY POLICY. WE RESERVE THE RIGHT TO AMEND, SUPPLEMENT OR DISCONTINUE THIS CODE AND THE MATTERS ADDRESSED HEREIN, WITHOUT PRIOR NOTICE, AT ANY TIME.**